

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTERS</u>	
		Current Quarter Ended 31.3.2019 RM	Preceding Year Corresponding Quarter Ended 31.3.2018 RM	Current Year To Date Ended 31.3.2019 RM	Preceding Year To Date Ended 31.3.2018 RM
Revenue		13,113,253	16,018,833	42,141,219	39,511,397
Cost of sales		(8,957,888)	(9,903,812)	(29,740,293)	(24,541,374)
Gross profit		4,155,365	6,115,021	12,400,926	14,970,023
Other income		426,842	353,991	1,434,659	471,783
Administrative expenses		(1,483,265)	(1,792,792)	(4,582,501)	(4,997,812)
Other operating expenses		(318,842)	(294,914)	(938,235)	(867,400)
Finance costs		(64,084)	(57,014)	(211,101)	(170,263)
Profit before tax		2,716,016	4,324,292	8,103,748	9,406,331
Taxation		(926,788)	(1,174,392)	(2,362,021)	(2,494,917)
Profit for the financial period		1,789,228	3,149,900	5,741,727	6,911,414
Attributable to:					
- Owners of the Company		1,776,592	3,109,906	5,864,460	6,709,341
- Non-controlling interests		12,636	39,994	(122,733)	202,073
		1,789,228	3,149,900	5,741,727	6,911,414
Attributable to equity holders of the Company:					
- Basic earnings per share (sen)	B9	0.68	1.20	2.26	3.31
- Diluted earnings per share (sen)	B9	0.68	1.20	2.26	3.31

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.

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BINASAT COMMUNICATIONS BERHAD (Company No. 1222656-D)**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2019****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	UNAUDITED AS AT 31.3.2019 RM	AUDITED AS AT 30.6.2018 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		8,719,035	9,100,468
Construction work-in-progress		981,347	-
Investment properties		4,367,368	4,439,317
Deferred tax assets		74,100	74,100
		<u>14,141,850</u>	<u>13,613,885</u>
CURRENT ASSETS			
Trade receivables		14,420,260	19,555,688
Amount owing by customers on contract		740,444	499,625
Other receivables, deposits and prepayments		10,135,042	5,385,054
Current tax assets		240,090	-
Short-term investments		34,545,379	38,639,860
Cash and bank balances		18,290,075	11,446,644
		<u>78,371,290</u>	<u>75,526,871</u>
TOTAL ASSETS		<u>92,513,140</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		36,390,833	31,826,373
Equity attributable to owners of the Company		<u>75,558,084</u>	<u>70,993,624</u>
Non-controlling interests		50,305	173,038
TOTAL EQUITY		<u>75,608,389</u>	<u>71,166,662</u>
NON-CURRENT LIABILITIES			
Hire purchase payables	B7	1,119,084	1,057,750
Term loans	B7	6,389,731	6,896,705
Deferred tax liabilities		34,000	34,000
		<u>7,542,815</u>	<u>7,988,455</u>
CURRENT LIABILITIES			
Trade payables		6,257,691	6,267,406
Other payables, deposits and accruals		2,162,206	2,807,722
Hire purchase payables	B7	401,064	329,892
Term loans	B7	540,975	424,000
Current tax liabilities		-	156,619
		<u>9,361,936</u>	<u>9,985,639</u>
TOTAL LIABILITIES		<u>16,904,751</u>	<u>17,974,094</u>
TOTAL EQUITY AND LIABILITIES		<u>92,513,140</u>	<u>89,140,756</u>
Net asset per share (RM) ⁽²⁾		<u>0.29</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 March 2019.

BINASAT COMMUNICATIONS BERHAD (Company No. 1222656-D)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2019

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	-	-	5,864,460		5,864,460	(122,733)	5,741,727
Dividend paid	-	-	(1,300,000)		(1,300,000)	-	(1,300,000)
Balance at 31.3.2019	55,219,251	(16,052,000)	36,390,833		75,558,084	50,305	75,608,389
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	-	-	6,709,341		6,709,341	202,073	6,911,414
Issuance of shares	39,550,340	-	-		39,550,340	-	39,550,340
Share issuance expenses	(1,713,528)	-	-		(1,713,528)	-	(1,713,528)
Dividend paid	-	-	(1,300,163)		(1,300,163)	-	(1,300,163)
Balance at 31.3.2018	55,238,914	(16,052,000)	29,464,224		68,651,138	340,986	68,992,124

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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date Ended 31.3.2019 RM	Preceding Year To Date Ended 31.3.2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,103,748	9,406,331
Adjustments for:		
Depreciation of property, plant and equipment	866,285	802,231
Depreciation of investment properties	71,949	65,169
Gain on disposal of property, plant and equipment	(56,500)	(61,472)
Interest expenses	211,101	170,136
Interest income	(1,008,787)	(284,956)
Reversal of impairment losses on trade receivables	(33,928)	-
Unrealised gain on foreign exchange	(35,797)	-
	<u>8,118,071</u>	<u>10,097,439</u>
Changes in working capital:		
Amount owing by customers on contract	(240,819)	-
Receivables	419,368	(5,339,811)
Payables	(655,231)	532,663
	<u>7,641,389</u>	<u>5,290,291</u>
Tax paid	(2,758,730)	(2,504,980)
Interest paid	(211,101)	(170,136)
Interest received	1,008,787	284,956
Net cash flows generated from operating activities	<u>5,680,345</u>	<u>2,900,131</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment and construction	(1,070,499)	(161,919)
Proceeds from disposal of property, plant and equipment	62,800	61,472
Purchase of Investment Properties	-	(67,810)
Net cash flows used in investing activities	<u>(1,007,699)</u>	<u>(168,257)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Proceed from issuance of share	-	39,550,340
Share issue expenses	-	(1,713,528)
Dividend paid	(1,300,000)	(1,300,163)
Drawdown of term loans	-	67,810
Repayment of directors	-	(122,989)
Repayment of hire purchase obligations	(269,494)	(232,267)
Repayment of term loans	(389,999)	(387,206)
Net cash flows used in financing activities	<u>(1,959,493)</u>	<u>35,861,997</u>
Net change in cash and cash equivalents	2,713,153	38,593,871
Effects of changes in foreign exchange rate	35,797	-
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>52,835,454</u>	<u>49,890,419</u>
Cash and cash equivalents consist of:		
Cash and bank balances	18,290,075	11,585,770
Short- term investments	34,545,379	38,304,649
	<u>52,835,454</u>	<u>49,890,419</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 third quarter ended 31 March 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 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 third quarter ended 31 March 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
	31.3.2019
	RM

In respect of the financial year ending 30 June 2019:

There was no dividend paid during the financial quarter ended 31 March 2019.

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	Financial Quarter Ended
	31.3.2018
	RM

In respect of the financial year ended 30 June 2018:

A first interim single-tier dividend of 0.5 sen per share declared on 15 January 2018. The entitlement date was 30 January 2018 and dividend paid on 13 February 2018.

(1)1,300,163

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	As at
	31.3.2019	31.3.2018
	RM	RM
Approved and contracted for:		
- Purchase of property, plant and equipment	5,645,376	600,000
Approved and not contracted for:		
- Construction work in progress	66,000	-
	5,711,376	600,000

Explanatory notes to the Unaudited Interim Financial Report for the second quarter ended 31 March 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 31 March 2019 comprise of bank guarantees issued to our customers for the purpose of performance bonds amounting to RM 3,730,690.

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

	<u>Quarter ended</u>		
	31.3.2019	31.3.2018	Variance
	RM	RM	%
Revenue	13,113,253	16,018,833	-18.1%
Profit before tax	2,716,016	4,324,292	-37.2%

For the financial quarter ended 31 March 2019, the Group's revenue decreased RM2.91 million or 18.1% compared to RM16.02 million in the preceding year financial quarter ended 31 March 2018. The decrease in revenue was mainly due to lower engineering activities resulting from reduced commissioning, installations and no migrations and lesser equipment supplied. Thus, the Group's profit before tax has decreased by RM1.61 million or 37.2% in the current financial quarter compared to the preceding year financial quarter ended 31 March 2018.

B2 Comparison with Immediate Preceding Quarter Results

	<u>Quarter ended</u>		
	31.3.2019	31.12.2018	Variance
	RM	RM	%
Revenue	13,113,253	15,928,664	-17.7%
Profit before taxation	2,716,016	2,857,204	-4.9%

The Group's revenue for the financial quarter ended 31 March 2019 has decreased by RM2.82 million or 17.7% to RM13.11 million as compared to RM15.93 million in the immediate preceding financial quarter ended 31 December 2018. The decrease in revenue was mainly due to lower engineering activities resulting from reduced commissioning, installations and no migrations.

The Group's profit before tax of RM2.72 million, represents a slightly decrease of RM0.14 million or 4.9% for the current financial quarter as compared to RM2.86 million in the preceding financial quarter. The decrease in profit before tax was in line with the lower revenue recorded in the financial quarter ended 31 March 2019.

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 financial year ending 30 June 2019 to be satisfactory.

B4 Taxation

	Current Quarter Ended 31.3.2019 RM	Preceding Year Corresponding Quarter Ended 31.3.2018 RM	Current Year To Date Ended 31.3.2019 RM	Preceding Year To Date Ended 31.3.2018 RM
Malaysia income tax:				
- Current tax	645,443	1,174,392	2,080,676	2,494,917
- Under provision in prior year	281,345	-	281,345	-
	<u>926,788</u>	<u>1,174,392</u>	<u>2,362,021</u>	<u>2,494,917</u>
Effective tax rate ⁽¹⁾	34.1%	27.2%	29.2%	26.5%

Note:

- (1) The Group's effective tax rate of 34.1% for the current financial quarter is higher than the statutory tax rate mainly due to under provision of tax expenses for financial year 2018 which recognized in current quarter.

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 29 May 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 and is currently pending approval from the SC.

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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	7,945	55.33%
2. Enhancing operations and maintenance services capability	Within 36 months ⁽²⁾	4,900	1,418	28.94%
3. Enhancing fiber optic network installation and commissioning services capability	Within 36 months ⁽²⁾	4,800	-	-
4. Regional business expansion in ASEAN countries	Within 36 months ⁽²⁾	1,500	8	0.53%
5. Working capital	Within 24 months	10,790	3,729	34.56%
6. Estimated listing expenses	Within 3 months	3,200	3,200	100%
		39,550	16,300	41.21%

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.
- (2) Revised estimated timeframe as per company's announcement dated on 10 April 2019.

B7 Group Borrowings

	As at 31.3.2019 RM	As at 30.6.2018 RM
Non-current:		
Hire purchase payables (secured)	1,119,084	1,057,750
Term loans (secured)	6,389,731	6,896,705
	7,508,815	7,954,455
Current:		
Hire purchase payables (secured)	401,064	329,892
Term loans (secured)	540,975	424,000
	942,039	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 31.3.2019	Preceding Year Corresponding Quarter Ended 31.3.2018	Current Year To Date Ended 31.3.2019	Preceding Year To Date Ended 31.3.2018
Profit after taxation attributable to owners of the Company (RM)	1,776,592	3,109,906	5,864,460	6,709,341
Number of shares	260,000,000	260,000,000	260,000,000	202,680,667
Basic earnings per share (sen) ⁽¹⁾	0.68	1.20	2.26	3.31
Diluted earnings per share (sen) ⁽²⁾	0.68	1.20	2.26	3.31

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 March 2019.

B10 Notes to the Statement of Comprehensive Income

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

	Current Quarter Ended 31.3.2019	Preceding Year Corresponding Quarter Ended 31.3.2018	Current Year To Date Ended 31.3.2019	Preceding Year To Date Ended 31.3.2018
	RM	RM	RM	RM
Depreciation of property, plant and equipment	294,858	270,931	866,285	802,231
Depreciation of investment property	23,983	23,983	71,949	65,169
Interest expense	64,084	57,014	211,101	170,136
Realised loss on foreign exchange	8,083	-	9,245	-
Rental income	(16,500)	(17,450)	(49,500)	(50,650)
Reversal of impairment losses on trade receivables	-	-	(33,928)	-
Interest income	(338,564)	(284,176)	(1,008,787)	(284,956)
Gain on disposal of property, plant and equipment	(34,000)	-	(56,500)	(61,472)
Unrealised gain on foreign exchange	(3,250)	-	(35,797)	-
Other income ⁽¹⁾	(600)	(23,600)	(250,147)	(24,100)

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 March 2019 and 31 March 2018. The total dividend for the financial year ending 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

29 MAY 2019