

BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD		
	Current	Preceding	Current	Preceding	
	Quarter Ended	Corresponding	Year	Year To Date	
Notes	30-6-2024	Quarter Ended	To Date	Year To Date	
	RM'000	30-6-2023	30-6-2024	30-6-2023	
		RM'000	RM'000	RM'000	
Revenue	28,060	N/A	54,438	N/A	
Cost of sales	(23,975)	N/A	(46,610)	N/A	
Gross profit	4,085	N/A	7,828	N/A	
Other income	254	N/A	507	N/A	
Administrative expenses	(2,131)	N/A	(3,927)	N/A	
Other operating expenses	(886)	N/A	(1,809)	N/A	
Finance costs	(249)	N/A	(489)	N/A	
Net reversal/(impairment losses) on financial assets and contract assets	-	N/A	101	N/A	
Profit/(Loss) before taxation	1,073	N/A	2,211	N/A	
Taxation	(432)	N/A	(825)	N/A	
Profit/(Loss) after taxation/ Total comprehensive income for the financial period	641	N/A	1,386	N/A	
Attributable to:					
Owners of the Company	621	N/A	1,313	N/A	
Non-controlling interests	20	N/A	73	N/A	
	641	N/A	1,386	N/A	
Earnings per share (sen):					
Basic	B11	0.15	N/A	0.32	N/A
Diluted	B11	0.15	N/A	0.32	N/A

Note: Pursuant to the change in the financial year end from 30 June 2023 to 31 December 2023, there are no comparative figures presented.

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2023.

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INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30-6-2024 RM'000	Audited As at 31-12-2023 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	30,328	31,238
Investment properties	3,864	3,912
Right-of-use assets	12,430	12,639
Trade receivables and contracts assets	1,969	1,969
Deferred tax assets	222	222
Total non-current assets	48,813	49,980
CURRENT ASSETS		
Inventories	2,375	3,026
Trade receivables and contracts assets	85,714	71,944
Other receivables, deposits and prepayments	4,336	8,330
Current tax assets	6,490	6,753
Short-term investments	21,836	22,945
Cash and bank balances	11,384	7,250
Total current assets	132,135	120,248
TOTAL ASSETS	180,948	170,228
EQUITY AND LIABILITIES		
EQUITY		
Share capital	102,607	97,047
Merger deficit	(16,052)	(16,052)
Retained profits	33,310	31,997
Equity attributable to owners of the Company	119,865	112,992
Non-controlling interests	6,108	6,035
TOTAL EQUITY	125,973	119,027
LIABILITIES		
NON-CURRENT LIABILITIES		
Borrowings	5,326	5,913
Lease liabilities	11,805	11,685
Deferred tax liabilities	1,013	1,064
Total non-current liabilities	18,144	18,662

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30-6-2024 <u>RM'000</u>	Audited As at 31-12-2023 <u>RM'000</u>
CURRENT LIABILITIES		
Trade payables	17,219	15,935
Other payables, deposits and accruals	17,065	12,586
Borrowings	2,054	3,521
Lease liabilities	493	497
Total current liabilities	<u>36,831</u>	<u>32,539</u>
TOTAL LIABILITIES	<u>54,975</u>	<u>51,201</u>
TOTAL EQUITY AND LIABILITIES	<u>180,948</u>	<u>170,228</u>
Net Assets Per Share attributable to Owners of the Company (RM)	<u>0.29</u>	<u>0.29</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2023.

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INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Owners of the Company →			Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	← Non-distributable →		Distributable			
	Share Capital RM'000	Merger Deficit RM'000	Retained Profits RM'000			
Balance at 1.1.2024	97,047	(16,052)	31,997	112,992	6,035	119,027
Profit after taxation/Total comprehensive income for the financial period	-	-	1,313	1,313	73	1,386
Contributions by owners of the Company:						
- Payment of listing expenses	(10)	-	-	(10)	-	(10)
- Issuance of shares pursuant to private placement	5,570	-	-	5,570	-	5,570
Total transactions with owners	5,560	-	-	5,560	-	5,560
Balance at 30.6.2024	102,607	(16,052)	33,310	119,865	6,108	125,973

Note: Pursuant to the change in the financial year end from 30 June 2023 to 31 December 2023, there are no comparative figures presented.

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2023.

BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date 30-6-2024 RM'000	Preceding Year Corresponding Period 30-6-2023 RM'000
OPERATING ACTIVITIES		
Profit before taxation	2,211	N/A
Adjustments for:-		
Depreciation of property, plant and equipment	1,603	N/A
Depreciation of right-of-use assets	208	N/A
Depreciation of investment properties	48	N/A
Gain on disposal of property, plant and equipment	(76)	N/A
Loss on foreign exchange - unrealised	4	N/A
Net (reversal)/impairment losses on trade receivables and contract assets	(101)	N/A
Interest expense	395	N/A
Interest income	(412)	N/A
Operating profit before working capital changes	3,880	N/A
Changes in working capital:		
Inventories	651	N/A
Receivables and contract assets	(9,676)	N/A
Payables	6,049	N/A
Cash from operations	904	N/A
Interest received	412	N/A
Income tax paid	(563)	N/A
Net cash from operating activities	753	N/A
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(792)	N/A
Proceeds from disposal of property, plant and equipment	176	N/A
Net cash used in investing activities	(616)	N/A

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date 30-6-2024 RM'000	Preceding Year Corresponding Period 30-6-2023 RM'000
FINANCING ACTIVITIES		
Proceeds from issuance of shares	5,570	N/A
Drawdown of term loans	1,145	N/A
Repayment of lease liabilities	(219)	N/A
Repayment of term loans	(2,702)	N/A
Repayment of hire purchase payable	(497)	N/A
Interest paid	(395)	N/A
Share issuance expenses paid	(10)	N/A
Net cash used in financing activities	2,892	N/A
CASH AND CASH EQUIVALENTS		
Net changes	3,029	N/A
At beginning of financial period	30,195	N/A
Foreign exchange differences arising on opening balance	(4)	N/A
At end of financial period	33,220	N/A
Cash and cash equivalents consist of:		
Cash and bank balances	11,384	N/A
Short-term investments	21,836	N/A
Cash and cash equivalents	33,220	N/A

Note: Pursuant to the change in the financial year end from 30 June 2023 to 31 December 2023, there are no comparative figures presented.

The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial period ended 31 December 2023.

A. EXPLANATORY NOTES

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 period ended 31 December 2023.

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 2024.

- Amendments to MFRS 16, ‘Leases’ – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, ‘Presentation of Financial Statements’ – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101, ‘Presentation of Financial Statements’ – Non-current Liabilities with Covenants
- Amendments to MFRS 107, ‘Statement of Cash Flows’ and MFRS 7, ‘Financial Instruments: Disclosures’ – Supplier Finance Arrangements’

The adoption of the new standards, amendments and interpretation to published standards mentioned above does not have any material impact on the financial statements of the Group for the financial period beginning on 01 January 2024 upon their initial application.

As announced on 9 October 2023, the Group has changed its financial year end from 30 June to 31 December. As such, there is no comparative figures presented in this report.

A2 Audit Report of Preceding Annual Financial Statements

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

A3 Comments about Seasonality or Cyclical Factors

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

A4 Items of Unusual Nature and Amount

There were no unusual items affecting assets, liabilities, equity, net income or cash flows other than those disclosed elsewhere in these notes.

A5 Material Changes in Estimates

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

A6 Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.

A7 Dividend Paid

There were no dividends paid during the financial period under review.

BINASAT COMMUNICATIONS BERHAD (Registration No. 201701008491 (1222656-D))
INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

A. EXPLANATORY NOTES

A8 Segmental Reporting

The Group's segmental report for the financial period are as follows:

Current Year Quarter 30 June 2024	Satellite, mobile and fibre optic telecommunication networks	Power and telecommunication infrastructure works	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue	21,557	6,503	-	28,060
Profit/(Loss) before taxation	1,192	(151)	32	1,073
Taxation	(432)	-	-	(432)
Profit/(Loss) after taxation	760	(151)	32	641
Current Year To Date 30 June 2024				
	Satellite, mobile and fibre optic telecommunication networks	Power and telecommunication infrastructure works	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue	43,535	10,903	-	54,438
Profit/(Loss) before taxation	2,349	(202)	64	2,211
Taxation	(825)	-	-	(825)
Profit/(Loss) after taxation	1,524	(202)	64	1,386

A9 Valuation of Property, Plant and Equipment

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

A10 Capital Commitments

	Unaudited As at 30-6-2024 RM'000	Audited As at 31-12-2023 RM'000
Approved and not contracted for:		
- Telecommunication equipment	289	289
	289	289

A11 Material Events Subsequent to the End of the Interim Period

Other than as disclosed in Note B6, there were no material events subsequent to the end of current quarter that have not been reflected in the financial statements for the current quarter.

A12 Effect of Changes in the Group Composition, Long-Term Investments, Restructuring and Discontinued Operations

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

A13 Contingent Liabilities/Assets

Contingent liabilities of the Group as at 30 June 2024 amounted to RM4.3million which are in respect of corporate guarantees given to licensed banks for banking facilities granted to subsidiaries, 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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INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

A. EXPLANATORY NOTES

A14 Significant Related Party Transactions

The significant related party transactions during the current financial period are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30-6-2024 RM'000	Preceding Year Corresponding Quarter 30-6-2023 RM'000	Current Year To Date 30-6-2024 RM'000	Preceding Year Corresponding Period 30-6-2023 RM'000
Related companies in which a substantial shareholder of the Company has interests				
- Purchase of goods or services	552	-	900	-

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of Performance of the Company and its Principal Subsidiaries Compared to the Results of Preceding Quarter

	INDIVIDUAL QUARTER			CUMULATIVE PERIOD		
	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	Current Year To Date	Preceding Year Corresponding Period	Variance
	30-6-2024	30-6-2023		30-6-2024	30-6-2023	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	28,060	N/A	N/A	54,438	N/A	N/A
Gross profit/ (loss)	4,085	N/A	N/A	7,828	N/A	N/A
Profit before taxation	1,073	N/A	N/A	2,211	N/A	N/A
Profit after taxation	641	N/A	N/A	1,386	N/A	N/A

In the current quarter under review, the Group recorded revenue of RM28.060 million, with profit after taxation of RM0.641 million. The Group's satellite, mobile and fibre optic telecommunication networks segment contributed 77% of total Group revenue or RM21.557 million in the current quarter. The remaining of revenue contributed from power and telecommunication infrastructure works segment amounting of RM6.503 million or 23% of total Group revenue.

In the current year to date under review, the Group recorded revenue of RM54.438 million, with profit after taxation of RM1.386 million. The Group's satellite, mobile and fibre optic telecommunication networks segment contributed 80% of total Group revenue or RM43.535 million in the current quarter. The remaining of revenue contributed from power and telecommunication infrastructure works segment amounting of RM10.903 million or 20% of total Group revenue.

B2 Review of Performance of the Company and its Principal Subsidiaries Compared to the Results of Immediate Preceding

	Current Year Quarter	Immediate Preceding Quarter	Variance	
	30-6-2024	31-3-2024		
	RM'000	RM'000	RM'000	%
Revenue	28,060	26,378	1,682	6.38%
Gross profit/ (loss)	4,085	3,743	342	(9.14%)
Profit before taxation	1,073	1,140	(67)	5.88%
Profit after taxation	641	746	(105)	14.08%

In 2Q24, the Group's revenue increased by RM1.682 million or 6.38% as compared to the immediate preceding quarter. The higher in revenue was mainly contributed by power and telecommunication infrastructure works segment, partially offset by lower revenue from satellite, mobile and fibre optic telecommunication networks segment.

Profit after taxation was at RM0.641 million as compared to profit after taxation of RM0.746 million in the immediate preceding quarter. This was mainly due to higher operating expenses to meet the Group's ongoing business requirement.

B3 Group's Future Prospects

The Group's financial performance demonstrates our resilience and adaptability in navigating the challenges and opportunities within the telecommunication industry. Looking ahead, we are confident in our ability to seize emerging market opportunities. Our strategic priorities will center on exploring diversification avenues and forging partnerships along the value chain for revenue growth. Our commitment to innovation and operational excellence positions us for sustained growth and value creation. We are grateful for the continued support of our shareholders and look forward to sharing our progress and achievements in the coming quarters.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B4 Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or guarantee during the financial period under review.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30-6-2024 RM'000	Preceding Year Corresponding Quarter 30-6-2023 RM'000	Current Year To Date 30-6-2024 RM'000	Preceding Year Corresponding Period 30-6-2023 RM'000
Malaysia income tax				
- Current tax	432	N/A	825	N/A
- (Over)/Under provision - prior year tax	-	N/A	-	N/A
	<u>432</u>	<u>N/A</u>	<u>825</u>	<u>N/A</u>
Deferred tax				
- Origination and reversal of temporary difference	-	N/A	-	N/A
	<u>-</u>	<u>N/A</u>	<u>-</u>	<u>N/A</u>
	<u>432</u>	<u>N/A</u>	<u>825</u>	<u>N/A</u>
Effective tax rate	<u>40%</u>		<u>37%</u>	

The Group's effective tax rate exceeds the statutory tax rate of 24% primarily due to the inclusion of certain non-deductible items in the income statement and some subsidiaries in loss position. The losses had diluted the Group's profit which cannot be offset against consolidated tax liabilities of other subsidiaries.

B6 Status of Corporate Proposals

On 21 November 2023, TA Securities Holdings Berhad ("TA Securities") had on behalf of the Company announced that the Company proposed to undertake a private placement of up to 58,244,300 new ordinary shares in Binasat ("Binasat Shares" or "Shares") ("Placement Shares"), representing not more than 10% of the total number of issued shares of the Company (excluding treasury shares, if any) to third party investor(s) at an issue price to be determined at a later date ("Private Placement").

The listing and quotation of the Placements Shares pursuant to the Private Placement was approved by Bursa Malaysia Securities Berhad ("Bursa Securities") on 31 January 2024.

The first tranche of the Private Placement has been completed following the listing and quotation for 12,000,000 Placement Shares at an issue price of RM0.235 per Placement Share on 28 May 2024.

The second tranche of the Private Placement has been completed following the listing and quotation for 11,000,000 Placement Shares at an issue price of RM0.250 per Placement Share on 28 June 2024.

On 16 July 2024, TA securities had on behalf of the Company submitted an application to Bursa Securities for an extension of time up to 30 January 2025 for the Company to complete implementation of the Private Placement. Bursa Securities had vide is letter dated 13 August 2024, granted an extension time up to 30 January 2025 for the Company to complete implementation of the Private Placement.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B7 Utilisation of Proceeds Raised from Corporate Proposal

The Company raised total gross proceeds of RM5.57 million from the first and second tranche of the Private Placement and the status of utilisation of proceeds as at 29 August 2024 is as follows.

Details	Expected timeframe for utilisation of proceeds	Proposed Utilisation RM'000	Actual Utilisation as of 29 August 2024	Balance Unutilised RM'000
(i) Repayment of bank borrowings	Within 24 months	4,456	-	4,456
(ii) Working capital for existing and future contracts	Within 24 months	964	-	964
(iii) Expenses for the Proposed Private Placement	Immediate	150	(78)	72
Total		5,570	(78)	5,492

B8 Group Borrowings

	Unaudited As At 30-6-2024 RM'000	Audited As At 31-12-2023 RM'000
Non-current		
Term loans (secured)	2,847	2,948
Hire purchase payables (secured)	2,479	2,965
	<u>5,326</u>	<u>5,913</u>
Current		
Term loans (secured)	1,075	2,530
Hire purchase payables (secured)	979	991
	<u>2,054</u>	<u>3,521</u>

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

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B9 Material Litigations

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or of any fact likely to give rise to any proceedings.

B10 Dividends

The Company did not declare dividends during the current quarter.

B11 Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30-6-2024	Preceding Year Corresponding Quarter 30-6-2023	Current Year To Date 30-6-2024	Preceding Year Corresponding Period 30-6-2023
Profit after taxation attributable to the Owners of the Company for the period (RM'000)	621	N/A	1,313	N/A
Weighted average number of ordinary shares in issue	411,295,506	N/A	411,295,506	N/A
Basic earnings per share (sen) ⁽¹⁾	0.15	N/A	0.32	N/A
Diluted earnings per share (sen) ⁽²⁾	0.15	N/A	0.32	N/A

Note:

(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 financial period under review.

(2) when the average market price of ordinary share during the financial period under review exceeds the exercise price of the warrant.

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. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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

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

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30-6-2024	Preceding Year Corresponding Quarter 30-6-2023	Current Year To Date 30-6-2024	Preceding Year Corresponding Period 30-6-2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	786	N/A	1,603	N/A
Depreciation of right-of-use assets	103	N/A	208	N/A
Depreciation of investment properties	24	N/A	48	N/A
Gain on disposal of property, plant and equipment	(76)	N/A	(76)	N/A
Loss on foreign exchange - unrealised	-	N/A	4	N/A
Gain on foreign exchange - realised	(13)	N/A	(9)	N/A
Net (reversal)/impairment losses on trade receivables and contract assets	-	N/A	(101)	N/A
Interest expense	197	N/A	395	N/A
Interest income	(178)	N/A	(412)	N/A
Rental income	(6)	N/A	(9)	N/A

Save 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.