

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTERS</u>	
		Current Quarter Ended	Preceding Corresponding Quarter Ended	Current Year to Date Ended	Preceding Year To Date Ended
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
		RM '000	RM '000	RM '000	RM '000
Revenue		24,887	29,594	43,222	43,619
Cost of sales		(18,431)	(24,662)	(32,335)	(34,902)
Gross profit		6,456	4,932	10,887	8,717
Other income		274	179	704	425
Administrative expenses		(2,241)	(1,364)	(4,022)	(2,979)
Other operating expenses		(927)	(2,137)	(1,718)	(2,888)
Finance costs		(201)	(164)	(369)	(322)
Net reversal/(impairment losses) on financial assets and contract assets		(193)	-	(270)	-
Profit before taxation		3,168	1,446	5,212	2,953
Taxation		(910)	(348)	(1,463)	(808)
Profit after taxation/total comprehensive income for the financial period		2,258	1,098	3,749	2,145
Attributable to:					
- Owners of the Company		1,547	705	2,991	1,741
- Non-controlling interests		711	393	758	404
		2,258	1,098	3,749	2,145
Earnings per share attributable to holders of the Company: (sen per share) ²					
- Basic	B10	0.40	0.18	0.77	0.56
- Diluted	B10	0.40	0.18	0.77	0.56

Note:

- (1) The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.
- (2) Earnings per share is based on weighted average number of shares of 388,295,506 (2021: 312,509,814) for the period of 6 months.

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BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2022	30.06.2022
Notes	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	31,275	29,771
Investment properties	9,305	9,417
Goodwill	16,099	16,099
Intangible assets	524	409
Right of use assets	12,569	12,696
Deferred tax assets	45	45
	<u>69,817</u>	<u>68,437</u>
CURRENT ASSETS		
Trade receivables and contract assets	59,911	45,069
Other receivables, deposits and prepayments	1,324	1,060
Inventory	4,059	3,857
Current tax assets	4,921	5,857
Short-term investments	26,229	26,872
Cash and bank balances	9,317	15,657
	<u>105,761</u>	<u>98,372</u>
TOTAL ASSETS	<u>175,578</u>	<u>166,809</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	97,181	97,181
Merger deficit	(16,052)	(16,052)
Retained profits	48,499	45,508
Equity attributable to owners of the Company	<u>129,628</u>	<u>126,637</u>
Non-controlling interests	5,760	5,002
TOTAL EQUITY	<u>135,388</u>	<u>131,639</u>
NON-CURRENT LIABILITIES		
Borrowings	B8 7,304	6,440
Lease liabilities	11,764	12,281
Deferred tax liabilities	1,127	1,099
	<u>20,195</u>	<u>19,820</u>

BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

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

		UNAUDITED	AUDITED
		AS AT	AS AT
		31.12.2022	30.06.2022
	Notes	RM'000	RM'000
CURRENT LIABILITIES			
Trade payables and contract liabilities		7,055	9,054
Other payables, deposits and accruals		8,897	3,497
Borrowings	B8	3,477	1,561
Lease liabilities		414	416
Current tax liabilities		152	822
		<u>19,995</u>	<u>15,350</u>
TOTAL LIABILITIES		<u>40,190</u>	<u>35,170</u>
		<u>175,578</u>	<u>166,809</u>
TOTAL EQUITY AND LIABILITIES		<u>175,578</u>	<u>166,809</u>
		<u>0.35</u>	<u>0.34</u>
Net asset per share (RM) ²		<u>0.35</u>	<u>0.34</u>

Notes:

- (1) The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the FYE 30 June 2022 and accompanying explanatory notes attached to the interim financial statements.
- (2) Based on the Company's issued share capital of 388,295,506 ordinary shares for financial period ended 31 December 2022 and for financial year ended 30 June 2022.

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BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<-----Non-Distributable----->		<Distributable>		Attributable to Owners of the Company	Non- Controlling Interests	Total
	Share Capital	Merger Deficit	Retained Profits	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1.7.2021	63,390	(16,052)	40,704	88,042	308	88,350	
Profit after taxation/Total comprehensive income for the financial year	-	-	1,741	1,741	404	2,145	
<u>Contributions by owners of the Company:</u>							
Issuance of shares:							
- Private placement	19,557	-	-	19,557	-	19,557	
- Listing expenses	(274)	-	-	(274)	-	(274)	
- Acquisition of new subsidiary	14,857	-	-	14,857	-	14,857	
- Listing expenses	(349)	-	-	(349)	-	(349)	
	33,791	-	-	33,791	-	33,791	
Acquisition of a subsidiary	-	-	-	-	3,956	3,956	
Balance at 31.12.2021	97,181	(16,052)	42,445	123,574	4,668	128,242	
Balance at 1.7.2022	97,181	(16,052)	45,508	126,637	5,002	131,639	
Profit after taxation/Total comprehensive income for the financial year	-	-	2,991	2,991	758	3,749	
Balance at 31.12.2022	97,181	(16,052)	48,499	129,628	5,760	135,388	

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.

BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date Ended 31.12.2022 RM'000	Preceding Year To Date Ended 31.12.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,211	2,953
Adjustments for:		
Amortisation of intangible assets	(115)	1,337
Depreciation of property, plant and equipment	1,570	759
Depreciation of right of use assets	194	421
Depreciation of investment properties	112	112
Gain on disposal of property, plant and equipment	(96)	(15)
(Gain)/Loss on foreign exchange - unrealised	5	11
Net reversal/(impairment losses) on financial assets and contract assets	270	248
Interest expenses on lease liabilities	224	229
Interest expenses on hire purchase	104	35
Interest expenses on term loans	67	58
Interest income	(363)	(162)
Operating profit before working capital changes	<u>7,183</u>	<u>5,986</u>
Changes in working capital:		
(Decrease)/Increase in inventories	(202)	-
(Increase)/Decrease in trade and other receivables	(15,377)	(10,126)
(Decrease)/Increase in trade and other payables	3,402	5,044
CASH FROM/(FOR) OPERATIONS	<u>(4,994)</u>	<u>904</u>
Interest received	363	162
Income tax paid	(1,168)	(859)
Interest paid	(67)	(97)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	<u>(5,866)</u>	<u>110</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of subsidiary company, net of cash acquired	-	(5,269)
Purchase of property, plant and equipment	(1,137)	(1,733)
Purchase of right-of-use assets	(67)	(256)
Proceeds from disposal of property, plant and equipment	96	15
NET CASH FOR INVESTING ACTIVITIES	<u>(1,108)</u>	<u>(7,243)</u>

BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

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

	Current Year	Preceding Year
	To Date Ended	To Date Ended
	31.12.2022	31.12.2021
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	19,557
Drawdown of term loans	1,982	-
Repayment of lease liabilities	(743)	(208)
Repayment of term loans	(358)	(288)
Repayment of hire purchase payables	(886)	-
Share issuance expenses paid	-	(623)
NET CASH FROM FINANCING ACTIVITIES	<u>(5)</u>	<u>18,438</u>
Net changes in cash and cash equivalents	(6,979)	11,305
Effects of changes in foreign exchange rate	(5)	(11)
Cash and cash equivalents at beginning of financial year	<u>42,530</u>	<u>34,417</u>
Cash and cash equivalents at end of financial year	<u><u>35,546</u></u>	<u><u>45,711</u></u>
Cash and cash equivalents consist of:		
Cash and bank balances	9,317	17,132
Short- term investments	26,229	28,579
	<u>35,546</u>	<u>45,711</u>

Notes:

- (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.

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BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

A Explanatory notes to the Unaudited Interim Financial Report for the quarter ended 31 December 2022

A1 Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 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 (“Bursa Securities”) (“Listing Requirements”).

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 2022.

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

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 2022.

- MFRS 17: Insurance Contracts
- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 17: Insurance Contracts
- Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 - 2020

The Group has not applied in advance any new or revised MFRS and IC interpretation which are applicable to the Group but are not yet effective for the Group’s current financial period.

A2 Auditor’s Report of preceding annual financial statements

The preceding year’s audited financial statements of the Group did not contain any qualification.

A3 Comments about Seasonal and Cyclical Factors

The Group did not experience significant fluctuations in operations due to seasonal factors or cyclical factors during the period under review.

A4 Items of Unusual Nature and Amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the period under review.

A5 Material Changes in Estimates

There were no material changes in estimates that may have a material effect in the period under review and the financial period to date.

BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

A Explanatory notes to the Unaudited Interim Financial Report for the quarter ended 31 December 2022 (Cont'd)

A6 Debt and Equity Securities

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities since the last annual reporting date.

A7 Dividends Paid

No dividend has been paid in the current financial quarter under review and the previous corresponding period.

A8 Segmental Reporting

The segmental results of the Group for the quarter ended 31 December 2022 based on segment activities are as follows:

Cumulative Quarter ended 31 December 2022	Satellite, mobile and fibre optic telecommunication networks	Power and telecommunication infrastructure works	Elimination	Group
	RM'000	RM'000	RM'000	RM'000
Revenue	32,598	10,624	-	43,222
Profit before tax	3,262	1,759	191	5,212
Taxation	(997)	(438)	(28)	(1,463)
Profit for the financial year	2,265	1,321	163	3,749

A9 Valuation of Property, Plant and Equipment

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

A10 Capital Commitments

	As at 31.12.2022 RM'000	As at 30.06.2022 RM'000
Approved and contracted for:		
- Property, plant and equipment	41	1,989
- Office building	-	1,917
Approved and not contracted for:		
- Telecommunication equipment	295	-
	336	3,906

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BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

A Explanatory notes to the Unaudited Interim Financial Report for the quarter ended 31 December 2022 (Cont'd)

A11 Material Subsequent Event

Proposed Free Warrants Issue

On 13 October 2022, TA Securities Holdings Berhad (“TA Securities”) had, on behalf of the Company announced that the Company proposes to undertake the Proposed Free Warrants Issue, and the listing application has been submitted to Bursa Malaysia Securities Berhad (“Bursa Securities”) on 17 October 2022.

The Proposed Free Warrants Issue entails the issuance of up to 194,147,743 free warrants (“Warrant(s)”) for every 2 existing (“Binasat Shares” or “Shares”) held by the shareholders whose names appear in the record of depositors of the Company at the close of business on an entitlement date which will be determined later.

On 14 November 2022, TA Securities had, on behalf of the Company announced that Bursa Securities had, vide its letter dated on 14 November 2022, resolved to approve the following:

- (i) admission to the Official List and listing and quotation of up to 194,147,753 Warrants to be issued pursuant to the Proposed Free Warrants Issue; and
- (ii) listing and quotation of up to 194,147,753 new Binasat Shares to be issued arising from the exercise of the Warrants.

The approval granted by Bursa Securities for the Proposed Free Warrants Issue is subject to the following conditions:

- (i) Binasat and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Free Warrants Issue;
- (ii) Binasat and TA Securities to inform Bursa Securities upon the completion of Proposed Free Warrants Issue;
- (iii) Binasat to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Free Warrants Issue is completed; and
- (iv) Binasat to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.

The Proposed Free Warrants Issue were duly passed by the shareholders of the Company at the Extraordinary General Meeting (“EGM”) held on 30 November 2022.

On 29 December 2022, the Company had executed the deed poll constituting the Warrants. In addition, the Company has resolved to fix the exercise price of the Warrants at RM0.32 each, representing a premium of approximately 1.23% to the 5-day volume weighted average market price of Binasat Shares up to and including 28 December 2022, being the last trading day of Binasat Shares immediately preceding the price-fixing date, of RM0.3161 per Binasat Shares.

On 27 January 2023, the Company completed a free Warrants issue, issuing a total of 194,147,748 Warrants. The Warrants were issued at no cost and on a pro-rata basis to all Binasat’s shareholders. The maturity date of the Warrants is 17 January 2026.

The Stock Short Name, Stock Number and ISIN Code of the Warrants are “BINACOM-WA”, “0195WA” and “MYQ0195WA610”.

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INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

A Explanatory notes to the Unaudited Interim Financial Report for the quarter ended 31 December 2022 (Cont'd)

A12 Changes in Composition of the Group

There were no changes in the composition of the Group in the period under review.

A13 Contingent Assets or Liabilities

The dispute relates to a sub-contract between Binasat Sdn Bhd (“Binasat”), a wholly owned subsidiary of the Company, and Rosado Tradeline Sdn Bhd (“Rosado”) under which Rosado has appointed Binasat as the subcontractor to carry out the works in respect of “Building the Fiber System – Implementation Services of Civil Infrastructure and Fiber Optic Cabling Works”.

As at the reporting date, Binasat has claimed approximately RM1,177,000 (including profit portion) being the sum due and amount owing for work carried out and completed for Rosado. Rosado has in response, counterclaimed against Binasat for general damages to be assessed by the Court and costs.

The solicitors of Binasat are of the view that there is reasonably good chance for Binasat to succeed in its claim against Rosado, and to defend against Rosado’s counterclaim.

The Board is of the view that this legal suit will not give rise to a negative impact on the financial performance and position of the Group as the ancillary cost related to the sub-contract has been provided and accounted for in Binasat’s audited financial statements in prior years.

Contingent liabilities of the Group as at 31 December 2022 will be RM3,545,500 which comprises bank guarantees issued to our customers for the purpose of performance bonds and bank guarantee served as tender deposit for tendering new project.

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BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

B Additional Information Required by the Listing Requirements

B1 Comparison with Preceding Year Corresponding Quarter

	<u>Quarter ended</u>		<u>Variance</u>	
	<u>31.12.2022</u>	<u>31.12.2021</u>		
	<u>(2Q 23)</u>	<u>(2Q 22)</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	24,887	29,594	(4,707)	-15.91%
Gross profit	6,456	4,932	1,524	30.90%
Profit before taxation	3,168	1,446	1,722	119.09%

In 2Q23, the Group's revenue decreased by RM4.71 million or 15.91% as compared to the preceding year corresponding quarter. The decrease was due to lower revenue generated from civil mechanical & engineering works, satellite engineering works, EPCC of solar farm facilities, despite higher revenue in fiber optic cabling works.

The Group's gross profit ("GP") has increased by RM1.52 million or 30.90% as compared to the preceding year corresponding quarter. This was mainly due to lower subcontractors charges incurred after established of in-house teams to operate HDD machine for fiber optic cabling works.

The Group's profit before taxation ("PBT") increased by RM1.72 million or 119.09% as compared to the preceding year corresponding quarter, mainly due to lower in amortisation of intangible assets for Borderless Connection Sdn Bhd.

B2 Comparison with Preceding Year Corresponding Period

	<u>Cumulative 6 months Period ended</u>		<u>Variance</u>	
	<u>31.12.2022</u>	<u>31.12.2021</u>		
	<u>(2Q 23)</u>	<u>(2Q 22)</u>	<u>RM'000</u>	<u>%</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	43,222	43,619	(397)	-0.91%
Gross profit	10,887	8,717	2,170	24.89%
Profit before taxation	5,212	2,953	2,259	76.50%

The Group's revenue of RM43.22 million for the current 6 months financial period was slight decreased by 0.91% as compared to preceding year corresponding period of RM43.62 million. The decrease was mainly due to lower revenue in civil mechanical & engineering works and EPCC of solar farm facilities; despite higher revenue generated from fiber optic cabling works.

The Group's GP increased by RM2.17 million or 24.89% as compared to the preceding year corresponding period. This was mainly due to lower subcontractors charges incurred after established of in-house teams to operate HDD machine for fiber optic cabling works.

The Group's PBT increased by 76.50% amounting to RM2.26 million as compared to the preceding year corresponding period, which was mainly due to lower in amortisation of intangible assets for Borderless Connection Sdn Bhd and increase in unrealised foreign exchange gain of RM0.15 million.

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BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

B Additional Information Required by the Listing Requirements (Cont'd)

B3 Comparison with Immediate Preceding Quarter

	<u>Quarter ended</u>		<u>Variance</u>	
	<u>31.12.2022</u>	<u>30.09.2022</u>		
	<u>(2Q 23)</u>	<u>(1Q 23)</u>		
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	24,887	18,335	6,552	35.73%
Gross profit	6,456	4,431	2,025	45.70%
Profit before taxation	3,168	2,044	1,124	54.99%

In 2Q23, the Group's revenue increased by RM6.55 million or 35.73% as compared to the immediate preceding quarter. The higher in revenue was mainly contributed from fiber optic cabling works and EPCC of solar farm facilities.

The Group's GP increased by RM2.03 million or 45.70% as compared to the immediate preceding quarter, due to higher revenue as explained above.

The Group's PBT increased by 54.99% amounting to RM1.12 million as compared to the immediate preceding quarter, mainly due to higher revenue as explained above.

B4 Commentary on Prospects

In October 2022, one of our subsidiary has won contracts to set up a total of 275 satellite facilities in Kelantan and Pahang as an initial effort to roll out satellite internet broadband services to underserved areas. The Company is expected to complete the set-up for Pahang by end of 2023 and within the first half of 2024 for Kelantan. The contracts paved the way for expanding its services to other local state councils and businesses. Besides that, the Company also exploring business-to-business (B2B) options by targeting the maritime and oil and gas industries that are increasingly more likely to adopt the VSAT system.

In line with the Malaysian Government Jalanan Digital Negara ("JENDELA") initiatives, to provide better mobile and fixed broadband connectivity nationwide, whilst preparing the country for 5G technology. The Group has invested in total of 5 units of horizontal directional drilling ("HDD") machines that operating by 5 in-house teams respectively, to accommodate this spurred strong demand for full turnkey fiber engineering contractors to undertake fiber infrastructure rollout. In November 2022, the Company has awarded with infrastructure fiber optic cabling works for the project under Melaka ICT Holdings Sdn Bhd, which targeted to complete by 1Q 2023. The Company is expecting to get more jobs under this project.

The Group's 51%-owned subsidiary, Borderless Connection Sdn Bhd has awarded with two subcontracts worth RM16.31 million to undertake underground cable-related works in Penang. One of the subcontract jobs is a 14-month project, starting in Jan 2023, involving in design, supply and installation of underground cable in Sungai Tiram; another job is relocation of underground cable following the implementation of the Sungai Tiram flood mitigation project, which target to complete by first quarter of 2023.

In January 2023, Borderless Connection Sdn Bhd has also secured an RM18.36 million subcontract work to build a large scale solar photovoltaic facility in Selangor, for engineering works, equipment supply, civil construction, installation works, testing and commissioning works for the facility. The project is scheduled to complete by end of September 2023, with targeted commercial operation by end of 2023, subject to the execution of a supplementary power purchase agreement.

Premised on the above, the Board is looking forward to better economic prospects in 2023 and will continue to tender more projects and will take a prudent approach in monitoring operations of the Group.

BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

B Additional Information Required by the Listing Requirements (Cont'd)

B5 Profit Forecast

The Company did not issue any profit forecast or guarantee during the current financial quarter under review.

B6 Taxation

	Current Quarter Ended 31.12.2022 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2021 RM'000	Current Year To Date Ended 31.12.2022 RM'000	Preceding Year To Date Ended 31.12.2021 RM'000
Malaysia income tax:				
- Current tax	882	664	1,435	1,124
	882	664	1,435	1,124
Deferred tax:				
- Origination and reversal of temporary difference	28	(316)	28	(316)
	28	(316)	28	(316)
	910	348	1,463	808
Effective tax rate ⁽¹⁾	27.84%	45.92%	27.53%	38.06%

Note:

(1) The Group's effective tax rate of 27.84% for the current quarter is higher than the statutory rate mainly due to adjustment for non-deductible expenses.

B7 Status of Corporate Proposals

There is no outstanding corporate proposals which have been announced but are pending completion as at the date of this report.

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BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

B Additional Information Required by the Listing Requirements (Cont'd)

B8 Utilisation of Proceeds

(i) Public Issue

As at 18 May 2020, the gross proceeds from the Company's initial public offering ("IPO") amounting to RM39.55 million has been utilised in the following manner:

Details of use of proceeds		Estimated Timeframe for Utilisation⁽¹⁾	Proposed Utilisation RM'000	Actual Utilisation RM'000	Percentage Utilised %
1	Setting up a teleport	Within 24 months	14,360	14,360	100.00%
2	Enhancing operations and maintenance services capability	Within 36 months	4,900	1,505	30.71%
3	Enhancing fiber optic network installation and commissioning services capability	Within 36 months	4,800	58	1.21%
4	Regional business expansion in ASEAN countries	Within 36 months	1,500	8	0.53%
5	Working capital	Within 30 months	10,790	10,790	100.00%
6	Estimated listing expenses	Within 3 months	3,200	3,200	100.00%
			39,550	29,921	75.65%

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 and the company's announcement dated 28 February 2020.

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

B8 Utilisation of Proceeds (Cont'd)

(i) Public Issue (Cont'd)

As announced on 15 June 2020, items 2, 3 and 4 of the above utilisation of proceeds will be varied. Post variation, the status of utilisation as at 31 December 2022 is as follows:

Details of use of proceeds		Estimated Timeframe for Utilisation	Initial Utilisation	Actual Utilisation as at 18 May 2020	Balance unutilised as at 18 May 2020	Varied Amount	Total amount after Variation	Actual utilisation	Balance unutilised as at 31 December 2022
			RM'000	RM'000	RM'000		RM'000	RM'000	RM'000
2	Enhancing operations and maintenance services capability	Within 18 months ⁽¹⁾	4,900	1,505	3,395	-	3,395	2,855	540 ⁽²⁾
3	Enhancing fiber optic network installation and commissioning services capability	Within 18 months ⁽¹⁾	4,800	58	4,742	1,492	6,234	6,234	-
4	Regional business expansion in ASEAN countries	Within 18 months ⁽¹⁾	1,500	8	1,492	(1,492)	-	-	-
			11,200	1,571	9,629	-	9,629	9,089	540

Note:

(1) From the date of announcement of variation as at 15 June 2020.

(2) As at 31 December 2021, the unutilised amount stood at RM1.37 million was earmarked for purchase of motor vehicle(s) to expand and replace some of the Group's aging fleet to improve its ability to deploy technicians to customers' sites. After careful deliberation of the economic climate, outbreak of COVID-19 and the operational needs of the Group, the Board has resolved to extend the timeframe for the utilisation of the remaining unutilised IPO proceeds for additional twenty-four (24) months from the date of this announcement. The extension of time is not subject to any regulatory authorities' or shareholders' approval. Nevertheless, the Board shall continue to be vigilant and prudent in managing the IPO proceeds and will continue to disclose the status of the utilization of the IPO proceeds in its quarterly reports and annual report until its full utilisation. The Board is of the opinion that the aforementioned extension of timeframe will not have any adverse effect on the financial performance of the Company and is in the best interest of the Company.

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

B8 Utilisation of Proceeds (Cont'd)

(ii) Private Placement

On 14 October 2021, Company had announced to undertake a private placement of up to 64,715,900 new ordinary shares, representing not more than 20% of the total number of issued shares of the Company to third party investor(s).

Bursa Securities had on 1 November 2021 approved the listing and quotation of up to 64,715,900 Placement Shares to be issued pursuant to the Private Placement.

The Company had on 3 November 2021 issued the first tranche of 21,375,000 Placement Shares with the issue price of RM0.345 per Placement Share and second tranche of 21,271,700 Placement Shares with the issue price of RM0.303 per Placement Share on 19 December 2021.

The Private Placement was completed following the issuance of the third and final tranche of 22,069,200 Placement Share at an issue price of RM 0.260 per Placement Share on 21 December 2021.

The gross proceeds of RM19.56 million from the Company's Private Placement has been utilised in the following manner:

Details of use of proceeds	Estimated Timeframe for Utilisation	Proposed Utilisation	Actual Utilisation	Balance unutilised as at 31 December 2022	Percentage Utilised
		RM'000	RM'000	RM'000	%
1 Enhancing the Group's fiber optic network installation and commissioning service	Within 24 months	1,290	1,230	60	95.38%
2 Working capital	Within 24 months	18,082	7,392	10,690	40.88%
3 Estimated expenses for the Proposed Private Placement	Immediate	185	185	-	100.00%
		<u>19,557</u>	<u>8,807</u>	<u>10,750</u>	<u>45.03%</u>

B9 Group Borrowings

	As at 31.12.2022	As at 30.06.2022
	RM'000	RM'000
Non-current:		
Term loans (secured)	4,561	4,862
Hire purchase payables (secured)	2,743	1,577
	<u>7,304</u>	<u>6,439</u>
Current:		
Term loans (secured)	2,608	616
Hire purchase payables (secured)	868	945
	<u>3,476</u>	<u>1,561</u>

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

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

B10 Material Litigation

The Board wishes to report status of the suit case being commenced by its subsidiary, Binasat against the sub contract as below:

Binasat (“Plaintiffs”) and Rosado Tradeline Sdn Bhd (“Rosado”) (“Defendant”)

Binasat commenced this suit against Rosado claiming for the sum due and owing to Binasat for works carried out and completed for Rosado up to the date of the termination. This suit has been fixed for trial on 10 April 2023 to 13 April 2023.

B11 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	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year To Date Ended
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Profit after taxation attributable to owners of the Company (RM)	1,547	705	2,991	1,741
Weighted average number of shares	388,296	388,296	388,296	312,510
Basic earnings per share (sen) ⁽¹⁾	0.40	0.18	0.77	0.56
Diluted earnings per share (sen) ⁽²⁾	0.40	0.18	0.77	0.56

Notes:

(1) The basic earnings per share is calculated by dividing the profit after taxation attributable to owners of the Company by the weighted average 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 2022.

B12 Derivatives

The Group did not enter into any derivatives contracts during the current quarter under review.

B13 Disclosure of gain/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit and loss for the current quarter under review.

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

B14 Notes to the Statement of Profit or Loss and Other Comprehensive Income

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

	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date Ended	Preceding Year To Date Ended
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	(115)	1,337	(210)	1,337
Net reversal/(impairment losses) on financial assets and contract assets	270	248	347	365
Depreciation of property, plant and equipment	1,570	759	2,306	1,133
Depreciation of investment properties	112	112	168	168
Depreciation of right of use assets	-	421	-	619
Unrealised (gain)/loss on foreign exchange	5	11	164	17
Realised (gain)/loss on foreign exchange	(4)	(27)	17	(73)
Interest expenses	395	322	573	480
Rental income	(194)	(211)	(290)	(316)
Interest income	(363)	(162)	(508)	(240)
Gain on disposal of property, plant and equipment	(96)	(15)	(96)	(30)
Other income ⁽¹⁾	(14)	(10)	(18)	(12)

Notes:

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

Same as disclosed above and in the Condensed Consolidated Statement of Profit or Loss, other disclosure items pursuant to Note 16 of Appendix 9B Part A of the Listing Requirements are not applicable to the Group.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
JANICE CHAN MEI LING (MAICSA 7058726)
COMPANY SECRETARIES

KUALA LUMPUR
28 FEBRUARY 2023