

TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

I. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Audited twelve months to	Audited twelve months to
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Operating revenue	221,585	173,520	766,940	682,364
Operating expenses				
- depreciation and amortisation of property, plant and equipment	(26,535)	(23,781)	(93,462)	(93,218)
- other operating expenses	(137,272)	(121,857)	(497,357)	(459,267)
Other operating income (net)	9,138	4,969	22,981	40,770
Profit from operations	66,916	32,851	199,102	170,649
Investment income	3,586	5,242	15,293	32,703
Realisation of fair value gain reclassified from available-for-sale reserve to profit or loss	-	-	157,390	274,024
Finance expense	(1,565)	(1,650)	(5,508)	(6,607)
Share of profit from equity-accounted investments, net of tax	1,206	130	2,140	25
Profit before income tax	70,143	36,573	368,417	470,794
Income tax expense	44,401	(15)	38,901	(5,419)
Profit for the period/year	114,544	36,558	407,318	465,375
Attributable to owners of:				
- the Company	114,544	35,804	407,318	466,852
- non-controlling interests	-	754	-	(1,477)
Profit for the period/year	114,544	36,558	407,318	465,375
Other comprehensive income/(loss):				
Foreign currency translation differences for foreign operations	12,358	2,841	6,626	22,766
Fair value loss on available-for-sale financial assets	-	(10,310)	(63,919)	(53,128)
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	(157,390)	(274,024)
Other comprehensive gain/(loss) for the period/year	12,358	(7,469)	(214,683)	(304,386)
Total comprehensive income for the period/year	126,902	29,089	192,635	160,989
Attributable to owners of:				
- the Company	126,902	28,335	192,635	162,466
- non-controlling interests	-	754	-	(1,477)
Total comprehensive income for the period/year	126,902	29,089	192,635	160,989
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	19.81 sen	6.22 sen	70.62 sen	81.24 sen
- Diluted	19.66 sen	6.19 sen	70.14 sen	81.11 sen

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited As at 31/12/2016 RM'000	Audited As at 31/12/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,360,361	1,250,747
Intangible assets	213,959	213,959
Investments in equity-accounted investments	111,249	61,036
Other investments	9,247	377,459
Deferred tax assets	259,359	212,008
Trade and other receivables	9,929	10,092
	<u>1,964,104</u>	<u>2,125,301</u>
Current assets		
Tax recoverable	3,715	2,253
Trade and other receivables	264,449	229,133
Restricted cash	8,733	10,759
Cash and cash equivalents	506,299	242,494
	<u>783,196</u>	<u>484,639</u>
Total assets	<u>2,747,300</u>	<u>2,609,940</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	289,147	287,800
Reserves	1,893,746	1,794,747
Total equity attributable to owners of the Company	<u>2,182,893</u>	<u>2,082,547</u>
Non-current liabilities		
Loans and borrowings	169,658	101,965
Trade and other payables	49,504	23,078
Deferred tax liabilities	10,209	5,939
	<u>229,371</u>	<u>130,982</u>
Current liabilities		
Loans and borrowings	5,799	45,825
Trade and other payables	327,920	349,373
Provision for tax	1,317	1,213
	<u>335,036</u>	<u>396,411</u>
Total liabilities	<u>564,407</u>	<u>527,393</u>
Total equity and liabilities	<u>2,747,300</u>	<u>2,609,940</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM3.77</u>	<u>RM3.62</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited Twelve months to 31/12/2016 RM'000	Audited Twelve months to 31/12/2015 RM'000
Operating Activities		
Cash receipts from customers	941,916	766,045
Transfer from/(to) restricted cash and bank balances	2,026	(726)
Cash payments to suppliers	(286,577)	(242,659)
Cash payments to employees and for administrative expenses	(190,370)	(177,264)
Cash generated from operations	466,995	345,396
Tax paid	(6,380)	(7,380)
Tax refund	840	-
Net cash generated from operating activities	461,455	338,016
Investing Activities		
Acquisition of property, plant and equipment	(368,960)	(332,959)
Proceeds from disposal of property, plant and equipment	4,557	3,921
Proceeds from sale on other investments	307,221	423,854
Proceeds from sale of equity accounted investment	4,080	-
Acquisition of other investments	(2,928)	(6,219)
Investment in equity-accounted investments	(51,858)	(59,780)
Investment income received	16,071	32,828
Net cash (used in)/generated from investing activities	(91,817)	61,645
Financing Activities		
Proceeds from term loans and other borrowings	99,238	60,511
Repayment of term loans and other borrowings	(71,615)	(68,122)
Advance to equity accounted investee	(6,198)	-
Repayment of finance lease liabilities	(4,360)	(6,310)
Finance charges paid	(4,297)	(7,010)
Transaction cost paid	(3,304)	-
Dividend paid	(115,478)	(455,203)
Net cash used in financing activities	(106,014)	(476,134)
Net change in Cash and Cash Equivalents	263,624	(76,473)
Effect of exchange rate fluctuations on cash held	181	11,429
Cash and Cash Equivalents as at beginning of financial year	242,494	307,538
Cash and Cash Equivalents as at end of financial year	Note (a) 506,299	242,494
Note:		
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash and bank balances	117,634	65,638
Deposits with licensed banks	397,398	187,615
	515,032	253,253
Restricted cash	(8,733)	(10,759)
	506,299	242,494

Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←----- Attributable to owners of the Company -----→									
	←----- Non-distributable -----→					←----- Distributable -----→				
	Share Capital	Share Premium	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Share Grant/Option Reserves	Capital Reserve	Retained Earnings	Attributable to owners of the Company	Non-controlling Interests	Total Equity
Twelve months to 31 December 2016 (audited)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	287,800	854,611	221,309	30,754	15,992	8,760	663,321	2,082,547	-	2,082,547
Dividend paid	-	-	-	-	-	-	(115,478)	(115,478)	-	(115,478)
Employee share grant plan/option scheme	-	-	-	-	23,189	-	-	23,189	-	23,189
Issuance of shares pursuant to share grant plan	1,347	10,974	-	-	(12,321)	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	407,318	407,318	-	407,318
Fair value loss on available-for-sale financial assets	-	-	(63,919)	-	-	-	-	(63,919)	-	(63,919)
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	(157,390)	-	-	-	-	(157,390)	-	(157,390)
Exchange differences recognised directly in equity	-	-	-	6,626	-	-	-	6,626	-	6,626
Total comprehensive (expense)/income for the year	-	-	(221,309)	6,626	-	-	407,318	192,635	-	192,635
Balance as at 31 December 2016	289,147	865,585	-	37,380	26,860	8,760	955,161	2,182,893	-	2,182,893

	←----- Attributable to owners of the Company -----→									
	←----- Non-distributable -----→					←----- Distributable -----→				
	Share Capital	Share Premium	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Share Grant/Option Reserves	Capital Reserve	Retained Earnings	Attributable to owners of the Company	Non-controlling Interests	Total Equity
Twelve months to 31 December 2015 (audited)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015	286,932	847,735	548,461	7,988	5,383	8,760	651,672	2,356,931	1,477	2,358,408
Dividend paid	-	-	-	-	-	-	(455,203)	(455,203)	-	(455,203)
Employee share grant plan/option scheme	-	-	-	-	18,353	-	-	18,353	-	18,353
Issuance of shares pursuant to share grant plan	868	6,876	-	-	(7,744)	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	-	466,852	466,852	(1,477)	465,375
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	(274,024)	-	-	-	-	(274,024)	-	(274,024)
Fair value loss on available-for-sale financial assets	-	-	(53,128)	-	-	-	-	(53,128)	-	(53,128)
Exchange differences recognised directly in equity	-	-	-	22,766	-	-	-	22,766	-	22,766
Total comprehensive (expense)/income for the year	-	-	(327,152)	22,766	-	-	466,852	162,466	(1,477)	160,989
Balance as at 31 December 2015	287,800	854,611	221,309	30,754	15,992	8,760	663,321	2,082,547	-	2,082,547

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.

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V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

The interim financial statements are prepared in accordance with *MFRS 134: Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial statements also comply with *IAS 34: Interim Financial Reporting* issued by the International Accounting Standards Board (IASB).

The interim financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the year ended 31 December 2015.

2. Significant accounting policies

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2015, except for the adoption of the following standards, amendments and annual improvements to MFRSs with a date of initial application on 1 January 2016:

Description

MFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to MFRS 5	<i>Non-Current Assets Held For Sale and Discontinued Operations (Annual Improvements 2012 – 2014 Cycle)</i>
Amendments to MFRS 7	<i>Financial Instruments : Disclosures (Annual Improvements 2012 – 2014 Cycle)</i>
Amendments to MFRS 10, MFRS12 and MFRS 128	<i>Consolidated Financial Statements, Disclosures of Interests in Other Entities and Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception</i>
Amendments to MFRS 11	<i>Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements – Disclosure Initiative</i>
Amendments to MFRS 116 and MFRS 138	<i>Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to MFRS 116 and MFRS 141	<i>Property, Plant and Equipment and Agriculture – Agriculture: Bearer Plants</i>
Amendments to MFRS 119	<i>Employee Benefits (Annual Improvements 2012 – 2014 Cycle)</i>
Amendments to MFRS 127	<i>Separate Financial Statements – Equity Method in Separate Financial Statements</i>
Amendments to MFRS 134	<i>Interim Financial Reporting (Annual Improvements 2012 – 2014 Cycle)</i>

At the date of this report, the following standards, amendments and improvements were issued but are not yet effective and have not been adopted by the Group:

Description		Effective for annual periods beginning on or after
Amendments to MFRS 107	<i>Statement of Cash Flows – Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>	1 January 2017
Amendments to MFRS 112	<i>Income taxes – Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 1	<i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>	1 January 2018
Amendments to MFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
MFRS 9	<i>Financial Instruments (2014)</i>	1 January 2018
MFRS 15	<i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15	<i>Revenue from Contracts with Customers</i>	1 January 2018
IC Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
MFRS 128	<i>Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>	1 January 2018
MFRS 16	<i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128	<i>Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date yet to be confirmed by MASB

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2. Significant accounting policies (continued)

The Group will adopt the above standards, amendments and improvements when they became effective in the respective financial periods. These standards, amendments and improvements are not expected to have any material financial impact on the financial statements of the Group, except for MFRS 9, Financial Instruments, MFRS 15, Revenue from Contracts with Customers and MFRS 16, Leases. The Group is currently assessing the impact of adopting MFRS 9, MFRS 15 and MFRS 16.

3. Audit report in respect of the 2015 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2015 was not qualified.

4. Seasonal or cyclical factors

The Group's operations are not subject to any significant seasonal or cyclical factors.

5. Unusual items due to their nature, size or incidence

- a) On 29 April 2016, the Group disposed its entire equity stake in Campana Group Pte. Ltd. ("Campana") for a cash consideration of USD999,750. The said disposal resulted in a gain of approximately RM2.5 million to the Group.
- b) On 20 May 2016, the Group disposed 68,729,545 ordinary shares held in DiGi.Com Berhad ("DiGi") for a total cash consideration of approximately RM307.2 million at a price of RM4.47 per share via a private placement exercise to eligible third party institutional/sophisticated investors. Following the said disposal of DiGi shares held, the Group realised a fair value gain from available-for-sale reserve to profit and loss of RM157.4 million. Upon completion of the said disposal, the Group no longer holds any shares in DiGi.
- c) The construction of FASTER cable system ("FASTER") was successfully completed and was "Ready-for-Service" on 30 June 2016. Upon the completion of FASTER, the Group recognised the net difference between the proceeds from the pre-sale and the portion of carrying amount of the submarine cable system sold, amounting to RM5.4 million in profit and loss (i.e. as a gain on disposal of property, plant and equipment). The Group had pre-sold a portion of the said submarine cable system prior to its completion and the proceeds received therefrom had previously been accounted for as deferred income in the statement of financial position.
- d) The construction of Asia-Pacific Gateway cable system ("APG") was successfully completed and was "Ready-for-Service" on 28 October 2016. Upon the completion of APG, the Group will now have the ability to connect Malaysia to Japan and Hong Kong as well as to Mainland China, Korea, Vietnam, Thailand, Taiwan and Singapore.

Other than as disclosed above or elsewhere in this report, there were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period/year.

6. Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have material effect in the current period.

7. Debt and equity securities

On 29 July 2016, TIME dotCom Berhad vested and issued 2,694,165 ordinary shares of RM0.50 each in the Company to eligible employees under the Annual Restricted Share Plan and Annual Performance Share Plan portion of the Company's Share Grant Plan ("SGP"). The closing share price on vesting date was RM7.52 per share. The vesting of the shares under the SGP were subject to the Group achieving certain financial targets and upon the eligible employees meeting the minimum grading criteria in accordance with the performance management system adopted by the Group.

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter ended 31 December 2016.

8. Dividend

On 31 March 2016, the Group paid an interim tax exempt (single tier) dividend of 6.70 sen per ordinary share in respect of the financial year ended 31 December 2015.

On 30 September 2016, the Group paid a special interim tax exempt (single tier) dividend of 13.30 sen per ordinary share for the financial year ended 31 December 2016.

The Directors declared on 28 February 2017, an interim ordinary and a special interim tax exempt (single tier) dividend of 6.60 sen and 10.70 sen per ordinary share respectively for the financial year ended 31 December 2016, which will be paid on 31 March 2017.

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9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Operating Revenue				
Voice	21,659	19,281	85,497	76,493
Data	173,240	133,519	581,483	524,615
Data Centre	25,229	19,760	94,732	76,648
Others	1,457	960	5,228	4,608
	221,585	173,520	766,940	682,364
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment	(26,535)	(23,781)	(93,462)	(93,218)
Other operating expenses	(137,272)	(121,857)	(497,357)	(459,267)
Other operating income (net)	9,138	4,969	22,981	40,770
Profit from operations	66,916	32,851	199,102	170,649
Investment income	3,586	5,242	15,293	32,703
Realisation of fair value gain from available- for-sale reserve to profit or loss	-	-	157,390	274,024
Finance expense	(1,565)	(1,650)	(5,508)	(6,607)
Share of profit from equity-accounted investments, net of tax	1,206	130	2,140	25
Profit before income tax	70,143	36,573	368,417	470,794
Geographical locations				
Operating Revenue				
Within Malaysia	198,997	160,229	727,997	622,553
Outside Malaysia	22,588	13,291	38,943	59,811
	221,585	173,520	766,940	682,364

10. Valuation of Property, Plant and Equipment

There were no material changes to the valuation of property, plant and equipment since the financial year ended 31 December 2015.

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11. Material events subsequent to the end of the current financial quarter

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 December 2016 to 22 February 2017 (being the latest practicable date) that will have a substantial effect on the financial results of the Group.

12. Changes in the composition of the Group during the financial year ended 31 December 2016

- a) On 29 January 2016, the Group acquired 5,794,800 ordinary shares in CMC Telecommunication Infrastructure Corporation ("CMC Telecom") for a cash consideration of VND 231.79 billion.
- b) On 16 February 2016, the Group acquired a further 377,000 ordinary shares in CMC Telecom for a cash consideration of VND 13.20 billion.
- c) On 25 March 2016, the Group acquired an additional 414,824 ordinary shares in CMC Telecom for a cash consideration of VND 14.52 billion.
- d) On 13 April 2016, the Group acquired another 79,500 ordinary shares in CMC Telecom for a cash consideration of VND2.83 billion. The above acquisitions collectively increased the Group's effective ownership interest in CMC Telecom to 45.27%.
- e) On 29 April 2016, the Group disposed its entire equity stake in Campana for a cash consideration of USD999,750. The said disposal resulted in a gain of approximately RM2.5 million to the Group.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2015.

14. Capital commitments

	As at 31/12/2016 RM'000
Property, plant and equipment	
a) Approved and contracted but not provided for in the financial statements	229,054
b) Approved but not contracted for	23,117

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The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate fair values due to the relatively short term nature of these financial instruments. Accordingly, the fair values and level of the fair value hierarchy have not been presented for these financial instruments.

Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical financial assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liabilities, either directly or indirectly
- Level 3 – Inputs for the financial asset or liabilities that are not based on observable market data

The table below analyses financial instruments carried at fair value and financial instruments not carried at fair value for which fair value and carrying value is disclosed.

	←-----Total fair value/carrying value ----->			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2016				
Financial instruments carried at fair value:				
Financial assets				
Other unquoted investments	-	-	9,247	9,247
	-	-	9,247	9,247
Financial instruments not carried at fair value:				
Financial liabilities				
Term loans	-	-	173,207	173,207
Finance lease liabilities	-	-	2,250	2,250
	-	-	175,457	175,457
	-	-	175,457	175,457
	←-----Total fair value/carrying value ----->			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2015				
Financial instruments carried at fair value:				
Financial assets				
Investment in quoted shares	371,140	-	-	371,140
Other unquoted investments	-	-	6,319	6,319
	371,140	-	6,319	377,459
	371,140	-	6,319	377,459
Financial instruments not carried at fair value:				
Financial liabilities				
Term loans	-	-	141,180	141,180
Finance lease liabilities	-	-	6,610	6,610
	-	-	147,790	147,790
	-	-	147,790	147,790

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16. Income tax

The income tax expense for the Group for current quarter and financial year ended 31 December 2016 was made up as follows:

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current year	(661)	1,183	4,410	6,758
- (Over)/under provision in prior years	(2)	118	(230)	(186)
	(663)	1,301	4,180	6,572
Deferred tax:				
- Current year	53,524	35,474	54,068	35,607
- Under provision in prior year	443	386	556	386
- Recognition of previously unrecognised temporary differences	(97,705)	(37,146)	(97,705)	(37,146)
	(43,738)	(1,286)	(43,081)	(1,153)
Total	(44,401)	15	(38,901)	5,419

The effective tax rate of the Group for the current and preceding year corresponding quarters and financial year-to-date are lower than the statutory tax rate of 24% and 25% respectively principally due to certain non-taxable income and utilisation of unabsorbed capital allowances and tax losses available to the Group. The lower effective tax rate is also due to the lower tax rates prevailing in some of the jurisdictions/countries in which the Group operates and the recognition of previously unrecognised temporary differences.

17. Status of corporate proposals not completed as at the latest practicable date

There are no corporate proposals, which have been announced but not completed as at 22 February 2017, being the latest practicable date.

18. Investments in quoted securities

There were no acquisitions or disposals of any quoted securities other than the disposals of 68,729,545 DiGi shares on 20 May 2016, for a total cash consideration of approximately RM307.2 million at a price of RM4.47 per share via a private placement exercise to eligible third party institutional/sophisticated investors. Please refer to Note 5 for further details of the said disposal of DiGi shares. Pursuant to the said disposal of DiGi shares, the Group no longer holds any investments in quoted securities.

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19. Loans and Borrowings

The loans and borrowings as at 31 December 2016 are as follows:

	Amount repayable in one year or on demand	Amount repayable after one year	Total
	RM'000	RM'000	RM'000
Secured:			
Finance lease liabilities in RM	2,250	-	2,250
Loans and borrowings			
- Denominated in RM	3,549	25,954	29,503
- Denominated in USD	-	143,704	143,704
	5,799	169,658	175,457

20. Off Balance Sheet financial instruments

The cash and cash equivalents of the Group, as at 31 December 2016, do not include bank balances amounting to RM12,856,000 (31.12.2015: RM10,346,000) held by the Group in trust for consortium members of the Asia Pacific Gateway submarine cable project to pay the supplier under the terms of supply contract.

Other than as stated above, the Group does not have any off balance sheet financial instruments as at the date of this quarterly report.

21. Material litigation

The Company and its subsidiaries have no outstanding material litigation as at 22 February 2017, being the latest practicable date.

22. Comparison between the current quarter ("Q4 2016") and the immediate preceding quarter ("Q3 2016")

The Group's consolidated revenue increased by RM26.9 million or 13.8% to RM221.6 million in the current quarter when compared to Q3 2016. One-off revenues from Indefeasible Rights of Use ("IRU") and other non-recurring sale contracts in Q4 2016 amounted to RM28.1 million compared to only RM15.7 million (which also included RM3.3 million non-recurring revenues from data centre sales) in the previous quarter. In addition to the said growth in IRU and non-recurring revenues, the Group also recorded a RM14.5 million or 8.1% quarter-on-quarter ("Q-o-Q") increase in non-IRU revenues in Q4 2016. The Group's non-IRU revenue growth had been led mainly by growth in recurring data revenues spurred by the very encouraging results from broadband sales to home users via the Group's TIME Fibre Home Broadband service. Revenue from retail customers alone grew 31.0% Q-o-Q in Q4 2016. Data centre revenues (excluding the RM3.3 million non-recurring sale contract recorded in Q3 2016) would have recorded a growth of RM2.5 million or 10.9% in the current quarter. The overall increase in consolidated revenues were, however, marginally impacted by a nominal decline in voice revenues of RM0.4 million or 1.9% during the period.

The Group reported a consolidated pre-tax profit of RM70.1 million in Q4 2016 which is 21.3% higher than the pre-tax profit of RM57.8 million in Q3 2016. The RM12.3 million increase in consolidated pre-tax profit in Q4 2016 can be attributed mainly to the following:

- a) higher overall revenues, particularly from recurring data and higher margin IRU sales;
- b) higher net foreign exchange gain of RM14.5 million compared to RM2.7 million in Q3 2016;
- c) higher net gain on disposal of property, plant and equipment of RM1.8 million in the quarter (Q3 2016: RM0.7 million);

despite higher subscriber acquisition costs arising from the rapid growth in home broadband services to retail customers, higher provisions made for staff related incentives, a RM5.8 million impairment of property, plant and equipment, higher depreciation of RM3.4 million and a higher interest expense coupled with lower interest income in Q4 2016.

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23. Review of performance for the current quarter and year-to-date

(a) Current quarter (“Q4 2016”) versus preceding year corresponding quarter (“Q4 2015”)

The Group recorded a consolidated revenue of RM221.6 million in Q4 2016, which is RM48.1 million or 27.7% higher than the consolidated revenue recorded in Q4 2015 of RM173.5 million. All core product segments recorded strong growth in Q4 2016 when compared to the previous year corresponding quarter. One-off revenues from IRU sales and non-recurring contracts accounted for RM28.1 million revenue in Q4 2016 (Q4 2015: RM17.3 million). Excluding the one-off revenues from IRU and non-recurring contract sales, the Group would have still recorded a growth of RM37.3 million or 23.9% year-on-year (“Y-o-Y”) basis. The growth in recurring data revenues (i.e. excluding IRU sales) in Q4 2016 had been driven by strong demand from the Group’s wholesale, enterprise as well as retail customers.

The Group recorded a current quarter consolidated pre-tax profit of RM70.1 million which is 91.5% higher than the pre-tax profit recorded in Q4 2015 of RM36.6 million. The increased of Group’s Q4 2016 pre-tax results was due to the following:

- a) higher overall revenues from all core product segments, particularly from higher margin IRU sales;
- b) a higher net gain on foreign exchange of RM14.5 million in the current quarter (Q4 2015: RM3.6 million);
- c) higher net gain on disposal of property, plant and equipment of RM1.8 million in the quarter;
- d) higher interest income of RM3.6 million in Q4 2016 (Q4 2015: RM1.7 million);

offset by higher subscriber acquisition costs arising from rapid growth in deployment of home broadband services to retail customers, higher depreciation charge, impairment of property, plant and equipment and no dividend income in Q4 2016.

(b) Twelve months period ended 31 December 2016 (“12M 2016”) versus twelve months period ended 31 December 2015 (“12M 2015”)

The Group reported a 12.4% increase in consolidated revenue in 12M 2016 when compared against the RM682.4 million consolidated revenue recorded in 12M 2015, despite recording lower one-off revenues from IRU sales and non-recurring contracts of RM50.1 million in the current year compared to the RM72.4 million one-off revenues recorded in 12M 2015. Excluding the one-off revenues from IRU sales and non-recurring contracts, overall revenues during the year would have shown a 17.5% increase when compared to similarly adjusted revenues in the preceding year. This increase is attributed to higher revenues recorded from all core product segments, led by an RM82.6 million or 18.3% increase in data revenues followed by a 19.3% increase in data centre revenues. Voice revenues also contributed to the growth in Y-o-Y revenues by growing 11.8% in 12M 2016. Strong sales growth had been recorded in all major customer groups during the year.

The Group recorded a consolidated pre-tax profit of RM368.4 million in 12M 2016 (12M 2015: RM470.8 million). Included in both 12M 2016 and 12M 2015 results were the realisation of fair value gain from available-for-sale reserve of RM157.4 million and RM274.0 million respectively arising from the disposal of DiGi shares. The Group also recorded a net gain on foreign exchange of RM9.3 million and RM35.4 million in 12M 2016 and 12M 2015 respectively. Excluding the said realisation of fair value gain from available-for-sale reserve, corresponding dividend income from the DiGi shares of RM3.4 million in 12M 2016 (12M 2015: RM21.6 million) as well as the said impact of foreign exchange from both years, the Group would have reported an adjusted consolidated profit before tax of RM198.4 million in 12M 2016, which is an increase of RM58.7 million or 42.0%, as compared to the similarly adjusted 12M 2015 consolidated profit before tax of RM139.7 million. The improvement in the Group’s results in 12M 2016 is mainly attributable to the following:

- a) strong revenue growth from all core product segments (despite a decline in one-off revenues from IRU sales and non-recurring contracts) on the back of improved cost efficiencies;
- b) RM5.4 million gain from the pre-sales of FASTER cable system in 12M 2016;
- c) a gain of RM2.5 million from the disposal of the Group’s investment in Campana;
- d) increased share of profits from the Group’s equity accounted investments of RM2.1 million (12M 2015: RM25,000); and
- e) lower interest expense in 12M 2016;

offset by higher subscriber acquisition costs and increased provisions for staff related incentives in 12M 2016.

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24. Profit before income tax

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after (charging)/crediting:				
Depreciation and amortisation of property, plant and equipment	(26,535)	(23,781)	(93,462)	(93,218)
Amortisation of borrowing costs	(353)	(158)	(1,015)	(587)
Interest expense	(1,212)	(1,492)	(4,493)	(6,020)
Interest income	3,586	1,737	11,925	11,053
Dividend income from quoted equity investment in Malaysia	-	3,505	3,368	21,650
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	157,390	274,024
Rental income	40	54	198	221
Bad debt recovered	319	111	417	465
Net gain on foreign exchange	14,451	3,602	9,292	35,416
Net allowance for doubtful debts	(1,253)	(849)	(3,178)	(2,966)
Net gain on disposal of property, plant and equipment	1,783	8	7,358	2,434
Write off of property, plant and equipment	(325)	(4,375)	(414)	(4,441)
Net impairment of property, plant and equipment	(5,771)	-	(5,771)	-
Net (impairment)/reversal of outstanding construction deposits	(348)	1,446	(348)	1,446
Net impairment of outstanding rental deposits	-	(14)	-	(14)
Gain on disposal of equity-accounted investment	-	-	2,477	-

Other than as disclosed above, there were no other gains/losses on disposal or impairment of quoted and unquoted securities, investments, properties and/or derivatives included in the results for the current quarter and preceding year corresponding quarter.

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25. Prospects

The Group expects 2017 to bring new expansion and growth opportunities both at home and in the ASEAN region. In Malaysia, the Group will continue to leverage on its strengths to gain further market share by delivering a fast, reliable and high quality network experience, and by improving its product and solution offerings. The Group will also expand and strengthen its underlying fibre network and coverage footprints, whilst maintaining prudent financial management. Internationally, the Group will continue to be on the lookout for new investment opportunities within the telecommunications and related sectors as part of its strategy to expand outside Malaysia.

The Group is also looking forward to the completion of the Asia-Africa-Europe 1 Cable System (“AAE-1”), which is expected to become operational in 2017. AAE-1, which extends the Group’s network reach to Europe, is expected to open new markets and opportunities for the Group. Whilst the said submarine cable initiative is capital intensive and may result in some profit margin compression for the Group in the early periods upon completion, it is, however, necessary to ensure continued revenue growth in the future and is expected to benefit the Group strategically in the longer term.

The results of the Group in 2017 are expected to be satisfactory.

26. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in any public document.

27. Earnings per share (“EPS”)

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Basic EPS:				
Weighted average number of shares in issue ('000)	578,295	575,600	576,745	574,672
Profit for the period/year attributable to owners of the Company (RM'000)	114,544	35,804	407,318	466,852
Basic EPS	19.81 sen	6.22 sen	70.62 sen	81.24 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	578,295	575,600	576,745	574,672
Effect of CEO share options	4,400	2,847	3,980	909
Weighted average number of shares in issue ('000) (Diluted)	582,695	578,447	580,725	575,581
Profit for the period/year attributable to owners of the Company (RM'000)	114,544	35,804	407,318	466,852
Diluted EPS	19.66 sen	6.19 sen	70.14 sen	81.11 sen

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28. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of retained earnings of the Group as at the reporting date, into realised and unrealised profits, as disclosed pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	As at 31/12/2016 RM'000	As at 31/12/2015 RM'000
Total retained earnings of the Group		
- Realised	674,426	420,345
- Unrealised	280,735	242,976
Total retained earnings	955,161	663,321

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

By Order of the Board

MISNI ARYANI MUHAMAD
(LS 0009413)
Secretary

Selangor
28 February 2017