

# Quarterly rpt on consolidated results for the financial period ended 31 Mar 2017

## TIME DOTCOM BERHAD

Financial Year End	31 Dec 2017
Quarter	1 Qtr
Quarterly report for the financial period ended	31 Mar 2017
The figures	have not been audited

### Attachments

TdC-1st Qtr Financial Results-31-3-2017.pdf  
617.1 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

### SUMMARY OF KEY FINANCIAL INFORMATION 31 Mar 2017

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RM'000	RM'000	RM'000	RM'000
1 Revenue	218,418	175,197	218,418	175,197
2 Profit/(loss) before tax	55,514	39,308	55,514	39,308
3 Profit/(loss) for the period	53,048	37,596	53,048	37,596
4 Profit/(loss) attributable to ordinary equity holders of the parent	53,048	37,596	53,048	37,596
5 Basic earnings/(loss) per share (Subunit)	9.17	6.53	9.17	6.53
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity		3.7000		3.7700

**holders of the  
parent (\$\$)**

Definition of Subunit:

*In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.  
Example for the subunit as follows:*

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

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**Announcement Info**

<b>Company Name</b>	TIME DOTCOM BERHAD
<b>Stock Name</b>	TIMECOM
<b>Date Announced</b>	31 May 2017
<b>Category</b>	Financial Results
<b>Reference Number</b>	FRA-25052017-00013



**TIME DOTCOM BERHAD**  
**(413292-P)**  
**Incorporated in Malaysia**

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

THE FIGURES HAVE NOT BEEN AUDITED

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2017 RM'000	Preceding year corresponding quarter 31/3/2016 RM'000	Three months to 31/3/2017 RM'000	Three months to 31/3/2016 RM'000
Operating revenue	218,418	175,197	218,418	175,197
Operating expenses				
- depreciation and amortisation of property, plant and equipment	(26,999)	(21,763)	(26,999)	(21,763)
- other operating expenses	(139,872)	(117,982)	(139,872)	(117,982)
Other operating income (net)	1,249	293	1,249	293
<b>Profit from operations</b>	<b>52,796</b>	<b>35,745</b>	<b>52,796</b>	<b>35,745</b>
Investment income	3,764	5,241	3,764	5,241
Finance expense	(2,034)	(1,589)	(2,034)	(1,589)
Share of profit/(loss) from equity-accounted investments, net of tax	988	(89)	988	(89)
<b>Profit before income tax</b>	<b>55,514</b>	<b>39,308</b>	<b>55,514</b>	<b>39,308</b>
Income tax expense	(2,466)	(1,712)	(2,466)	(1,712)
<b>Profit for the period attributable to owners of the Company</b>	<b>53,048</b>	<b>37,596</b>	<b>53,048</b>	<b>37,596</b>
<b>Other comprehensive income/(loss):</b>				
Foreign currency translation differences for foreign operations	(2,301)	(8,333)	(2,301)	(8,333)
Fair value loss on available-for-sale financial assets	-	(31,615)	-	(31,615)
Other comprehensive loss for the period	(2,301)	(39,948)	(2,301)	(39,948)
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>	<b>50,747</b>	<b>(2,352)</b>	<b>50,747</b>	<b>(2,352)</b>
<b>Earnings per share (based on weighted average number of ordinary shares)</b>				
- Basic	9.17	6.53	9.17	6.53
- Diluted	9.09	6.49	9.09	6.49

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 2016.



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**II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Unaudited As at 31/3/2017	Audited As at 31/12/2016
	RM'000	RM'000
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	1,375,753	1,360,361
Intangible assets	213,959	213,959
Investments in equity-accounted investments	112,237	111,249
Other investments	11,678	9,247
Deferred tax assets	259,981	259,359
Trade and other receivables	9,812	9,929
	<u>1,983,420</u>	<u>1,964,104</u>
Current assets		
Tax recoverable	3,962	3,715
Trade and other receivables	291,359	264,449
Restricted cash	7,754	8,733
Cash and cash equivalents	410,793	506,299
	<u>713,868</u>	<u>783,196</u>
<b>Total assets</b>	<u><b>2,697,288</b></u>	<u><b>2,747,300</b></u>
<b>EQUITY AND LIABILITIES</b>		
Equity		
Share capital	1,154,732	289,147
Reserves	984,497	1,893,746
<b>Total equity attributable to owners of the Company</b>	<u><b>2,139,229</b></u>	<u><b>2,182,893</b></u>
Non-current liabilities		
Loans and borrowings	158,079	169,658
Trade and other payables	12,139	49,504
Deferred tax liabilities	11,991	10,209
	<u>182,209</u>	<u>229,371</u>
Current liabilities		
Loans and borrowings	15,514	5,799
Trade and other payables	358,553	327,920
Provision for tax	1,783	1,317
	<u>375,850</u>	<u>335,036</u>
<b>Total liabilities</b>	<u><b>558,059</b></u>	<u><b>564,407</b></u>
<b>Total equity and liabilities</b>	<u><b>2,697,288</b></u>	<u><b>2,747,300</b></u>
<b>Net assets per share attributable to ordinary owners of the Company</b>	<u><b>RM3.70</b></u>	<u><b>RM3.77</b></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 2016.



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**III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Unaudited Three months to 31/3/2017 RM'000	Unaudited Three months to 31/3/2016 RM'000
<b>Operating Activities</b>		
Cash receipts from customers	205,905	218,187
Transfer from/(to) restricted cash and bank balances	979	(940)
Cash payments to suppliers	(84,528)	(64,136)
Cash payments to employees and for administrative expenses	(56,581)	(44,874)
<b>Cash generated from operations</b>	<b>65,775</b>	<b>108,237</b>
Tax paid	(1,087)	(2,294)
Tax refund	-	240
<b>Net cash generated from operating activities</b>	<b>64,688</b>	<b>106,183</b>
<b>Investing Activities</b>		
Acquisition of property, plant and equipment	(54,900)	(89,963)
Proceeds from sale on other investments	-	(1,551)
Acquisition of other investments	(2,431)	-
Investment in equity-accounted investments	-	(48,015)
Investment income received	3,582	4,943
<b>Net cash used in investing activities</b>	<b>(53,749)</b>	<b>(134,586)</b>
<b>Financing Activities</b>		
Proceeds from term loans and other borrowings	-	36,956
Repayment of term loans and other borrowings	-	(5,857)
Advance to equity accounted investee	(1,162)	-
Repayment of finance lease liabilities	(546)	(1,072)
Finance charges paid	(1,685)	(1,435)
Dividend paid	(100,045)	(38,565)
<b>Net cash used in financing activities</b>	<b>(103,438)</b>	<b>(9,973)</b>
<b>Net change in Cash and Cash Equivalents</b>	<b>(92,499)</b>	<b>(38,376)</b>
Effect of exchange rate fluctuations on cash held	(3,007)	(2,381)
Cash and Cash Equivalents as at beginning of financial period	506,299	242,494
<b>Cash and Cash Equivalents as at end of financial period</b>	<b>410,793</b>	<b>201,737</b>
	Note (a)	
<b>Note:</b>		
<b>(a) Cash and Cash Equivalents comprise the following amounts:</b>		
Cash and bank balances	107,631	55,668
Deposits with licensed banks	310,916	157,768
	<b>418,547</b>	<b>213,436</b>
Restricted cash	(7,754)	(11,699)
	<b>410,793</b>	<b>201,737</b>

Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.



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**IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	←----- Non-distributable -----→				←----- Distributable -----→			Total equity, attributable to owners of the Company
	Share Capital	Share Premium	Available- for-Sale Reserve	Foreign Currency Translation Reserve	Share Grant/ Option Reserves	Capital Reserve	Retained Earnings	
<b>Three months to 31 March 2017 (unaudited)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2017	289,147	865,585	-	37,380	26,860	8,760	955,161	2,182,893
Transfer in accordance with Section 618(2) of Companies Act 2016 (Note a)	865,585	(865,585)	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(8,760)	(91,285)	(100,045)
Employee share grant plan/option scheme	-	-	-	-	5,634	-	-	5,634
Profit for the period	-	-	-	-	-	-	53,048	53,048
Exchange differences recognised directly in equity	-	-	-	(2,301)	-	-	-	(2,301)
Total comprehensive (expense)/income for the period	-	-	-	(2,301)	-	-	53,048	50,747
<b>Balance as at 31 March 2017</b>	<b>1,154,732</b>	<b>-</b>	<b>-</b>	<b>35,079</b>	<b>32,494</b>	<b>-</b>	<b>916,924</b>	<b>2,139,229</b>

	←----- Non-distributable -----→				←----- Distributable -----→			Total equity, attributable to owners of the Company
	Share Capital	Share Premium	Available- for-Sale Reserve	Foreign Currency Translation Reserve	Share Grant/ Option Reserves	Capital Reserve	Retained Earnings	
<b>Three months to 31 March 2016 (unaudited)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2016	287,800	854,611	221,309	30,754	15,992	8,760	663,321	2,082,547
Dividend paid	-	-	-	-	-	-	(38,565)	(38,565)
Employee share grant plan/option scheme	-	-	-	-	4,179	-	-	4,179
Profit for the period	-	-	-	-	-	-	37,596	37,596
Fair value loss on available-for- sale financial assets	-	-	(31,615)	-	-	-	-	(31,615)
Exchange differences recognised directly in equity	-	-	-	(8,333)	-	-	-	(8,333)
Total comprehensive (expense)/income for the period	-	-	(31,615)	(8,333)	-	-	37,596	(2,352)
<b>Balance as at 31 March 2016</b>	<b>287,800</b>	<b>854,611</b>	<b>189,694</b>	<b>22,421</b>	<b>20,171</b>	<b>8,760</b>	<b>662,352</b>	<b>2,045,809</b>

**Note a:**

In accordance with Section 618 of Companies Act, 2016, any amount outstanding to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit.

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 2016.

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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 2016. 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 2016.

**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 2016, except for the adoption of the following standards, amendments and annual improvements to MFRSs with a date of initial application on 1 January 2017:

**Description**

Amendments to MFRS 107	<i>Statement of Cash Flows – Disclosure Initiative</i>
Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)</i>
Amendments to MFRS 112	<i>Income taxes – Recognition of Deferred Tax Assets for Unrealised Losses</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 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
Amendments to MFRS 4	<i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 140	<i>Investment Property – Transfer of Investment Property</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
Amendments to 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 2016 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2016 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**

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.

**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**

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 March 2017.

**8. Dividend**

On 31 March 2017, the Group paid an interim ordinary and a special interim tax exempt (single tier) dividend of 6.60 sen and 10.70 sen per ordinary share respectively in respect of the financial year ended 31 December 2016.





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**9. Segmental Reporting**

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2017	31/3/2016	31/3/2017	31/3/2016
	RM'000	RM'000	RM'000	RM'000
Operating Revenue				
Voice	21,042	20,202	21,042	20,202
Data	169,560	131,472	169,560	131,472
Data Centre	26,664	22,344	26,664	22,344
Others	1,152	1,179	1,152	1,179
	<u>218,418</u>	<u>175,197</u>	<u>218,418</u>	<u>175,197</u>
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment	(26,999)	(21,763)	(26,999)	(21,763)
Other operating expenses	(139,872)	(117,982)	(139,872)	(117,982)
Other operating income (net)	1,249	293	1,249	293
<b>Profit from operations</b>	<b>52,796</b>	<b>35,745</b>	<b>52,796</b>	<b>35,745</b>
Investment income	3,764	5,241	3,764	5,241
Finance expense	(2,034)	(1,589)	(2,034)	(1,589)
Share of profit from equity-accounted investments, net of tax	988	(89)	988	(89)
<b>Profit before income tax</b>	<b>55,514</b>	<b>39,308</b>	<b>55,514</b>	<b>39,308</b>
<b>Geographical locations</b>				
Operating Revenue				
Within Malaysia	189,967	171,978	189,967	171,978
Outside Malaysia	28,451	3,219	28,451	3,219
	<u>218,418</u>	<u>175,197</u>	<u>218,418</u>	<u>175,197</u>

**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 2016.



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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 March 2017 to 29 May 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 period ended 31 March 2017**

There were no changes in the composition of the Group during the three months period ended 31 March 2017.

**13. Contingent liabilities/assets**

There were no changes in the contingent liabilities or contingent assets since 31 December 2016.

**14. Capital commitments**

	As at 31/3/2017 RM'000
<b>Property, plant and equipment</b>	
a) Approved and contracted but not provided for in the financial statements	<u>228,735</u>
b) Approved but not contracted for	<u>32,807</u>

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**15. Fair value information**

The carrying amounts of cash and cash equivalents, 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
<b>31 March 2017</b>				
<b>Financial instruments carried at fair value:</b>				
<b>Financial assets</b>				
Other unquoted investments	-	-	11,678	11,678
<b>Financial instruments not carried at fair value:</b>				
<b>Financial liabilities</b>				
Term loans	-	-	171,880	171,880
Finance lease liabilities	-	-	1,713	1,713
	-	-	173,593	173,593



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**16. Income tax**

The income tax expense for the Group for current quarter and financial period ended 31 March 2017 was made up as follows:

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2017	31/3/2016	31/3/2017	31/3/2016
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current year	1,306	1,716	1,306	1,716
Deferred tax:				
- Current year	12,921	(4)	12,921	(4)
- Recognition of previously unrecognised temporary differences	(11,761)	-	(11,761)	-
	1,160	(4)	1,160	(4)
<b>Total</b>	<b>2,466</b>	<b>1,712</b>	<b>2,466</b>	<b>1,712</b>

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% 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**

On 7 March 2017, the Group announced a proposal to acquire 37% of the issued and paid-up ordinary shares in Symphony Communication Public Company Limited ("SYMC"), a publicly listed company on the Stock Exchange of Thailand via a conditional partial voluntary tender offer at an acquisition price of THB12.20 per SYMC share or a total of THB1,468,827,076. The Group had also entered into a share sale and purchase agreement ("SPA") with Dr Bussakorn Jaruwachirathanakul ("Seller") to acquire an additional 1.75% equity interest in SYMC (amounting to 5,694,389 SYMC Shares) ("Sale Shares"). The consideration for the Sale Shares is also THB12.20 per SYMC Share ("Share Acquisition Price") for a total of THB69,471,546. The Seller is the Executive Vice President - Finance and Accounting and a Director of SYMC. Both the abovementioned proposed acquisitions will be satisfied in cash to be funded by TIME via its existing cash on balance sheet and internally-generated funds and/or borrowings. Following the completion of both the proposed acquisitions, the Group will propose for SYMC to undertake a capital-raising exercise via a rights offering for approximately THB1,000 million. The Group is committed to participate in such rights offering for its pro rata portion, with the option of participating for a higher portion, subject to, at all times, complying with the 49% foreign shareholding limit in SYMC. The completion of the proposed acquisition is currently pending approvals from the relevant parties in both Thailand and Malaysia.

There are no other corporate proposals, which have been announced but not completed as at 29 May 2017, being the latest practicable date.

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**18. Loans and Borrowings**

The loans and borrowings as at 31 March 2017 are as follows:

	Amount repayable in one year or on demand	Amount repayable after one year	Total
	RM'000	RM'000	RM'000
<b>Secured:</b>			
Finance lease liabilities in RM	1,713	-	1,713
Loans and borrowings			
- Denominated in RM	5,437	24,122	29,559
- Denominated in USD	8,364	133,957	142,321
	15,514	158,079	173,593

**19. Off Balance Sheet financial instruments**

The cash and cash equivalents of the Group, as at 31 March 2017, do not include bank balances amounting to RM2,233,000 (31.12.2016: RM12,856,000) 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.

**20. Material litigation**

The Company and its subsidiaries have no outstanding material litigation as at 29 May 2017, being the latest practicable date.

**21. Comparison between the current quarter ("Q1 2017") and the immediate preceding quarter ("Q4 2016")**

The Group reported a consolidated revenue of RM218.4 million in the current quarter compared to a consolidated revenue of RM221.6 million in Q4 2016. The lower revenue in Q1 2017 was mainly due to lower one-off revenues from Indefeasible Rights of Use ("IRU") and other non-recurring sale contracts and lower voice revenues owing to lower usage during the current quarter. One-off revenues from IRU and other non-recurring sale contracts accounted for only RM25.0 million of total revenues in Q1 2017 compared to RM28.1 million in the previous quarter. Data centre revenues were, however, up by RM1.4 million or 5.7% on a quarter to quarter basis.

The Group's consolidated pre-tax profit in Q1 2017 was RM55.5 million which was 20.8% lower than the pre-tax profit of RM70.1 million in Q4 2016. The lower consolidated pre-tax profit recorded in Q1 2017 can be attributed mainly to the following:

- a) lower one-off revenues from IRU and other non-recurring sale contracts in Q1 2017;
- b) net foreign exchange loss of RM2.6 million in Q1 2017 compared to net foreign exchange gain of RM14.5 million in Q4 2016;
- c) higher interest expense of RM1.7 million in Q1 2017 compared to RM1.2 million in Q4 2016;
- d) lower net gain on disposal of property, plant and equipment of RM0.1 million in the current quarter (Q4 2016: RM1.8 million);

offset by the improved margins derived from recurring revenues and having no impairment of property, plant and equipment in Q1 2017 (Q4 2016: RM5.8 million).

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**22. Review of performance for the current quarter ("Q1 2017") versus preceding year corresponding quarter ("Q1 2016")**

The Group's reported consolidated revenue of RM218.4 million in Q1 2017 was RM43.2 million or 24.7% higher than the consolidated revenue recorded in Q1 2016 of RM175.2 million. All core product segments recorded solid growth in Q1 2017 when compared to the previous year corresponding quarter. One-off revenues from IRU and non-recurring sale contracts accounted for RM25.0 million of total revenue in Q1 2017 (Q1 2016: RM4.0 million). Excluding these one-off revenues from IRU and non-recurring sale contracts, the Group would have still recorded a growth of RM22.2 million or 13.0% on a year-on-year ("Y-o-Y") basis as the Group continued to see strong demand from all its core customer groups, led by retail customers.

The Group recorded a current quarter consolidated pre-tax profit of RM55.5 million which is 41.2% higher than the pre-tax profit recorded in Q1 2016 of RM39.3 million. The increase in the Group's Q1 2017 Y-o-Y pre-tax results was due mainly to the following:

- a) higher overall revenues from all core product segments, including from higher margin IRU sales;
- b) higher interest income of RM3.8 million in Q1 2017 compared to RM1.9 million in Q1 2016;
- c) lower net loss on foreign exchange of RM2.6 million (Q1 2016: RM8.1 million);
- d) improved share of profits from equity accounted investments in Q1 2017;

despite higher maintenance costs from the Group's new submarine cable systems, higher subscriber acquisition costs arising from increased sales to retail customers, higher depreciation charge and allowance for doubtful debts and no dividend income in Q1 2017 (Q1 2016: RM3.4 million).

**23. Profit before income tax**

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/3/2017 RM'000	Preceding year corresponding quarter 31/3/2016 RM'000	Three months to 31/3/2017 RM'000	Three months to 31/3/2016 RM'000
<b>Group</b>				
<b>Profit before income tax is arrived at after (charging)/crediting:</b>				
Depreciation and amortisation of property, plant and equipment	(26,999)	(21,763)	(26,999)	(21,763)
Amortisation of borrowing costs	(343)	(156)	(343)	(156)
Interest expense	(1,691)	(1,433)	(1,691)	(1,433)
Interest income	3,764	1,873	3,764	1,873
Dividend income from quoted equity investment in Malaysia	-	3,368	-	3,368
Rental income	9	52	9	52
Bad debt recovered	62	39	62	39
Net loss on foreign exchange	(2,560)	(8,093)	(2,560)	(8,093)
Net allowance for doubtful debts	(822)	(2)	(822)	(2)
Net gain on disposal of property, plant and equipment	119	-	119	-
Net reversal of outstanding construction deposits	13	-	13	-

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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**24. Prospects**

In Malaysia, the Group will 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. The Group continues to be encouraged by the potential of its TIME Fibre Home Broadband offerings and will look into opportunities to further tap into this market segment.

The Group is also on the lookout for new investment opportunities within the telecommunications and related sectors in the ASEAN region, as part of its plan to expand outside Malaysia. In line with this strategy, the Group announced its proposed investment into SYMC in Thailand (see Note 17 for further details). The proposed SYMC investment, which should complete before the end of 2017, is expected to further enhance the Group's network footprint in Thailand upon completion.

The Group is 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 Group continues to remain vigilant of the changing trends in all the segments it operates in.

**25. Profit Forecast and Profit Guarantee**

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

**26. Earnings per share ("EPS")**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2017	31/3/2016	31/3/2017	31/3/2016
<b>Basic EPS:</b>				
Weighted average number of shares in issue ('000)	578,295	575,600	578,295	575,600
Profit for the period attributable to owners of the Company (RM'000)	53,048	37,596	53,048	37,596
<b>Basic EPS</b>	<b>9.17 sen</b>	<b>6.53 sen</b>	<b>9.17 sen</b>	<b>6.53 sen</b>
<b>Diluted EPS:</b>				
Weighted average number of shares in issue ('000) (Basic)	578,295	575,600	578,295	575,600
Effect of CEO share options	5,392	3,256	5,392	3,256
Weighted average number of shares in issue ('000) (Diluted)	583,687	578,856	583,687	578,856
Profit for the period attributable to owners of the Company (RM'000)	53,048	37,596	53,048	37,596
<b>Diluted EPS</b>	<b>9.09 sen</b>	<b>6.49 sen</b>	<b>9.09 sen</b>	<b>6.49 sen</b>



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**27. 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 31/3/2017 RM'000	As at 31/12/2016 RM'000
Total retained earnings of the Group		
- Realised	670,706	674,426
- Unrealised	246,218	280,735
Total retained earnings	916,924	955,161

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**  
**31 May 2017**