

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Notes | <u>INDIVIDUAL QUARTER</u> | | <u>CUMULATIVE QUARTER</u> | |
|--|-------|--|---|---|---|
| | | Current Quarter Ended 31.12.2018 RM | Preceding Year Corresponding Quarter Ended 31.12.2017 RM | Current Year To Date Ended 31.12.2018 RM | Preceding Year To Date Ended 31.12.2017 RM |
| Revenue | | 15,928,664 | 13,337,949 | 29,027,966 | 23,492,564 |
| Cost of sales | | (11,293,806) | (8,461,138) | (20,782,405) | (14,637,561) |
| Gross profit | | 4,634,858 | 4,876,811 | 8,245,561 | 8,855,003 |
| Other income | | 406,929 | 36,532 | 1,007,817 | 117,792 |
| Administrative expenses | | (1,800,616) | (1,667,428) | (3,099,236) | (3,205,020) |
| Other operating expenses | | (318,158) | (289,137) | (619,393) | (572,486) |
| Finance costs | | (65,809) | (56,432) | (147,017) | (113,250) |
| Profit before tax | | 2,857,204 | 2,900,346 | 5,387,732 | 5,082,039 |
| Taxation | | (777,360) | (741,504) | (1,435,233) | (1,320,525) |
| Profit for the financial period | | 2,079,844 | 2,158,842 | 3,952,499 | 3,761,514 |
| Attributable to: | | | | | |
| - Owners of the Company | | 2,150,017 | 2,067,982 | 4,087,868 | 3,599,435 |
| - Non-controlling interests | | (70,173) | 90,860 | (135,369) | 162,079 |
| | | 2,079,844 | 2,158,842 | 3,952,499 | 3,761,514 |
| Attributable to equity holders of the Company: | | | | | |
| - Basic earnings per share (sen) | B9 | 0.83 | 1.19 | 1.57 | 2.07 |
| - Diluted earnings per share (sen) | B9 | 0.83 | 1.19 | 1.57 | 2.07 |

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]

BINASAT COMMUNICATIONS BERHAD (Company No. 1222656-D)**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

| | UNAUDITED AS AT 31.12.2018 RM | AUDITED AS AT 30.6.2018 RM |
|--|--|---|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 8,986,520 | 9,100,468 |
| Construction work-in-progress | 703,049 | - |
| Investment properties | 4,391,351 | 4,439,317 |
| Deferred tax assets | 74,100 | 74,100 |
| | <u>14,155,020</u> | <u>13,613,885</u> |
| CURRENT ASSETS | | |
| Trade receivables | 19,825,419 | 19,555,688 |
| Amount owing by customers on contract | 653,963 | 499,625 |
| Other receivables, deposits and prepayments | 5,697,043 | 5,385,054 |
| Current tax assets | 81,298 | - |
| Short-term investments | 37,307,224 | 38,639,860 |
| Cash and bank balances | 13,269,790 | 11,446,644 |
| | <u>76,834,737</u> | <u>75,526,871</u> |
| TOTAL ASSETS | <u>90,989,757</u> | <u>89,140,756</u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 55,219,251 | 55,219,251 |
| Merger deficit | (16,052,000) | (16,052,000) |
| Retained profits | 34,614,241 | 31,826,373 |
| Equity attributable to owners of the Company | <u>73,781,492</u> | <u>70,993,624</u> |
| Non-controlling interests | 37,669 | 173,038 |
| TOTAL EQUITY | <u>73,819,161</u> | <u>71,166,662</u> |
| NON-CURRENT LIABILITIES | | |
| Hire purchase payables | 1,220,105 | 1,057,750 |
| Term loans | 6,525,872 | 6,896,705 |
| Deferred tax liabilities | 34,000 | 34,000 |
| | <u>7,779,977</u> | <u>7,988,455</u> |
| CURRENT LIABILITIES | | |
| Trade payables | 5,537,764 | 6,267,406 |
| Other payables, deposits and accruals | 2,431,188 | 2,807,722 |
| Hire purchase payables | 397,603 | 329,892 |
| Term loans | 539,945 | 424,000 |
| Current tax liabilities | 484,119 | 156,619 |
| | <u>9,390,619</u> | <u>9,985,639</u> |
| TOTAL LIABILITIES | <u>17,170,596</u> | <u>17,974,094</u> |
| TOTAL EQUITY AND LIABILITIES | <u>90,989,757</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 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 as at 31 December 2018.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Non-Distributable | | Distributable | | Attributable to Owners of the Company RM | Non- Controlling Interests RM | Total RM |
|--|------------------------|-------------------------|---------------------------|--|--|--|-------------------|
| | Share Capital RM | Merger Deficit RM | Retained Profits 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 | - | - | 4,087,868 | | 4,087,868 | (135,369) | 3,952,499 |
| Dividend payable | - | - | (1,300,000) | | (1,300,000) | - | (1,300,000) |
| Balance at 31.12.2018 | 55,219,251 | (16,052,000) | 34,614,241 | | 73,781,492 | 37,669 | 73,819,161 |
| 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 | - | - | 3,599,435 | | 3,599,435 | 162,079 | 3,761,514 |
| Balance at 31.12.2017 | 17,402,102 | (16,052,000) | 27,654,481 | | 29,004,583 | 300,992 | 29,305,575 |

Note:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity 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]

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Current Year To Date Ended 31.12.2018 RM | Preceding Year To Date Ended 31.12.2017 RM |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 5,387,732 | 5,082,039 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 571,427 | 531,301 |
| Depreciation of investment properties | 47,966 | 41,185 |
| Gain on disposal of property, plant and equipment | (22,500) | (35,472) |
| Interest expenses | 147,017 | 113,122 |
| Interest income | (670,223) | (780) |
| Unrealised gain on foreign exchange | (32,547) | - |
| | <u>5,428,872</u> | <u>5,731,395</u> |
| Changes in working capital: | | |
| Amount owing by customers on contract | (154,338) | - |
| Receivables | (581,720) | 283,289 |
| Payables | (2,406,176) | (2,239,974) |
| | <u>2,286,638</u> | <u>3,774,710</u> |
| Tax paid | (1,189,031) | (1,638,810) |
| Interest paid | (147,017) | (113,122) |
| Interest received | 670,223 | 780 |
| Net cash flows generated from operating activities | <u>1,620,813</u> | <u>2,023,558</u> |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (764,828) | (108,929) |
| Proceeds from disposal of property, plant and equipment | 28,800 | 35,472 |
| Purchase of Investment Properties | - | (67,810) |
| Net cash flows used in investing activities | <u>(736,028)</u> | <u>(141,267)</u> |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Drawdown of term loans | - | 67,810 |
| Repayment of directors | - | (122,989) |
| Repayment of hire purchase obligations | (171,934) | (183,573) |
| Repayment of term loans | (254,888) | (252,535) |
| Net cash flows used in financing activities | <u>(426,822)</u> | <u>(491,287)</u> |
| Net change in cash and cash equivalents | 457,963 | 1,391,004 |
| Effects of changes in foreign exchange rate | 32,547 | - |
| Cash and cash equivalents at beginning of financial year | 50,086,504 | 11,296,548 |
| Cash and cash equivalents at end of financial year | <u>50,577,014</u> | <u>12,687,552</u> |
| Cash and cash equivalents consist of: | | |
| Cash and bank balances | 13,269,790 | 9,360,370 |
| Short- term investments | 37,307,224 | 3,327,182 |
| | <u>50,577,014</u> | <u>12,687,552</u> |

Note:

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

A Explanatory notes to the Unaudited Interim Financial Report for the second quarter ended 31 December 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 expected to have no material 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 expected to have no material 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 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 second quarter ended 31 December 2018 (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 31.12.2018 RM |
|--|--|
| In respect of the financial year ending 30 June 2019: | |
| Second interim single-tier dividend of 0.5 sen per share declared on 29 August 2018. The entitlement date was 19 September 2018 and dividend was paid on 8 October 2018. | ⁽¹⁾ 1,300,000 |

| | Financial Quarter Ended 31.12.2017 RM |
|---|--|
| In respect of the financial year ended 30 June 2018: | |
| There was no dividend paid during the financial quarter ended 31 December 2017. | - |

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 31.12.2018 RM | As at 31.12.2017 RM |
|---|------------------------------------|------------------------------------|
| Approved and contracted for: | | |
| - Purchase of property, plant and equipment | 5,645,376 | - |
| Approved and not contracted for: | | |
| - Construction work in progress | 89,100 | - |
| | 5,734,476 | - |

Explanatory notes to the Unaudited Interim Financial Report for the second quarter ended 31 December 2018 (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 31 December 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 financial quarter under review.

B Additional Information Required by the Listing Requirement

B1 Comparison with Preceding Year Corresponding Quarter

3 Months ended

| | 31.12.2018 | 31.12.2017 | Variance |
|-------------------|-------------------|-------------------|-----------------|
| | RM | RM | % |
| Revenue | 15,928,664 | 13,337,949 | +19.4% |
| Profit before tax | 2,857,204 | 2,900,346 | -1.5% |

For the financial quarter ended 31 December 2018, the Group's revenue increased RM2.59 million or 19.4% compared to RM13.34 million in the preceding year financial quarter ended 31 December 2017. The increase in revenue was mainly contributed by higher revenue for operation & maintenance ("O&M") segment and outside and inside plant installation and commissioning works. However, the Group's profit before tax has decreased slightly by RM0.04 million or 1.5% in the current financial quarter compared to the preceding year financial quarter ended 31 December 2017.

B2 Comparison with Immediate Preceding Quarter Results

3 Months ended

| | 31.12.2018 | 30.9.2018 | Variance |
|------------------------|-------------------|------------------|-----------------|
| | RM | RM | % |
| Revenue | 15,928,664 | 13,099,302 | +21.6% |
| Profit before taxation | 2,857,204 | 2,530,528 | +12.9% |

The Group's revenue for the financial quarter ended 31 December 2018 has increased by RM2.83 million or 21.6% to RM15.93 million as compared to RM13.10 million in the preceding financial quarter ended 30 September 2018. The increase in revenue was contributed by O&M segment and outside and inside plant installation and commissioning works.

The Group's profit before tax of RM2.86 million, represents an increase of RM0.33 million or 12.9% for the current financial quarter as compared to RM2.53 million in the preceding financial quarter. The increase in profit before tax was in line with the higher revenue recorded in the financial quarter ended 31 December 2018.

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

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 FYE 30 June 2019 to be satisfactory.

B4 Taxation

| | Current Quarter Ended 31.12.2018 RM | Preceding Year Corresponding Quarter Ended 31.12.2017 RM | Current Year To Date Ended 31.12.2018 RM | Preceding Year To Date Ended 31.12.2017 RM |
|-----------------------------------|--|---|---|---|
| Income Tax | 777,360 | 741,504 | 1,435,233 | 1,320,525 |
| Deferred Tax | - | - | - | - |
| | <u>777,360</u> | <u>741,504</u> | <u>1,435,233</u> | <u>1,320,525</u> |
| Effective tax rate ⁽¹⁾ | 27.2% | 25.6% | 26.6% | 26.0% |

Note:

- (1) The Group's effective tax rate of 27.2% for the current quarter is higher than the statutory tax rate mainly due to adjustment for non-deductible expenses.

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 19 February 2019, being the latest practicable date ("LPD") of this interim financial report:

- (a) On 19 October 2018, the Company had announced to undertake proposed establishment of a share issuance scheme ("**Proposed SIS**"). The approval for the Proposed SIS had been obtained from the shareholders of Binasat at the EGM of Binasat convened on 29 November 2018. The Proposed SIS is currently pending implementation; and
- (b) 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 and is currently pending approval from the SC.

[The rest of this page is intentionally left blank]

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 | 7,912 | 55.10% |
| 2. Enhancing operations and maintenance services capability | Within 12 months | 4,900 | 1,383 | 28.22% |
| 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 | 919 | 8.52% |
| 6. Estimated listing expenses | Within 3 months | 3,200 | 3,200 | 100% |
| | | 39,550 | 13,422 | 33.94% |

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.

B7 Group Borrowings

| | As at 31.12.2018 RM | As at 30.6.2018 RM |
|----------------------------------|------------------------------------|-----------------------------------|
| Non-current: | | |
| Hire purchase payables (secured) | 1,220,105 | 1,057,750 |
| Term loans (secured) | 6,525,872 | 6,896,705 |
| | 7,745,977 | 7,954,455 |
| Current: | | |
| Hire purchase payables (secured) | 397,603 | 329,892 |
| Term loans (secured) | 539,945 | 424,000 |
| | 937,548 | 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.

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 31.12.2018 | Preceding Year Corresponding Quarter Ended 31.12.2017 | Current Year To Date Ended 31.12.2018 | Preceding Year To Date Ended 31.12.2017 |
|--|---|--|--|--|
| Profit after taxation attributable to owners of the Company (RM) | 2,150,017 | 2,067,982 | 4,087,868 | 3,599,435 |
| Number of shares | 260,000,000 | 174,021,000 | 260,000,000 | 174,021,000 |
| Basic earnings per share (sen) ⁽¹⁾ | 0.83 | 1.19 | 1.57 | 2.07 |
| Diluted earnings per share (sen) ⁽²⁾ | 0.83 | 1.19 | 1.57 | 2.07 |

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 31 December 2018.

B10 Notes to the Statement of Comprehensive Income

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

| | Current Quarter Ended 31.12.2018 | Preceding Year Corresponding Quarter Ended 31.12.2017 | Current Year To Date Ended 31.12.2018 | Preceding Year To Date Ended 31.12.2017 |
|---|---|--|--|--|
| | RM | RM | RM | RM |
| Depreciation of property, plant and equipment | 294,175 | 265,154 | 571,427 | 531,301 |
| Depreciation of investment property | 23,983 | 23,983 | 47,966 | 41,185 |
| Interest expense | 65,809 | 56,304 | 147,017 | 113,122 |
| Rental income | (16,500) | (13,850) | (33,000) | (33,200) |
| Interest income | (338,565) | (342) | (670,223) | (780) |
| Gain on disposal of property, plant and equipment | (700) | - | (22,500) | (35,472) |
| Unrealised (gain)/loss on foreign exchange | (26,670) | - | (32,547) | - |
| Realised (gain)/loss on foreign exchange | (695) | 1,694 | 1,162 | 5,218 |
| Other income ⁽¹⁾ | (24,493) | (500) | (249,547) | (26,500) |

Note:

- (1) Other income includes, amongst others, fire insurance claims, compensation from the Group's customer and processing fees.

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

B11 Declared Dividend

Other than disclosed in Note A6, there is no dividend declared and/ or paid by the Company for the financial quarter ended 31 December 2018 and 31 December 2017. The total dividend for the financial year ended 30 June 2019 is 0.5 sen.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)

TAN AI NING (MAICSA 7015852)

COMPANY SECRETARIES

KUALA LUMPUR

27 FEBRUARY 2019