

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>Current Quarter Ended</u> <u>30.9.2018</u> <u>RM</u>	<u>Preceding Year Corresponding Quarter Ended</u> <u>30.9.2017</u> <u>RM</u>	<u>Current Year To Date Ended</u> <u>30.9.2018</u> <u>RM</u>	<u>Preceding Year To Date Ended</u> <u>30.9.2017</u> <u>RM</u>
Revenue		13,099,302	10,154,615	13,099,302	10,154,615
Cost of sales		(9,488,599)	(6,176,424)	(9,488,599)	(6,176,424)
Gross profit		3,610,703	3,978,191	3,610,703	3,978,191
Other income		600,888	81,260	600,888	81,260
Administrative expenses		(1,298,620)	(1,537,593)	(1,298,620)	(1,537,593)
Other operating expenses		(301,235)	(283,348)	(301,235)	(283,348)
Finance costs		(81,208)	(56,818)	(81,208)	(56,818)
Profit before tax		2,530,528	2,181,692	2,530,528	2,181,692
Taxation		(657,873)	(579,020)	(657,873)	(579,020)
Profit for the financial period		1,872,655	1,602,672	1,872,655	1,602,672
Attributable to:					
- Owners of the Company		1,937,851	1,531,453	1,937,851	1,531,453
- Non-controlling interests		(65,196)	71,219	(65,196)	71,219
		1,872,655	1,602,672	1,872,655	1,602,672
Attributable to equity holders of the Company:					
- Basic earnings per share (sen)	B9	0.75	0.88	0.75	0.88
- Diluted earnings per share (sen)	B9	0.75	0.88	0.75	0.88

Note:

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

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT 30.9.2018 RM	AUDITED AS AT 30.6.2018 RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	9,080,812	9,100,468
Investment properties	4,415,334	4,439,317
Deferred tax assets	74,100	74,100
	<u>13,570,246</u>	<u>13,613,885</u>
CURRENT ASSETS		
Trade receivables	18,833,808	19,555,688
Amount due from contract customers	333,927	499,625
Other receivables, deposits and prepayments	6,074,293	5,385,054
Current tax assets	68,548	-
Short-term investments	36,969,996	38,639,860
Cash and bank balances	13,740,265	11,446,644
	<u>76,020,837</u>	<u>75,526,871</u>
TOTAL ASSETS	<u>89,591,083</u>	<u>89,140,756</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	55,219,251	55,219,251
Merger deficits	(16,052,000)	(16,052,000)
Retained profits	32,464,224	31,826,373
Equity attributable to owners of the Company	<u>71,631,475</u>	<u>70,993,624</u>
Non-controlling interests	107,842	173,038
TOTAL EQUITY	<u>71,739,317</u>	<u>71,166,662</u>
NON-CURRENT LIABILITIES		
Hire purchase payables	1,198,837	1,057,750
Term loans	6,783,204	6,896,705
Deferred tax liabilities	34,000	34,000
	<u>8,016,041</u>	<u>7,988,455</u>
CURRENT LIABILITIES		
Trade payables	4,957,255	6,267,406
Other payables, deposits and accruals	3,944,747	2,807,722
Hire purchase payables	263,065	329,892
Term loans	403,949	424,000
Current tax liabilities	266,709	156,619
	<u>9,835,725</u>	<u>9,985,639</u>
TOTAL LIABILITIES	<u>17,851,766</u>	<u>17,974,094</u>
TOTAL EQUITY AND LIABILITIES	<u>89,591,083</u>	<u>89,140,756</u>
Net asset per share (RM) ⁽²⁾	<u>0.28</u>	<u>0.27</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Comprehensive Income 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 as at 30 September 2018.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable		Distributable	Attributable to Owners of the Company	Non-Controlling Interests	Total
	Share Capital	Merger Deficits	Retained Profits			
	RM	RM	RM	RM	RM	RM
Balance at 1.7.2018	55,219,251	(16,052,000)	31,826,373	70,993,624	173,038	71,166,662
Total comprehensive income for the financial period	-	-	1,937,851	1,937,851	(65,196)	1,872,655
Issuance of shares	-	-	-	-	-	-
Share issuance expenses	-	-	-	-	-	-
Dividend payable	-	-	(1,300,000)	(1,300,000)	-	(1,300,000)
Balance at 30.9.2018	55,219,251	(16,052,000)	32,464,224	71,631,475	107,842	71,739,317
Balance at 1.7.2017	17,402,102	(16,052,000)	24,055,046	25,405,148	138,913	25,544,061
Total comprehensive income for the financial period	-	-	1,531,453	1,531,453	71,219	1,602,672
Balance at 30.9.2017	55,219,251	(16,052,000)	25,586,499	26,936,601	210,132	27,146,733

Note:

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

[The rest of this page is intentionally left blank]

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date Ended 30.9.2018 RM	Preceding Year To Date Ended 30.9.2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,530,528	2,181,692
Adjustments for:		
Depreciation of property, plant and equipment	277,252	266,146
Depreciation of investment properties	23,983	17,202
Gain on disposal of property, plant and equipment	(21,800)	(35,472)
Interest expenses	81,208	56,818
Interest income	(331,658)	(438)
Unrealised gain on foreign exchange	(5,877)	-
	<u>2,553,636</u>	<u>2,485,948</u>
Changes in working capital:		
Customers on contract	165,698	-
Receivables	32,641	4,971,655
Payables	(1,473,126)	(3,403,862)
	<u>1,278,849</u>	<u>4,053,741</u>
Tax paid	(616,331)	(850,005)
Interest paid	(81,208)	(56,818)
Interest received	331,658	438
Net cash flows from operating activities	<u>912,968</u>	<u>3,147,356</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(110,596)	(131,146)
Proceeds from disposal of property, plant and equipment	21,800	35,472
Purchase of Investment Properties	-	(67,810)
Net cash flows from investing activities	<u>(88,796)</u>	<u>(163,484)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	-	67,810
Repayment of hire purchase obligations	(72,740)	(62,855)
Repayment of term loans	(133,552)	(119,544)
Net cash flows from financing activities	<u>(206,292)</u>	<u>(114,589)</u>
Net change in cash and cash equivalents	617,880	2,869,283
Effects of changes in foreign exchange rate	5,877	-
Cash and cash equivalents at beginning of financial year	<u>50,086,504</u>	<u>11,296,548</u>
Cash and cash equivalents at end of financial year	<u>50,710,261</u>	<u>14,165,831</u>
Cash and cash equivalents consist of:		
Cash and bank balances	13,740,265	14,165,831
Short- term investments	36,969,996	-
	<u>50,710,261</u>	<u>14,165,831</u>

Note:

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

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

A Explanatory notes to the Unaudited Interim Financial Report for the first quarter ended 30 September 2018

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 2018 except for the adoption of the MFRS 9 “Financial Instruments” and MFRS 15 “Revenue from Contracts with Customers” as described below:

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 adoption of MFRS 9 is no impact on the financial statements of the Group upon its initial application.

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 no impact on the financial statements of the Group upon its initial application.

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 period 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 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.

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.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

A Explanatory notes to the Unaudited Interim Financial Report for the first quarter ended 30 September 2018 (Cont'd)

A6 Dividends Paid

There is no dividend paid in the current quarter under review.

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 quarter under review.

A9 Capital Commitments

	As at 30.9.2018 RM	As at 30.9.2017 RM
Approved and contracted for:-		
Purchase of property, plant and equipment	5,902,007	-

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 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 2018 comprise of bank guarantees issued to our customers for the purpose of performance bonds amounting to RM 3,817,809.

A13 Significant Related Party Transactions

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

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018**B Additional Information Required by the Listing Requirement****B1 Comparison with Preceding Year Corresponding Quarter**

	<u>3 Months ended</u>		
	30.9.2018	30.9.2017	Variance
	RM	RM	%
Revenue	13,099,302	10,154,615	+29.0%
Profit before tax	2,530,528	2,181,692	+16.0%

For the current quarter under review, the Group's revenue increased RM2.94 million or 29% compared to RM10.15 million in the preceding year period ended 30 September 2017. The increase in revenue was mainly contributed by higher engineering and operation & maintenance ("O&M") revenue of RM2.88 million and RM0.06 million respectively. As a result, the Group's profit before tax has increased by of RM0.35 million in the current financial quarter.

B2 Comparison with Immediate Preceding Quarter Results

	<u>3 Months ended</u>		
	30.9.2018	30.6.2018	Variance
	RM	RM	%
Revenue	13,099,302	17,748,850	-26.2%
Profit before taxation	2,530,528	2,716,190	-6.8%

The Group's revenue for the current financial quarter ended 30 September 2018 has decreased by RM4.65 million or 26.2% to RM13.10 million as compared to RM17.75 million in the preceding financial quarter ended 30 June 2018. The decrease in revenue was mainly due to lower in engineering and O&M revenue of RM4.56 million and RM0.09 million respectively. The lower engineering revenue was due to completion of fibre optic projects in last quarter.

The Group's profit before tax of RM2.53 million, represents a decrease of RM0.19 million or 6.8% for the current financial quarter as compared to RM2.71 million in the preceding financial quarter. The lower profit before tax was decrease in line with the lower revenue generated.

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.

Barring unforeseen circumstances, the Board expects the financial performance for the FYE 30 June 2019 to be satisfactory.

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

B4 Taxation

	Current Quarter Ended 30.9.2018 RM	Preceding Year Corresponding Quarter Ended 30.9.2017 RM	Current Year To Date Ended 30.9.2018 RM	Preceding Year To Date Ended 30.9.2017 RM
Income Tax	657,873	579,020	657,873	579,020
Deferred Tax	-	-	-	-
	<u>657,873</u>	<u>579,020</u>	<u>657,873</u>	<u>579,020</u>
Effective tax rate ⁽¹⁾	26.0%	26.5%	26.0%	26.5%

Note:

(1) The Group's effective tax rate of 26% for the current quarter is higher than the statutory tax rate mainly due to adjustment for non-deductible expenses.

B5 Status of Corporate Proposals

There were no corporate proposals announced pending completion.

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	7,560	52.65%
2. Enhancing operations and maintenance services capability	Within 12 months	4,900	1,059	21.61%
3. Enhancing fiber optic network installation and commissioning services capability	Within 12 months	4,800	-	-
4. Regional business expansion in ASEAN countries	Within 18 months	1,500	8	0.53%
5. Working capital	Within 24 months	10,790	607	5.63%
6. Estimated listing expenses	Within 3 months	3,200	3,200	100%
		<u>39,550</u>	<u>12,434</u>	<u>31.44%</u>

Note:

(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.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

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

B7 Group Borrowings

	As at 30.9.2018 RM	As at 30.6.2018 RM
Non-current:		
Hire Purchase Payables (secured)	1,198,837	1,057,750
Term Loans (secured)	6,783,204	6,896,705
	7,982,041	7,954,455
Current:		
Hire Purchase Payables (secured)	263,065	329,892
Term Loans (secured)	403,949	424,000
	667,014	753,892

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

B8 Material Litigation

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

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 30.9.2018	Preceding Year Corresponding Quarter Ended 30.9.2017	Current Year To Date Ended 30.9.2018	Preceding Year To Date Ended 30.9.2017
Profit after taxation attributable to owners of the Company (RM)	1,937,851	1,531,453	1,937,851	1,531,453
Number of shares	260,000,000	174,021,000	260,000,000	174,021,000
Basic earnings per share (sen) ⁽¹⁾	0.75	0.88	0.75	0.88
Diluted earnings per share (sen) ⁽²⁾	0.75	0.88	0.75	0.88

Notes:

- (1) The basic earnings per share is computed based on the profit 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 2018.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018**B Additional Information required by the Listing Requirement (cont'd)****B10 Notes to the Statement of Comprehensive Income**

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

	Current Quarter Ended 30.9.2018 RM	Preceding Year Corresponding Quarter Ended 30.9.2017 RM	Current Year To Date Ended 30.9.2018 RM	Preceding Year To Date Ended 30.9.2017 RM
Depreciation of property, plant and equipment	277,252	266,146	277,252	266,146
Depreciation of investment property	23,983	17,202	23,983	17,202
Interest expense	81,208	56,818	81,208	56,818
Rental income	(16,500)	(19,350)	(16,500)	(19,350)
Interest income	(331,658)	(438)	(331,658)	(438)
Gain on disposal of property, plant and equipment	(21,800)	(35,472)	(21,800)	(35,472)
Unrealised gain on foreign exchange	(5,877)	-	(5,877)	-

B11 Declared Dividend

On 29 August 2018, the Board of Directors approved and declared a second interim dividend of 0.5 sen per share under the single-tier system in respect of the financial year ended 30 June 2018 amounting to RM1,300,000. The entitlement date was 19 September 2018 and dividend was paid on 8 October 2018.

BY ORDER OF THE BOARD

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

KUALA LUMPUR
29 NOVEMBER 2018