



BINASAT COMMUNICATIONS BERHAD

(Company No: 1222656-D)
(Incorporated in Malaysia under the Companies Act 2016)

**Broadcast and Multimedia
Network Services**



**Satellite
Network Services**



**Fiber Optic
Network Services**



**Mobile
Network Services**

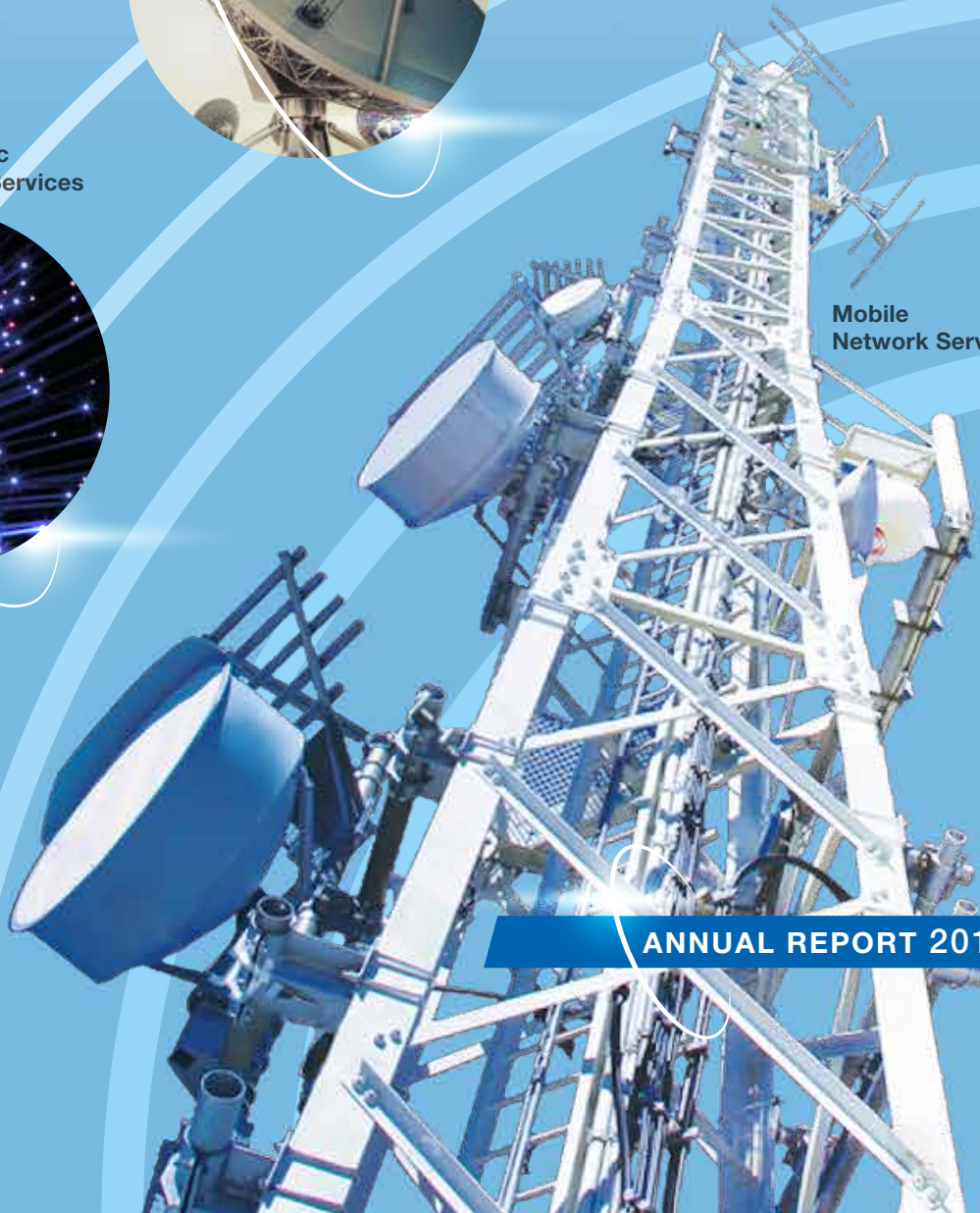


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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Cham Hak Lim
*Independent Non-Executive
Chairman*

Na Boon Aik
Managing Director

Na Bon Tiam
Executive Director

Zulamran Bin Hamat
*Executive Director cum
Chief Executive Officer*

Dato' Seow Thiam Fatt
*Senior Independent Non-Executive
Director*

Dato' Tan Yee Boon
Independent Non-Executive Director

**Datuk Lalla Nezha Binti Tun Mohd
Khalil**
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Seow Thiam Fatt
Chairman

Tan Sri Datuk Cham Hak Lim
Member

Dato' Tan Yee Boon
Member

REMUNERATION COMMITTEE

Dato' Tan Yee Boon
Chairman

Tan Sri Datuk Cham Hak Lim
Member

Datuk Lalla Nezha Binti Tun Mohd
Khalil
Member

NOMINATION COMMITTEE

Dato' Tan Yee Boon
Chairman

Tan Sri Datuk Cham Hak Lim
Member

Dato' Seow Thiam Fatt
Member

Datuk Lalla Nezha Binti Tun Mohd
Khalil
Member

COMPANY SECRETARIES

Ms Tai Yit Chan (MAICSA 7009143)
Ms Tan Ai Ning (MAICSA 7015852)

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7720 1188
Fax : (03) 7720 1111

HEAD OFFICE

No. 17 & 19,
Jalan Bukit Permai Utama 3
Taman Industri Bukit Permai, Cheras
56100 Kuala Lumpur
Tel : (03) 4295 1881
(03) 4296 1881
Fax : (03) 4297 1881
E-mail : contact@binagroup.com.my
Website : www.binacom.com.my

SHARE REGISTRAR

Boardroom Corporate Services (KL)
Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7720 1188
Fax : (03) 7720 1111

AUDITORS

Crowe Malaysia (AF1018)
52 Jalan Kota Laksamana 2/15
Taman Kota Laksamana
Seksyen 2
75200 Melaka
Tel : (06) 282 5995
Fax : (06) 283 6449

SPONSOR

Kenanga Investment Bank Berhad
Level 17, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur
Tel : (03) 2172 2888
Fax : (03) 2172 2999

PRINCIPAL BANKER

Public Bank Berhad
Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Tel : (03) 2176 6000
Fax : (03) 2163 9917

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Sector : Telecommunications &
Media
Stock Name : BINACOM
Stock Code : 0195

CORPORATE STRUCTURE



**BINASAT
COMMUNICATIONS BERHAD**

(Company No: 1222656-D)
(Incorporated in Malaysia under the Companies
Act 2016)

100%
Binasat Sdn Bhd
(516089-U)

Provision of support services for satellite, mobile and fibre optic telecommunications networks.

100%
Binasat (Sabah) Sdn Bhd
(1089166-U)

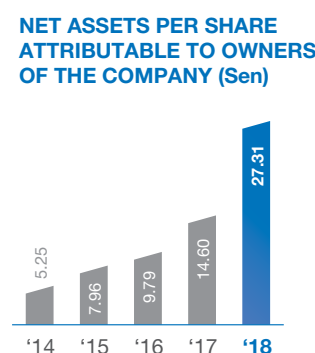
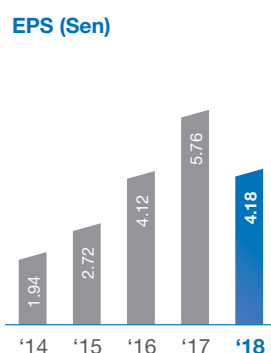
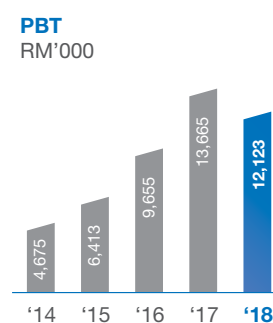
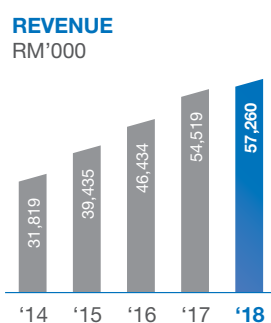
Dormant.

70%
Satellite NOC Sdn Bhd
(1025540-P)

Provision of support services for satellite telecommunications network.

5 YEARS FINANCIAL HIGHLIGHTS

	FYE 2014 *	FYE 2015 *	FYE 2016 *	FYE 2017	FYE 2018
PROFITABILITY	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	31,819	39,435	46,434	54,519	57,260
Profit Before Tax ("PBT")	4,675	6,413	9,655	13,665	12,123
Profit After Tax ("PAT")	3,368	4,729	7,167	10,023	9,105
Net Profit Attributable to Owner of the Company	3,372	4,730	7,168	10,027	9,071
FINANCIAL POSITION					
Total Assets	30,492	32,050	33,344	43,793	89,141
Equity Attributable to Owner of the Company	9,130	13,860	17,032	25,405	70,994
Total Borrowings	5,736	9,206	8,794	8,650	8,708
Number of Ordinary Shares ('000)	174,021 #	174,021 #	174,021 #	174,021	260,000
Weighted Average Number of Ordinary Share in Issue ('000)	174,021 #	174,021 #	174,021 #	174,021	217,050
SHARE INFORMATION					
Earnings Per Share (Sen) ("EPS")	1.94	2.72	4.12	5.76	4.18
Net Assets Per Share Attributable to Owners of the Company (Sen)	5.25	7.96	9.79	14.60	27.31
Gross Gearing Ratio (Times)	0.63	0.66	0.52	0.34	0.12
Return on Equity (%)	37	34	42	39	13



Note

* The financial results for the financial year ended 30 June 2014 ("FYE 2014"), 30 June 2015 ("FYE 2015") and 30 June 2016 ("FYE 2016") are based on audited combined financial statements as disclosed in Prospectus of the Company dated 13 December 2017.

Based on the number of shares assumed to be in issue before public issue in conjunction with the Company's listing on the ACE market of Bursa Malaysia Securities Berhad.

MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Annual Report and Audited Financial Statements of Binamat Communications Berhad (“Binacom” or “the Group”) for the financial year ended 30 June 2018 (“FYE2018”).



CORPORATE DEVELOPMENT

On 8 January 2018, Binacom was listed on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Initial Public Offering (“IPO”) of our Company included a public issue of 85,979,000 new ordinary shares (“IPO shares”) at an issue price of RM0.46 per share. The gross proceeds raised from public issue amounted to RM39.55 million and these will be utilised for capital expenditure (64.63%), general working capital (27.28%) and listing expenses (8.09%). As at 30 June 2018, RM12.05 million has been utilised, the details as stated below:-

- Setting up of a new teleport facility in Bukit Jalil, Kuala Lumpur via a sub-lease agreement signed with Technology Park Malaysia. The land measuring approximately 1.60 acres (approx 69,696 square feet) with a total sub-lease consideration of RM6.27 million (calculated at the rate of RM90.00 per square foot) for a period of thirty (30) years only with an extension of a further thirty (30) years.
- Purchase of a high-definition Digital Satellite News Gathering (“DSNG”) system to provide customers with a higher level of service for our satellite network uplink and downlink services for video content, including live on-location new broadcasts, sporting and other events. The equipment has been delivered and commissioned on 3 May 2018 with a purchase price of RM1.20 million.
- Purchase of 10 units of new four-wheel drive vehicles to expand and replace some of our aging fleet and to improve our ability to deploy technicians to customers’ sites. The total purchase value was RM0.87 million.
- Listing expenses totalling RM3.20 million and general working capital of RM0.51 million.

MANAGEMENT DISCUSSION & ANALYSIS

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FINANCIAL REVIEW

For Binacom, 2017/2018 has been a significant year for performance and progress, where notwithstanding challenging economic conditions, the Group has continued to deliver commendable results while competing in increasingly competitive environment. The Group registered a record revenue of RM57.26 million which was 5.0% higher as compared to RM54.52 million in the financial year ended 30 June 2017 (“FYE2017”). The increase in revenue was contributed by new projects secured in the year on fiber optic installation and commissioning and mobile network operation activities. The recurring revenue contracts increased to 54.6% of total revenue in FYE2018, as compared to 47.1% in FYE2017. This is a key achievement as it provides the Group with some assurance of cash flow during the duration of such contracts.

The Group reported a lower profit after tax (“PAT”) of RM9.11 million in FYE2018 against RM10.02 million in FYE2017, translated to PAT margin of 15.90% and 18.38% respectively. Excluding the one-off IPO listing expenses, the Group’s core PAT for FYE2018 would be RM10.15 million, which was marginally lower than FYE2017’s core PAT of RM10.64 million.

Pursuant to the public issue of new IPO shares and the FYE2018 results, the Group registered a healthy financial position with RM50.09 million in cash and cash equivalents at the end of the financial year under review. Further to this, total assets have increased to RM89.14 million from RM43.79 million as recorded last financial year, while shareholders’ funds amount to RM71.17 million, resulting in net assets per share of 27.31 sen, representing a growth of 87% from the previous financial year end of 14.60 sen.



OPERATIONS REVIEW

Notwithstanding the challenging economic conditions, the Group continued to grow by securing new contracts in the year. In relation to the recurring revenue contracts, we secured a project to provide telecommunication managed services for clients’ front office network surveillance and back office trouble ticket resolution works. We also secured operation and maintenance contract from a new customer for its base transceiver station (“BTS”) mobile sites.

The Group has also secured a number of fiber optic engineering

contracts in the year. This involved fiber optic installation, relocation and commissioning works in relation to telecommunication customers’ sites fiberisation projects in Klang Valley, Melaka, Kedah and Kelantan.

The new contract wins during FYE2018 demonstrated the recognitions that we received from our customers on our experience and proven track record as telecommunication network service providers. It also had positive impact on the Group’s recurring revenue as it provides the Group with some assurance of cash flow during the duration of such contracts.



MANAGEMENT DISCUSSION & ANALYSIS

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DIVIDEND

Our cash flows provided by operating activities, coupled with our low borrowings have allowed us to sustain our operations and give us the flexibility to invest in activities that support our long term growth as well as reward our shareholders. The total dividend declared for the financial year was RM2.60 million representing a dividend payout rate of approximately 28.55% to the profit after taxation for FYE2018.



PROSPECTS

In this year, the Group has achieved a record revenue with year-on-year growth of 5.0% contributed by higher recurring revenue from managed services operations. This momentum will increase as we forge ahead with our post-listing expansion plans.

With the post-IPO expansion plans already ongoing, the Group will strive to grow the recurring revenue business by exploring new sources of revenue and business opportunities, both in Malaysia and in other ASEAN countries. The Group is expected to secure new customers when the new satellite teleport facility in Technology Park Malaysia in Bukit Jalil, Kuala Lumpur is ready in 2019. In addition, the Group is currently enhancing the engineering and operation services capability to provide more quality services to our customers.

APPRECIATION

On behalf of the Board and management team, I would like to express my gratitude and sincere appreciation to our shareholders, customers, business associates, bankers, consultants as well as our employees for their continued trust and unwavering support to the Group.

All in all, in view of the progressive strides we have made in enhancing our operations and expanding our earnings stream, I am confident that the Group will be able to deliver an encouraging performance for the financial year ending 30 June 2019.

Na Boon Aik
Group Managing Director



CORPORATE SUSTAINABILITY STATEMENT

CORPORATE SUSTAINABILITY STATEMENT

The Board of Directors strongly believes that economic, environmental and social responsibility (“EES”) and corporate governance are at the core of a sustainable business, and we are committed to embedding sustainability in our culture and business strategy while ensuring the sustainability and operational success of the Group.

I) Economic

The Group is committed to ensure that the interests of all its important authority organisations, analysts, bankers, customers, suppliers , stakeholders, shareholders and public are well being taken care of. The Group emphasizes practices in good corporate governance, accountability and transparency to achieve shareholders’ prospects.

II) Environmental

The Group recognizes the effect of its day-to-day business on the environment. As such, the Group is committed by promoting environmental friendly work processes while educating the environmentally awareness among the staff in their business functions. The Group has been using “Save Green”, such as reuse of re-cycle of papers, paperless environment, reduce usage of the electricity and water.

III) Workplace

To develop our employees’ quality of life, company committed to providing our employees work life balance and stay healthy as we believe that contented and engaged employees will be in a better position to enhance performance to the Group.

We have set up and supported employees’ sport clubs to organize various activities for our employees to participate, release stress and adoptive positive relationship with colleagues such as conduct weekly outdoor sport events such as bowling and badminton.



PROFILE OF DIRECTORS



**TAN SRI
DATUK CHAM HAK LIM**
*Independent Non-Executive
Chairman
Malaysian, Male, aged 77*

Tan Sri Datuk Cham Hak Lim was appointed as the Independent Non-Executive Chairman of the Company on 13 September 2018. He is also a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Tan Sri Datuk Cham Hak Lim was elected as a Committee Member of Selangor Turf Club in 1996 and he was appointed as the Deputy Chairman of Selangor Turf Club in 1998. He was also a Committee Member of Malayan Racing Association. In 2004, he was elected as the Chairman of the Lembaga Totalisator Malaysia Technical Committee of the Equine Industry Development Project. He was also appointed as Joint Chairman by the State Government of Terengganu for the National Horse Show for Kuala Terengganu in 2008.

In 2009, he was elected as the Chairman of the Selangor Turf Club and he assumes the position of Chairman till to date. In 2012, he was appointed as the Chairman of Lembaga Totalisator Malaysia by the Minister of Finance, and continued his serving till 2016. He is actively involved in the motor vehicle industry and served as the Chairman for several companies including Atiara Otomobil Pte Ltd, Advant Speed Motors Sdn Bhd, Atika Enterprise Pte Ltd and Affluent Centre Pte Ltd.

He does not hold any directorship in other public companies and listed issuers in Malaysia.

He does not have any family relationship with any Directors and/or major shareholders of the Company and does not have any conflict of interest with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS

cont'd



NA BOON AIK

*Managing Director
Malaysian, Male, aged 54*

Mr. Na Boon Aik was appointed as the Managing Director of the Company on 6 June 2017.

He began his career as a Mechanical and Electrical Trainee at Foo Electrical Works (Perkhidmatan Letrik Foo) in 1978 and further built on his mechanical and electrical work experience when he was employed in Pan Asia Air-Cond & Electrical Engineering from 1978 to 1980, Advance Electrical Service in Singapore from 1980 to 1982, and Kejuruteraan Letrik Song from 1982 to 1987.

In 1987, he started Lam Electrical Work, a mechanical and electrical engineering sole proprietorship. Lam Electrical Work was terminated in 2005. To cater to the growth of his mechanical and electrical works business, he subsequently established Binalite Electrical in 1997. From 1999, he also played an active role in providing management support to the business of Binacom Telesystem, a sole proprietorship established by his sibling Na Bon Tiam to carry out supporting services for satellite networks. These supporting services included VSAT installation, commissioning and related services as well as installation and maintenance of satellite television. He ventured into the telecommunications industry in 2004 through Binasat Sdn Bhd together with his sibling, Na Bon Tiam to cater to the demand for telecommunications network support services in Malaysia.

As our Group's Managing Director, he is principally responsible for providing the strategic direction of our Group. He also plays a key role in the planning and development of our business strategies. Under his leadership and guidance, our Group has grown to establish ourself as a provider of supporting services across three major telecommunications network mediums in Malaysia, namely satellite, mobile and fibre optic.

He does not hold any directorship in other public companies and listed issuers in Malaysia.

He is a major shareholder of the Company and his brother i.e. Mr Na Bon Tiam, is the Executive Director and a major shareholder of the Company. Save as disclosed herein, he does not have any other family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Mr Na Boon Aik attended all the four (4) Board of Directors' Meetings held during the financial year ended 30 June 2018.

PROFILE OF DIRECTORS

cont'd



NA BON TIAM
Executive Director
 Malaysian, Male, aged 46

Mr. Na Bon Tiam was appointed as the Executive Director of the Company on 6 June 2017.

He obtained his Diploma in Computer Science from the Institute of Data Processing Management, United Kingdom in 1994. In 1995, he began his career as a sales personnel in Computer Forms (Malaysia) Berhad. In 1999, he left Computer Forms (Malaysia) Berhad and set up Binacom Telesystem, a sole proprietorship principally involved in the installation and maintenance of satellite television.

In 2000, he established Binasat Sdn Bhd under its former name of NCR Computer Forms Sdn Bhd which carried out marketing and trading of pre-printed computer forms up till 2004. In 2004, together with his sibling Na Boon Aik, and leveraging on their experience from Binacom Telesystem, Binasat commenced its telecommunications related operations to provide supporting services in satellite communications network and has over the years expanded across three major telecommunications network mediums in Malaysia, namely satellite, mobile and fibre optic telecommunications networks.

He is responsible for the overall management and day-to-day operations of our Group, including marketing and business development, technical and customer relationship management.

He does not hold any directorship in other public companies and listed issuers in Malaysia.

He is a major shareholder of the Company and his brother i.e. Mr Na Boon Aik, is the Managing Director and a major shareholder of the Company. Save as disclosed herein, he does not have any other family relationship with any Directors and/or major shareholders of the Company. He has no conflict of interest with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Mr. Na Bon Tiam attended all the four (4) Board of Directors' Meetings held during the financial year ended 30 June 2018.

PROFILE OF DIRECTORS

cont'd



ZULAMRAN BIN HAMAT
*Executive Director cum Chief
 Executive Officer
 Malaysian, Male, aged 47*

Encik Zulamran Bin Hamat was first appointed to the Board as an Executive Director cum Chief Operating Officer of the Company on 6 February 2018. Subsequently, he was re-designated as Executive Director cum Chief Executive Officer of the Company on 21 September 2018.

He obtained his Diploma in Electrical Engineering in 1993 from Universiti Teknologi Malaysia and his Certificate of Competency as Chageman in 1998.

From 1994 to 1998, he was employed as an electrical engineer in Southern Wire Industries (Malaysia) Sdn Bhd where he was involved in managing the electrical division and supporting the operations and maintenance of the company's electrical equipment and system. He left the company in 1998 to join Communications & Satellite Services Sdn Bhd ("CSS") as a Technical Engineer and was promoted in 2006 as the head of the Operations and Engineering Department where he was responsible for managing the company's day-to-day operations. During his tenure with CSS, he was involved in the setting up of a system for the provision of broadcasting services to a Malaysian turf club and dataline service which involves the design, installation and service of telephone systems, structured cabling and high speed fibre and network communication to CSS' customers. He left CSS in 2013.

He has been with our Group since 2013. He was also previously involved in the business of engineering works from 2014 till May 2017 as a director and shareholder of Binalite Electrical. He brings with him approximately 19 years of experience in the satellite and telecommunications industry.

In his current role as Executive Director cum Chief Executive Officer of the Company, he manages our Group's day-to-day business operations and is primarily responsible for project management as well as overseeing the Company's in-house technical personnel. He directly holds 30% equity interest in Satellite NOC Sdn Bhd, a 70% owned subsidiary of the Company.

He does not hold any directorship in other public companies and listed issuers in Malaysia.

He does not have any family relationship with any Directors and/or major shareholders of the Company and does not have any conflict of interest with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Encik Zulamran Bin Hamat attended all the two (2) Board of Directors' Meetings held during the financial year ended 30 June 2018 since his appointment on 6 February 2018.

PROFILE OF DIRECTORS

cont'd



DATO' SEOW THIAM FATT

*Senior Independent
Non-Executive Director
Malaysian, Male, aged 77*

Dato' Seow Thiam Fatt also known as Dato' Larry Seow, was appointed as the Senior Independent Non-Executive Director of the Company on 6 June 2017. He is the Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee.

He obtained his Diploma in Accountancy from Perth Technical College of Western Australia. He is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and Administrators and past Fellow of the Institute of Chartered Accountants in Australia. He is also a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA). He is a past President of MICPA and also served four years as a government appointed Independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE). He is a past Council Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is currently the Chairman of its Audit Committee.

He has more than 20 years' professional experience as a former Partner in the accounting firms of Messrs Larry Seow & Co, Moores Rowland and Arthur Young. He diverted from professional practice in 1994 and thereafter held various senior positions in the private and public sectors, including being the General Manager of the Financial Reporting Surveillance and Compliance Department of the Securities Commission of Malaysia.

He is currently an Independent Non-Executive Director of AmMetLife Insurance Berhad and Sersol Berhad. He was an Independent Non-Executive Director of Tan Chong Motor Holdings Berhad, Warisan TC Holdings Berhad, Affin Investment Bank Berhad, ING Insurance Berhad and ING Funds Berhad.

He does not have any family relationship with any Directors and/or major shareholders of the Company and does not have any conflict of interest with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Dato' Seow Thiam Fatt attended all the four (4) Board of Directors' Meetings held during the financial year ended 30 June 2018.

PROFILE OF DIRECTORS

cont'd



DATO' TAN YEE BOON
*Independent Non-Executive
Director
Malaysian, Male, aged 43*

Dato' Tan Yee Boon was appointed as an Independent Non-Executive Director of the Company on 6 June 2017. He is the Chairman of the Nomination Committee, Remuneration Committee and a member of the Audit and Risk Management Committee.

He obtained a Bachelor of Laws from the University of South Wales in the United Kingdom in 1997 and admitted as an advocate and solicitor of the High Court of Malaya in 1999 and has more than 18 years of experience as an advocate and solicitor in Malaysia. In 2013, he started his own practice and was one of the founding partner of Messrs' David Lai & Tan, a legal firm in Kuala Lumpur.

From March 2016 to May 2018, he has been a Non-Executive Director of Worldgate Global Logistics Ltd, a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong.

From June 2009 to May 2017 he held the position of Independent Non-Executive Director of Earnest Investments Holdings Limited. In June 2016, he was also appointed Independent Non-Executive Director of China Dynamics (Holdings) Ltd. Both companies are listed on the Main Board of the Stock Exchange of Hong Kong.

Dato' Tan Yee Boon currently sits as an Independent Non-Executive Director of Protasco Berhad and Central Industrial Corporation Berhad.

He does not have any family relationship with any Directors and/or major shareholders of the Company and does not have any conflict of interest with the Company.

He has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

He attended three (3) out of four (4) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2018.

PROFILE OF DIRECTORS

cont'd



**DATUK LALLA NEZHA BINTI
TUN MOHD KHALIL**

*Independent
Non-Executive Director
Malaysian, Female, aged 47*

Datuk Lalla Nezha Binti Tun Mohd Khalil was appointed as an Independent Non-Executive Director of the Company on 6 June 2017. She is a member of the Nomination Committee and Remuneration Committee.

In 2005, she was appointed as a Director of Gelombang Makmur Sdn Bhd, a sand mining company located in Melaka where she is currently responsible for administering day-to-day business operations. She sits on the board of private companies in various industries such as property investment, information technology, and construction.

She has been a director of Yayasan Toh Puan Zurina since 2010, a non-profit charitable organisation set up to foster, improve, assist and aid those requiring haemodialysis. She is also a member of the Society for the Prevention of Cruelty to Animals Selangor, PAWS Animal Welfare Society, Malacca Shooting Association and the Selangor Shooting Association.

Datuk Lalla Nezha Binti Tun Mohd Khalil, brings to our Group her knowledge and experience from having served as a member of the board of a number of companies from various industries.

She does not hold any directorship in other listed issuers in Malaysia.

She does not have any family relationship with any Directors and/or major shareholders of the Company and does not have any conflict of interest with the Company.

She has no convictions for any offences within the past 5 years (other than traffic offences, if any) and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

Datuk Lalla Nezha Binti Tun Mohd Khalil attended three (3) out of four (4) Board of Directors' Meetings of the Company held during the financial year ended 30 June 2018.

PROFILE OF KEY SENIOR MANAGEMENT



NG KOK MENG

Ng Kok Meng aged 47, is our Chief Financial Officer (“CFO”). He obtained his Diploma in Commerce (Financial Accounting) in 1995 from Tunku Abdul Rahman College, Malaysia. He is a member of the Association of Chartered Certified Accountants since 1999 and a member of Malaysian Institute of Accountants since 2001.

He started his career in 1995 with Ernst & Young, Malaysia as an audit associate where he was responsible for providing audit services to various clients across different industries in Malaysia until 1997. In 1997, he joined Maxis (then known as Binariang Sdn Bhd) as an accounts executive in the finance department. During his tenure in Maxis, he was responsible for handling the accounts of some of the subsidiaries of the company. His last position in Maxis was as senior manager in the business planning department and he was responsible for financial planning which included the review of investment business, budget control and forecast and preparing financial and management reports for the company’s enterprise business and technology divisions. He left Maxis in 2014 and joined U Mobile Sdn Bhd in the same year as an assistant general manager in the finance department. At U Mobile Sdn Bhd, he was responsible for amongst others, financial planning, accounting and operations and enterprise risk management (“ERM”) where he was involved in the planning, design and implementation of an ERM framework in U Mobile Sdn Bhd. He left U Mobile Sdn Bhd in 2017.

He joined our Group in August 2017 as CFO and is mainly responsible for the financial management, and corporate affairs of our Group.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 30 June 2018.

PROFILE OF KEY SENIOR MANAGEMENT

cont'd



MOHD HAIZAL BIN ABU ZARIN

Mohd Haizal Bin Abu Zarin, aged 37, is our Senior Project Manager. He obtained his Bachelor of Science (Data Communications and Networking) from Universiti Teknologi MARA in 2014.

He started his career as a Technician in 2003 at Binacom Telesystems where he was responsible for troubleshooting and maintenance for VSAT networks. He continued his employment with Binasat when the business of Binacom Telesystem was transferred to Binasat in 2004. In 2005, he was promoted as an Engineer in Binasat where he was involved in the installation, testing and commissioning of telecommunications equipment. In 2007, he was promoted to Senior Engineer where he was responsible for preparation and coordination of schedules and monitoring engineering projects which included the installation works for VSAT networks. In 2010, he was appointed as a Project Manager and his responsibilities include project management to ensure that projects are delivered on schedule within its scope and budget. He possesses the relevant technical skills and knowledge in satellite and mobile telecommunications network.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 30 June 2018.



NOR AZIMUDDIN BIN ARIFIN

Nor Azimuddin Bin Arifin, aged 36, is our Technical Manager. He obtained his Bachelor of Engineering (Honours) Degree in Telecommunications from the University of Malaya in 2007. He is currently pursuing a Master of Science in Telecommunication and Information Engineering at Universiti Teknologi MARA.

He started his career in 2007 as a Customer Relationship Management Executive at MRCB Technologies Sdn Bhd, a company involved in the provision of information technology and telecommunications services. Subsequently in 2008, he was appointed as a Telecommunications Engineer in the same company where he was involved in fibre infrastructure and copper cabling. In 2009, he joined Sistem Komunikasi Gelombang Sdn Bhd, a VSAT services provider as a Customer Support Engineer where he was involved in VSAT and Satellite communication system. He left in 2012 and joined Binasat as a VSAT Hub Engineer where he managed our Telco customer's VSAT telecommunications hub. He was promoted to Senior Hub Manager in 2013 and Technical Manager in 2016 where he is currently responsible for managing the hub support team and overall VSAT technical support within our Group.

He has no directorship in public companies and listed issuers. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) within the past 5 years and there were no sanctions and/or penalties imposed on him by any regulatory body during the financial year ended 30 June 2018.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

INTRODUCTION

Binasat Communications Berhad was listed on the ACE Market of Bursa Malaysia Securities Berhad on 8 January 2018. The Board of Directors (“the Board”) of Binasat Communications Berhad (“Binasat” or “the Company”) recognises the importance of maintaining good corporate governance in managing its business affairs so as to build a sustainable business capable of enhancing shareholder value.

This Corporate Governance Overview Statement has been prepared in accordance with Rule 15.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and it provides an insight on how the Company has applied the three (3) principles prescribed in the Malaysian Code on Corporate Governance (“MCCG”) during the financial year ended 30 June 2018.

Details application for each practice of the MCCG during the financial year ended 30 June 2018 is disclosed in the Company’s Corporate Governance Report which is available on the Company’s website at www.binacom.com.my as well as via announcement on the website of Bursa Malaysia Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Establishing clear roles and responsibilities of the Board

The Board is responsible for the overall governance of the Company and its subsidiaries (“the Group”) by providing strategic guidance, the effective monitoring and management goals, accountability to the Group and shareholders as well as ensuring the Group’s internal controls, risk management and reporting procedures are well in place. The Board plays an important role in determining the long term and strategic direction of the Group for the purpose of enhancing shareholders’ value and to ensure long term sustainability of the Group.

The Board discharges its responsibilities in the best interest of the Group and assumes the following key responsibilities in discharging its fiduciary duties:

- (i) reviews and adopts strategic plans as well as monitoring the implementation of the strategic plan by the Management;
- (ii) overseeing and evaluating the conduct and sustainability of the Group;
- (iii) ensures implementation of appropriate internal controls and mitigating measures to address the risks identified;
- (iv) carrying out periodic review of the Group’s financial performance and operating results and major capital commitments; and
- (v) reviews the adequacy and integrity of internal control system.

In order to ensure effective discharge of its stewardship role, the Board delegates specific responsibilities to the Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. Each of the Board Committees operates within its respective Terms of Reference approved by the Board.

Although specific powers are delegated to the Board Committee, the Board keeps itself abreast of the key issues and/or decisions made by each Board Committee through the reports made by Chairman or representative of each Committee and the tabling of Board Committee Minutes of the applicable period for notation by the Board. The ultimate responsibility for decision making, however, lies with the Board.

2. Separation of positions of the Chairman and Managing Director

The Board is headed by an Independent Non-Executive Chairman who is responsible for the leadership, integrity and effectiveness of the governance of the Board. The responsibilities of the Chairman are set out in the Board Charter.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

1. Board Responsibilities *(cont'd)*

2. Separation of positions of the Chairman and Managing Director *(cont'd)*

There is a clear division of roles and responsibilities between the Chairman and Managing Director for ensuring there is a balance of power and authority in the Company. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. Whilst, the Managing Director is the conduit between the Board and the Management in ensuring the success of the governance and management functions of the Company.

3. Company Secretaries

In furtherance of their duties, the Board is supported by two (2) suitably qualified and competent Company Secretaries under Section 235 of the Companies Act 2016. The Board has access to the advice and services of the Company Secretaries who ensure effective functioning of the Board and compliance of applicable rules and regulations. The Board is also regularly updated and kept informed of the latest developments in the legislation and regulatory framework affecting the Group and are advised on the proposed contents and timing of material announcements to be made to regulatory authorities.

4. Access to Information and Advice

In ensuring the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretaries, Internal Auditors and External Auditors and may seek advice from the management on issues under their respective purview. The Board members have full and timely access to all information within the Group and the Board papers are distributed prior to the Board Meeting to enable the Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meeting so as to discharge their duties diligently.

The Board papers which include the agenda and reports cover amongst others, areas of strategic, financial, operational and regulatory compliance matters that require the Board's approval.

All proceedings of the Board meetings are duly minuted and circulated to all Directors for their perusal prior to the confirmation of the minutes by the Chairman as a correct record. The Company Secretaries record the proceedings of all meetings include pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestion and the decision made, as well as the rationale for those decisions. By doing so, the Company Secretaries keep the Board updated on the follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. The Board is therefore able to perform its fiduciary duties and fulfil its oversight role towards instituting a culture of transparency and accountability in the Company.

5. Board Charter

The Board Charter adopted by the Board serves as a source of reference and primary guide to the Board as it sets out the role, functions, composition, operation and processes of the Board. There is a schedule of matters specifically reserved for the Board's decision set out in the Board Charter.

The Board Charter is subject to review by the Board as and when necessary to ensure it complies with all applicable laws, rules and regulations of the regulators and remain consistent with the policies and procedures of the Board.

6. Code of Ethics and Conduct

The Board has formalised a Code of Conduct for the Directors and adheres to the Code of Conduct expected for Directors as set out in the Company's Directors' Code of Ethics promulgated by the Companies Commission of Malaysia which governs the underlying core ethical values and commitment to lay standards of integrity, transparency, accountability and corporate social responsibility. The Code of Ethics and Conduct of Directors is available at the Company's website at www.binacom.com.my.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

I. Board Responsibilities *(cont'd)*

7. Whistleblowing Policy

The Company has put in place a Whistleblowing Policy to inculcate the culture of high standards of business and personal ethics within the Group and provides employees with an accessible avenue to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders.

II. Board Composition

1. Board Composition and Balance

During the financial year under review, the Board has seven (7) Directors, comprising one (1) Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, one (1) Managing Director and two (2) Executive Directors. The Independent Directors make up the majority of the composition of the Board. The composition of the Board complies with Rule 15.02(1) of the ACE Market Listing Requirements of Bursa Securities and the recommended Practice 4.1 of MCCG.

The Board members are from different backgrounds with diverse perspectives. Such make-up is fundamental to the strategic success of the Group, as each Director has an in-depth knowledge and experience in a variety of areas providing valuable direction to the Group. With more than half of the Board composed of Independent Director, the Company is able to facilitate greater check and balances during boardroom deliberations and decision making. The Independent Directors provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations or the ability to provide independent judgement in the best interest of the Company.

A brief profile of each Director is presented in the Profile of Directors section of the Annual Report.

2. Board Independence

The Board recognises that independence and objective judgement are crucial and imperative in decision making process. The Independent Non-Executive Directors play a significant role in providing unbiased and independent views, advice and judgement taking into account the interest of relevant stakeholders including minority shareholders of the Group.

The Board is aware that the tenure of an Independent Director should not exceed cumulative term of nine (9) years as stated in the MCCG. Currently, none of the Independent Directors of the Company has served more than 9 years in the Board. The Company does not have a policy which limits the tenure of its Independent Directors to a cumulative term of nine (9) years. The Company has however, set out in its Board Charter that upon completion of the nine (9)-years period, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

The Board may, in exceptional circumstances and subject to the assessment of the Nominating Committee on an annual basis recommend for an Independent Director who has served a consecutive or cumulative term of nine (9) years to remain as an Independent Director subject to valid justification and annual shareholders' approval.

It is also set out in the Board Charter that if the tenure of an Independent Director exceeds a cumulative term of twelve (12) years, the retention of such Independent Director shall be subject to the shareholders' approval through a two-tier voting process in line with the MCCG.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

II. Board Composition *(cont'd)*

3. Boardroom Diversity

The Board acknowledged the importance of boardroom diversity and recognises the importance of providing fair and equal opportunities and fostering diversity within the Group. The Company endeavours to have a balanced representation in terms of mixture of skills, knowledge and experience, background, expertise, age, gender and ethnicity. The Board acknowledges the diverse Board as an essential element in maintaining competitive advantage in leveraging different perspective to various issues raised and quality decision making, which in return contribute to the development and sustainability of the Company.

At present, the Board has one (1) female Director. The Board does not have a specific policy for gender composition of the Board. Nevertheless, the Board is mindful on the benefit of a gender diverse Board and will place emphasis to female candidates during their search for candidate to serve as a Board member.

4. Appointment of Directors

The Nomination Committee is entrusted to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the Nomination Committee in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors.

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board upon recommendation from the Nomination Committee. All nominees and candidates to the Board are first considered by the Nomination Committee taking into consideration, inter-alia, the competency, knowledge, expertise and experience, professionalism, integrity, time commitment of the candidates, including, where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Directors.

In identifying candidates for appointment as Directors, the Nomination Committee would use variety of approaches and sources to ensure that it identifies the most suitable candidates and will not limit themselves by solely rely on the recommendations from existing Board members, management or major shareholders.

5. Re-election of Directors

According to the Constitution of the Company, all Directors shall retire at least once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). Any Director appointed by the Board during the financial year is to retire at the next AGM held following their appointments, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

At the forthcoming AGM, Mr Na Boon Aik and Mr Na Bon Tiam are due to retire by rotation pursuant to Clause 96 of the Constitution of the Company and being eligible, have offered themselves for re-election. The Nomination Committee had made recommendations to the Board on re-election of Mr Na Boon Aik and Mr Na Bon Tiam. The Board is satisfied with their skills and contribution of these retiring Directors and recommends their re-election as Directors of the Company which is to be tabled at the forthcoming AGM.

Pursuant to Clause 102 of the Company's Constitution, Encik Zulamran Bin Hamat and Tan Sri Datuk Cham Hak Lim who were appointed on 6 February 2018 and 13 September 2018 respectively are subject to retirement at the forthcoming 2nd AGM. The Board has recommended their re-election as Directors of the Company which is to be tabled at the forthcoming 2nd AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

II. Board Composition *(cont'd)*

6. Directors' Commitment

The Board meets at least on a quarterly basis with additional meetings convened where necessary to deal with urgent and important matters that required attention of the Board. All pertinent issues discussed at the Board meetings in arriving the decision and conclusions are properly recorded by the Company Secretaries. The Board is satisfied with the level of commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company as most of the Directors had attended all the Board Meetings under the financial year review.

The Board met four (4) times during the financial year under review. The details of Directors' attendance are set out as follows:-

Name of Director	No. of Board Meetings attended
Tan Sri Datuk Cham Hak Lim <i>(Independent Non-Executive Chairman)</i> <i>(Appointed on 13 September 2018)</i>	N/A
Dato' Seow Thiam Fatt	4/4
Dato' Tan Yee Boon	3/4
Datuk Lalla Nezha Binti Tun Mohd Khalil	3/4
Na Boon Aik	4/4
Na Bon Tiam	4/4
Zulamran Bin Hamat <i>(Appointed on 6 February 2018)</i>	2/2
Tan Sri Datuk Seri Ahmad Fuad Bin Ismail <i>(Resigned on 13 September 2018)</i>	4/4

7. Directors' Training

The Board acknowledges that continuous education is vital for the Board members to keep abreast with the latest developments in the industry and business environment as well as changes to statutory requirement and regulatory guidelines.

Save for Tan Sri Datuk Cham Hak Lim who was appointed on 13 September 2018 and will attend the Mandatory Accreditation Programme scheduled to be held on 12 and 13 November 2018, all Directors of the Company have attended the Mandatory Accreditation Programme as prescribed in the Listing Requirements. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Directors on a continuous basis.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

II. Board Composition *(cont'd)*

7. Directors' Training *(cont'd)*

During the year under review, the Directors have attended the following training programmes/briefing:

Name of Directors	Training/Briefing attended
Mr Na Boon Aik	Mandatory Accreditation Programme IPO Dialogue The Annual Report of Tomorrow – Guide to Forward Looking Information
Mr Na Bon Tiam	Mandatory Accreditation Programme IPO Dialogue The Annual Report of Tomorrow – Guide to Forward Looking Information
Encik Zulamran Bin Hamat	Mandatory Accreditation Programme IPO Dialogue The Annual Report of Tomorrow – Guide to Forward Looking Information
Dato' Seow Thiam Fatt	MAICSA Annual Conference Key Challenges of MFRS17 & MFRS9 Briefing Session for Insurance Directors on Companies Act 2016 Win the Innovation Race: Unlocking the power of Asians IPO Dialogue 5th BNM – FIDE Forum Annual dialogue with the Deputy Governor of BNM
Dato' Tan Yee Boon	IPO Dialogue
Datuk Lalla Nezha Binti Tun Mohd Khalil	Mandatory Accreditation Programme Board Committees – Disclosure Framework & Key Activities IPO Dialogue

8. Board Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to Board Committees. These Board Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations together with its recommendations. However, the ultimate responsibility for the final decision on all matters lies with the entire Board as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

8. Board Committees (cont'd)

a. Audit and Risk Management Committee (“ARMC”)

The ARMC assists the Board in its oversight of the Company’s financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as financial reporting practices of the Group.

A copy of the Term of Reference of ARMC is available for viewing at the Company’s website at www.binacom.com.my.

The composition and activities of the Audit Committee during the financial year under review are set out in the Audit and Risk Management Committee Report of this Annual Report.

b. Nomination Committee (“NC”)

The NC comprises exclusively of Independent Non-Executive Directors as follows:-

Name	Designation	Directorate
Dato’ Tan Yee Boon	Chairman	Independent Non-Executive Director
Tan Sri Datuk Cham Hak Lim	Member	Independent Non-Executive Chairman
Dato’ Seow Thiam Fatt	Member	Senior Independent Non-Executive Director
Datuk Lalla Nezha Binti Tun Mohd Khalil	Member	Independent Non-Executive Director

The NC assists the Board in carrying out the annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution or performance of each individual Director. The NC also assists the Board in assessing the level of independence of the Independent Directors annually. The principal duties and responsibilities of the NC as defined in the Terms of Reference of NC, including but not limited to the following:-

- i. To recommend to the Board, candidates for all directorships. The NC should consider the candidates’ skills, knowledge, expertise, experience, professionalism, integrity, time commitment, character, competence and number of directorships, and in the case of candidates for the position of Independent Non-Executive Director, the NC should ensure the candidate meets the requirements as an Independent Non-Executive Director.
- ii. To assist the Board in carrying out annual assessment on the effectiveness of the Board and Board Committees and the performance of each Director.
- iii. To carry out annual assessment on the independence of the Independent Directors.
- iv. To carry out annual review on the mix of skills, experience and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board. This activity shall be disclosed in the Annual Report.
- v. To make recommendation to the Board concerning the re-election and re-appointment at each AGM.

The duties and responsibilities of NC are set out in the Terms of Reference of NC, which is published and available for viewing at the Company’s website at www.binacom.com.my.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

8. Board Committees (cont'd)

b. Nomination Committee ("NC") (cont'd)

Summary of Works

The key activities undertaken by the NC are as follows:

- i. Reviewed and recommended to the Board for adoption of the evaluation forms comprises Annual performance evaluation of the Board and Board Committee as a whole; Annual assessment of the ARMC; Annual evaluation of independence of Director; evaluation of the effectiveness of the Internal Audit function; and External Auditor performance and independence evaluation;
- ii. Carried out annual assessment on the effectiveness of the Board, the contribution of each Directors, Board committees and the level of independence of Independent Director;
- iii. Reviewed the term of office and performance of the ARMC and each of its members to determine whether the ARMC has carried out their duties in accordance with their terms of reference;
- iv. Annual assessment on the character, experience, integrity, competence of the Chief Executive and Chief Financial Officer;
- v. Reviewed and proposed the appointment of Encik Zulamran Bin Hamat as the Executive Director cum Chief Operating Officer of the Company as well as reviewed and proposed the re-designation of Encik Zulamran Bin Hamat as the Executive Director cum Chief Executive Officer;
- vi. Recommended the re-election of Mr Na Boon Aik and Mr Na Bon Tiam who retired pursuant to Clause 96 of the Company's Constitution at the Second Annual General Meeting scheduled to be held on 29 November 2018;
- vii. Reviewed and proposed the appointment of Tan Sri Datuk Cham Hak Lim as the Independent Non-Executive Chairman of the Company;
- viii. Recommended the re-election of Encik Zulamran Bin Hamat and Tan Sri Datuk Cham Hak Lim who retired pursuant to Clause 102 of the Constitution of the Company; and
- ix. Reviewed and discuss the training(s) undertaken and to determine the training needs of each Director.

c. Remuneration Committee ("RC")

The Remuneration Committee ("RC") of the Company comprises three (3) Non-Executive Director and the composition of the RC is as follows:-

Name	Designation	Directorate
Dato' Tan Yee Boon	Chairman	Independent Non-Executive Director
Tan Sri Datuk Cham Hak Lim	Member	Independent Non-Executive Chairman
Datuk Lalla Nezha Binti Tun Mohd Khalil	Member	Independent Non-Executive Director

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. Board Composition (cont'd)

8. Board Committees (cont'd)

c. Remuneration Committee ("RC") (cont'd)

The primary function of the RC is to review and recommend to the Board on remuneration packages of all the Directors according to the skills, level of responsibilities, experience and performance of the Directors. The RC is also responsible to review the remuneration packages of the Non-Executive Directors and thereafter recommend to the Board for their consideration.

The RC is governed by the Terms of References of RC which outlines its remit, duties and responsibilities. The principal duties and responsibilities of the RC as defined in the Terms of References of RC, including but not limited to the following:-

- i. To ensure that remuneration for Directors is set at a competitive level to recruit, attract, retain and motivate high calibre individuals;
- ii. To recommend to the Board the appropriate remuneration packages for the Executive Directors, Non-Executive Directors and key management;
- iii. To review the performance of the Executive Directors and the Managing Director/Chief Executive Officer and recommend to the Board specific adjustments in remuneration and/or rewards payments if any reflecting their contribution for the year;
- iv. To ensure that the level of remuneration be aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities and reflects the experience and level of responsibilities undertaken by the Directors and key senior management; and
- v. To review the fees of the Directors and benefits payable to Directors including any compensation for loss of employment of Director or former Director and recommend to the Board of Directors and thereafter to be approved at a general meeting of the Company.

The Terms of Reference of RC, which is published and available for viewing at the Company's website at www.binacom.com.my.

Summary of Works

Below is a summary of key activities undertaken by the RC:-

- i. Reviewed the Directors' Fees and benefit payable to the Directors from 29 November 2018 until the Financial Year Ended 30 June 2018 and recommend the same to the Board of Directors for approval;
- ii. Reviewed the remuneration package of the Executive Directors and Senior Management of the Company and recommended the same to the Board for approval;
- iii. Reviewed the revised Terms of Reference of the RC and recommended the same to the Board for approval; and
- iv. Reviewed the Directors' and Senior Management's Remuneration Policy and recommended the same to the Board for approval.

9. Annual Assessment on effectiveness of Board and Individual Directors

The NC has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the effectiveness of the Board Committees, contribution and performance of each director and performance of audit committee members on an annual basis.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

II. Board Composition *(cont'd)*

9. Annual Assessment on effectiveness of Board and Individual Directors *(cont'd)*

The evaluation involves individual Directors and Committee members completing Board Evaluation Forms, Board Committee Evaluation Forms and Board Skills Matrix Form. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments were summarised and discussed at the NC meeting which were then reported to the Board at the Board Meeting held thereafter.

The NC reviews the effectiveness of the Board by taking into account the composition of the Board, time commitment, boardroom activities and the overall performance of the Board.

The NC undertakes annual assessment on the independence of directors. When assessing independence, the NC focuses whether the Independent Director is able to bring independent and objective judgement and act in the best interest of the Group.

Pursuant to Rule 15.20 of the ACE Marketing Listing Requirement of Bursa Securities, the NC of a listed issuer must review the term of office and performance of an Audit Committee and each of its members annually to determine whether such Audit Committee and Members have carried out their duties in accordance with their terms of reference. The NC had reviewed and assessed the performance of each of the members of the Audit Committee through and was satisfied with the performance and effectiveness of the Audit Committee and each of its members.

The NC had upon its annual assessment conducted in August 2018, concluded that the Directors have discharged their duties more than satisfactory. The NC was also satisfied with the performance of the Board and Board Committee. As for the balance and composition of the Board, the NC concluded that the Directors have appropriate mix of skills, experience, knowledge and professional qualifications which will contribute positively to the Board Committees and the Board as a whole.

III. Remuneration

Directors' Remuneration Policy and Procedures

The Board has adopted a Remuneration Policy for Directors and Senior Management which contains the guiding principles for determining the remuneration for Senior Management and Directors, including Executive and Non-Executive Directors. The primary objective of the Remuneration Policy is to attract, retain and motivate individuals of the necessary calibre and quality that is required to run the Company successfully.

The RC is responsible for recommending to the Board for approval the remuneration packages of the Executive Directors, Chief Executive and Senior Management, taking into consideration individual performance, time commitment, experience, level of responsibilities, as well as the performance of the Group and market conditions.

As for Non-Executive Directors, the level of fee should reflect the experience and level of responsibilities undertaken by the said Non-Executive Directors. With the recommendation from the NC, the Board as a whole determines the fee for the Non-Executive Directors and seek approval from the Shareholders at the AGM.

All individual Directors shall abstain from making decisions in respect of his own remuneration. Currently there is no fee or allowance payable to the Board Committee members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III. Remuneration (cont'd)

Remuneration of Directors

The details of the Directors' remuneration of the Company and the Group on the named basis for the financial year ended 30 June 2018 are tabulated as follows:

The Company

Directors	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits in kind RM'000	Other emoluments RM'000	Total RM'000
Executive Directors	-	-	-	-	-	-
Na Boon Aik	-	-	-	-	-	-
Na Bon Tiam	-	-	-	-	-	-
Zulamran Bin Hamat	-	-	-	-	-	-
Non-Executive Directors						
Tan Sri Datuk Cham Hak Lim (Appointed on 13 September 2018)	-	-	-	-	-	-
Dato' Seow Thiam Fatt	44	-	-	-	-	44
Dato' Tan Yee Boon	22	-	-	-	-	22
Datuk Lalla Nezha Binti Tun Mohd Khalil	22	-	-	-	-	22
Tan Sri Datuk Seri Ahmad Fuad Bin Ismail (Resigned on 13 September 2018)	89	-	-	-	-	89
Total	177	-	-	-	-	177

The Group

Directors	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits in kind RM'000	Other emoluments RM'000	Total RM'000
Executive Directors						
Na Boon Aik	-	682	-	-	125	807
Na Bon Tiam	-	453	-	-	97	550
Zulamran Bin Hamat	-	140	35	-	17	192

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

III. Remuneration (cont'd)

The Group (cont'd)

Directors	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits in kind RM'000	Other emoluments RM'000	Total RM'000
Non-Executive Directors						
Tan Sri Datuk Cham Hak Lim (Appointed on 13 September 2018)	-	-	-	-	-	-
Dato' Seow Thiam Fatt	44	-	-	-	-	44
Dato' Tan Yee Boon	22	-	-	-	-	22
Datuk Lalla Nezha binti Tun Mohd Khalil	22	-	-	-	-	22
Tan Sri Datuk Seri Ahmad Fuad Bin Ismail (Resigned on 13 September 2018)	89	-	-	-	-	89
Total	177	1,275	35	-	239	1,726

Remuneration of Key Senior Management

In determining the remuneration packages of the Group's Key Senior Management, factors that were taken into consideration included the Senior Management's responsibilities, skills, expertise and contribution to the Group's performance.

On the disclosure of the remuneration of the Group's Key Senior Management, the Company is of the view that it would not be in its best interest to make such disclosure on named basis in view of the competitive nature of human resource market and the Company should maintain confidentiality on employees' remuneration packages.

The disclosure of the remuneration of top four Key Senior Management was made on an aggregate basis in bands of RM50,000.00. Details of the remuneration of the top five Key Senior Management during the financial year ended 30 June 2018 are as follows:-

Range of Remuneration (RM)	No. of Top Four Key Senior Management
100,000 to 150,000	2
150,000 to 200,000*	2

Note :

* - Includes the remuneration of Encik Zulamran Bin Hamat, the Executive Director cum Chief Executive Officer of the Company

- Encik Zulamran Bin Hamat was part of the Key Senior Management of the Group for the period from 1 July 2017 until 5 February 2018 before he was appointed as Executive Director cum Chief Operating Officer of the Company on 6 February 2018 and subsequently re-designated as Executive Director cum Chief Executive Officer on 21 September 2018.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

Composition

The ARMC is responsible for assisting the Board in fulfilling its statutory and fiduciary responsibilities of monitoring the Group's management of its financial risk processes, accounting and financial reporting practices, ensuring the efficacy of the Group's system of internal control and in maintaining oversight of both the internal and external audit functions.

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. The ARMC Chairman, Dato' Seow Thiam Fatt, is the Senior Independent Non-Executive Director and is not the Chairman of the Board. Dato' Seow is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA), Fellow of CPA Australia and Fellow of the Institute of Chartered Secretaries and Administrators.

The independence, objectivity and integrity of the members of the ARMC are the key requirements which the Board of the Company recognises as essential for an effective and independent ARMC. None of the members of the ARMC is a former key audit partner. The ARMC has institute a policy by way of inclusion in the Terms of Reference of the ARMC that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC.

More information on the ARMC and its activities during the financial year is set out in the Audit and Risk Management Committee Report of this Annual Report.

Financial Reporting

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group, and ensuring that the financial statements of the Group comply with the Companies Act 2016 and applicable approved financial reporting standards in Malaysia.

The ARMC assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the Malaysian Financial Reporting Standards and ACE Market Listing Requirements of Bursa Securities. In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board aims to present a balance and fair assessment of the Company's financial position and prospects. The ARMC reviews the Company's quarterly financial results and annual audited financial statements to ensure accuracy adequacy and completeness prior to presentation to the Board for its approval.

Suitability and Independence of External Auditors

The Board maintains a good professional relationship with the external and internal auditors through the ARMC in discussing with them their audit plans, audit findings and financial statements. The ARMC invites the external auditors at least twice a year to discuss their findings and audited financial statements of the Group. In addition, the ARMC also met with the external auditors during the Financial Year Ended 30 June 2018 without the presence of the Executive Directors, Chief Executive and Senior Management of the Company.

The ARMC is responsible for the recommendation on the appointment and re-appointment of the Company's external auditors and the audit fees. The ARMC carried out an assessment of the performance and suitability of the external auditors based on the quality of services, sufficiency of resources, communication and interaction and independence and objectivity.

Messrs Crowe Malaysia, the External Auditors of the Company have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The ARMC is satisfied with the suitability and independence of Messrs Crowe Malaysia based on the quality and competency of services delivered, sufficiency of the firm and professional staff assigned to the annual audit as well as the non-audit services performed for the financial year ended 30 June 2018 and has recommended their re-appointment for the financial year ending 30 June 2019.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT *(cont'd)*

II. Risk Management and Internal Control Framework

Risk Management and Internal Controls

The Board assumes its overall responsibility in establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations that not limiting to financial aspects of the business but also operational and regulatory compliance. The ARMC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Company and risk management to provide reasonable assurance against material misstatements or loss.

The Statement on Risk Management and Internal Control as set out in this Annual Reports provides an overview of the state of risk management and internal controls within the Group.

Internal Audit Function

The Company recognised that an internal audit functions is essential to ensuring the effectiveness of the Group's system of internal control and is an integral part of the risk management process.

The Company has outsourced its internal audit functions to Cheng & Co Global Advisory Sdn Bhd ("C&C Global"). C&C Global is an independent professional internal audit services provider to provide supports to the ARMC, and by extension, the Board, by providing an independent assurance on the adequacy and effectiveness of the Group's internal control systems. The results of the audits and the recommendations for improvement or actions needed to be taken by the management to rectify highlighted issues were presented in the Audit Committee Meeting.

The Internal Auditors conduct independent, regular and systematic review of the key controls and processes in the operating units and assess compliance with the established policies and procedures. The Internal Auditors report directly to the ARMC and assist the Board in monitoring the internal controls and mitigate the risk of the Group.

The further details of Internal Audit Function are set out in the Audit and Risk Management Committee Report of this Annual Report.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

cont'd

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Board recognises the importance of effective, transparent, regular and timely communication with shareholders and other stakeholders to keep them informed on the Group's latest financial performance, business and corporate developments.

Shareholders and stakeholders can access the Company's website at www.binagroup.com.my for latest information on the operations, financial and market information of the Company.

The Board has established the Corporate Disclosure Policy for the purpose of reinforcing the Company's commitment on the continuous disclosure obligations with an aim of ensuring that all communications to the stakeholders about the business and affairs of the Company are informative, timely, factual and accurate, and consistent and broadly disseminated in accordance with all applicable legal and regulatory requirements.

II. Conduct of General Meeting

The Company's AGM is an important means of communicating with its shareholders. In line with good corporate governance practice, the Notice of the 2nd AGM together with this Annual Report 2018 are sent out to shareholders at least 28 days before the date of meeting to allow sufficient time for the shareholders to consider the proposed resolutions to be tabled at the AGM.

The voting by show-of-hand was used at the 1st AGM held on 23 November 2017 as the Company was yet to be listed in the Bursa Malaysia

Moving forward, to be in line with the AMLR of the Bursa Securities on the requirement for poll voting for all resolution set out in the notice of general meetings, all resolution tabled at the forthcoming 2nd AGM shall be all voted by way of poll.

The Statement on Corporate Governance is made in accordance with a resolution of the Board of Directors passed on 17 October 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required under Rule 15.26(a) of the ACE Market Listing Requirements of Bursa Securities to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are responsible for ensuring that the financial statements are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and of the financial performance and cash flows for the financial period ended on that date.

During the preparation of the financial statements for the financial year ended 30 June 2018, the Directors have:

- (i) applied the appropriate and relevant accounting policies consistently and in accordance with applicable approved accounting standards;
- (ii) made judgements and estimates that are reasonable and prudent; and
- (iii) applied the going concern basis for the preparation of the financial statements.

The Directors also have a general responsibility to take reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

The Statement is made in accordance with a resolution of the Board of Directors dated 17 October 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance stipulates that the Board of listed companies is to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Board is pleased to set out below the Board's Statement on Risk Management and Internal Control which has been prepared in compliance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the guidance in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board is responsible for the adequacy and effectiveness of the Group system of risk management and internal controls. The system is designed to manage the Group's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives. Accordingly, the system of risk management and internal controls of the Group can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process for identifying, evaluating, managing and monitoring the significant risks faced by the Group, and this process includes enhancing the system of risk management and internal controls as and when there are changes to the business environment or regulatory guidelines.

THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

Monitoring Mechanisms and Management Style

The Board entrusts the daily running of the business to the Managing Director ("MD") and his Management team. The MD and his Management team receive timely information pertaining to the performance and profitability of the Group through timely reports which include quantitative and qualitative trends, and analyses through its fully computerised information system.

The MD plays a pivotal role in communicating the Board's expectations of the system of risk management and internal controls to Management. This is achieved, on a day-to-day basis, through his active participation in the operations of the business as well as his attendance at various scheduled meetings of the Management Committee. The Management Committee, which comprise Heads of Department, meets on bi-weekly basis, to discuss on Project Management, Delivery & Logistics, Sales & Marketing, Finance, Information Technology ("IT") and Human Resource issues.

These meetings represent the platform by which the Group's activities are monitored to ensure timely identification and resolution of any critical issues. The MD closely monitors the progress of these issues through regular interaction with the various Heads of Department and the reviews of the Minutes of Meetings of the Management Committee.

The Group practises an "open door" policy whereby Executive Directors, Senior Management and Executives are encouraged to voice out any matters to the MD for prompt response. This culture provides opportunity for every employee of the Group to solve matters quickly and efficiently by drawing the experience and knowledge from all levels of staff within the Group.

Risk Management Framework

The Board recognises that effective risk management is part of good business management practice. The Board also acknowledges that all areas of the Group's activities do involve some degree of risk and is committed to ensure that the Group has an effective risk management framework which allows the Group to identify, evaluate, manage and monitor risks within defined risk parameters that affect the achievement of the Group's business objectives.

The Group has implemented a formal approach to the risk management framework whereby a systematic and logical methodology risk management model has been adopted to ensure key risks are identified, evaluated, properly prioritised, owners identified with proper response time set and allowed for continuous improvement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL *(cont'd)*

Risk Management Process

To carry out an effective risk management framework, the Board has oversight of the risk management through the ARMC. Management reports to the ARMC on the processes, findings and remedial actions taken by Management. The new risks will be identified by taking into consideration the Group's business objectives, strategies and targets, and external environmental factors. This covers matters such as, responses to significant risks identified, output from monitoring processes, and changes made to the system of risk management and internal controls.

The Management also reports to the ARMC its review of risk management model used to monitor the risk exposures and the Management's views on the acceptable and appropriate level of risks faced by the Group.

The key risk categories which have been reviewed by the respective risk owners during the financial year under review encompassed:

- Regulatory,
- Legal,
- Corporate Governance,
- Financial,
- Customers,
- Suppliers,
- Human Capital,
- Operations and;
- External Environmental risks.

The Board consider that the risk management framework is effective, but the framework will be subjected to continuous improvement, taking into consideration better practices and the changing business environment.

Summary of Work of ARMC

The ARMC meeting was held on 29 August 2018 to review the Risk Management report to identify, evaluate, manage and monitor significant risks. There were 11 key risks identified and it was noted that the respective risk owners had performed an assessment of the key risks and its mitigation plans.

The Management had informed that with adequate existing controls in place, all the key risks which had been identified are manageable. The Management will continue to revisit and update the existing risks of the Risk Register to identify any relevant inherent and emerging new risks and assess the adequacy of actions to mitigate the risks.

The Management also engaged in discussion on the best approach to implement an effective risk monitoring and reporting, and concluded on the following salient guidelines:

- Risk Management report will be done on half-yearly basis to the Board-level ARMC,
- The report will highlight any new risks and changes to the existing risk profile, as to facilitate a holistic review by the Board-level ARMC on the major risks areas of concern and whether the mitigating factors were undertaken within the appropriate timeframe.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL *(cont'd)*

Internal Audit Function

The Group has outsourced its internal audit function to an independent professional service provider to assist the ARMC as well as the Board in discharging their responsibilities by providing independent, objective assurance and advisory services that seek to add value and improve the Group's operations by considering:

- The existence of processes to monitor the effectiveness and efficiency of operations and the achievement of business objectives;
- The adequacy and effectiveness of internal control systems for safeguarding of assets and providing consistent, accurate financial and operational data;
- Risk awareness and the value and nature of an effective internal control system;
- Compliance with applicable laws, regulations, corporate policies and procedures; and
- The effectiveness of risk management, control and governance processes within the Group's operations.

The internal audit function has adopted a risk-based approach and prepared its audit strategy and plan based on the risk profiles of the Group, and in accordance with the internal audit plan approved by the ARMC. The internal audit independently reviews the system of risk management and internal controls implemented by Management within the Group and reports to the ARMC on the outcome of the internal audit thereof.

During the financial year under review, the internal auditor carried out two (4) cycles of internal audit review on the operations of the Group, covering operations and financial management, focusing on the key risks associated with the operating processes therein.

The ARMC holds regular meetings to deliberate on the findings and recommendations for improvement highlighted by both the internal and external auditors on the state of the Group's system of risk management and internal controls. The Minutes of the ARMC meetings are subsequently tabled to the Board for notation and further action, where necessary.

Competency of Internal Auditors

The internal auditors, Cheng & Co Global Advisory Sdn Bhd which are led by Ms. Su Mei Yen, CIA, CA (M), ACCA, consist of 10 staffs. The internal auditors carry out the internal audit reviews independently in accordance with a recognised framework. Prior to the commencement of internal audit assignments, the internal auditors also seek assurance from those involved, confirming that they do not have any relationships or conflict of interest with the Company, which could impair their independence and objectivity throughout the conduct of the audit engagement. The internal auditors provides their audit plan presented to the ARMC prior to the commencement of internal audit assignment for the ensuing year. The ARMC shall approve the plan and considers on whether to continuously outsource the internal audit function to internal auditors in providing an independent appraisal on the adequacy, efficiency and effectiveness of the Group's internal control system.

Other Internal Control Processes

Apart from risk management and internal audit, the Group's system of internal controls also comprises the following key elements:

- Group Organisation Structure and Authorisation Procedures

The Group maintains well defined lines of responsibility, delegation of authority, segregation of duties and flow of information in the organisation structure. Limits of authorities are imposed for revenue and capital expenditure for all operating units to keep potential exposure under control. Major investments, acquisitions and disposals are appraised prior to approval by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

THE GROUP'S SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL *(cont'd)*

Other Internal Control Processes *(cont'd)*

- Management Committee

The Management Committee comprising Heads of Department meet on bi-weekly basis to monitor the business development and resolve key operational and management issues. Scheduled periodic meetings of the Management Committee represent the fundamental platform by which the Group's operations, project management, delivery & logistics, sales achievement, financial performance, IT and human resource matters are monitored. Under the purview of the MD and Executive Directors, the heads of the respective operational units of the Group are empowered with the responsibilities of managing their respective operations and business.

- Board Committees

Board Committees, namely Audit and Risk Management Committee, Nominating and Remuneration Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. The Board Committees assist the Board to review the effectiveness of the ongoing monitoring processes on risk and control matters for areas within their scope of work.

- Annual Budget

A rigorous budgetary process is in place where major operating units' budgets are prepared for the ensuing year to be approved by the Board. The Management monitor results against budget with major variances is being followed up and actions taken, where necessary. The Board reviews regular reports from the Management on the key operating statistics, significant changes in the business and external environment, which affect the operations of the Group at large.

- Policies and Procedures

Operational policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses. These include manuals and handbooks which are updated, reviewed and revised periodically to meet changing business and operational requirements, and statutory reporting needs.

- Code of Conduct and Whistle Blowing Channel

A Code of Conduct is established for all directors and employees of the Group, which outlines the acceptable business behaviour and conduct and to provide guidance on how the directors and employees should behave to demonstrate a culture of excellence while performing their duties. It also set out the standards of good and ethical practices, and aims to maintain confidence in the integrity of the Group's business practices.

The Group has also put in place whistle blowing channels, providing an avenue for employees and external parties to report actual or suspected malpractice, misconduct or violations of the Group's policies and regulations in a safe and confidential manner. The policies and procedures on whistle blowing are incorporated under Part D of the Group's Code of Conduct which is published in the website of the Company.

- Employees' Competency

Emphasis is placed on enhancing the quality and ability of employees through a wide variety of training programs and workshops to enhance their knowledge and expand the employees' competency level in executing daily jobs. Relevant trainings and courses are provided to personnel across all functions to maintain a high level of competency and capability.

- Quality Management System

The Group has implemented a comprehensive Quality Management System which fully complies with ISO 9001:2015 Quality Management Systems – Requirements. As part of the requirements of the ISO 9001:2015 certification accredited to the Group, a scheduled internal quality audit is conducted each year by personnel independent of the processes being audited. Results of the audit are reported to the MD and Senior Management where prompt actions are taken on areas requiring further improvement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

THE BOARD'S COMMITMENT

To ensure that the Group achieves its corporate objectives successfully, the Board is determined to establish an effective risk management framework and a proactive internal control environment, and is committed in keeping abreast with the ever-changing business environment in order to support the Group's businesses and size of operations. Cognisant of this fact, the Board, in striving for continuous improvement, will put in place appropriate measures, when necessary, to further enhance the Group's system of risk management and internal controls.

The Board has received assurance from the MD and Chief Financial Officer that the Group's risk management and internal controls are operating adequately and effectively, in all material aspects, based on the risk management framework and internal control system of the Group.

For the financial year under review, the Board confirms that it has reviewed the effectiveness of the system of risk management and internal controls, and there is no occurrence of fundamental deficiency or material losses incurred during the financial year under review as a result of weaknesses in the risk management framework or internal control system.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Securities' Listing Requirements and pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (Revised) issued by the Malaysian Institute of Accountants ("MIA"), the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 30 June 2018.

AAPG 3 (Revised) does not require the external auditors to consider whether this Statement covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal controls of the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The ARMC was established on 14 June 2017 with the primary objective of assisting the Board in fulfilling its fiduciary responsibilities relating to financial reporting, system of internal controls and financial management of the Group.

In performing their duties and discharging their responsibilities, the ARMC is guided by its terms of reference ("TOR"). The ARMC's TOR is available at the Company's website at www.binacom.com.my.

COMPOSITION

The ARMC of the Company is currently composed of three (3) Independent Non-Executive Directors. The present and past ARMC members comprise the following:-

Name	Designation
Dato' Seow Thiam Fatt	Chairman, Senior Independent Non-Executive Director
Tan Sri Datuk Cham Hak Lim (Appointed on 13 September 2018)	Member, Independent Non-Executive Chairman
Dato' Tan Yee Boon	Member, Independent Non-Executive Director
Tan Sri Datuk Seri Ahmad Fuad Bin Ismail (Resigned on 13 September 2018)	Member, Independent Non-Executive Chairman

The Chairman of the ARMC, Dato' Seow Thiam Fatt, is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and Administrators, member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

MEETINGS

Three (3) ARMC meetings were held during the financial year ended 30 June 2018. The details of attendance of each member at the ARMC meetings held during the tenure of office of the members are as follows:

Name	No. of ARMC Meetings attended
Dato' Seow Thiam Fatt (Chairman, Senior Independent Non-Executive Director)	3/3
Tan Sri Datuk Cham Hak Lim (Member, Independent Non-Executive Chairman) (Appointed on 13 September 2018)	N/A
Dato' Tan Yee Boon (Member, Independent Non-Executive Director)	3/3
Tan Sri Datuk Seri Ahmad Fuad Bin Ismail (Member, Independent Non-Executive Chairman) (Resigned on 13 September 2018)	3/3

The Company's internal and external auditors, Managing Director, Executive Director, Chief Executive and/or Senior Management are normally invited to attend the meetings.

The Chairman of the Committee will report formally to the Board on its proceedings after each meeting.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The Committee had carried out the following works during the financial year ended 30 June 2018 in discharging its duties and responsibilities:

1. Financial Reporting

- (a) Reviewed the unaudited quarterly financial results of the Company and the Group for the quarters ended 30 September 2017, 31 December 2017, 31 March 2018 and 30 June 2018 respectively for the financial year ended 30 June 2018 and recommend the same to the Board for approval.
- (b) Reviewed the draft audited financial statements of the Company and the Group for the financial year ended 30 June 2018 prior to the submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable Financial Reporting Standards in Malaysia.

2. External Audit

- (a) Reviewed the Group's Audit Planning Memorandum for the Financial Year Ended 30 June 2018, entailing mainly the overview of audit approach and areas of audit emphasis of the Group.
- (b) Reviewed the Audit Review Memorandum for the Financial Year Ended 30 June 2018 presented by the External Auditors on 29 August 2018, entailing the significant audit findings, deficiencies in internal control, status of audit, compliance with the ethical requirements of independence, communication with the ARMC and summary of audit adjustments.
- (c) Reviewed the independence, suitability, objectivity and effectiveness of the External Auditors before recommending their re-appointment and remuneration to the Board.
- (d) Reviewed the annual audited financial statements of the Group and the Company prior to submission to the Board for approval and release the same to Bursa Malaysia Securities Berhad.
- (e) Met with external auditors in private sessions without the presence of the Executive Directors and Management to discuss further with them other issues of concern, if any, arising from the audit.

3. Internal Audit

- (a) Reviewed the Internal Audit Plan presented by the Internal Auditors.
- (b) Reviewed the reports from the Internal Auditors and assessed the Internal Auditors' findings and the Management's responses and the necessary recommendations.
- (c) Reviewed and discussed the Risk Management Reports which identified high and key risks as well as new and emerging risks and control mechanism.
- (d) Reviewed and discussed the effective implementation of the action plans taken by Management in response to audit findings and weaknesses identified during the audit review.
- (e) Reviewed and assessed the competency of the internal audit function.

4. Others

- (a) Reviewed the Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report and Corporate Governance Overview Statement prior to recommending the same to the Board for approval and inclusion in the Annual Report.
- (b) Reviewed the Terms of Reference of the Committee prior to the recommendation to the Board for adoption.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

cont'd

EXTERNAL AUDIT FUNCTIONS

The Company's independent external auditors, Messrs Crowe Malaysia, plays an essential role in enhancing the Company's reliability in its financial reporting. The external auditors have an obligation to highlight any significant weakness in the Company's control and compliance systems and bring the same to the attention of Management, ARMC and the Board.

The ARMC is pleased to report that there was no significant matter significant matter of disagreement that arose between the external auditors and the Management. During the financial year under review, the external auditors provided both audit and non-audit related services as follows:-

	Audit Related Fees (RM)	Non-Audit Related Fees (RM)
Company	30,000	5,000
Group	81,000	5,000

INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential to ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The internal audit function of the Group was carried out by Cheng & Co Global Advisory Sdn Bhd, an independent professional internal audit services provider.

The Internal Auditors conduct independent, regular and systematic review of the key controls and processes in the operating units and assess compliance with the established policies and procedures. The Internal Auditors report directly to the ARMC and assist the Board in monitoring the internal controls and mitigate the risk of the Group.

(1) Summary of Works

The summary of works that were carried out by the internal audit function during the financial year ended 30 June 2018 encompassed the following:

- a. Assessed the adequacy and effectiveness of the Group's system of internal control and recommend appropriate actions to be taken where necessary.
- b. Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management.
- c. Formulated annual audit plan that focuses on controls, managing the principal risks of the Group. Audits are prioritised according to an assessment of the potential risk exposures.
- d. Presentation of audit findings and corrective actions to be taken by the Management in the quarterly ARMC meetings.

(2) Total costs incurred for financial year ended 30 June 2018

The total cost incurred by the internal audit function of the Group during the financial year ended 30 June 2018 amounted to RM30,900.

(3) Review of Internal Audit Function

The ARMC and the Board were satisfied with the performance of the Internal Auditors for the financial year ended 30 June 2018.

The Committee is pleased to disclose that there were no significant weaknesses identified that would have resulted in any material losses, contingencies or uncertainties to the Group which would require a separate disclosure in the financial statement.

This Report is made in accordance with the resolution of the Board dated 17 October 2018.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATITON OF PROCEEDS FROM INITIAL PUBLIC OFFERING (“IPO”)

The entire enlarged issued share capital of the Company comprising 260,000,000 ordinary shares was listed on the ACE Market of Bursa Securities on 8 January 2018. Pursuant to the said listing, the Company had successfully raised gross proceeds of RM39.55 million from the issuance of 85,979,000 new ordinary shares in the Company at an issue price of RM0.46 per share. The gross proceeds of RM39.55 million raised from the IPO have been utilised in the following manner as at 30 June 2018:-

No.	Purpose of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Estimated Timeframe for Utilisation
1.	Setting up a teleport	14,360	7,473	6,887	Within 24 months
2.	Enhancing operations and maintenance services capability	4,900	869	4,031	Within 12 months
3.	Enhancing fiber optic network installation and commissioning services capability	4,800	-	4,800	Within 12 months
4.	Regional business expansion in ASEAN countries	1,500	8	1,492	Within 18 months
5.	Working capital	10,790	503	10,287	Within 24 months
6.	Estimated listing expenses	3,200	3,200	-	Within 3 months
TOTAL		39,550	12,053	27,497	

AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the external auditors' firm by the Group and the Company for the financial year ended 30 June 2018 are as follows:-

	Company (RM'000)	Group (RM'000)
Audit Fees	30	81
Non-audit fees	5	5
Total	35	86

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Group involving the interest of the Directors' and major shareholders either subsisting as at 30 June 2018 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

During the financial year, the Group had not entered into any recurrent related party transactions which are of revenue or trading nature, which requires shareholders' mandate.

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	9,105,452	1,563,470
Attributable to:-		
Owners of the Company	9,071,327	1,563,470
Non-controlling interests	34,125	-
	9,105,452	1,563,470

DIVIDENDS

Dividends paid or declared by the Company since 30 June 2017 are as follows:-

	RM
<u>In respect of the financial year 30 June 2018</u>	
A first interim single-tier dividend of 0.5 sen per ordinary share, paid on 13 February 2018	1,300,000

On 29 August 2018, the Company declared a second interim single-tier dividend of 0.5 sen per ordinary share amounting to RM1,300,000 in respect of the current financial year, payable on 8 October 2018, to shareholders whose names appeared in the record of depositors on 19 September 2018. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 June 2019.

The directors do not recommend the payment of any further dividend for the financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS' REPORT

cont'd

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) the Company increased its issued and paid-up share capital from RM17,402,102 to RM56,952,442 (before deducting listing expenses of RM1,733,191) by the issuance of 85,979,000 new ordinary shares at an issue price of 46 sen per ordinary share, as part of the listing scheme of the Company on ACE Market of Bursa Malaysia Securities Berhad.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT

cont'd

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGES OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tan Sri Datuk Seri Ahmad Fuad Bin Ismail (*Resigned on 13 September 2018*)

Tan Sri Datuk Cham Hak Lim (*Appointed on 13 September 2018*)

Dato' Seow Thiam Fatt

Dato' Tan Yee Boon

Datuk Lalla Nezha Binti Tun Mohd Khalil

Na Boon Aik

Na Bon Tiam

Zulamran Bin Hamat (*Appointed on 6 February 2018*)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Limus Bin Ibal

DIRECTORS' REPORT

cont'd

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	←----- Number of Ordinary Shares -----→			
	At 1.7.2017	Bought	Sold	At 30.6.2018
The Company				
<i>Direct Interests</i>				
Tan Sri Datuk Seri Ahmad Fuad Bin Ismail	-	1,000,000	(400,000)	600,000
Dato' Seow Thiam Fatt	-	500,000	-	500,000
Dato' Tan Yee Boon	-	500,000	(500,000)	-
Na Boon Aik	87,010,451	428,600	(20,000,000)	67,439,051
Na Bon Tiam	87,010,451	-	(20,000,000)	67,010,451
Zulamran Bin Hamat	-	3,500,000	(272,300)	3,227,700

By virtue of their shareholdings in the Company, Na Boon Aik and Na Bon Tiam are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 27(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 28(a) to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

DIRECTORS' REPORT

cont'd

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Malaysia (formerly known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 22 to the financial statements.

Signed in accordance with a resolution of the directors dated 17 October 2018

Na Boon Aik

Na Bon Tiam

STATEMENT BY **DIRECTORS**

Pursuant to Section 251(2) of the Companies Act 2016

We, Na Boon Aik and Na Bon Tiam, being two of the directors of Binasat Communications Berhad, state that, in the opinion of the directors, the financial statements set out on pages 52 to 100 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 17 October 2018

Na Boon Aik

Na Bon Tiam

STATUTORY **DECLARATION**

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Ng Kok Meng, MIA Membership Number: 17350, being the officer primarily responsible for the financial management of Binasat Communications Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 100 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Ng Kok Meng,
at Melaka in the state of Melaka
on this 17 October 2018

Before me

Ng Kok Meng

Shahrizah Binti Yahya (M084)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the members of BINASAT COMMUNICATIONS BERHAD
(Incorporated In Malaysia) Company No: 1222656-D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Binasat Communications Berhad, which comprise the statements of financial position as at 30 June 2018 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 52 to 100.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, 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 Opinion

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 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.

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 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition Refer to Note 4.20 and Note 21 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
Consolidated revenue recorded by the Group during the year amounted to RM57.26 million. In view of the Group's large volume of transactions, we considered revenue recognition for the work performed to be a potential cause for higher risk of material misstatement from the perspective of timing of recognition and the amount of revenue recognised. Accordingly, we regarded revenue recognition to be a key audit matter.	To address this risk, our audit procedures involved the following by:- <ul style="list-style-type: none"> • testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements; • reviewing the terms of sales contracts to determine the point of transfer of risk and rewards on a sample basis; • testing the recording of sales transactions, revenue cut-off and review of credit notes after year end; and • obtaining confirmations and reviewing collections relating to material trade receivables as at financial year end.

INDEPENDENT AUDITORS' REPORT

To the members of BINASAT COMMUNICATIONS BERHAD
(Incorporated In Malaysia) Company No: 1222656-D
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

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 information 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.

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the 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.

INDEPENDENT AUDITORS' REPORT

To the members of BINASAT COMMUNICATIONS BERHAD
(Incorporated In Malaysia) Company No: 1222656-D
cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *(cont'd)*

Auditors' Responsibilities for the Audit of the Financial Statements *(cont'd)*

- 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.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia
Firm No: AF 1018
Chartered Accountants

Melaka

17 October 2018

Piong Yew Peng
Approval No: 03070/06/2019 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

At 30 June 2018

	Note	The Group		The Company	
		30.6.2018 RM	30.6.2017 RM	30.6.2018 RM	30.6.2017 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	17,402,100	17,402,100
Property, plant and equipment	6	9,100,468	8,060,728	8,685	11,017
Investment properties	7	4,439,317	4,460,659	-	-
Deferred tax assets	8	74,100	53,000	-	-
		13,613,885	12,574,387	17,410,785	17,413,117
CURRENT ASSETS					
Trade receivables	9	19,555,688	18,275,313	-	-
Amount owing by customers on contract	10	499,625	-	-	-
Other receivables, deposits and prepayments	11	5,385,054	1,646,477	644,764	-
Amount owing by a subsidiary	12	-	-	1,200,000	-
Short-term investments	13	38,639,860	-	35,557,666	-
Cash and bank balances		11,446,644	11,296,548	1,775,349	2
		75,526,871	31,218,338	39,177,779	2
TOTAL ASSETS		89,140,756	43,792,725	56,588,564	17,413,119
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	55,219,251	17,402,102	55,219,251	17,402,102
Merger deficit	15	(16,052,000)	(16,052,000)	-	-
Retained profits/(Accumulated losses)		31,826,373	24,055,046	229,887	(33,583)
Equity attributable to owners of the Company		70,993,624	25,405,148	55,449,138	17,368,519
Non-controlling interests	5	173,038	138,913	-	-
TOTAL EQUITY		71,166,662	25,544,061	55,449,138	17,368,519
NON-CURRENT LIABILITIES					
Hire purchase payables (secured)	16	1,057,750	647,710	-	-
Term loans (secured)	17	6,896,705	6,866,817	-	-
Deferred tax liabilities	8	34,000	-	-	-
		7,988,455	7,514,527	-	-
CURRENT LIABILITIES					
Trade payables	18	6,267,406	6,976,620	-	-
Other payables, deposits and accruals	19	2,807,722	2,059,439	154,845	20,000
Amount owing to directors	20	-	202,039	-	-
Amount owing to a subsidiary	12	-	-	984,581	24,600
Hire purchase payables (secured)	16	329,892	240,929	-	-
Term loans (secured)	17	424,000	894,080	-	-
Current tax liabilities		156,619	361,030	-	-
		9,985,639	10,734,137	1,139,426	44,600
TOTAL LIABILITIES		17,974,094	18,248,664	1,139,426	44,600
TOTAL EQUITY AND LIABILITIES		89,140,756	43,792,725	56,588,564	17,413,119

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2018

	Note	The Group		The Company	
		1.7.2017 to 30.6.2018 RM	1.7.2016 to 30.6.2017 RM	1.7.2017 to 30.6.2018 RM	17.3.2017 to 30.6.2017 RM
REVENUE	21	57,260,247	54,518,931	1,384,958	-
COST OF SALES		(37,426,079)	(33,964,016)	-	-
GROSS PROFIT		19,834,168	20,554,915	1,384,958	-
OTHER INCOME		1,073,081	121,186	585,947	-
		20,907,249	20,676,101	1,970,905	-
ADMINISTRATIVE EXPENSES		(6,978,287)	(5,644,906)	(405,103)	(33,000)
OTHER OPERATING EXPENSES		(1,590,578)	(1,144,883)	(2,332)	(583)
FINANCE COSTS		(215,863)	(221,208)	-	-
PROFIT/(LOSS) BEFORE TAXATION	22	12,122,521	13,665,104	1,563,470	(33,583)
INCOME TAX EXPENSE	23	(3,017,069)	(3,642,275)	-	-
PROFIT/(LOSS) AFTER TAXATION		9,105,452	10,022,829	1,563,470	(33,583)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR/ PERIOD		9,105,452	10,022,829	1,563,470	(33,583)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		9,071,327	10,026,955	1,563,470	(33,583)
Non-controlling interests		34,125	(4,126)	-	-
		9,105,452	10,022,829	1,563,470	(33,583)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		9,071,327	10,026,955	1,563,470	(33,583)
Non-controlling interests		34,125	(4,126)	-	-
		9,105,452	10,022,829	1,563,470	(33,583)
EARNINGS PER SHARE (SEN)					
Basic	24	4.18	5.76		
Diluted	24	4.18	5.76		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2018

The Group	Note	<Non-Distributable>		<Distributable>		Non-controlling Interests	Total Equity
		Share Capital	Merger Deficit	Retained Profits	Attributable to Owners of the Company		
		RM	RM	RM	RM	RM	RM
At 1.7.2017		17,402,102	(16,052,000)	24,055,046	25,405,148	138,913	25,544,061
Profit after taxation/Total comprehensive income for the financial year		-	-	9,071,327	9,071,327	34,125	9,105,452
Contributions by and distributions to owners of the Company:							
- Issuance of shares	14	39,550,340	-	-	39,550,340	-	39,550,340
- Listing expenses	14	(1,733,191)	-	-	(1,733,191)	-	(1,733,191)
- Dividend:							
- by the Company	25	-	-	(1,300,000)	(1,300,000)	-	(1,300,000)
Total transactions with owners		37,817,149	-	(1,300,000)	36,517,149	-	36,517,149
Balance at 30.6.2018		55,219,251	(16,052,000)	31,826,373	70,993,624	173,038	71,166,662
At 1.7.2016		1,003,600	-	16,028,091	17,031,691	(5,461)	17,026,230
Profit after taxation/Total comprehensive income for the financial year		-	-	10,026,955	10,026,955	(4,126)	10,022,829
Contributions by and distributions to owners of the Company:							
- Issuance of shares by the Company at date of incorporation		2	-	-	2	-	2
- Issuance of shares by subsidiary		346,500	-	-	346,500	148,500	495,000
- Issuance of shares pursuant to acquisition of subsidiaries		16,052,000	(16,052,000)	-	-	-	-
- Dividends paid by a subsidiary before acquisition	25	-	-	(2,000,000)	(2,000,000)	-	(2,000,000)
Total transactions with owners		16,398,502	(16,052,000)	(2,000,000)	(1,653,498)	148,500	(1,504,998)
Balance at 30.6.2017		17,402,102	(16,052,000)	24,055,046	25,405,148	138,913	25,544,061

The annexed notes form an integral part of these financial statements.

STATEMENTS OF **CHANGES IN EQUITY**

For the financial year ended 30 June 2018
cont'd

The Company	Note	<Non-Distributable>	<Distributable>	Total Equity
		Share Capital	(Accumulated Losses)/ Retained Profits	
		RM	RM	RM
At 17.3.2017 (Date of Incorporation)		2	-	2
Loss after taxation/Total comprehensive expenses for the financial period		-	(33,583)	(33,583)
Issuance of shares	14	17,402,100	-	17,402,100
Balance at 30.6.2017/1.7.2017		17,402,102	(33,583)	17,368,519
Profit after taxation/Total comprehensive income for the financial year		-	1,563,470	1,563,470
Contributions by and distribution to owners of the Company:				
- Issuance of shares	14	39,550,340	-	39,550,340
- Listing expenses	14	(1,733,191)	-	(1,733,191)
- Dividends	25	-	(1,300,000)	(1,300,000)
Total transactions with owners		37,817,149	(1,300,000)	36,517,149
Balance at 30.6.2018		55,219,251	229,887	55,449,138

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2018

	The Group		The Company	
	1.7.2017 to 30.6.2018 RM	1.7.2016 to 30.6.2017 RM	1.7.2017 to 30.6.2018 RM	17.3.2017 to 30.6.2017 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	12,122,521	13,665,104	1,563,470	(33,583)
Adjustments for:-				
Allowance for impairment losses on trade and other receivables	347,437	22,874	-	-
Depreciation of property, plant and equipment	1,144,364	1,053,783	2,332	583
Depreciation of investment properties	89,152	68,809	-	-
Interest expenses	215,863	221,208	-	-
Gain on disposal of property, plant and equipment	(67,759)	(3,657)	-	-
Interest income	(690,165)	(1,436)	(585,947)	-
Reversal of impairment losses on trade receivables	(50,196)	(33,108)	-	-
Operating profit/(loss) before working capital changes	13,111,217	14,993,577	979,855	(33,000)
Increase in amount owing by customers on contract	(499,625)	-	-	-
Increase in trade and other receivables	(5,316,193)	(6,493,025)	(844,764)	-
Increase in trade and other payables	39,069	2,033,470	334,845	20,000
CASH FROM/(FOR) OPERATIONS	7,334,468	10,534,022	469,936	(13,000)
Interest paid	(215,863)	(221,208)	-	-
Interest received	690,165	1,436	585,947	-
Tax paid	(3,208,580)	(3,239,615)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES	4,600,190	7,074,635	1,055,883	(13,000)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2018
cont'd

	Note	The Group		The Company	
		1.7.2017 to 30.6.2018 RM	1.7.2016 to 30.6.2017 RM	1.7.2017 to 30.6.2018 RM	17.3.2017 to 30.6.2017 RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Purchase of property, plant and equipment	26(a)	(1,376,448)	(566,034)	-	(11,600)
Purchase of investment properties		(67,810)	(135,620)	-	-
Proceeds from disposal of property, plant and equipment		120,103	115,375	-	-
NET CASH FOR INVESTING ACTIVITIES		(1,324,155)	(586,279)	-	(11,600)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividends paid	25	(1,300,000)	(2,000,000)	(1,300,000)	-
Drawdown of term loan	26(b)	67,810	135,620	-	-
Net repayment to director		(202,039)	(66,453)	-	-
Net (repayment to)/advances from a subsidiary		-	-	(240,019)	24,600
Payment of share issue expenses		(1,733,191)	-	(1,733,191)	-
Proceeds from issuance of shares		39,550,340	250,002	39,550,340	2
Repayment of hire purchase obligations	26(b)	(360,997)	(293,360)	-	-
Repayment of term loans	26(b)	(508,002)	(495,539)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		35,513,921	(2,469,730)	36,277,130	24,602
NET INCREASE IN CASH AND CASH EQUIVALENTS		38,789,956	4,018,626	37,333,013	2
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/ PERIOD		11,296,548	7,277,922	2	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	26(c)	50,086,504	11,296,548	37,333,015	2

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Lot 6.05, Level 6, KPMG Tower 8 First Avenue, Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan
Principal place of business	:	No. 17 & 19, Jalan Bukit Permai Utama 3 Taman Industri Bukit Permai 56100 Cheras Kuala Lumpur

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 October 2018.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

3. BASIS OF PREPARATION (cont'd)

3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
<ul style="list-style-type: none"> • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters • Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value 	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 Financial Instruments: Recognition and Measurement and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held.

Furthermore, pursuant to MFRS 9, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, the Group is required to recognise and measure a lifetime expected credit loss ("ECL") on its debt instruments. This application will result in earlier recognition of credit losses. The expected impact from implementation of MFRS 9 and the determination of ECL is expected to be immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

cont'd

3. BASIS OF PREPARATION *(cont'd)*

- 3.2 The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows *(cont'd)*:-

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The adoption of MFRS 15 is expected to have no material impact on the financial statements of the Group upon its initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its trade receivables and analyses their ageing profiles, historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(c) Construction Contracts

Significant judgement is required in determining the stage of completion of a construction contract, the extent of the construction costs incurred, the estimation of the variation works and total budgeted construction costs, as well as the recoverability of the construction project. In making the judgement, management evaluates based on experience and by relying the works of specialists.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

Key Sources of Estimation Uncertainty (cont'd)

(d) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amount recognised in financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment properties.

(b) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(c) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on combination. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

However, a business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

An acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first come under the control of the controlling party or parties.

Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from a bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 BASIS OF CONSOLIDATION (cont'd)

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Assets (cont'd)

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

4.4 FINANCIAL INSTRUMENTS *(cont'd)*

(c) Equity Instruments *(cont'd)*

Ordinary shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.6 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land and buildings	Over the lease period of 54 years
Computers	20%
Furniture, fittings and equipment	20%
Motor vehicles	20%
Renovation	20%
Signboard	20%
Tools and equipment	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

4.7 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 50 years.

Freehold land and investment property under construction is not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss and investments in subsidiaries), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.9 LEASED ASSETS

Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.13 CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period for which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variation in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceed progress billings, the balance is classified as amount due from customers on contract. When progress billings exceed costs incurred plus recognised profits (less recognised losses) the balance is classified as amount due to customers on contracts.

4.14 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.15 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and allowances are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.16 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.17 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.18 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

cont'd

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

4.19 FAIR VALUE MEASUREMENTS *(cont'd)*

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.20 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(b) Services

Revenue from services rendered is recognised in profit or loss based on the value of work performed and invoiced to customers.

(c) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method, as described in Note 4.13.

(d) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(e) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(f) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	30.6.2018	30.6.2017
	RM	RM
Unquoted shares, at cost	17,402,100	17,402,100

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		30.6.2018	30.6.2017	
		%	%	
<i>Subsidiaries of the Company</i>				
Binasat Sdn. Bhd.	Malaysia	100	100	Provision of support services for satellite, mobile and fibre optic telecommunications networks.
Binasat (Sabah) Sdn. Bhd.	Malaysia	100	100	Dormant.
Satellite NOC Sdn. Bhd.	Malaysia	70	70	Provision of support services for satellite telecommunications network.

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	%	%	RM	RM
Satellite NOC Sdn. Bhd.	30	30	173,038	138,913

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (b) The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Satellite NOC Sdn. Bhd.	
	30.6.2018	30.6.2017
	RM	RM
<u>At 30 June</u>		
Non-current assets	1,094,373	-
Current assets	2,591,151	572,559
Non-current liabilities	(34,000)	-
Current liabilities	(3,074,730)	(109,515)
Net assets	576,794	463,044
<u>Financial Year Ended 30 June</u>		
Revenue	2,524,658	-
Profit/(Loss) for the financial year	113,750	(10,731)
Total comprehensive income/(expenses)	113,750	(10,731)
Total comprehensive income/(expenses) attributable to non-controlling interests	34,125	(3,219)
Net cash flows for operating activities	(1,590,344)	(28,347)
Net cash flow for investing activity	(1,132,076)	-
Net cash flows from financing activities	2,628,716	270,817

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.7.2017 RM	Additions RM	Disposal RM	Depreciation Charges RM	At 30.6.2018 RM
30.6.2018					
Carrying Amount					
Leasehold land and buildings	6,001,475	-	-	(128,000)	5,873,475
Computers	66,987	12,788	-	(30,411)	49,364
Furniture, fittings and equipment	238,809	33,996	-	(99,719)	173,086
Motor vehicles	1,041,648	1,021,853	(52,344)	(492,270)	1,518,887
Renovation	355,609	-	-	(165,268)	190,341
Signboard	11,017	-	-	(2,332)	8,685
Tools and equipment	345,183	1,167,811	-	(226,364)	1,286,630
	8,060,728	2,236,448	(52,344)	(1,144,364)	9,100,468

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	At 1.7.2016 RM	Additions RM	Disposal RM	Depreciation Charges RM	At 30.6.2017 RM
30.6.2017					
Carrying Amount					
Leasehold land and buildings	6,130,892	-	-	(129,417)	6,001,475
Computers	78,781	29,174	-	(40,968)	66,987
Furniture, fittings and equipment	246,772	86,475	-	(94,438)	238,809
Motor vehicles	853,006	713,519	(111,718)	(413,159)	1,041,648
Renovation	338,788	185,635	-	(168,814)	355,609
Signboard	2,290	11,600	-	(2,873)	11,017
Tools and equipment	500,266	49,031	-	(204,114)	345,183
	8,150,795	1,075,434	(111,718)	(1,053,783)	8,060,728
			At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.6.2018					
Leasehold land and buildings			6,612,733	(739,258)	5,873,475
Computers			409,018	(359,654)	49,364
Furniture, fittings and equipment			665,931	(492,845)	173,086
Motor vehicles			3,655,654	(2,136,767)	1,518,887
Renovation			1,032,921	(842,580)	190,341
Signboard			23,050	(14,365)	8,685
Tools and equipment			2,516,744	(1,230,114)	1,286,630
			14,916,051	(5,815,583)	9,100,468
			At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
The Group					
30.6.2017					
Leasehold land and buildings			6,612,733	(611,258)	6,001,475
Computers			396,230	(329,243)	66,987
Furniture, fittings and equipment			631,935	(393,126)	238,809
Motor vehicles			2,888,610	(1,846,962)	1,041,648
Renovation			1,032,921	(677,312)	355,609
Signboard			23,050	(12,033)	11,017
Tools and equipment			1,348,933	(1,003,750)	345,183
			12,934,412	(4,873,684)	8,060,728

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

cont'd

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) Included in the property, plant and equipment of the Group at the end of reporting period were motor vehicles with a total carrying amounts of RM1,428,760 (30.6.2017 – RM877,632), which were acquired under hire purchase terms. The leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 16 to the financial statements.
- (b) The leasehold land and buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

The Company	At 1.7.2017	Depreciation Charges	At 30.6.2018
	RM	RM	RM
30.6.2018			
Carrying Amount			
Signboard	11,017	(2,332)	8,685

	At 17.3.2017	Additions	Depreciation Charges	At 30.6.2017
	RM	RM	RM	RM
30.6.2017				
Carrying Amount				
Signboard	-	11,600	(583)	11,017

The Company	At Cost	Accumulated Depreciation	Carrying Amount
	RM	RM	RM
30.6.2018			
Signboard	11,600	(2,915)	8,685

	At Cost	Accumulated Depreciation	Carrying Amount
	RM	RM	RM
30.6.2017			
Signboard	11,600	(583)	11,017

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

7. INVESTMENT PROPERTIES

The Group	At 1.7.2017 RM	Additions RM	Reclassification RM	Depreciation Charges RM	At 30.6.2018 RM
30.6.2018					
Carrying Amount					
Freehold land and buildings	3,172,268	-	1,356,201	(89,152)	4,439,317
Building in progress	1,288,391	67,810	(1,356,201)	-	-
	4,460,659	67,810	-	(89,152)	4,439,317

	At 1.7.2016 RM	Additions RM	Depreciation Charges RM	At 30.6.2017 RM
30.6.2017				
Carrying Amount				
Freehold land and buildings		3,241,077	(68,809)	3,172,268
Building in progress		1,152,771	-	1,288,391
		4,393,848	(68,809)	4,460,659

The Group	At Cost RM	Reclassification RM	Accumulated Depreciation RM	Carrying Amount RM
30.6.2018				
Freehold land and buildings	3,440,442	1,356,201	(357,326)	4,439,317
Building in progress	1,356,201	(1,356,201)	-	-
	4,796,643	-	(357,326)	4,439,317

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.6.2017			
Freehold land and buildings	3,440,442	(268,174)	3,172,268
Building in progress	1,288,391	-	1,288,391
	4,728,833	(268,174)	4,460,659

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

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7. INVESTMENT PROPERTIES (cont'd)

- (a) The following items are recognised in profit or loss:-

	The Group	
	30.6.2018	30.6.2017
	RM	RM
Rental income	56,150	70,950
Direct operating expenses:		
- Miscellaneous charges	-	1,200
- Quit rent and assessment fees	11,100	21,910
- Repair and maintenance	-	15,710

- (b) The investment properties have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.
- (c) As at the date of this report, the fair value of the investment properties amounting to RM4,942,000 (30.6.2017 – RM3,312,000) which were determined based on information available through internet search and directors best estimate.

8. DEFERRED TAX (ASSETS)/LIABILITIES

The Group	At	Recognised	At
	1.7.2017	In Profit or Loss (Note 23)	30.6.2018
	RM	RM	RM
30.6.2018			
Deferred Tax Assets			
Provisions	(34,700)	8,700	(26,000)
Others	(133,000)	(89,900)	(222,900)
	(167,700)	(81,200)	(248,900)
Deferred Tax Liabilities			
Property, plant and equipment	114,700	94,100	208,800
	(53,000)	12,900	(40,100)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

8. DEFERRED TAX (ASSETS)/LIABILITIES (cont'd)

	At 1.7.2016 RM	Recognised In Profit or Loss (Note 23) RM	At 30.6.2017 RM
30.6.2017			
Deferred Tax Assets			
Provisions	-	(34,700)	(34,700)
Others	(128,600)	(4,400)	(133,000)
	(128,600)	(39,100)	(167,700)
Deferred Tax Liabilities			
Property, plant and equipment	136,600	(21,900)	114,700
	8,000	(61,000)	(53,000)

9. TRADE RECEIVABLES

	The Group	
	30.6.2018 RM	30.6.2017 RM
Trade receivables	20,258,332	19,249,131
Allowance for impairment losses	(702,644)	(973,818)
	19,555,688	18,275,313
Allowance for impairment losses:-		
At 1 July	973,818	984,052
Addition during the financial year	341,857	22,874
Reversal during the financial year	(50,196)	(33,108)
Written off during the financial year	(562,835)	-
At 30 June	702,644	973,818

The Group's normal trade credit terms range from 30 to 90 (30.6.2017 – 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

10. AMOUNT OWING BY CUSTOMERS ON CONTRACT

	The Group	
	30.6.2018 RM	30.6.2017 RM
Aggregate costs incurred to date	926,124	-
Add: Attributable profits	176,432	-
	1,102,556	-
Less: Progress billings	(602,931)	-
	499,625	-
Represented by:-		
Amount owing by customers on contract	499,625	-

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	30.6.2018 RM	30.6.2017 RM	30.6.2018 RM	30.6.2017 RM
Other receivables	254,845	318,585	-	-
Allowance for impairment losses	(5,580)	-	-	-
	249,265	318,585	-	-
Accrued sales	2,979,005	872,602	-	-
Advanced payments to sub-contractors	868,475	-	-	-
Deposits	588,776	343,078	4,500	-
Deposit for sublease of land	627,264	-	627,264	-
Prepayments	68,000	112,212	-	-
Goods and services tax receivables	4,269	-	13,000	-
	5,385,054	1,646,477	644,764	-
Allowance for impairment losses:-				
At 1 July	-	-	-	-
Addition during the financial year	5,580	-	-	-
At 30 June	5,580	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

12. AMOUNT OWING BY/(TO) A SUBSIDIARY

	The Company	
	30.6.2018	30.6.2017
	RM	RM
Amount owing by a subsidiary		
Non-trade balances	1,200,000	-
Amount owing to a subsidiary		
Non-trade balances	(984,581)	(24,600)
Net amount owing by/(to) a subsidiary	215,419	(24,600)

- (a) The amount owing by a subsidiary represents unsecured interest-free advances which are repayable on demand. The amount owing is to be settled in cash.
- (b) The amount owing to a subsidiary represents unsecured payments made on behalf and are interest-free and repayable on demand. The amount owing is to be settled in cash.

13. SHORT-TERM INVESTMENTS

	The Group			
	30.6.2018		30.6.2017	
	Carrying Amount	Market Value	Carrying Amount	Market Value
	RM	RM	RM	RM
Fair value through profit or loss financial assets - Money market funds (Note 26(c))	38,639,860	38,639,860	-	-

	The Company			
	30.6.2018		30.6.2017	
	Carrying Amount	Market Value	Carrying Amount	Market Value
	RM	RM	RM	RM
Fair value through profit or loss financial assets - Money market funds (Note 26(c))	35,557,666	35,557,666	-	-

Investment in money market funds are placed with asset management company in Malaysia which are highly liquid and readily convertible to cash.

The money market funds of the Group and of the Company are carried at fair value. The fair value hierarchy for money market funds are classified as Level 1.

The weighted average effective interest rates for the money market funds of the Group and of the Company at the reporting date were 3.59% (30.6.2017 – Nil) and 3.59% (30.6.2017 – Nil) respectively.

There is no maturity period for money market funds as these money are callable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

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14. SHARE CAPITAL

The movements in the paid-up share capital of the Company are as follows:-

	The Group/The Company			
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	Number of shares		RM	RM
Issued and Fully Paid-Up				
Ordinary shares				
At 1.7.2017/17.3.2017 (date of incorporation)	174,021,000	2	17,402,102	2
Issuance of shares:				
- for cash	85,979,000	-	39,550,340	-
- acquisition of subsidiaries	-	174,020,998	-	17,402,100
Listing expenses	-	-	(1,733,191)	-
At 30.6.2018	260,000,000	174,021,000	55,219,251	17,402,102

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

15. MERGER DEFICIT

The merger deficit represents the difference between the carrying value of the investments in subsidiaries and the nominal value of shares of the Company's subsidiaries upon consolidation under the merger accounting principle.

16. HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	30.6.2018	30.6.2017
	RM	RM
Minimum hire purchase payments:		
- not later than 1 year	393,032	282,312
- later than 1 year and not later than 5 years	1,166,370	604,372
- later than 5 years	-	110,427
	1,559,402	997,111
Less: Future finance charges	(171,760)	(108,472)
Present value of hire purchase payables	1,387,642	888,639
Analysed by:-		
Current liabilities	329,892	240,929
Non-current liabilities	1,057,750	647,710
	1,387,642	888,639

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

16. HIRE PURCHASE PAYABLES (SECURED) (cont'd)

- (a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 6(a) to the financial statements.
- (b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 3.59% to 6.34% (30.6.2017 – 3.59% to 6.34%). The interest rates are fixed at the inception of the hire purchase arrangements.

17. TERM LOANS (SECURED)

	The Group	
	30.6.2018	30.6.2017
	RM	RM
Current liabilities	424,000	894,080
Non-current liabilities	6,896,705	6,866,817
	7,320,705	7,760,897

The term loans are repayable over 240 to 300 (30.6.2017 – 240 to 300) monthly instalments from the date of drawdown for the Group.

The weighted average effective interest rates at the end of the reporting period was 4.82% (30.6.2017 – 4.57%) per annum.

The term loans are secured by the following:-

- (a) Legal charges over the Group's freehold land, leasehold land and buildings; and
- (b) Jointly and severally guaranteed by two executive directors of the Company.

18. TRADE PAYABLES

The normal trade credit terms granted to the Group is 30 to 90 days (30.6.2017 – 30 to 90 days). Other credit terms are granted on a case-by-case basis.

19. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RM	RM	RM	RM
Other payables	552,338	488,256	118,345	-
Accrued charges	1,942,155	948,748	36,500	20,000
Deposits	313,229	127,132	-	-
Goods and services tax payables	-	495,303	-	-
	2,807,722	2,059,439	154,845	20,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

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20. AMOUNT OWING TO DIRECTORS

The amount owing to directors is unsecured, interest free and with no fixed terms of repayment. The amount owing is to be settled in cash.

21. REVENUE

	The Group		The Company	
	1.7.2017 to 30.6.2018	1.7.2016 to 30.6.2017	1.7.2017 to 30.6.2018	17.3.2017 to 30.6.2017
	RM	RM	RM	RM
Revenue arising from:				
- Services rendered	56,438,816	54,518,931	-	-
- Contract revenue	821,431	-	-	-
- Dividend income	-	-	1,384,958	-
	57,260,247	54,518,931	1,384,958	-

22. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	1.7.2017 to 30.6.2018	1.7.2016 to 30.6.2017	1.7.2017 to 30.6.2018	17.3.2017 to 30.6.2017
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on trade and other receivables	347,437	22,874	-	-
Auditors' remuneration:				
- audit fees:				
- current financial year	81,000	61,000	30,000	20,000
- over provision in the previous financial year	-	(800)	-	-
- non-audit fees	5,000	90,500	5,000	-
Depreciation of property, plant and equipment	1,144,364	1,053,783	2,332	583
Depreciation of investment properties	89,152	68,809	-	-
Direct operating expenses on investment properties	11,100	38,820	-	-
Directors' fees	176,842	13,000	176,842	13,000
Directors' non-fee emoluments (Note 28(a)):				
- salaries, bonuses and allowances	1,396,459	1,028,057	-	-
- defined contribution benefits	153,040	86,400	-	-
	1,549,499	1,114,457	-	-

NOTES TO THE FINANCIAL STATEMENTS

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22. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	The Group		The Company	
	1.7.2017 to 30.6.2018 RM	1.7.2016 to 30.6.2017 RM	1.7.2017 to 30.6.2018 RM	17.3.2017 to 30.6.2017 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting) (cont'd):-				
Interest expenses on financial liabilities that are not at fair value through profit or loss:				
- hire purchase	36,625	44,737	-	-
- term loans	179,238	176,471	-	-
	215,863	221,208	-	-
Listing expenses	1,042,394	617,928	20,810	-
Loss on foreign exchange – realised	8,785	-	-	-
Rental expense on:				
- equipment	993,860	886,725	-	-
- premises	358,177	178,802	-	-
Staff costs (including other key management personnel as disclosed in Note 28(b)):				
- short-term employee benefits	14,435,057	9,656,363	-	-
- defined contribution benefits	1,192,446	904,834	-	-
- others	477,640	290,136	-	-
	16,105,143	10,851,333	-	-
Dividend income from a subsidiary	-	-	(1,384,958)	-
Fire insurance claim	(126,588)	-	-	-
Gain on disposal of property, plant and equipment	(67,759)	(3,657)	-	-
Interest income of financial assets that are carried at fair value through profit or loss	(659,796)	-	(557,666)	-
Interest income of financial assets that are not carried at fair value through profit or loss	(30,369)	(1,436)	(28,281)	-
Reversal of impairment losses on trade receivables	(50,196)	(33,108)	-	-
Rental income from investment properties	(56,150)	(70,950)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
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23. INCOME TAX EXPENSE

	The Group		The Company	
	1.7.2017 to 30.6.2018 RM	1.7.2016 to 30.6.2017 RM	1.7.2017 to 30.6.2018 RM	17.3.2017 to 30.6.2017 RM
Income tax:				
- Malaysian tax	3,147,056	3,655,487	-	-
- (over)/under provision in the previous financial year/period	(142,887)	47,788	-	-
	3,004,169	3,703,275	-	-
Deferred tax (Note 8):				
- relating to origination and reversal of temporary differences	(6,000)	(51,500)	-	-
- under/(over) provision in the previous financial year/period	18,900	(9,500)	-	-
	12,900	(61,000)	-	-
	3,017,069	3,642,275	-	-

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	1.7.2017 to 30.6.2018 RM	1.7.2016 to 30.6.2017 RM	1.7.2017 to 30.6.2018 RM	17.3.2017 to 30.6.2017 RM
Profit/(Loss) before taxation	12,122,521	13,665,104	1,563,470	(33,583)
Tax at the statutory tax rate of 24% (2017 – 24%)	2,909,405	3,279,625	375,233	(8,060)
Tax effects of:-				
Non-deductible expenses	390,002	354,362	90,997	8,060
Non-taxable income	(158,351)	-	(466,230)	-
Reduction in tax rate for small scale company	-	(30,000)	-	-
(Over)/Under provision of income tax in the previous financial year/period	(142,887)	47,788	-	-
Under/(Over) provision of deferred tax in the previous financial year/period	18,900	(9,500)	-	-
Income tax expense for the financial year/period	3,017,069	3,642,275	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
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24. EARNINGS PER SHARE

	The Group	
	30.6.2018	30.6.2017
Profit attributable to owners of the Company (RM)	9,071,327	10,026,955
Weighted average number of ordinary shares in issue	217,010,500	174,021,000
Basic earnings per share (Sen)	4.18	5.76

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to basic earnings per share.

25. DIVIDENDS

	The Group		The Company	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RM	RM	RM	RM
First interim single-tier dividend of 0.5 sen per ordinary share in respect of the current financial year	1,300,000	-	1,300,000	-
Paid by a subsidiary before the acquisition:-				
First interim single-tier dividend of RM2.00 per ordinary share in respect of the previous financial year	-	2,000,000	-	-
	1,300,000	2,000,000	1,300,000	-

26. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	1.7.2017 to 30.6.2018	1.7.2016 to 30.6.2017	1.7.2017 to 30.6.2018	17.3.2017 to 30.6.2017
	RM	RM	RM	RM
Cost of property, plant and equipment purchased (Note 6)	2,236,448	1,075,434	-	11,600
Amount financed through hire purchase (Note (b) below)	(860,000)	(509,400)	-	-
Cash disbursed for purchase of property, plant and equipment	1,376,448	566,034	-	11,600

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
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26. CASH FLOW INFORMATION (cont'd)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM	Hire Purchase RM	Total RM
30.6.2018			
At 1 July	7,760,897	888,639	8,649,536
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	67,810	-	67,810
Repayment of borrowing principal	(508,002)	(360,997)	(868,999)
Repayment of borrowing interests	(179,238)	(36,625)	(215,863)
	(619,430)	(397,622)	(1,017,052)
<u>Non-cash Changes</u>			
New hire purchase (Note (a) above)	-	860,000	860,000
Finance charges recognised in profit or loss (Note 22)	179,238	36,625	215,863
	179,238	896,625	1,075,863
At 30 June	7,320,705	1,387,642	8,708,347

Comparative information is not presented by virtue of the exemption given in MFRS 107.

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	30.6.2018 RM	30.6.2017 RM	30.6.2018 RM	30.6.2017 RM
Cash and bank balances	11,446,644	11,296,548	1,775,349	2
Short-term investments (Note 13)	38,639,860	-	35,557,666	-
	50,086,504	11,296,548	37,333,015	2

27. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
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27. RELATED PARTY DISCLOSURES (cont'd)

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year/period:-

	The Group		The Company	
	1.7.2017 to 30.6.2018 RM	1.7.2016 to 30.6.2017 RM	1.7.2017 to 30.6.2018 RM	17.3.2017 to 30.6.2017 RM
Subsidiary				
Dividend income	-	-	1,384,958	-
Companies in which directors have significant financial interests				
Sales	3,413	-	-	-
Sub-contractor fees	-	814,127	-	-
Rental of equipment	-	(6,461)	-	-
Purchases	-	25,689	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018

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28. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

(a) Directors

	The Group		The Company	
	1.7.2017 to 30.6.2018 RM	1.7.2016 to 30.6.2017 RM	1.7.2017 to 30.6.2018 RM	17.3.2017 to 30.6.2017 RM
Directors of the Company				
<u>Executive directors</u>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	1,396,459	1,028,057	-	-
Defined contribution benefits	153,040	86,400	-	-
	1,549,499	1,114,457	-	-
<u>Non-executive directors</u>				
Short-term employee benefits:				
- fees	176,842	13,000	176,842	13,000
Total directors' remuneration (Note 22)	1,726,341	1,127,457	176,842	13,000
(b) Other key management personnel				
Short-term employee benefits:				
- salaries, bonuses and other benefits	526,616	640,751	-	-
Defined contribution benefits	58,320	69,204	-	-
Total compensation for other key management personnel (Note 22)	584,936	709,955	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
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29. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment predominantly operates in Malaysia, namely in the provision of support services for satellite, mobile and fibre optic telecommunications networks.

MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	The Group	
	1.7.2017 to 30.6.2018 RM	1.7.2016 to 30.6.2017 RM
Customer A	19,454,401	27,001,019
Customer B	20,539,869	14,349,198

30. CAPITAL COMMITMENTS

	The Group		The Company	
	30.6.2018 RM	30.6.2017 RM	30.6.2018 RM	30.6.2017 RM
Sublease of land	5,645,376	-	5,645,376	-
Purchase of equipment	92,062	67,810	-	-
	5,737,438	67,810	5,645,376	-

31. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group	
	30.6.2018 RM	30.6.2017 RM
Performance guarantee extended by subsidiary to customers	3,776,673	3,429,781

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

32.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currency of entities within the Group. The currency giving rise to the risk is primarily United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

	The Group	
	30.6.2018	30.6.2017
	United States Dollar	United States Dollar
	RM	RM
Financial Assets		
Trade receivables	183,978	94,092
Cash and bank balances	526,949	159,744
	710,927	253,836
Financial Liabilities		
Trade payables	701	701
Other payables	19,105	19,105
	19,806	19,806
Net financial assets	691,121	234,030
Currency exposure	691,121	234,030

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
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32. FINANCIAL INSTRUMENTS (cont'd)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	30.6.2018	30.6.2017
	RM	RM
Effects on Profit/(Loss) After Taxation		
USD/RM – strengthened by 6% (30.6.2017 – 7%)	+31,515	+12,450
– weakened by 6% (30.6.2017 – 7%)	-31,515	-12,450

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

The Group's fixed rate receivables are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 13 and Note 17 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the profit/(loss) after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises from changes in quoted investment prices. Information relating to the Group's exposure to the equity price of the financial assets is not disclosed as the impact is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
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32. FINANCIAL INSTRUMENTS (cont'd)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 1 year, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on customer credit worthiness, change in customers' payment terms, prior experience and the current economic environment.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 3 (30.6.2017 – 2) customers which constituted approximately 57% (30.6.2017 – 67%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related companies) at the end of the reporting period is as follows:-

	The Group	
	30.6.2018	30.6.2017
	RM	RM
Malaysia	19,370,709	18,181,221
Hong Kong	183,741	94,092
Others	1,238	-
	19,555,688	18,275,313

(ii) Exposure to Credit Risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
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32. FINANCIAL INSTRUMENTS (cont'd)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Ageing analysis

The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
30.6.2018			
Not past due	13,738,614	-	13,738,614
Past due:			
- less than 3 months	4,640,221	-	4,640,221
- 3 to 6 months	522,309	-	522,309
- over 6 months	586,380	-	586,380
- over 1 year	770,808	(702,644)	68,164
	<u>20,258,332</u>	<u>(702,644)</u>	<u>19,555,688</u>
30.6.2017			
Not past due	16,457,540	-	16,457,540
Past due:			
- less than 3 months	1,087,003	-	1,087,003
- 3 to 6 months	154,870	-	154,870
- over 6 months	471,876	-	471,876
- over 1 year	1,077,842	(973,818)	104,024
	<u>19,249,131</u>	<u>(973,818)</u>	<u>18,275,313</u>

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
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32. FINANCIAL INSTRUMENTS (cont'd)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
30.6.2018						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	6,267,406	6,267,406	6,267,406	-	-
Other payables, deposits and accruals	-	2,807,722	2,807,722	2,807,722	-	-
Hire purchase payables (secured)	3.59 – 6.34	1,387,642	1,559,402	393,032	1,166,370	-
Term loans (secured)	4.82	7,320,705	11,083,153	641,820	2,871,504	7,569,829
		17,783,475	21,717,683	10,109,980	4,037,874	7,569,829
30.6.2017						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	6,976,620	6,976,620	6,976,620	-	-
Other payables, deposits and accruals	-	1,564,136	1,564,136	1,564,136	-	-
Amount owing to directors	-	202,039	202,039	202,039	-	-
Hire purchase payables (secured)	3.59 – 6.34	888,639	997,111	282,312	604,372	110,427
Term loans (secured)	4.57	7,760,897	11,724,973	641,820	2,871,504	8,211,649
		17,392,331	21,464,879	9,666,927	3,475,876	8,322,076

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
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32. FINANCIAL INSTRUMENTS (cont'd)

32.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

Maturity Analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
30.6.2018			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	154,845	154,845	154,845
Amount owing to a subsidiary	984,581	984,581	984,581
	1,139,426	1,139,426	1,139,426
30.6.2017			
<u>Non-derivative Financial Liabilities</u>			
Other payables and accruals	20,000	20,000	20,000
Amount owing to a subsidiary	24,600	24,600	24,600
	44,600	44,600	44,600

32.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total bank borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
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32. FINANCIAL INSTRUMENTS (cont'd)

32.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	30.6.2018	30.6.2017	30.6.2018	30.6.2017
	RM	RM	RM	RM
Financial assets				
<u>Loans and receivables financial assets</u>				
Trade receivables	19,555,688	18,275,313	-	-
Other receivables and deposits	4,444,310	1,534,265	631,764	-
Amount owing by a subsidiary	-	-	1,200,000	-
Cash and bank balances	11,446,644	11,296,548	1,775,349	2
	35,446,642	31,106,126	3,607,113	2
<u>Fair value through profit or loss:</u>				
<u>Held-for-trading</u>				
Short-term investments	38,639,860	-	35,557,666	-
Financial liabilities				
<u>Other financial liabilities</u>				
Trade payables	6,267,406	6,976,620	-	-
Other payables, deposits and accruals	2,807,722	1,564,136	154,845	20,000
Amount owing to directors	-	202,039	-	-
Amount owing to a subsidiary	-	-	984,581	24,600
Hire purchase payables (secured)	1,387,642	888,639	-	-
Term loans (secured)	7,320,705	7,760,897	-	-
	17,783,475	17,392,331	1,139,426	44,600

32.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

The Group	1.7.2017	1.7.2016
	to	to
	30.6.2018	30.6.2017
	RM	RM
Financial assets		
<u>Loans and receivables financial assets</u>		
Net (losses)/gains recognised in profit or loss	(275,657)	11,670
<u>Fair value through profit or loss: Held-for-trading</u>		
Net gains recognised in profit or loss	659,796	-
Financial liabilities		
<u>Other financial liabilities</u>		
Net losses recognised in profit or loss	(215,863)	(221,208)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2018
cont'd

32. FINANCIAL INSTRUMENTS (cont'd)

32.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

	1.7.2017 to 30.6.2018 RM	17.3.2017 to 30.6.2017 RM
The Company		
Financial assets		
<u>Loans and receivables financial assets</u>		
Net gains recognised in profit or loss	28,281	-
<u>Fair value through profit or loss: Held-for-trading</u>		
Net gains recognised in profit or loss	557,666	-

32.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
The Group					
30.6.2018					
<u>Financial Assets</u>					
Short-term Investments					
- Fair value through profit or loss	38,639,860	-	-	38,639,860	38,639,860
<u>Financial Liabilities</u>					
Hire purchase payables (secured)	-	1,402,078	-	1,402,078	1,387,642
Term loans (secured)	-	7,320,705	-	7,320,705	7,320,705
30.6.2017					
<u>Financial Liabilities</u>					
Hire purchase payables (secured)	-	902,946	-	902,946	888,639
Term loans (secured)	-	7,760,897	-	7,760,897	7,760,897

NOTES TO THE FINANCIAL STATEMENTS

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32. FINANCIAL INSTRUMENTS (cont'd)

32.5 FAIR VALUE INFORMATION (cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of reporting period (cont'd):-

The Company	Fair Value of Financial Instruments Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
30.6.2018					
<u>Financial Assets</u>					
Short-term Investments					
- Fair value through profit or loss	35,557,666	-	-	35,557,666	35,557,666

(i) Fair Value of Financial Instruments Carried at Fair Value

- The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.
- There were no transfer between level 1 and level 2 during the financial year.

(ii) Fair Value of Financial Instruments Not Carried at Fair Value

- The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are revised to market interest rate on or near the reporting date.
- The fair value of hire purchase payables that carry fixed interest rate are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of reporting period. The rates used to discount the estimated cash flows are as follow:-

	30.6.2018	30.6.2017
	%	%
Hire purchase payables (secured)	3.54	6.34

33. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 8 January 2018, the Company was listed on ACE Market of Bursa Malaysia Securities Berhad.

LIST OF PROPERTIES

Address	Descriptions/ Existing use	Land area / Built-up area (sq.ft.)	Tenure	Approximate age of building (years)	Audited net book value amount as at 30 June 2018 (RM)	Date acquired
H.S.(D) 150067, PT 14455, and H.S.(D) 150068, PT 14456, Seksyen 15, Mukim Bandar Ampang, Daerah Ulu Langat, Negeri Selangor / No. 17 & 19, Jalan Bukit Permai Utama 3, Taman Industri Bukit Permai, Cheras 56100 Kuala Lumpur.	Two storey corporate office and storage facility Existing use: Office	Total land area: 14,400 Total built up area:16,960	48 years lease expiring on 09 October 2066	10	5,873,475	31.01.2013
HS (D) 550747, PTD 170968, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor./ No.5 Jalan Kempas Lama 1, Off Jalan Kempas Lama, 81300 Skudai, Johor ("Kempas Lama Property")	Three storey cluster corporate factory Existing use: Rented out for office purposes	Total land area: 6,491 Total built up area: 7,398	Freehold	4	2,818,977	28.5.2014
HS (D) 560747, PTD 8688, Mukim Jelutong, Tempat Taman Nusantara Daerah Johor Bahru, Negeri Johor / Lot 24, Tiong Nam Business Park @ SiLC7Johor Bahru, Johor ("SiLC7 Property")	Three storey shop office Existing use: Vacant	Total land area: 1,540 Total built up area: 4,620	Freehold	1	1,335,858	30.03.2014

LIST OF PROPERTIES

cont'd

Address	Descriptions/ Existing use	Land area / Built-up area (sq.ft.)	Tenure	Approximate age of building (years)	Audited net book value amount as at 30 June 2018 (RM)	Date acquired
Parcel No. TKP3/DS-114 erected on land held under HS(D) 40768, PT 56152, Mukim Dengkil, Daerah Sepang, Negeri Selangor. / No. 85, Jalan SP 3/4 Salak Perdana, 43900 Sepang, Selangor ("Salak Perdana Property")	Two and half storey terrace house Existing use: Vacant and to be rented out	Total land area: 1,400 Total built up area: 1,558	Freehold	4	284,482	22.09.2014

ANALYSIS OF SHAREHOLDINGS

As at 28 September 2018

ORDINARY SHARES

Total Number of Issued Shares	:	260,000,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share
Number of Shareholders	:	2,503

DISTRIBUTION OF SHAREHOLDINGS AS AT 28 SEPTEMBER 2018

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Less than 100	2	0.08	100	0.00
100 to 1,000	294	11.75	190,500	0.07
1,001 to 10,000	1,273	50.86	7,484,900	2.88
10,001 to 100,000	787	31.44	26,743,098	10.29
100,001 to 12,999,999 (*)	145	5.79	90,931,900	34.97
13,000,000 and above (**)	2	0.08	134,649,502	51.79
TOTAL	2,503	100.00	260,000,000	100.00

Remarks: * - Less than 5% of issued shares
 ** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS SHAREHOLDINGS AS AT 28 SEPTEMBER 2018

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Na Boon Aik	67,639,051	26.02	-	-
Na Bon Tiam	67,010,451	25.77	-	-

DIRECTORS' SHAREHOLDINGS AS AT 28 SEPTEMBER 2018

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Datuk Cham Hak Lim	-	-	-	-
Na Boon Aik	67,639,051	26.02	-	-
Na Bon Tiam	67,010,451	25.77	-	-
Zulamran Bin Hamat	3,227,700	1.24	-	-
Dato' Seow Thiam Fatt	500,000	0.19	-	-
Dato' Tan Yee Boon	-	-	-	-
Datuk Lalla Nezha Binti Tun Mohd Khalil	-	-	-	-

ANALYSIS OF SHAREHOLDINGS

As at 28 September 2018

cont'd

THIRTY LARGEST SHAREHOLDERS AS AT 28 SEPTEMBER 2018

Name of Shareholders	Holdings	
	No. of Shares	% of Issued Capital
1. Na Boon Aik	67,639,051	26.02
2. Na Bon Tiam	67,010,451	25.77
3. Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Hon Pansy)	5,773,000	2.22
4. Maybank Nominees (Tempatan) Sdn Bhd (Maybank Trustees Berhad for CIMB-Principal Small Cap Fund)	5,410,500	2.08
5. Citigroup Nominees (Tempatan) Sdn Bhd (Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund)	4,051,700	1.56
6. Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad)	3,455,300	1.33
7. Zulamran Bin Hamat	3,227,700	1.24
8. Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Chai Beng)	2,900,000	1.12
9. UOBM Nominees (Tempatan) Sdn Bhd (UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Aggressive Fund)	2,826,300	1.09
10. CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Yii Teck Sing)	2,655,000	1.02
11. Kenanga Nominees (Asing) Sdn Bhd (Rakuten Trade Sdn Bhd for Toshimasa Ishida)	2,540,400	0.98
12. Fong Ah Chai	2,500,000	0.96
13. Tan Pooi Fan	2,500,000	0.96
14. Universal Trustee (Malaysia) Berhad (KAF Dana Alif)	2,300,000	0.88
15. He Swee Hong	1,690,100	0.65
16. Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ronie Tan Choo Seng)	1,676,300	0.64
17. Sek Set Guan	1,550,000	0.60
18. Amanahraya Trustees Berhad (CIMB Islamic Equity Aggressive Fund)	1,473,100	0.57
19. Chew Soon Ping @ David Chew	1,300,000	0.50
20. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad (Exempt an for Affin Hwang Asset Management Berhad)	1,200,000	0.46
21. Ng Kok Meng	1,155,800	0.44
22. Amanahraya Trustees Berhad (CIMB Islamic Al-Azzam Equity Fund)	1,124,700	0.43
23. Citigroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Chai Beng)	1,100,000	0.42
24. Wong Yet Hoong	1,100,000	0.42
25. Public Invest Nominees (Tempatan) Sdn Bhd (Exempt AN for Phillip Securities Pte Ltd)	1,056,000	0.41
26. Affin Hwang Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Chai Beng)	1,003,800	0.39
27. Universal Trustee (Malaysia) Berhad (KAF Tactical Fund)	1,000,000	0.38
28. Wong Siaw Mee	1,000,000	0.38
29. Maybank Nominees (Tempatan) Sdn Bhd (Maybank Trustees Berhad for KAF Islamic Dividend Income Fund)	930,900	0.36
30. HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Syed Mohd Nizam Bin Syed Majid)	900,000	0.35

NOTICE OF THE **SECOND ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting of BINASAT COMMUNICATIONS BERHAD (“the Company”) will be held at Ballroom 2, Level 3A, Vivatel Hotel, 85, Jalan Loke Yew, 55200 Kuala Lumpur on Thursday, 29 November 2018 at 10.00 a.m. for the following purposes:-

A G E N D A

As Ordinary Business

- | | | |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon. | (Please refer to
Note 1 of the
Explanatory Notes) |
| 2. | To approve the payment of Directors’ Fees and benefits payable to the Non-Executive Directors of the Company up to an aggregate amount of RM235,000 for the financial year ending 30 June 2019. | Ordinary Resolution 1 |
| 3. | To re-elect the following Directors of the Company who are retiring pursuant to Clause 96 of the Constitution of the Company:- | |
| | i) Mr Na Boon Aik | Ordinary Resolution 2 |
| | ii) Mr Na Bon Tiam | Ordinary Resolution 3 |
| 4. | To re-elect the following Directors of the Company who are retiring pursuant to Clause 102 of the Constitution of the Company:- | |
| | i) Encik Zulamran Bin Hamat | Ordinary Resolution 4 |
| | ii) Tan Sri Datuk Cham Hak Lim | Ordinary Resolution 5 |
| 5. | To re-appoint Messrs Crowe Malaysia as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

As Special Business

To consider and if thought fit, to pass the following resolution:-

- | | | |
|----|--|------------------------------|
| 6. | Authority to Allot and Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016 | Ordinary Resolution 7 |
| | <p>“THAT pursuant to Section 75 and Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance.”</p> | |
| 7. | To transact any other business that may be transacted at an annual general meeting of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company. | |

NOTICE OF THE **SECOND ANNUAL GENERAL MEETING**

cont'd

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Company Secretaries

Selangor Darul Ehsan

Date: 31 October 2018

NOTES:-

1. *A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. *The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.*
5. *The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or notarially certified copy of such power of attorney or authority, shall be deposited at the office of the Share Registrar, Boardroom Corporate Services (KL) Sdn Bhd at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 November 2018 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

EXPLANATORY NOTES

1. *Item 1 of the Agenda*

The Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. *Item 2 of the Agenda*

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. The Directors' Benefits payable to the Independent Non-Executive Directors comprises meeting allowances.

The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' fees and benefits on a current year basis based on the current board size and the number of scheduled meetings. In the event that the amount proposed is insufficient (due to enlarged Board size and additional number of meetings), approval will be sought at the next Annual General Meeting for the shortfall.

NOTICE OF THE **SECOND ANNUAL GENERAL MEETING**

cont'd

3. *Item 6 of the Agenda*

Ordinary Resolution 7 proposed under item 6 of this Agenda is to seek the shareholders' approval for a general mandate for issuance of shares by the Company under Section 75 and Section 76 of the Companies Act 2016. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purposes of funding investment project(s), working capital and/or acquisition.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM



CDS account number of holder

BINASAT COMMUNICATIONS BERHAD

(Company No. 1222656-D)
Incorporated in Malaysia

I/We, _____ (name of shareholder as per NRIC, in capital letters) NRIC No./Company No. _____ (new) _____ (old) of _____ (full address)

being a member of **BINASAT COMMUNICATIONS BERHAD**, hereby appoint _____ (name of proxy as per NRIC, in capital letters) NRIC No. _____ (new) _____ (old) of _____ (full address)

or failing him/her _____ (name of proxy as per NRIC, in capital letters) NRIC No. _____ (new) _____ (old) of _____ (full address)

or failing him/her, the *Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Second Annual General Meeting of the Company to be held at Ballroom 2, Level 3A, Vivatel Hotel, 85, Jalan Loke Yew, 55200 Kuala Lumpur on Thursday, 29 November 2018 at 10.00 a.m. or at any adjournment thereof.

My/our proxy is to vote as indicated below:

	RESOLUTIONS		FOR	AGAINST
1.	Approval of Directors' fees and benefits payable to the Non-Executive Directors of the Company up to an aggregate amount of RM235,000 for the financial year ending 30 June 2019	Ordinary Resolution 1		
2.	Re-election of Mr Na Boon Aik as Director	Ordinary Resolution 2		
3.	Re-election of Mr Na Bon Tiam as Director	Ordinary Resolution 3		
4.	Re-election of Encik Zulamran Bin Hamat as Director	Ordinary Resolution 4		
5.	Re-election of Tan Sri Datuk Cham Hak Lim as Director	Ordinary Resolution 5		
6.	Re-appointment of Messrs Crowe Malaysia as Auditors of the Company	Ordinary Resolution 6		
7.	Authority to Allot and Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016	Ordinary Resolution 7		

(Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signature/Common Seal _____

Number of shares held: _____

Date: _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Share Registrar
Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

1st Fold Here

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing, executed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
5. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or notarially certified copy of such power of attorney or authority, shall be deposited at the office of the Share Registrar, Boardroom Corporate Services (KL) Sdn Bhd at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 November 2018 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 October 2018.



www.binacom.com.my

BINASAT COMMUNICATIONS BERHAD

(Company No: 1222656-D)

(Incorporated in Malaysia under the Companies Act 2016)

No.17 & 19, Jalan Bukit Permai Utama 3,
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