

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTERS</u>	
		Current	Preceding	Current Year	Preceding Year
		Quarter Ended	Corresponding	to Date	To Date Ended
		30.9.2019	Quarter Ended	Ended	30.9.2018
		RM '000	30.9.2018	RM '000	RM '000
			RM '000		RM '000
Revenue		11,627	13,099	11,627	13,099
Cost of sales		(8,168)	(9,488)	(8,168)	(9,488)
Gross profit		3,459	3,611	3,459	3,611
Other income		421	601	421	601
Administrative expenses		(1,413)	(1,299)	(1,413)	(1,299)
Other operating expenses		(813)	(301)	(813)	(301)
Finance costs		(131)	(81)	(131)	(81)
Profit before taxation		1,523	2,531	1,523	2,531
Taxation		(345)	(658)	(345)	(658)
Profit for the financial period		1,178	1,873	1,178	1,873
Attributable to:					
- Owners of the Company		1,117	1,938	1,117	1,938
- Non-controlling interests		61	(65)	61	(65)
		1,178	1,873	1,178	1,873
Attributable to equity holders of the Company:					
- Basic earnings per share(sen)	B9	0.43	0.75	0.43	0.75
- Diluted earnings per share (sen)	B9	0.43	0.75	0.43	0.75

Note:

- (1) The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
	30.9.2019	30.6.2019
Notes	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	13,441	12,354
Investment properties	4,319	4,343
Right of use assets	13,264	-
Prepaid lease payments	-	523
Deferred tax assets	128	128
	<u>31,152</u>	<u>17,348</u>
CURRENT ASSETS		
Contract costs	2,934	2,618
Trade receivables and contract assets	25,736	27,300
Other receivables, deposits and prepayments	962	1,028
Current tax assets	2,068	1,681
Short-term investments	34,156	34,858
Cash and bank balances	9,502	9,560
	<u>75,358</u>	<u>77,045</u>
TOTAL ASSETS	<u>106,510</u>	<u>94,393</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	55,219	55,219
Merger deficit	(16,052)	(16,052)
Retained profits	36,517	35,400
Equity attributable to owners of the Company	<u>75,684</u>	<u>74,567</u>
Non-controlling interests	<u>(41)</u>	<u>(102)</u>
TOTAL EQUITY	<u>75,643</u>	<u>74,465</u>
NON-CURRENT LIABILITIES		
Borrowings	B7 <u>19,558</u>	<u>7,352</u>

BINASAT COMMUNICATIONS BERHAD (Company No. 1222656-D)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

		UNAUDITED	AUDITED
		AS AT	AS AT
		30.9.2019	30.6.2019
	Notes	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)			
CURRENT LIABILITIES			
Trade payables and contract liabilities		7,523	8,222
Other payables, deposits and accruals		2,495	3,478
Borrowings	B7	<u>1,291</u>	<u>876</u>
		<u>11,309</u>	<u>12,576</u>
TOTAL LIABILITIES		<u>30,867</u>	<u>19,928</u>
TOTAL EQUITY AND LIABILITIES		<u>106,510</u>	<u>94,393</u>
Net asset per share (RM) ²		<u>0.29</u>	<u>0.29</u>

Notes:

- (1) The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.
- (2) Based on the Company's issued share capital of 260,000,000 ordinary shares.

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BINASAT COMMUNICATIONS BERHAD (Company No. 1222656-D)**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<u>Non-Distributable</u>		<u>Distributable</u>		Attributable to Non-Controlling Interests	Total
	Share Capital	Merger Deficit	Retained Profits	Owners of the Company		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.7.2018	55,219	(16,052)	31,827	70,994	173	71,167
Total comprehensive income for the financial period	-	-	1,938	1,938	(65)	1,873
Dividend paid	-	-	(1,300)	(1,300)	-	(1,300)
Balance at 30.9.2018	55,219	(16,052)	32,465	71,632	108	71,740
Balance at 1.7.2019	55,219	(16,052)	35,400	74,567	(102)	74,465
Total comprehensive income for the financial period	-	-	1,117	1,117	61	1,178
Balance at 30.9.2019	55,219	(16,052)	36,517	75,684	(41)	75,643

Note:

- (1) The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date Ended 30.9.2019 RM'000	Preceding Year To Date Ended 30.9.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,523	2,531
Adjustments for:		
Allowance for impairment losses on trade and other receivables	484	-
Depreciation of property, plant and equipment	246	277
Depreciation of investment properties	24	24
Depreciation of right-of-use assets	58	-
Gain on disposal of property, plant and equipment	*	(22)
Interest expenses	131	81
Interest income	(298)	(332)
Reversal of impairment losses on trade receivables	(95)	-
Unrealised gain on foreign exchange	(9)	(6)
Operating profit before working capital changes	<u>2,064</u>	<u>2,553</u>
Changes in working capital:		
Receivables	961	198
Payables	(1,682)	(1,473)
CASH FROM OPERATIONS	<u>1,343</u>	<u>1,278</u>
Tax paid	(988)	(616)
Tax refund	220	-
Interest paid	-	(81)
Interest received	298	332
Net cash flows from operating activities	<u>873</u>	<u>913</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment and construction	(1,332)	(111)
Proceeds from disposal of property, plant and equipment	*	22
Net cash flows for investing activities	<u>(1,332)</u>	<u>(89)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of hire purchase obligations	(102)	(73)
Repayment of term loans	(126)	(134)
Repayment of lease liabilities	(22)	-
Payment of finance cost	(60)	-
Net cash flows for financing activities	<u>(310)</u>	<u>(207)</u>
Net change in cash and cash equivalents	(769)	617
Effects of changes in foreign exchange rate	9	6
Cash and cash equivalents at beginning of financial year	<u>44,418</u>	<u>50,087</u>
Cash and cash equivalents at end of financial year	<u>43,658</u>	<u>50,710</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Current Year To Date Ended 30.9.2019 RM'000	Preceding Year To Date Ended 30.9.2018 RM'000
Cash and cash equivalents consist of:		
Cash and bank balances	9,502	13,740
Short- term investments	<u>34,156</u>	<u>36,970</u>
	<u>43,658</u>	<u>50,710</u>

Note:

- (1) The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

* Less than one thousand ringgit

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A Explanatory notes to the Unaudited Interim Financial Report for the first quarter ended 30 September 2019

A1 Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 June 2019 except for changes arising from the adoption of MFRS 16 Leases as described below:

MFRS 16 Leases

MFRS 16 requires the lessee to recognize in the statements of financial position, a “right of use” of the underlying asset and a lease liability reflecting future lease payment for most leases. The right-of-use asset is depreciated in accordance with principle in MFRS 116 “Property, Plant and Equipment” and the lease liability is accreted over time with interest expense recognized in the statement of profit or loss.

On the date of initial application, the Group applied the simplified transition approach and did not restate comparative amounts for the period prior to first adoption. Right-of-use assets were measured on transition as if the new rules had always been applied.

The adoption of MFRS 16 impacts the Group’s financial performance in the current financial period as below:

(a) On the statements of profit or loss, expenses which previously included operating lease rentals were replaced by interest expenses on lease liabilities (included within “finance costs”) and depreciation of right-of-use assets.

(b) On the statements of cash flows, operating lease rental outflows previously recorded within “net cash flows from operating activities” were reclassified as “net cash flows used in financing activities” for repayment of the principal and interest of lease liabilities.

MFRS, amendments and improvements to MFRSs and IC Interpretation that are applicable to the Group but not yet effective

The Malaysian Accounting Standards Board had issued the following new standard, amendments and improvements to MFRSs and IC Interpretation, all of which are effective for the financial period beginning on or after 1 January 2020. The Group did not early adopt these new standards, amendments and improvements to MFRSs and IC Interpretation and they are not expected to have a significant effect on its consolidated financial statements:

- Amendments to MFRS 3 Definition of a Business
- Amendments to MFRS 101 and MFRS 108 Definition of Material

A2 Comments about Seasonal and Cyclical Factors

The Group does not experience significant fluctuations in operations due to seasonal factors or cyclical factors during the current financial quarter under review.

A3 Items or Unusual Nature and Amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current financial quarter under review.

A4 Material Changes in Estimates

There were no material changes in estimates of amounts reported in the current financial quarter or changes in estimates of amounts reported in prior financial years that may have a material effect in the current financial quarter under review and the financial period to date.

A Explanatory notes to the Unaudited Interim Financial Report for the first quarter ended 30 September 2019 (Cont'd)

A5 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current financial quarter under review.

A6 Dividends Paid

The table below sets out the dividend paid for the current financial quarter under review and the previous corresponding period:

	Financial Quarter Ended 30.09.2019 RM
In respect of the financial year ended 30 June 2020:	30.09.2019 RM
There was no dividend paid during the financial quarter ended 30 September 2019.	-

	Financial Quarter Ended 30.09.2018 RM
In respect of the financial year ended 30 June 2018:	30.09.2018 RM
A second interim single-tier dividend of 0.5 sen per share declared on 28 August 2018. The entitlement date was 19 September 2018 and dividend paid on 8 October 2018.	⁽¹⁾ 1,300,000

Note:

(1) Based on the Company's issued share capital of 260,000,000 ordinary shares as at the entitlement date.

A7 Segmental Reporting

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, namely in the provision of support services for satellite, mobile and fibre optic telecommunications networks.

A8 Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment in the current financial quarter under review.

A9 Capital Commitments

	As at 30.9.2019 RM'000	As at 30.9.2018 RM'000
Approved and contracted for:		
- Property, plant and equipment	-	5,902
- Office building	10,993	-
Approved and not contracted for:		
- Teleport	287	-
	<hr/> 11,280	<hr/> 5,902

**Explanatory notes to the Unaudited Interim Financial Report for the first quarter ended 30 September 2019
(Cont'd)**

A10 Material Subsequent Event

There are no material events subsequent to the end of the current financial quarter under review.

A11 Changes in Composition of the Group

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

A12 Contingent Assets or Liabilities

There were no contingent assets as at the date of this interim report. Contingent liabilities of the Group as at 30 September 2019 comprise of bank guarantees issued to our customers for the purpose of performance bonds amounting to RM 721,122.

A13 Significant Related Party Transactions

There were no related party transactions in the current financial quarter under review.

Explanatory notes to the Unaudited Interim Financial Report for the first quarter ended 30 September 2019 (Cont'd)

B Additional Information Required by the Listing Requirement

B1 Comparison with Preceding Year Corresponding Quarter

	<u>Quarter ended</u>		Variance %
	30.9.2019 (1Q 20)	30.9.2018 (1Q 19)	
	RM'000	RM'000	
Revenue	11,627	13,099	-11.2%
Gross Profit	3,459	3,611	-4.2%
Profit before taxation	1,523	2,531	-39.8%

The Group's revenue recorded in 1Q 20 has decreased by RM1.5 million or 11.2% compared to RM13.1 million recorded in the 1Q 19. The decrease in revenue was due to lower engineering activities resulting from reduced engineering, installation, no migrations and lesser equipment supplied and reduce of adhoc projects on fiber segment since December 2018. The gross profit for 1Q 20 of RM3.5 million has decreased by RM0.1 million as compared with RM3.6 million in 1Q 19, due to corresponding decrease in revenue. However, the Company has the leverage existing resource to reduce costs and improve efficiency of services deliver. Profit before taxation during the 1Q 20 of RM1.5 million reflected a decline of RM1.0 million from RM2.5 million profit before taxation in 1Q 19, mainly due to allowance of impairment losses on trade receivables of RM0.5 million.

B2 Comparison with Immediate Preceding Quarter Results

	<u>Quarter ended</u>		Variance %
	30.9.2019 (1Q 20)	30.6.2019 (4Q 19)	
	RM'000	RM'000	
Revenue	11,627	12,545	-7.3%
Gross Profit	3,459	2,314	49.5%
Profit/(Loss) before taxation	1,523	(912)	267.0%

The Group's revenue for the 1Q 20 has decreased by RM0.9 million or 7.3% as compared to RM12.5 million recorded in 4Q 19 due to few non-recurring fiber projects which were completed in last quarter. The gross profit of RM3.5 million in 1Q 20 has increased by RM1.1 million as compared with gross profit of RM2.3 million recorded in 4Q 19, is mainly due to the leverage existing resource to reduce costs and improve efficiency of deliver services. The profit before taxation during 1Q 2020 has increased by RM2.4 million, due to one off allowance of impairment losses on trade receivables of RM1.4 million in 4Q 19.

B3 Commentary on Prospects

The Group will continue to grow its recurring revenue business via the post-IPO expansion plans to explore new sources of revenue and business opportunities, both in Malaysia and in other ASEAN countries. The Group is expected to benefit from the new satellite teleport facility, enhancing our mobile network operations and maintenance service and fiber optic network installation and commissioning capability and sourcing for business opportunities in ASEAN countries. The construction of the new teleport facility is on-going and with this, the Company expects to provide new services to customers, such as satellite downlink services for video content, managed satellite network services, uplink and downlink services to send and receive video data between Malaysia, and other countries and regions thereby creating opportunities for new revenue streams.

Barring unforeseen circumstances, the Board expects the financial performance for the financial year ending 30 June 2020 to be satisfactory.

B Additional Information required by the Listing Requirement (Cont'd)

B4 Taxation

	Current Quarter Ended 30.9.2019 RM'000	Preceding Year Corresponding Quarter Ended 30.9.2018 RM'000	Current Year To Date Ended 30.9.2019 RM'000	Preceding Year To Date Ended 30.9.2018 RM'000
Malaysia income tax:				
- Current tax	345	658	345	658
	345	658	345	658
Effective tax rate ⁽¹⁾	22.65%	26.00%	22.65%	26.00%

Note:

- (1) The Group's effective tax rate of 22.65% for the current quarter is less than the statutory tax rate due to utilization of brought forward business loss from one of the subsidiaries.

B5 Status of Corporate Proposals

Save as disclosed below, there is no other outstanding corporate proposals which have been announced but are pending completion as at 18 November 2019, being the latest practicable date ("**LPD**") of this interim financial report:

- (a) On 5 December 2018, the Company had announced that they have submitted an application to the Securities Commission Malaysia ("**SC**") and the Ministry of International Trade and Industry ("**MITI**") to seek their approvals with respect to a proposed special issue of up to 12.5% of the enlarged issued share capital of Binasat to bumiputera investors to be identified and/ or approved by the MITI ("**Proposed Special Issue**"). The Company had, on 22 January 2019, received approval from the MITI.

On 11 October 2019, the Company had announced that the Company proposes to undertake the Proposed Special Issue which include the issuance of 17,932,200 new ordinary shares of Binasat to bumiputera investors to be identified and/or approved by the MITI at an issue price to be determined after obtaining all relevant approvals.

On 15 October 2019, the Company had announced that the application in relation to the Proposed Special Issue has been submitted to Bursa Malaysia Securities Berhad ("**Bursa Securities**")

On 18 October 2019, the Company had announced that Bursa Securities had, vide its letter dated 17 October 2019, approved the listing and quotation of 17,932,200 new ordinary shares of Binasat to be issued pursuant to the Proposed Special Issue. In addition to the above the SC had, vide its letter dated 18 October 2019, approved the Proposed Special Issue.

B Additional Information required by the Listing Requirement (Cont'd)

B6 Utilisation of Proceeds Raised from Public Issue

The gross proceeds from the Public Issue amounting to RM39.55 million is intended to be utilised in the following manner:

Details of use of proceeds		Estimated Timeframe for Utilisation⁽¹⁾	Amount RM'000	Actual Utilisation RM'000	Percentage Utilised %
1	Setting up a teleport	Within 24 months	14,360	14,122	98.34%
2	Enhancing operations and maintenance services capability	Within 36 months ⁽²⁾	4,900	1,427	29.12%
3	Enhancing fiber optic network installation and commissioning services capability	Within 36 months ⁽²⁾	4,800	55	1.15%
4	Regional business expansion in ASEAN countries	Within 36 months ⁽²⁾	1,500	8	0.53%
5	Working capital	Within 24 months	10,790	6,877	63.73%
6	Estimated listing expenses	Within 3 months	3,200	3,200	100.00%
			39,550	25,689	64.95%

Notes:

- (1) From the date of listing of the Company on the ACE Market of Bursa Securities on 8 January 2018. The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 13 December 2017.
- (2) Revised estimated timeframe as per company's announcement dated on 10 April 2019.

B7 Group Borrowings

	As at 30.9.2019 RM'000	As at 30.6.2019 RM'000
Non-current:		
Hire purchase payables (secured)	915	1,017
Term loans (secured)	6,136	6,335
Lease liabilities (secured)	12,507	-
	19,558	7,352
Current:		
Hire purchase payables (secured)	406	406
Term loans (secured)	543	470
Lease liabilities (secured)	342	-
	1,291	876

All the Group's borrowings are denominated in Ringgit Malaysia.

Save for the increase in lease liabilities arising from the adoption of MFRS 16, there were no material changes to borrowings for the financial period ended 30 September 2019.

B8 Material Litigation

As at the date of this report, the Group is not engaged in any material litigation.

BINASAT COMMUNICATIONS BERHAD (Company No. 1222656-D)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

B Additional Information required by the Listing Requirement (Cont'd)

B9 Earnings per Share

The basic and diluted earnings per share for the current quarter and financial year-to-date are computed as follows:

	Current Quarter Ended 30.9.2019	Preceding Year Corresponding Quarter Ended 30.9.2018	Current Year To Date Ended 30.9.2019	Preceding Year To Date Ended 30.9.2018
Profit after taxation attributable to owners of the Company (RM'000)	1,117	1,938	1,117	1,938
Weighted average number of shares	260,000	260,000	260,000	260,000
Basic earnings per share (sen) ⁽¹⁾	0.43	0.75	0.43	0.75
Diluted earnings per share (sen) ⁽²⁾	0.43	0.75	0.43	0.75

Notes:

- (1) The basic earnings per share is computed based on the profit after taxation attributable to the equity shareholders of the Company divided by the number of ordinary shares for the period under review.
- (2) Diluted earnings per share is equivalent to the basic earnings per share as the Group does not have convertible securities as at 30 September 2019.

B10 Notes to the Statement of Comprehensive Income

Profit before taxation is arrived at after charging/(crediting):

	Current Quarter Ended 30.9.2019 RM'000	Preceding Year Corresponding Quarter Ended 30.9.2018 RM'000	Current Year To Date Ended 30.9.2019 RM'000	Preceding Year To Date Ended 30.9.2018 RM'000
Allowance for impairment losses on trade and other receivables	484	-	484	-
Depreciation of property, plant and equipment	246	277	246	277
Depreciation of investment property	24	24	24	24
Depreciation of right of use assets	58	-	58	-
Interest expense	131	81	131	81
Realised loss on foreign exchange	3	-	3	-
Other income: -				
Rental income	(18)	(17)	(18)	(17)
Reversal of impairment losses on trade receivables	(95)	-	(95)	-
Interest income	(298)	(332)	(298)	(332)
Gain on disposal of property, plant and equipment	*	(22)	*	(22)
Unrealised gain on foreign exchange	(9)	(6)	(9)	(6)
Claim, fees and rebates	*	(224)	*	(224)
	(420)	(601)	(420)	(601)

B Additional Information required by the Listing Requirement (Cont'd)

B11 Declared Dividend

Other than disclosed in Note A6, there is no further dividend declared and/ or paid by the Company for the financial quarter ended 30 September 2019 and 30 September 2018. The dividend paid/declared for the financial year ended 30 June 2018 is 0.5 sen per ordinary share.

BY ORDER OF THE BOARD

**TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
COMPANY SECRETARIES**

**KUALA LUMPUR
22 NOVEMBER 2019**