2018

ANNUAL REPORT

Contents

Performance **Indicators**

REVENUE FY'18

RM983.4mil

(Pre-MFRS 15: RM1,017.4mil)

18%

(Pre-MFRS 15)
from
RM860.7mil
In FY'17

EBITDA FY'18

RM427.4mil

(Pre-MFRS 15: RM442.1mil)

49%

(Pre-MFRS 15)
from
RM297.2mil
In FY'17

OPERATING PROFIT FY'18

RM302.4mil

(Pre-MFRS 15: RM317.2mil)

73%

(Pre-MFRS 15)
from
RM183.1mil
In FY'17

TOTAL SHAREHOLDERS' EQUITY

RM2,519.7mil

(Pre-MFRS 15: RM2,489.8mil)

EPS

49.56 SEN

(Pre-MFRS 15: 53.13 SEN)

Corporate **Information**

Board of Directors

Abdul Kadir Md Kassim
Independent,
Non-Executive Director
(Chairman)

Elakumari Kantilal
Non-Independent,
Non-Executive Director

Ronnie Kok Lai Huat
Senior Independent,
Non-Executive Director

Hong Kean Yong
Independent,
Non-Executive Director

Mark Guy Dioguardi
Independent,
Non-Executive Director

Afzal Abdul Rahim
Non-Independent,
Executive Director
(Commander-in-Chief)

Patrick Corso
Non-Independent,
Executive Director

Lee Guan Hong
Non-Independent,
Executive Director

Audit Committee
Ronnie Kok Lai Huat (Chairman)
Elakumari Kantilal
Hong Kean Yong

Nomination And Remuneration Committee
Elakumari Kantilal (Chairman)
Ronnie Kok Lai Huat
Hong Kean Yong

Tender Committee
Elakumari Kantilal (Chairman)
Ronnie Kok Lai Huat
Hong Kean Yong
Mark Guy Dioguardi

Company Secretary
Misni Aryani Muhamad (LS 0009413)

Registered Office
Level 4, No.14
Jalan Majistret U1/26
HICOM Glenmarie Industrial Park
40150 Shah Alam
Selangor, Malaysia
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Fax : +603 5032 6063

Website
www.time.com.my

Share Registrar
Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial
Court, Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : +603 2692 4271
Fax : +603 2732 5388

Auditors
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Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor, Malaysia

Stock Exchange Listing
Main Market of Bursa Malaysia
Securities Berhad

Corporate **Structure**

TIME dotCom Berhad

Fixed Line

- **100%** TT dotCom Sdn Bhd
- **100%** Planet Tapir Sdn Bhd

Global Networks

- **100%** TIME dotCom Global Services Sdn Bhd (formerly known as Global Transit Communications Sdn Bhd)
- **100%** Global Transit Limited
- **100%** Global Transit 2 Limited
- **100%** Global Transit 3 Limited
- **100%** Global Transit 5 Limited
- **100%** Global Transit Singapore Pte Ltd
- **100%** Global Transit (Hong Kong) Pte Ltd
- **100%** TIME dotCom Japan K.K.

Data Centres

- **100%** AIMS Cyberjaya Sdn Bhd
- **100%** AIMS Data Centre Sdn Bhd
- **100%** AIMS Data Centre Pte Ltd

ASEAN

- **100%** TIME dotCom International Sdn Bhd
  - **100%** TIME dotCom (Cambodia) Co.,Ltd

Chairman's **Statement**

Dear Shareholders,

2018 proved to be a dynamic and challenging year. Globally, plummeting crude oil prices and various developments such as the US-China trade spat, the ongoing Brexit issue and other international events and macro-economic trends continued to impact the world.

Malaysia was not spared from the repercussions of a weakening global economy. Amidst weaker export performance, reduced investments and domestic consumption, gross domestic product ("GDP") growth moderated to just 4.7%, from the previous year's 5.9%.

Industry conditions for the telecommunications sector continued to test players as competition intensified amidst an increasingly mature market that is close to saturation point.

However, owing to the strategies that have put in place, TIME dotCom Berhad ("TIME" or "the Group") was able to sustain its competitive positioning while recording another year of healthy growth and progress.

THE YEAR IN REVIEW

2018 was a historic year that saw developments to the socio-political landscape of the country. This set in motion a ripple effect for the telecommunications industry, as there was a greater push for faster and cheaper broadband connectivity across the country.

We responded with the launch of our 1Gbps product along with refreshed plans for retail customers, both of which were game-changing firsts for Malaysia. All of our existing retail TIME customers were upgraded to faster speeds at no extra cost which is in line with our strategies for market leadership.

Our strategic focus in 2018 remained on expanding our business via strategic network rollouts, attractive marketing campaigns and unique product propositions. We continued to expand our network presence nationwide, which resulted in continued growth as evident across all segments of our customer base. Specifically, our Data segment has seen very encouraging year-on-year growth at 22% compared to the 15% as seen in the previous year.

We also further expanded our business internationally. I am pleased to share that we have established an operating presence in both Cambodia and Japan.

FINANCIAL HIGHLIGHTS

I am happy to share that on the back of stronger revenue contribution derived from core customer segments, Group revenue was 18% higher at RM1,017.4 million (Pre-MFRS 15) (FY2017: RM860.7 million).

On the back of improving revenue and continued cost efficiencies, Group profit before tax was 69% higher for the year at RM325.6 million (Pre-MFRS 15) (FY2017: RM193.1 million).

Data and Data Centre sales continued to achieve double-digit growth in 2018 at 22% and 18% (Pre-MFRS 15), respectively. Importantly, TIME continues to see growth in contribution from recurring revenue streams. We are progressively reducing our reliance on one-off revenue sources, which augurs well with our objective to achieve better business sustainability going forward.

For a more detailed analysis of our financial performance as well as business & operational highlights, please refer to the Management Discussion and Analysis section of this annual report.

Our strategic focus in 2018 remained on expanding our business via strategic network rollouts, attractive marketing campaigns and unique product propositions.

Data and Data Centre sales continued to achieve double-digit growth in 2018 at 22% and 18% (Pre-MFRS 15), respectively.

Interim ordinary dividend of 9.25 sen and special interim (single tier) dividend of 11.31 sen per ordinary share respectively for the financial year ended 31 December 2018.

SHAREHOLDER REWARDS

In line with our financial performance, TIME has paid out an interim ordinary and a special interim (single tier) dividend of 9.25 sen and 11.31 sen per ordinary share respectively for the financial year ended 31 December 2018.

The dividend declared and distributed is consistent with the Group's policy to pay shareholders up to 25% of normalised profit after tax and additional special interim dividend as a reward to shareholders for their loyalty and support to the Group.

ACKNOWLEDGEMENTS

On behalf of the Board, I thank the Ministry of Communications and Multimedia and the Malaysian Communications and Multimedia Commission for their counsel towards achieving a more advanced eco-system.

To our shareholders, who have shown us support as we navigate the rough waters, I extend a heartfelt thank you for the vote of confidence during this financial year.

To our employees, who have been a driving force behind TIME's continued growth and performance, you have my thanks for the continued professionalism, dedication and efforts.

Finally, I express my appreciation to my fellow Board members for their wise counsel and service on the respective Board Committees and to the senior Management for providing the strategic leadership that is powering the Group to continued progress.

ABDUL KADIR MD KASSIM
Chairman

Management **Discussion & Analysis**

TIME dotCom ("TIME" or "the Group") is a Malaysian-based telecommunications provider that delivers both domestic and global connectivity, data centre and managed services to its customers across ASEAN.

TIME™

Fixed Line	100% fibre optics-based domestic fixed-line telecommunications service provider.
Global Networks	International bandwidth provider with a global footprint.
Data Centres	Carrier-neutral data centre operator with world-class data storage facilities and ancillary services.
ASEAN	Strategic acquisitions/joint ventures/partnerships with telecommunications service providers and data centre businesses in ASEAN.

The Group's fibre optic network assets span across Malaysia, Singapore, Thailand, Vietnam and Cambodia. In addition, TIME owns four international submarine cable systems: UNITY, FASTER, Asia Pacific Gateway ("APG") and Asia-Africa-Europe-1 ("AAE-1").

TIME has distinguished itself as a leading carrier neutral data centre operator in Malaysia with its flagship data centre facility located in the heart of Kuala Lumpur. The Group also has a growing data centre presence in Singapore, Thailand and Vietnam through investments, directly or via associates, in those respective countries.

TIME's focus areas and telecommunications solutions

Telecom Segment

Fixed Line | Data Centre

Customer Segment

Wholesale, Enterprise | Retail

Assets

Data Centre, Fibre Optic (Terrestrial) | Fibre Optic (Subsea)

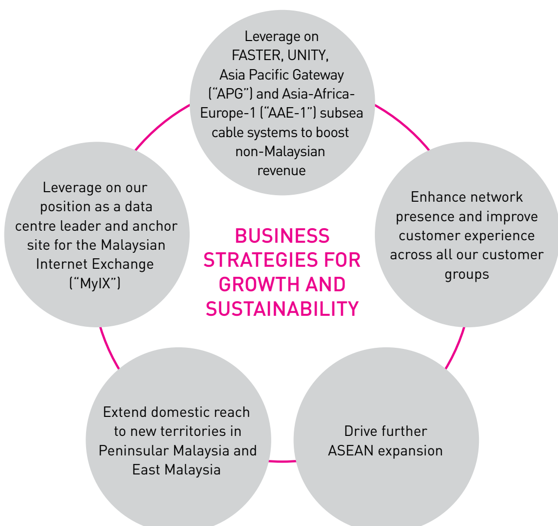
Services

Data, Internet | Cloud, Managed Services | Voice*

*Secondary Business Focus

Note: Wholesale refers to other telecom operators and Internet Service Providers, while Enterprise includes customers from the Banking, Financial Services, Multinational Corporations, Education, Hospitality, Logistics, Government, Manufacturing and Small Medium Enterprise sectors.

In securing its future and to continue creating value for stakeholders, the Group remains committed to pursuing the following key strategies and directives:



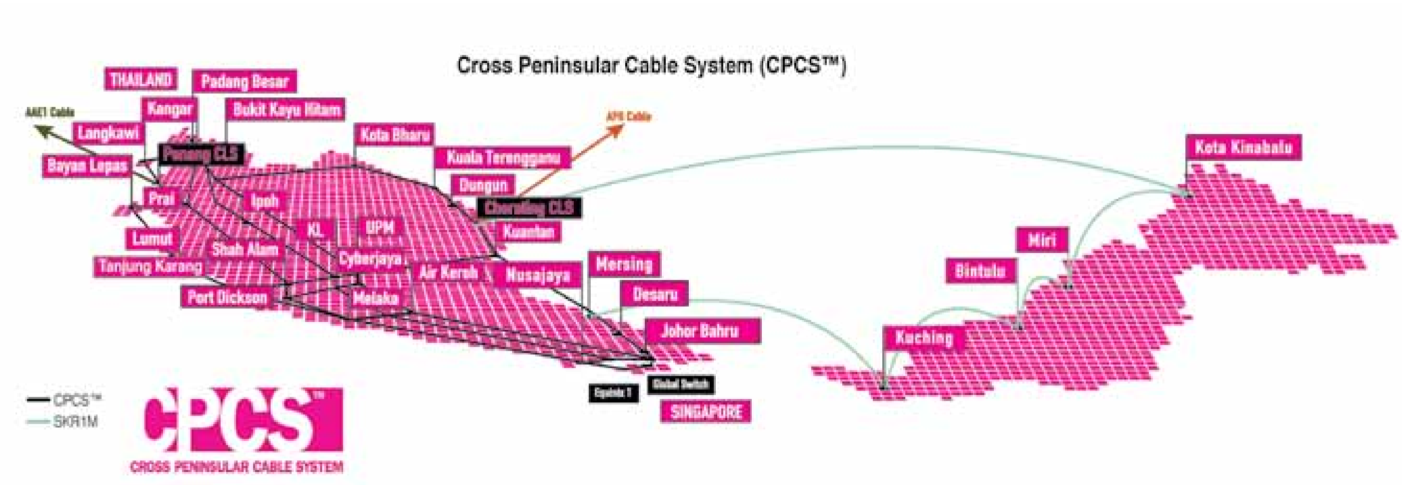
BUSINESS REVIEW

Fixed Line

For the financial year ended 31 December 2018 ("FY2018"), growth was achieved across all core customer groups. A key highlight was the launch of the 1Gbps TIME Fibre Home Broadband plan – the fastest and most competitively priced high-speed fibre home broadband plan in Malaysia.

The 100Mbps TIME Fibre Home Broadband plan is also the only fibre home broadband plan in the market to be offered nationally at below RM100 per month. Revenue from Retail customers grew by 61% in FY2018.

Expansion of TIME's network connectivity remains a focus and the Group is pleased to have seen a 35% year-on-year growth in premises passed with the Group now being able to serve more than 600,000 premises in Malaysia as of 31 December 2018. On the Enterprise front, the Group has continued to see encouraging progress and a year-on-year revenue growth of 10%.



Domestic wholesale revenue grew by 13% year-on-year with contributions mainly from sales of System Kabel Rakyat 1 Malaysia ("SKR1M') and from TIME's CPCS network.

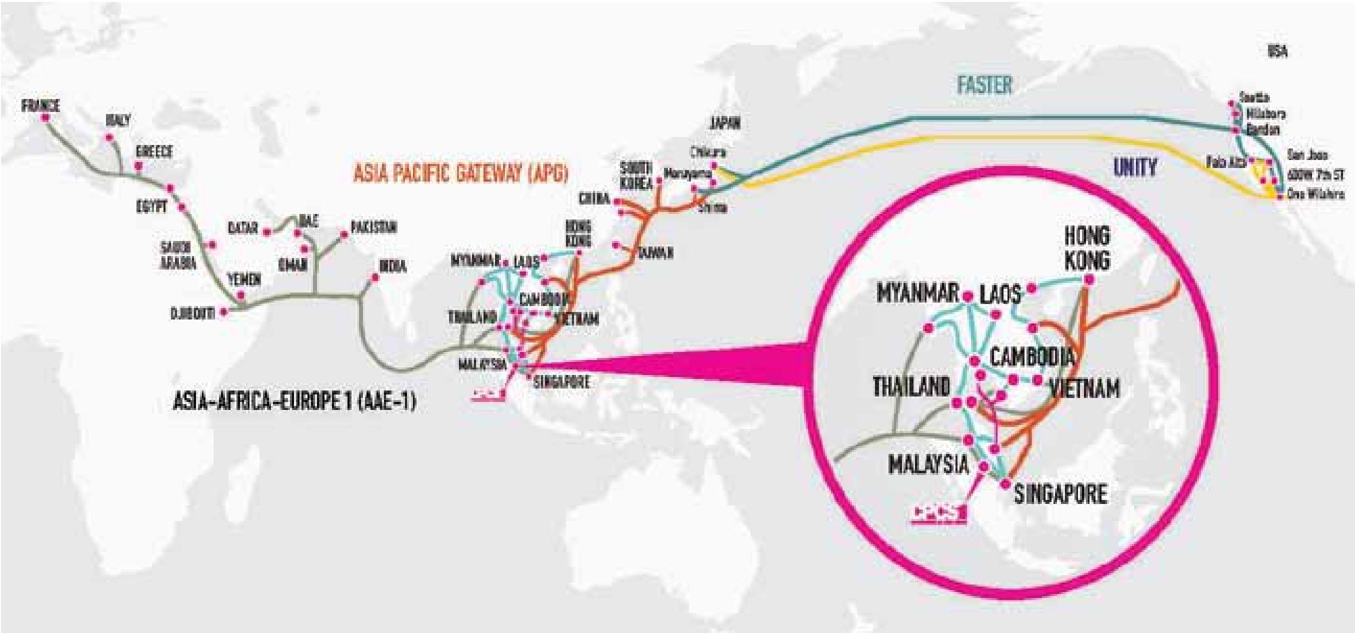
Moving forward, the Group will continue its efforts to further expand its reach, improve its offerings and provide exceptional customer experience.

Global Networks

The Group's subsea cable systems provide it with almost end-to-end global reach. Via AAE-1, UNITY, FASTER and APG, TIME is able to link Europe, Africa, Asia all the way to the US Western seaboard.

The extensive reach has allowed TIME to generate stronger revenues despite facing intense competition in the global bandwidth market. Global bandwidth rates continued to come under pressure in FY2018, but the Group has leveraged on its strengths to achieve a robust financial performance.

Management **Discussion & Analysis** (Cont'd)



Data Centres

Revenue from data centres grew 18% year-on-year in FY2018 on the back of increased demand for server space and supporting services. TIME is a leading carrier-neutral provider with 74,015 square-feet of data centre space located in Malaysia and regionally.

The Group is happy to see the growth of its business, notably from existing and new customers. These include global names as well as several large Over-The-Top ("OTT") content providers.

In FY2018, in response to growing demand, the Group expanded its total data centre floor space by 10,860 square-feet.

Location	Data Centres (Net Lettable Area In Sq. Ft.)
Menara AIMS, Kuala Lumpur	52,645
Cyberjaya	18,700
Others	2,670
Total	74,015

The Group has also established data centre presence across ASEAN via its partners in Thailand and Vietnam and currently has the ability to access up to 36,875 square feet of additional data centre space in these countries.

ASEAN

The Group seeks to replicate its success in Malaysia across other markets in ASEAN.

The strategy for regional expansion is to undertake acquisitions or to establish partnerships or joint ventures with domestic players who have the local expertise, assets and knowledge to ensure a more successful venture into these chosen markets.

Ultimately, regional business growth contributes towards geographic diversification and strengthens business sustainability going forward by reducing reliance on a single market, notably Malaysia.

The Group currently has established network presence in Thailand and Vietnam through its investments in Symphony Communications Public Company Limited ("SYMC") and KIRZ Co. Ltd. in Thailand, and CMC Telecommunications Infrastructure Corporation in Vietnam.

In FY2018, the Group expanded its network presence into Cambodia, connecting both Thai and Vietnamese regional networks, thereby creating a seamless regional telecommunications network across Indochina, Malaysia and Singapore.

Its regional operations continue to generate growing revenue and earnings for the Group.

FINANCIAL REVIEW

The Group adopted and applied the new MFRS 15 – Revenue from Contracts with Customers, with effect from 1 January 2018. The standard was adopted using the cumulative effect retrospective approach. This means that contracts that are still on-going as at 1 January 2018 will be accounted for as if they had been recognised in accordance with MFRS 15 at the commencement of the contracts. As the Group adopted the cumulative effect retrospective approach for its transition to MFRS 15, comparatives have not been restated. The cumulative impact arising from the adoption will be recognised in retained earnings as at 1 January 2018. The Group has assessed the impact of applying the new standard on the profit and loss for FY2018 to be a net decrease in revenue recognised of approximately RM34.0 million and a net decrease in profit before tax of approximately RM20.8 million. Adjustments made to revenue and profit for the period for MFRS 15 are due to the following:

a) The Group had previously recognised revenue from contracts with customers upon delivery of products or when services were rendered and when risk and rewards had passed. Under MFRS 15, the Group will recognise revenue from contracts with customers when or as the Group satisfies its performance obligation. Assessment of whether or not the performance obligation has been satisfied will need to be done. If the performance obligation is not deemed to be satisfied, any upfront collection received will be recognised as a contract liability in Trade and Other Payables in its Statement of Financial Position based on discounted cash flows using a rate based on the indicative market rate of borrowings of the Group.

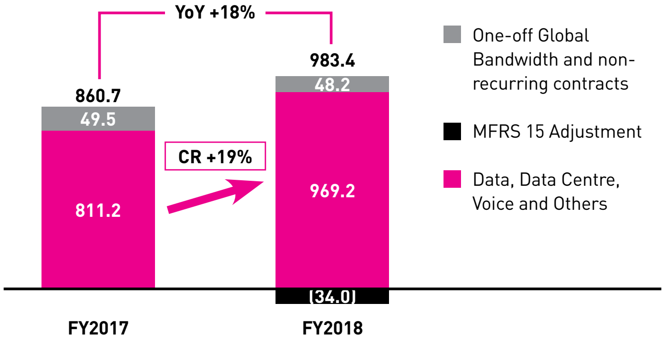
b) Incremental costs of obtaining a contract, such as dealer commissions, installation costs, rebates and discounts etc., are capitalised and amortised over the contract duration to be in line with the performance obligation of the contracts. Such costs were previously charged out immediately when incurred.

The income statement results for the year is disclosed for both pre and post-MFRS 15. Analysis and comparisons to the previous year have, however, been made excluding the impact of MFRS 15 for better comparability purposes.

Solid Revenue From Core Operations

In FY2018, TIME posted a consolidated revenue of RM983.4 million under MFRS 15. For better comparability, excluding adjustments for MFRS 15, TIME would have reported a pre-MFRS 15 consolidated revenue of RM1,017.4 million, which is an 18% increase year-on-year when compared to consolidated revenue in FY2017 of RM860.7 million.

Revenue (RM'million)



CR: Core revenues

Revenue growth was achieved on the back of stronger Data and Data Centre sales, offset by declining contribution from voice and one-off and/or non-recurring revenues.

The Group continues to see strong top-line growth from core revenue streams and a progressively reduced reliance on one-off sales/non-recurring revenue.

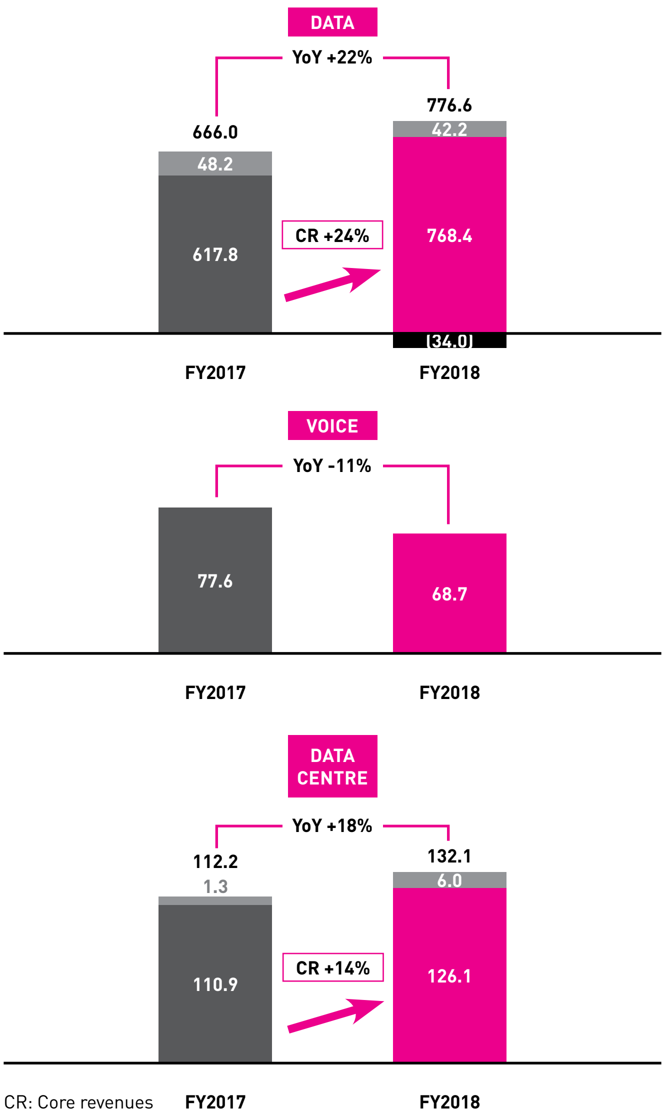
Revenue from one-off global bandwidth and non-recurring contracts for FY2018 was RM42.2 million (FY2017: RM48.2 million) from Data revenue and RM6.0 million (FY2017: RM1.3 million) from Data Centre revenue.

Excluding one-off global bandwidth and non-recurring contracts revenue, core revenues (pre-MFRS 15) increased by 19% in FY2018 when compared to similarly adjusted revenue in FY2017.

Management **Discussion & Analysis** (Cont'd)

Revenue by Product

Revenue (RM'million)



CR: Core revenues

With the exception of the Voice segment, all other products continued to see strong revenue growth. The Data segment remained the biggest revenue contributor growing by 22% followed closely by the Data Centre segment at 18%.

In FY2018, Data revenue (pre-MFRS 15) grew to RM810.6 million (FY2017: RM666.0 million). Excluding one-off Data revenue amounting to RM42.2 million (FY2017: RM48.2 million), core Data revenue (pre-MFRS 15) was RM768.4 million, an increase of 24% or RM150.6 million year-on-year (FY2017: RM617.8 million).

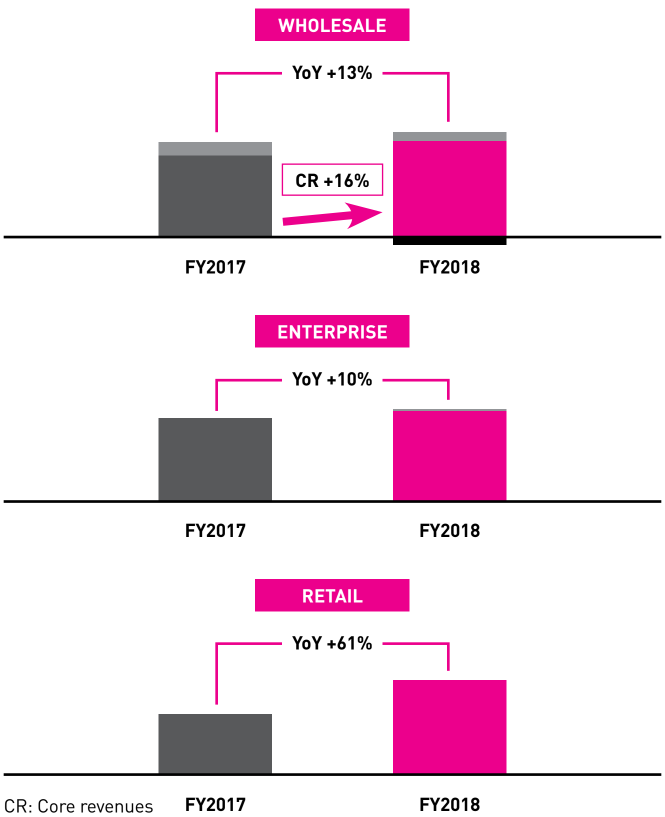
Data revenue growth can be attributed to demand for the home broadband offerings, revenue from SKR1M and revenue from existing submarine cable systems coupled with the sales to customers from the Indochina region.

Data centre revenue has also seen encouraging growth in FY2018 on the back of increased demand from new and existing customers, and reached RM132.1 million for the year (FY2017: RM112.2 million). Excluding non-recurring revenues, core data centre revenue was RM126.1 million or 14% higher year-on-year (FY2017: RM110.9 million).

As experienced by most fixed line telecommunication operators, voice revenue continued to be on the decline amidst changing market trends that sees a growing consumer preference for data consumption over voice on fixed line infrastructure. The financial year saw Voice revenue declining by 11% to RM68.7 million (FY2017: RM77.6 million). The contribution to overall Group revenue decreased correspondingly from 9% in the previous year to 7%.

Revenue by Customer Group

Revenue (RM'million)



CR: Core revenues

The Group continued to see revenue growth across all customer segments in FY2018 with the strongest performer once again being the Retail segment with a year-on-year growth of 61%. The growth is largely due to strong take-up of the TIME Fibre Home Broadband offerings in the retail sector.

Leveraging on SKR1M to strengthen the coverage of TIME's domestic fibre network as well as the readiness of international submarine cable systems coupled with collaboration with TIME's partners in Thailand, Vietnam and Cambodia to integrate their networks with the Group's Malaysian network, the Wholesale segment also performed relatively well and posted a growth of 13%, an improved performance compared to the 1% revenue growth achieved in FY2017 despite operating under challenging conditions.

TIME continued to see encouraging pick-up in the Enterprise segment, which posted a year-on-year growth of 10%, attributed mainly to the steady and continuous customer acquisition efforts supported by the unique solutions that TIME offers to enhance customer satisfaction.

Income Statement

RM'million	Actual As Reported Under MFRS 15 FY2018	MFRS Adjustments FY2018	Actual Pre-MFRS 15 FY2018	Actual Pre-MFRS 15 FY2017	YTD Variance
REVENUE	**983.4**	**34.0**	**1,017.4**	**860.7**	**+18%**
EBITDA	**427.4**	**14.7**	**442.1**	**297.2**	**+49%**
PROFIT BEFORE TAXATION (PBT)	**304.8**	**20.8**	**325.6**	**193.1**	**+69%**
Adjustments					
EBITDA					
Gain on disposal of PPE	(0.7)		(0.7)	(2.8)	
Impairment of construction deposits	1.8		1.8	-	
Impairment loss in investment in associates	4.0		4.0	-	
Allowance for doubtful debts for advances to associate	7.2		7.2	-	
PPE written off	1.0		1.0	3.1	
Writeback provision of expenses	(3.9)		(3.9)	-	
Forex (gain)/loss	(17.0)		(17.0)	21.1	
Total	**(7.6)**		**(7.6)**	**21.4**	
ADJUSTED EBITDA	**419.8**	**14.7**	**434.5**	**318.6**	**+36%**
ADJUSTED PBT	**297.2**	**20.8**	**318.0**	**214.5**	**+48%**

On an adjusted basis, on the back of stronger revenue performance (despite lower revenue from one-off non-recurring contracts), growing customer/subscriber base and improved cost efficiencies, TIME posted an improved pre-MFRS 15 earnings before interest, tax, depreciation and amortisation ("EBITDA") performance of RM434.5 million, 36% higher year-on-year.

Pre-MFRS 15 profit before tax ("PBT") had also risen by 69% year-on-year to a new high of RM325.6 million (FY2017: RM193.1 million). Excluding one-time accounting adjustments for the year, the adjusted pre-MFRS 15 PBT growth of 48% can be attributed to the increase in EBITDA and increased share of profits from associates despite higher depreciation, higher finance costs and lower interest income.

Management **Discussion & Analysis** (Cont'd)

Balance Sheet

	FY2018 RM'mil	FY2017 RM'mil
ASSETS		
Non-current assets	2,378.6	2,227.7
Current assets	799.0	850.3
Total assets	**3,177.6**	**3,078.0**
EQUITY AND LIABILITIES		
Equity		
Share capital	1,186.7	1,172.5
Reserves	1,333.0	1,093.5
Total equity attributable to owners of the Company	**2,519.7**	**2,266.0**
Non-current liabilities	**281.1**	**263.5**
Current liabilities	**376.8**	**548.5**
Total liabilities	**657.9**	**812.0**
Total equity and liabilities	**3,177.6**	**3,078.0**
Net assets per share attributable to ordinary owners of the Company	**RM4.32**	**RM3.90**

The Group's balance sheet remains strong with assets far exceeding liabilities, and with a healthy cash and debt position. The Group has sufficient cash and assets to fund working capital and business development activities and is well able to service its debts.

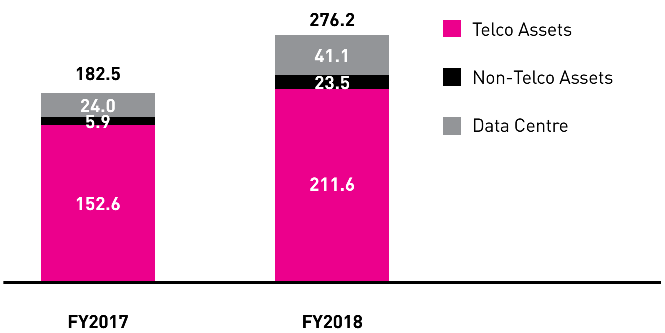
Management is pleased to share that TIME has retained its AA3 credit rating from Rating Agency Malaysia for the 3rd consecutive year. In FY2018, TIME's total assets base grew to RM3.178 million, a 3% increase (FY2017: RM3.078 million on the back of the following):

- Increase of property, plant equipment of RM148.9 million from the purchase of global bandwidth assets, data centre equipment as a result of expansion and freehold land.
- Trade and other receivables have increased by RM136.4 million of which RM65.0 million arose from the adoption of MFRS 15 as well as a higher trade receivables balance resulting from higher sales.
- A decrease in cash and cash equivalents of RM187.2 million mainly due to the repayment of loans and borrowings.

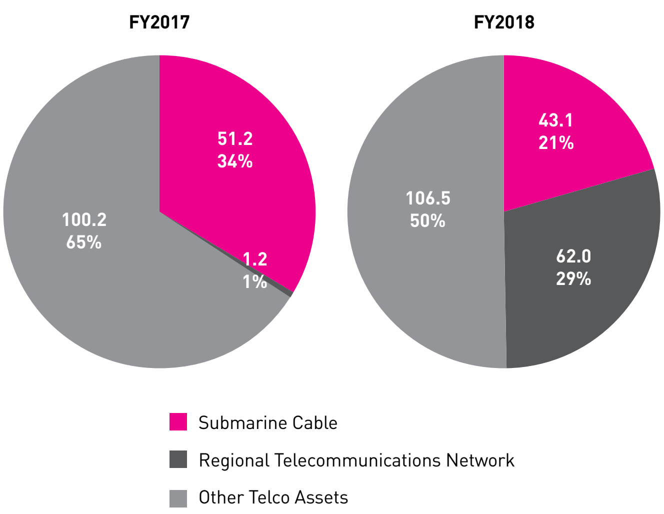
Correspondingly, total liabilities fell to RM657.9 million, a 19% decrease year-on-year due to a reduction in loans and borrowings by RM250.7 million from the repayment of loans and offset by the effect of adoption of MFRS 15 with increase of trade and other payables by RM35.1 million. However, the Group continued to manage its debt prudently with the gearing ratio reducing to 7% (FY2017: 19%).

Capital Expenditure

RM'million



Breakdown of Telco Assets Acquired



The Group invested about 77% of the total FY2018 capital expenditure ("CAPEX") into telecommunication assets with the main purpose of expanding domestic coverage and to upgrade the Group's existing network infrastructure.

RM62.0 million or 29% of capital expenditure on telco assets was spent in FY2018 to expand the Group's regional network in Cambodia and Singapore.

CAPEX spent on subsea cables has reduced to RM43.1 million in FY2018 as all subsea cable investments have now substantially been completed.

Non-telco asset additions during the year include the purchase of a piece of freehold land and a building amounting to RM18.6 million.

Cash Flow

	FY2018 RM'mil	FY2017 RM'mil
Net cash inflow from operating activities	408.0	423.5
Net cash outflow from investing activities	(235.3)	(497.9)
Net cash inflow/(outflow) from operating and investing activities	**172.7**	**(74.4)**
Net cash (outflow)/inflow from financing activities	**(363.2)**	**156.1**
Net (decrease)/increase in cash balance	(190.5)	81.7
Exchange effects on cash balance	3.3	(11.4)
Cash balance at beginning of the year	576.6	506.3
Cash balance at end of the year	**389.4**	**576.6**

The Group's net cash inflow from operating activities for the year was reduced by 4.0% or RM15.5 million, largely due to the timing of larger payments made to suppliers and various other vendors towards the end of the year. Collection from customers amounted to RM1,015.3 million and improved by RM27.3 million in FY2018.

Investing Activities	FY2018 RM'mil	FY2017 RM'mil
Acquisition of property, plant and equipment	(248.5)	(219.0)
Proceeds from disposal of property, plant and equipment	0.7	0.2
Acquisition of other investments	(1.4)	(4.2)
Investment in associates	-	(290.7)
Investment in income received	13.9	15.8
Net cash outflow for investing activities	**(235.3)**	**(497.9)**

Investing cash flow recorded a net outflow of RM235.3 million mainly due to the acquisition of property, plant and equipment. The Group completed its investment in Symphony Communication Public Company Limited ("SYMC") in Thailand for RM290.7 million in cash in FY2017.

Financing Activities	FY2018 RM'mil	FY2017 RM'mil
Proceeds from term loans and other borrowings	31.5	273.6
Advances to an associate	-	(4.6)
Repayment of term loans and borrowings	(281.6)	(6.0)
Finance charges paid	(13.1)	(6.9)
Dividend paid	(100.0)	(100.0)
Net cash (outflow)/inflow for financing activities	**(363.2)**	**156.1**

Net cash outflows of RM363.2 million from financing activities arose mainly due to repayment of borrowings amounting to RM281.6 million. A large portion of the loans repaid was for the loan drawn down in FY2017 to fund the acquisition of SYMC. Cash outflows from financing activities also include dividend payouts of RM100.0 million declared in respect to the previous financial year.

Dividends

The Group has an established dividend policy to pay an annual ordinary dividend of up to 25% of normalised profit after tax to its shareholders. The Group paid out to shareholders dividends amounting to RM100.0 million for FY2017 on 28 March 2018.

Management **Discussion & Analysis** (Cont'd)

On 28 February 2019, the Group declared for FY2018 an interim ordinary and a special interim (single tier) dividend of 9.25 sen and 11.31 sen per ordinary share respectively, which has been paid on 29 March 2019.

RISK MITIGATION

For more information on the various risk and mitigation strategies that the Group employs in navigating the risks that are inherent to the IT and telecommunications industry, please refer to the Directors' Statement On Risk Management & Internal Control outlined on pages 56 to 62.

OUTLOOK & PROSPECTS

FY2019 will likely remain a competitive and challenging year for the telecommunications industry. The Group foresees continued competition as well as emerging technologies and new offerings that will continue to impact market dynamics.

On the regulatory front, the Malaysian government continues be focused on finding ways to improve the quality of internet access and increase national broadband penetration rates whilst ensuring broadband prices are kept affordable to the masses. The Group refreshed its home broadband offering in early October 2018 by launching a new 1Gbps plan and also by upgrading its existing plans with faster broadband speeds but at more affordable prices, which is in line with what the Malaysian government is trying to achieve. The said initiative may result in some initial margin compression in FY2019, but the Group expects to be able to cushion such impact with improved sales volumes.

TIME's proactive approach to expected market conditions is to remain steadfast in its business strategies. Going forward, the Group will continue to leverage on its strengths, to focus on both international business expansion and to increase market share by delivering a fast, reliable and unparalleled quality network experience to customers. The Group remains vigilant and responsive to market needs and wants, especially in the retail segment, where innovative and affordable solutions will allow it to penetrate new market niches and segments. The Group is well positioned to support and to leverage the growing movement to provide cheaper and faster broadband connectivity in Malaysia.

The Group will also remain focused on delivering meaningful solutions that are tailored to the present and future requirements of all its customer segments.

With the data centre segment, the continued growth in Big Data analytics and demand for content as well as other emerging, next-generation trends will spur further growth. TIME will continue to play its part in attracting international companies to choose Malaysia as the base for their regional expansion strategy. The Group will focus on growing its current ecosystem of customers to include interconnected players from a wide range of industries, including telecommunications operators, OTT content providers, multinational corporations, and financial institutions.

On the ASEAN front, TIME will continue to work with its partners in Thailand and Vietnam to create a seamless regional telecommunications network, which will further enhance its Indochina connectivity to Malaysia and Singapore. The Group will also keep an eye out for opportunities to expand its Data Centre market presence in the region.

Sustainability **Statement**

Economic

Environmental

Social

TIME dotCom ("TIME") will continue to maintain its sustainability agenda to ensure business continuity, taking into consideration the key economic, environmental and social ("EES") parameters that play a significant role in the Group's growth strategies.

Sustainability measures will not only benefit the Group and its stakeholders but will also lead to positive growth in various other areas. It will enable us to work together towards a better culture and work environment, strengthen brand credibility, maintain & improve our reputation and reduce risk exposure. This, in turn, will attract investors and propel us towards long-term business growth and sustained profitability.

The Sustainability Statement in this Annual Report gives an account of our efforts to pursue sustainability across the board, including, wherever possible, our key stakeholders.

Sustainability will continue to be a core strategy for us going forward. The Board and Management are committed to these initiatives and will strive to improve upon existing sustainability measures and look for other avenues that could contribute to better performance.

REPORTING SCOPE AND BOUNDARY

The Sustainability Statement for FY2018 is formulated according to the guidelines of Bursa Malaysia Securities Berhad Main Market Listing Requirements related to Sustainability Statements in Annual Reports.

It encompasses operations from our three primary businesses, namely Fixed Line, Global Networks and Data Centre, all of which function within a unique and inter-connected sphere in the telecommunications industry. A significant portion of the reporting scope covers key projects, initiatives and activities of these businesses. This Statement however, excludes activities of third party contractors, suppliers and vendors and other related value chain partners.

The FY2018 Sustainability Statement spans a period from 1 January 2018 to 31 December 2018 and should be read together with the Group's Annual Report for the year ended 2018.

REPORTING PERIOD:
1 January 2018 to 31 December 2018

REPORTING CYCLE
Annually

PRINCIPAL GUIDELINES
Bursa Securities' Main Market Listing Requirement Practice Note 9 Article 6.

Sustainability **Statement** (Cont'd)

GOVERNANCE

TIME's materiality matters are defined and outlined by the Board of Directors who work with a Sustainability Steering Committee ("SCS"). The SCS members comprise of Executive Directors, the Company Secretary, Chief Financial Officer, General Counsel & Chief Regulatory Officer.

The Sustainability Working Group comprises the heads of various divisions within the Group.

Further governance is within the scope of the Control Environment and Structure that is outlined in the Directors Statement on Risk Management and Internal Control in this Annual Report.

The Group's Corporate Communications Department manages all internal and external communications. The table below outlines the dynamics of Sustainability roles and responsibilities in the Group.

Sustainability Steering Committee	Sustainability Working Group
• Aligns the Group's sustainability strategy to long term business growth and goals. • Executes sustainability matters in line with strategies approved by the Board. • Evaluates and reviews sustainability strategies, policies and other matters. • Endorses plans and targets.	• Tasked with ensuring that strategies and plans affirmed by the SSC are implemented. • Monitors progress of sustainability projects, activities and targets, and reports to SSC.

ENGAGING WITH STAKEHOLDERS

The Group takes into consideration both internal as well as external perspectives when identifying, defining and prioritising materiality matters to ensure inclusivity. Towards this end, we have engaged multiple stakeholder groups through various communication channels to obtain information on their views and concerns.

This allows for a comprehensive and balanced view of ideas, perspectives and feedback from stakeholders, helping us to better identify and define materiality matters.

Stakeholder Groups	Engagement Approach	Frequency	Strategies
Employees	• Intranet, newsletters and broadcast • Engagement events (in-house talks, training, development programmes, culture programmes, etc) • Town halls • Annual performance appraisal • Employee satisfaction survey	Regular Regular Quarterly Annually Annually	Ensure that information relating to the Group is cascaded to the employees and giving them a platform to feedback. Talent development is also a key area of focus.
Customers	• Customer contact centre (emails, phone calls & hotlines) • Social media • Advertising & promotions • Client/service manager • Tactical events & roadshows	Daily Regular Regular Regular Regular	Ensure that customers are kept abreast of the offerings that are available to them as well as to act as a means of eliciting feedback.
Shareholders, Investors & Analysts	• Shareholder updates • Investor relations roadshows/events • Investor relations page on website • Financial reports and investor briefings • Annual report • Annual general meetings	Regular Periodic Periodic Quarterly Annually Annually	Keep shareholders, investors and analysts updated on the progress of the Group.
Suppliers, Business Partners and Industry Groups	• Meetings and site visits • Supplier assessment system • Product launches and roadshows • Briefings and trainings	Ad-hoc Ad-hoc Ad-hoc Ad-hoc	Ensure that the suppliers, business partners and industry groups are given the necessary training and exposure as well as opportunities for business collaboration.
Government and Regulators	• Official meetings and visits • Reports • Participation in Government and Regulatory events	Regular Periodic Ad-hoc	Ensure that the Group is compliant to Government and Regulatory guidelines.
Media	• Social media • Press releases • Media coverage • Official launches • Website	Regular Periodic Periodic Ad-hoc Ad-hoc	Ensure that the media are up to date with the Group's business including company growth, business strategy & direction, etc.
Community	• Social media • CSR activities • Advertising and promotions • Website	Daily Regular Regular Periodic	Ensure brand awareness is maintained in the public eye and to continue growing as a socially responsible corporate citizen.

Sustainability **Statement** (Cont'd)

MATERIALITY ASSESSMENT

The Group has identified four key stakeholders that are relevant to its business. They are customers, the environment, the community at large and its own internal employees (people).

Having engaged with the stakeholders over a considerable period of time, the Group has been able to identify the key issues, concerns and perspectives of these stakeholders, upon which the Group's identification and assessment of materiality has been guided.

As in previous years, TIME has tapped these external perspectives to obtain a more inclusive view of what is material to the Group. Coupled with its own inherent views of the Business, the Group was able to identify its key materiality topics and aspects, which were then further deliberated upon and approved by Senior Management.

In FY2018, the Group is able to make a restatement of its materiality matters as given below:

Customers | **Environment** | **Community** | **People** | **Governance**

CUSTOMERS

The Group continued to focus on retail in 2018 amidst the increasingly challenging and competitive environment. The Group continued to enjoy encouraging uptake of its TIME Fibre Home Broadband offering.

While the Group actively source for new customers, its priority remains to ensure the best of its services and facilities to its existing customer base. This aspect is becoming all the more vital in view of the increasing role that broadband services are playing in both the business and personal domains today.

One of the key highlights of FY2018 was the launch of TIME's 1Gbps retail service, the highest speed available among all the players in the industry. This launch was perfectly timed as a response to calls from the market to increase broadband speed while keeping prices low.

As one of the key players in the country's broadband services arena, TIME is committed to helping Malaysia keep abreast with the latest Internet and communication technologies available and especially in ensuring that such services in the country remain competitive and on par with global offerings. Affordability, efficiency, connectivity and speed are the buzzwords of today's broadband protocol and TIME's goal is to ensure that Malaysians have easy and convenient access to reliable high-speed Internet connectivity.

Towards this end, the launch of the 1Gbps retail services saw TIME upgrading its customers to higher speeds without any increase in cost to them. The upgrade available for each customer was dependent on the individual existing packages. This move was well received by TIME's customers.

On top of this, TIME continued to provide excellent customer service and response to requests and enquiries from both existing and potential customers.

In keeping with its action plan to digitalise communication in the name of efficiency and speed, TIME pursued its strategies to improve customer communication and satisfaction. The automation of TIME's customer touch points have helped to improve its services with better time management and scheduling. TIME enhanced its Quickpay system to encourage self-service payment and also introduced the automation of e-forms. The introduction of a chat-bot also helped TIME to effectively manage queries that came in between 10:00pm to 09:00am, outside of standard operation hours.

Committed to improving customer service, TIME closely analysed ratings given by customers and drew up action plans to strengthen customer experience and mitigate issues arising. TIME also has a dedicated team to handle complaints and ensure a faster turnaround in the resolution of reported technical issues. All training modules and quality monitoring processes are regularly reviewed to maintain high standards and ensure that TIME is on the right track.

As for social media, TIME continued to maintain and update its Facebook page for immediate updates of services and activities as well as a means of a real-time two-way communication between TIME and its customers. TIME now has 95,573 followers and 95,572 likes as at end 2018.

Network Coverage

One of TIME's key strengths is the quality of its fibre network, which is crucial in ensuring the continued excellence of TIME's connectivity. TIME maintained its 100% Service Level Guarantee and also the Enterprise offerings guaranteeing 100% uptime and a Mean Time to Repair of 4 hours.

High rise homes and commercial buildings continue to be TIME's focus and have shown growth in 2018. TIME continued to focus in the Klang Valley and has expanded its coverage into new areas including but not limited to Serdang, Selayang, Cheras (Taman Segar) and Ukay Perdana. Capitalizing on its partnership with SILK, TIME has also expanded further south of the Klang Valley to include areas like MINES, Bandar Tun Hussein Onn, Mahkota Cheras and Kajang. In the Northern Region, its coverage in Penang has now expanded to include the Paya Terubong area.

The Group is happy to report that FY2018 saw some significant firsts for TIME, specifically in terms of network coverage.

1. The 1st in Malaysia to deploy network functions virtualisation infrastructure (NFVI) architecture - TIME CLOUD NFVI, in a tie up with Huawei. This is a set of resources that can host and connect virtualised network functions such as routers, firewalls and cloud computing systems.
2. The 1st in Malaysia to deploy 200Gb DWDM backhaul. The Cross Peninsular Cable System that spans from Kuala Lumpur to Singapore is the longest 200G network in the country. It significantly increases TIME's network capacity in its nationwide fibre optic network.
3. The 1st in Malaysia to offer vCPE/vFW managed services. In September 2018, TIME rolled out a suite of virtual managed services for enterprise customers nationwide. As more Malaysian businesses move their business operations onto cloud based applications and platforms, TIME has responded to this trend by launching two new virtual managed services – TIME Managed Virtual Router and TIME Managed Virtual Firewall. These solutions optimise network scalability and mobility while reducing the high costs commonly associated with physical infrastructure. Our offerings could enable more Malaysian enterprises to implement cost-effective network scalability while retaining robust security protection.
4. The 1st in Malaysia (and 2nd in the world) to achieve the MEF3.0 accreditation, making TIME one of the world's four providers to be certified. This attests to TIME's stringent quality and configuration standards and certifies its capability of supporting future bandwidth such as 5G and Long Term Evolution Advanced (LTE-A) technology. It acknowledges the Group's efforts to keep abreast of technological innovation and deliver dynamic products and services.

ENVIRONMENT

The Group remains committed towards environmental conservation efforts. The Group continues to work closely with relevant stakeholders to ensure the most efficient energy usage.

Sustainability **Statement (Cont'd)**

The Group continues to look into effective energy consumption for its Data Centre business this year by employing these key efforts:

1. Cold Aisle Containment ensures optimal operating efficiency by creating a uniform and predictable airflow that eliminate hot spots. This translates into a better and more efficient energy consumption.
2. Diesel rotary uninterruptible power supply ("DRUPS") devices contribute to lower energy consumption and is environmentally friendly as these high energy devices use fewer components, have longer technical lifetime (no usage of power electronics) and no chemical waste (no batteries involved).
3. Oil-Free Magnetic Bearing Water Cooled Chiller, a magnetic bearing water-cooled chiller system, was introduced to transfer the heat generated in our Data Centres, into the atmosphere via water as the medium. This helped us improve our power efficiency by more than 50%.

The Group has maintained its practice of refreshing legacy equipment that has become less energy efficient in order to keep energy consumption at an efficient level bearing in mind that energy consumption is directly related to the growth and expansion of its Data Centre business. Moving forward, TIME endeavors to disclose more information related to energy efficient metrics that will be using to track the efficient consumption of energy for its data centres.

	2015	2016	2017	2018
Energy Consumption (MWh)	22,573	24,997	30,486	32,959
Net Lettable Area (Sq. Ft.)	50,235	59,755	63,155	74,015
Energy Consumption/ Net Lettable Area (MWh/Sq. Ft.)	0.449	0.418	0.483	0.445

COMMUNITY

TIME remains a responsible corporate citizen and actively incorporates various engagements with the community into its activities and operations. Such activities were carried out with strong participation from employees, which in turn helps TIME to create better communication platforms with its customers as well.

The Group's CSR activities revolved around creating shared values and advancing the economic and social conditions in the communities in which it operates. TIME's CherryTree Project focused on the following items:

For 2018, the CherryTree CSR programmes were divided into three key areas:

Education Assistance Programmes

One of the primary CSR priorities for 2018 was improving the lives of future generations through education.

The Group firmly believes that knowledge is the key to future growth and the next generation can only progress if they are adequately equipped with the necessary information, especially in light of the growing emphasis on a knowledge-based economy and global environment.

As a continuation of the efforts in 2017, the Group maintained its primary focus of providing aid to school-going children from low income families in public housing such as Project Perumahan Rakyat ("PPR") schemes with education support which included:

- Free English Tuition – English classes were financed for a period of 6 months.
- Motivational Talks – 2 talks were given by TIME volunteers every month in 10 different schools.
- Health and Well-Being Sessions – In collaboration with pharmaceutical companies, the washrooms of 10 schools were repaired and painted. Volunteers from the Group also held hygiene awareness talks to encourage the children to adopt healthy and hygienic practices.

- Happy Classroom Project – With the help of some 300 volunteers from TIME, classrooms in 20 different schools were painted in an effort to improve the learning environment.

Collaborations with NGOs

For 2018, TIME teamed up with various NGOs for the following major initiatives:

- Free Medical Camps @ PPRs – A medical camp offering free medical screenings and treatment for common ailments for 500 patients was held in collaboration with the Rotary Club of Bukit Kiara Sunrise.
- Annual Charity Golf Tournament – For the 4th consecutive year, TIME sponsored this golf tournament to raise funds for Make-A-Wish Malaysia.
- Contribution towards Pertubuhan Kebajikan Mental Selangor – The Group donated RM5,000 towards the medical needs, education and cost of living for this foundation which provides quality healthcare for some 80 people between the ages of 18 and 70.
- Collaboration with Yayasan Kebajikan Negara – As a corporate donor and in collaboration with Yayasan Kebajikan Negara, the Group sponsored RM10,000 worth of food essential items and hygiene-related products for the homeless to two facilities named Anjung Singgah and Pusat Transit Geladangan DBKL.
- Back to School Programme for Orphans and Underprivileged Children – TIME provided orphans and underprivileged children with the necessary school uniforms, shoes and various other school items for the 2019 academic year. The Group's contribution was towards ensuring the education of the next generation and helping to ease the burden of education among the needy.
- Improving Orphanages – TIME staff volunteered their time to provide much needed support, assistance and individual attention to the children of various orphanages. They helped by improving the environment through simple upgrading work of the orphanages and spending time with the children.
- Work at Old Folks' Homes – TIME staff visited numerous homes for the elderly to enrich and uplift their lives through counseling sessions and by spending time with them. This was an effort to encourage them to lead a positive & optimistic life as well as to stay physically and mentally healthy.

In FY2018, TIME employees volunteered a total 1,753 hours towards noteworthy CSR projects.

PEOPLE

The Group understands and acknowledges that its people are at the core of its business activities, success and growth. Cognisant of this, the Group strives to create and maintain a work environment that is conducive and satisfactory with rewards, recognitions and remuneration that remains attractive and competitive.

Simultaneously, the Group also places emphasis on high performance and continues to strive towards creating a culture of excellence in its working environment. It is the Group's goal to ensure that employees are self-motivated and driven to accomplish tasks and project in helping TIME deliver excellence to our customers.

TIME's annual remuneration review was continued in tandem with its pay-for-performance philosophy, and thus the Group has given out performance bonuses as well as annual salary increments.

Engagement with Employees

The Group's engagements with employees are in the form of feedback and constant two-way communication with managers and superiors. Development programmes are regularly organized to enrich the growth of its employees, in terms of working knowledge and self-development.

TIME also actively organises various social and recreational activities to strengthen the relationships between colleagues and also with the Management.

Annual Dinner

The first TIME Annual Dinner was well received with high approval ratings from employees. Moving forward, The Group will look to include this in its regular annual schedule of events.

Time Recreational Society

A number of 286 employees participated in the 8 events organised throughout 2018. These events were a trip to Pulau Kapas, Salt Trail, climbing expeditions, zumba, go-kart, racing simulator, bowling, and fishing.

Sustainability **Statement (Cont'd)**

Employee Wellness Programmes

Employee wellness programmes were run throughout the year to promote work-life management, work-life balance and a healthy lifestyle amongst employees, e.g. Health Day, Make-A-Difference personal health programme, health talks, on-site health screening, money management and personal investment talks.

Miscellaneous Employee Engagement Events

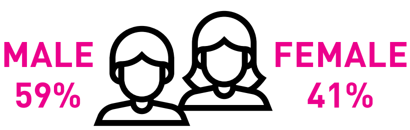
There were 16 other Employee Engagement events for the year, namely the quarterly Town Hall sessions, regional visits and celebrations like New Year Event, Merdeka/Malaysia Day Celebrations, Chinese New Year, Ramadhan, Eid, Deepavali and Christmas.

Equal Opportunity and Diversity

Existing as a corporate entity in a multi-racial community, TIME firmly believes that it is only right that its workforce reflects this diversity and is all-inclusive. This is also beneficial as it creates a working environment that is diverse, open and transparent that is conducive for inter-learning opportunities as each individual brings various talents and initiatives to the table.

TIME's multi-racial policy trickles down from the Board, with both genders adequately and appropriately represented throughout the entire Group.

Summary of Headcount by Gender Composition - December 2018



Talent Recruitment and Retention

TIME is committed towards bringing in the brightest individuals as well as rewarding and retaining such key talent in the Group. Numerous policies and systems have been put in place to achieve this, such as establishing the TIME Leadership Attitude, having a robust Performance Management system and approach, and having a Long-Term Incentive (Share Grant) Scheme.

Time Leadership Attitudes

The TIME Leadership Attitudes are the expectations on TIME's people leaders; to guide them in sustaining healthy engagement, top performance and continuous motivation in their teams. These expectations are as further elaborated below:

<u>Explore</u>

Leaders in TIME are encouraged to be curious, to be on their toes, to always be in search of new ideas and yearn for first-mover advantage. Our leaders challenge conventional thinking and are prepared to experiment, whilst keeping their ears and minds open to learning.

<u>Engage</u>

TIME leaders engage their colleagues and lead by example. This extends to both within and outside of their teams, to align employees to a shared goal.

<u>Empower</u>

TIME leaders empower employees by creating an environment that sets their people up to succeed, build trust and unlock the potential of employees.

<u>Execute</u>

Execution is all about getting it done and getting it done right. It is important for leaders to know how to bridge the gap between what the Group wants to achieve and what is delivered. A TIME leader will communicate the desired results to employees and reward them for their performance.

Time Performance Management

The performance management approach and supporting system focuses on three main aspects (i) setting clear goals and expectations, (ii) having sustained performance conversations and (iii) managing performance. On top of this, 360 degrees evaluation is also practised: wherein employees are given a broad assessment of their performance and behaviour from various stakeholders. An employee's feedback encompasses four to eight different perspectives: their own (via self-assessment), their direct reports, their colleagues/peers and their superior – based on their role in the organisation.

Employee Satisfaction Index

In addition to deploying the Annual Employee Satisfaction Index (ESI) survey to employees, focus groups with employees have also been conducted to gain qualitative insight in order to assess what improvements can be made to further improve conduciveness and overall employee satisfaction.

Long-Term Incentive (Share Grant) Scheme

The Share Grant Scheme is a long-term incentive scheme specifically designed to reward high-performing employees in-line with the performance of the Company. The scheme grants shares to eligible employees and provides the opportunity to all employees to participate in the equity of the Company whilst cultivating a greater sense of involvement, dedication and loyalty to the Group. The aim is to foster a strong and lasting ownership culture within the Group that aligns the interest of its employees with the interest of the Group's shareholders.

Talent Development

As TIME's commitment to ensure that its staff remains dynamic and motivated with continuous learning incorporated into growth and development, the Group clocked in at 209 learning days.

Ongoing E-Learning Series - Active Blended Learning Experience (ABLE), continues to benefit employees with the various modules available. More e-Learning titles for employees who have limited time for training due to operational responsibilities were released in 2018.

They were:
- Leadership for Managers (LfM)
- Leadership for Executives (LfE)
- Leadership for Contributors (LfC)
- Empathy Towards Great Customer Experience (ETGCE)
- Eustress Or You Stress (ESOYS)
- Basic Of Telecommunication (BOT)
- Basic Optical Network Infrastructure (BONI)

Face-To-Face delivery of these internal development solutions encompassed:
- Leadership for Managers (LfM)
- Leadership for Executives (LfE)
- Leadership for Contributors (LfC)
- Empathy Towards Great Customer Experience (ETGCE)
- Eustress Or You Stress (ESOYS)
- Presenting to Others With Effective Results (POWER)
- Negotiation Skills (NS)
- Basic Of Telecommunication (BOT)
- Basic Optical Network Infrastructure (BONI)
- Basic Of Access Technology (BOAT)
- Basic of SDH Transmission (BOST)
- Basic Of Internet Protocol (BOIP)
- Basic Of Broadband Service (BOBS)
- Basic EXCEL Express Simplified (BEES)

The Group also conducted other miscellaneous programmes:
- British Council Business Language Development Programme
- Tableau Foundation and Intermediate Programmes by Iverson
- MS Excel Intermediate and Advanced by ArcNet

GOVERNANCE

Code of Conduct & Ethics

The Code of Conduct & Ethics is provided or made available to all employees of the Group. The Code of Conduct sets out principles to guide the employees in carrying out their duties and responsibilities and covers areas such as the compliance with respective local laws and regulations, integrity, conduct in the workplace, business conduct, protection of the Group's assets, confidentiality and conflicts of interest.

As part of awareness and as a reminder to the employees, a series of trainings such as Effective Discipline at Work, Fraud Prevention, Code of Conduct, SPRM Talk and educational messages on Industrial Relations topics, have also been published via the Group's internal communications channel.

Conflict of Interest

To ensure the protection of legitimate interests while imposing minimum limitation on the freedom of action of our employees, the Group has a clearly defined protocol for Conflict of Interest, especially with reference to close relatives.

Close relatives are defined as an employee's spouse, parents, children (including adopted or step children and brothers and sisters). Should a situation arise involving a conflict of interest, it must be clarified and disclosed on a stipulated Disclosure Form. Employees are required to notify the Group within one month of any change to ensure that records are properly updated.

Sustainability **Statement (Cont'd)**

Occupational Health & Safety

The Occupational Health, Safety, Security and Environment (HSSE) policy drives various sustainable HSSE initiatives and defines the framework that exemplifies HSSE's effort to continuously meet legal compliance as a minimum. HSSE also drives strategies and monitors performance to ensure HSSE risks are managed to as low as reasonably practicable.

The Occupational Health, Safety, Security and Environment (HSSE) of our employees is paramount to the Group, especially due to the nature of work carried out. We are committed to providing a safe and healthy working environment for everyone, and one of the ways in which we ensure this is through educating our employees. This is done through various safety talks and initiatives focusing on various aspects of the offices, sites and locations to create awareness.

Safe working environments are essential elements to the performance of a company. TIME continues to equip employees with the knowledge and skills to increase workplace safety and improve productivity in the last financial year. HSSE activities that promote safety at workplace and encourage the analysis of potential hazards related to a task before execution, were the regular exercises conducted.

In addition to these, several internal programmes were undertaken to elevate health and safety awareness and increase protection and general wellbeing of employees. These programmes include Personal Protective Equipment (PPE) and Hazard at Workplace trainings, Basic Occupational First Aid, Cardiopulmonary Resuscitation (CPR) and Automated External Defibrillator (AED) Know-how as well as Forklift Operation and Safety Training.

The Company takes reasonable care of the safety of its employees and we have implemented ongoing programmes to foster a safe and healthy work environment.

Such efforts include the completion of hazard identification, risk assessment and risk control (HIRARC) projects. We have also renewed our CIDB registration and ensured that all fire extinguishers and first aid boxes are replaced/replenished accordingly. Security management meetings and security audits are also conducted on a regular basis.

Internalising safety: We apply the same high level of safety standards to our employees. Our health and safety management systems are OHSAS 18001:2007 certified, and regional health and safety committees roll out safety inspections and health programmes. This has contributed to having achieved two years of zero lost time injury frequency (LTIF) for the Group.

Whistleblowing Policy

The Group defines a whistleblower as a person from within the organisation who raises a concern about wrongdoing occurring in an organisation or body of people. The revealed misconduct may be classified in many ways; for example, a violation of a law, rule, regulation and/or a direct threat to public interest, such as fraud, health/safety violations, and corruption. Whistleblowers may make their allegations internally (for example, to other people within the accused organisation) or externally (to regulators, law enforcement agencies, to the media or to groups concerned with the issues).

TIME's Whistleblowing Policy has been firmly established since 2010 and has since been redefined and amended accordingly to better reflect the Group's position on the matter and in keeping with regulations and requirements.

This Whistleblowing Policy provides clear procedure and framework by which directors, staffs, contractors and consultants can confidently, and anonymously if they wish, voice concerns or complaints without fear of potential discrimination against them.

It is designed to:
- Promote and maintain high transparency and accountability
- Promote good corporate governance practices
- Ensure that directors, staffs, contractors and consultants can raise concerns without fear of reprisals and safeguard such person's confidentiality
- Protect a whistleblower from reprisal as consequence of making a disclosure
- Provide a transparent and confidential process for dealing with concerns
- Protect the long-term reputation of the Company
- Support the Company's values; and
- Maintain a healthy working culture and an efficient Company

Board of **Directors**

ABDUL KADIR MD KASSIM

INDEPENDENT,
NON-EXECUTIVE DIRECTOR (CHAIRMAN)

Abdul Kadir holds a Bachelor of Laws (Honours) degree from the University of Singapore and is the Senior Partner of Messrs Kadir, Andri & Partners.

He sits on the Boards of UEM Group Berhad and Datuk Yaw Teck Seng Foundation. On 15 February 2016, he was reappointed as trustee of The Renong Group Scholarship Trust Fund.

Abdul Kadir is also a member of the Corporate Debt Restructuring Committee and of the Financial Services Professional Board.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

Nationality
Malaysian

Age
78

Gender
Male

Appointed to the Board
22 October 2001

Appointed as Chairman
15 January 2010

Board of **Directors** (Cont'd)

ELAKUMARI KANTILAL

NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR

Nationality
Malaysian

Age
62

Gender
Female

Appointed to the Board
8 March 2001

Board Committees
Nomination and Remuneration (Chairman)
Tender (Chairman)
Audit (Member)

Elakumari holds a Master of Science in Accounting and Finance from the University of East Anglia and a Bachelor of Accounting from University Kebangsaan Malaysia. Besides her executive education in IMD Switzerland, she has also attended the Harvard Premier Business Management Program and is a member of the Malaysian Institute of Accountants.

She was actively involved in the establishment of Khazanah Nasional Berhad ("Khazanah") whilst in the Ministry of Finance. She was in Khazanah since its inception in 1994 moving from the position of Senior Manager to Director in Investment Division from 2004 until 2017.

She started her career in the government sector in 1981 and held various positions within the sector namely in the Accountant General's Office, Ministry of Agriculture and Ministry of Finance. She was involved in the monitoring and restructuring of companies, including debts of non performing companies held by Ministry of Finance (Incorp).

Elakumari also serves as a Director on the Boards of UEM Edgenta Berhad and Danajamin Nasional Berhad.

She has no securities holdings in the Company and/or its subsidiaries. She also has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

She has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

RONNIE KOK LAI HUAT

**SENIOR INDEPENDENT,
NON-EXECUTIVE DIRECTOR**

Ronnie holds a Degree in Business Administration from the University of Strathclyde, United Kingdom.

Prior to joining the Board of TIME, Ronnie held the position of Global Head of Marketing at Sampoerna International from September 2004 to January 2007 and was Sampoerna Malaysia's Marketing Director from June 2002 to August 2004.

Between 1996 and 2002, he served as the Vice President of Marketing & Sales at JT International Tobacco Sdn Bhd where he also held the position of Executive Director on the Board of the company.

Ronnie also sits on the Board of Privasia Technology Berhad.

He has direct interest in the securities of the Company. He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

Nationality
Malaysian

Age
64

Gender
Male

Appointed to the Board
31 January 2008

Board Committees
Audit (Chairman)
Nomination and Remuneration (Member)
Tender (Member)

Board of **Directors** (Cont'd)

HONG KEAN YONG

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Nationality
Malaysian

Age
56

Gender
Male

Appointed to the Board
1 September 2012

Board Committees
Audit (Member)
Nomination and Remuneration (Member)
Tender (Member)

Hong holds a Bachelor of Engineering (Hons) in Electrical and Electronics Engineering from University of Malaya.

He began his career in Accenture Malaysia, where he held various senior positions from March 1987 to December 1994.

Hong has also served in various senior capacities in MBf Group of Companies, Multimedia University, Avanade Malaysia Sdn Bhd and Motorola Multimedia Sdn Bhd prior to his last position as the Group Chief Information Officer in Hong Leong Financial Group from April 2008 to March 2011.

He joined Taylor's Education Group in April 2011 and held the position of Executive Vice President, Board Architect until March 2018.

Hong also sits on the Boards of Tune Insurance Malaysia Berhad and Taylor's Education Private Limited. In April 2018, Hong was made Chairman of Tune Protect Re Ltd, a Labuan based financial institution.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

MARK GUY DIOGUARDI

INDEPENDENT,
NON-EXECUTIVE DIRECTOR

Mark holds a Bachelor of Engineering (Honours) in Electronic and Electrical Engineering and a Master of Business Administration (MBA), Melbourne Business School from the University of Melbourne, Australia.

Mark has more than 25 years experience in the telecommunications sector with a focus on technology engineering, construction and operations. He spent the first 11 years of his career at Telstra Corporation Limited ("Telstra"), Australia, the majority in the cellular wireless division, including a one year secondment to BTCellnet in the United Kingdom in 2000.

In 2002, Mark joined Maxis Berhad ("Maxis") as General Manager of Radio Planning until 2005 when he returned to Australia to complete an MBA and run his own Information Communication Technology consultancy. From 2007 to 2009, he was Head of National Architecture Implementation at Telstra until he expatriated a second time to Maxis as their Executive Vice President and Chief Technical Officer ("CTO") in 2009.

In 2011, Mark took the role of joint Chief Operating Officer at Maxis adding to his CTO role the portfolios of Information Technology, Enterprise Business, Consumer Broadband and Internet Protocol Television (IPTV) as well as Human Resource.

In 2014, Mark joined iiNet Limited, an Australian Internet Service Provider as their Chief Technology Officer until January 2016. During this time he was also a Board member of the Australian Communication Alliance as well as the Competitive Carriers' Coalition.

Mark also sits on an Advisory Board for a private company, Skand and has joined a listed company, Spirit Telecom Limited in Australia, as Chief Operating Officer of the company since 11 November 2018.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

Nationality
Australian

Age
49

Gender
Male

Appointed to the Board
17 June 2016

Board Committees
Tender (Member)

Board of **Directors** (Cont'd)

AFZAL ABDUL RAHIM

NON-INDEPENDENT, EXECUTIVE DIRECTOR
(CHIEF EXECUTIVE OFFICER)

Nationality
Malaysian

Age
41

Gender
Male

Appointed to the Board
7 October 2008

Afzal holds a Degree in Mechanical Engineering with Electronics, specialising in Acoustic Wave Theory from the University of Sussex, United Kingdom.

He started his career in the automotive industry culminating in a regional role with Group Lotus PLC. A technology entrepreneur, he also founded the Malaysian Internet Exchange (MyIX), which was established in 2006.

He currently sits on the Boards of CIMB Group Holdings Berhad, Symphony Communication Public Company Limited, CMC Telecommunication Infrastructure Corporation, Megawisra Investments Limited, Megawisra Sdn Bhd, Global Transit International Sdn Bhd, Pulau Kapas Ventures Sdn Bhd and Civil Aviation Authority Of Malaysia.

Afzal has interest in the securities of the Company through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd.

He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

PATRICK CORSO

**NON-INDEPENDENT,
EXECUTIVE DIRECTOR**

Patrick holds a BA (Hons) Degree in European Business Administration from the European Business School, London, United Kingdom.

He has over 20 years of experience in the investment banking and private equity industries, with a focus on the telecoms sector. He spent the first 8 years of his career at Credit Suisse First Boston and Morgan Stanley in London in their European Telecoms groups, with a brief interim stint at Trader Classified Media in a corporate development role.

In 2003, Patrick joined Providence Equity Partners in London, a leading private equity firm focused on the telecoms, media and technology industry sectors. In 2008, he relocated with Providence Equity Partners to Hong Kong to take up the role of Managing Director and Head of the Hong Kong office.

In 2013, he established OST Capital, a private investment firm in Hong Kong, of which he remains a non-executive Director.

He currently sits on the Boards of Symphony Communication Public Company Limited, Megawisra Investments Limited, Megawisra Sdn Bhd, Global Transit International Sdn Bhd and Pulau Kapas Ventures Sdn Bhd.

Patrick has direct and indirect interests in the securities of the Company through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd.

He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

Nationality
Italian

Age
45

Gender
Male

Appointed to the Board
26 November 2015

Board of **Directors** (Cont'd)

LEE GUAN HONG

NON-INDEPENDENT, EXECUTIVE DIRECTOR

Nationality
Malaysian

Age
44

Gender
Male

Appointed to the Board
9 March 2017

Guan Hong holds a Degree in Management Information Systems from the University of Oklahoma, United States of America.

He has over 20 years of experience in the technology and telecommunications industry, moving up the management ranks in the last 20 years.

Guan Hong's career started off with a 2-year Information Technology stint in Malaysia. He went on to spend 6 years in a Singapore-based Internet Service Provider where he played a pivotal role in the company's regional expansion.

He joined DiGi.Com Berhad in 2004 and moved on to TIME in 2009 where, on 1 November 2014, he was appointed as Chief Executive Officer of the Company's fixed line business.

Guan Hong has direct interest in the securities of the Company.

He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

Leadership **Team**

AFZAL ABDUL RAHIM

COMMANDER-IN-CHIEF

Malaysian | 41 | Male

Afzal's profile can be found on page 30 of this Annual Report.

LEE GUAN HONG

EXECUTIVE DIRECTOR

Malaysian | 44 | Male

Guan Hong's profile can be found on page 32 of this Annual Report.

PATRICK CORSO

EXECUTIVE DIRECTOR

Italian | 45 | Male

Patrick's profile can be found on page 31 of this Annual Report.

Leadership **Team** (Cont'd)

LONG SHER NENG

CHIEF FINANCIAL OFFICER

Malaysian | 45 | Male

Sher Neng joined TIME in March 2010 and was appointed Chief Financial Officer on 1 September the same year. He helped steer TIME through a period of immense transition and growth, and has been contributing significantly to the Group's financial stability. Sher Neng graduated with a Bachelor of Business Administration (Hons) from Western Michigan University, USA. He is a member of the Malaysian Institute of Accountants (MIA), Malaysian Institute of Certified Public Accountants (MICPA) and Virginia Society of Certified Public Accountants (VSCPA USA). He has more than 20 years of experience in financial management and operations.

He does not hold any directorship in the Company or any public listed companies. He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

JULIAN DING

GENERAL COUNSEL & CHIEF REGULATORY OFFICER

Malaysian | 56 | Male

Julian joined TIME in July 2011 and was appointed General Counsel & Chief Regulatory Officer on 1st December 2017. He leads the legal and regulatory affairs in the Group and has developed a proactive engagement approach that has built valuable synergistic linkages with key regulatory authorities, both domestically and internationally. Julian has a Masters in Public Policy and Management from Monash University and a Bachelor of Law from London University. He is admitted to practise law in Peninsular Malaysia & Singapore and called to the English Bar.

He does not hold any directorship in the Company or any public listed companies. He has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence (other than traffic offences) within the past 5 years and has no public sanction and/or penalty imposed by the relevant regulatory bodies during the financial year.

Corporate Governance **Overview Statement**

This Corporate Governance Overview Statement of TIME dotCom Berhad ("TIME" or the "Company") is made pursuant to paragraph 15.25(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main Market Listing Requirements"). In producing this Corporate Governance Overview Statement, guidance was drawn from Practice Note 9 of Main Market Listing Requirements and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia Berhad.

The Board is committed in ensuring that high standards of corporate governance are being practised by the Company and its subsidiaries (collectively referred to as the "Group"). In this regard, the Board views disclosures on corporate governance as an opportunity to profile its corporate governance agenda and showcase how the Group is attuned to stakeholders' expectations. This Corporate Governance Overview Statement outlines the Group's corporate governance approach, summary of corporate governance practices during the financial year and future priorities in relation to corporate governance.

The Corporate Governance Overview Statement is complemented with a Corporate Governance Report, based on a prescribed format as encapsulated in paragraph 15.25(2) of the Main Market Listing Requirements so as to provide a detailed articulation on the application of the Group's corporate governance practices against the Malaysian Code on Corporate Governance ("MCCG").

The Corporate Governance Report is made available on the Company's website, www.time.com.my as well as via announcement on the website of Bursa Malaysia Berhad. This Corporate Governance Overview Statement should also be read in conjunction with the other statements in the Annual Report (e.g. Directors' Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Statement) as the application of certain corporate governance enumerations may be better contextually elucidated in the respective statements.

CORPORATE GOVERNANCE APPROACH

The Board endeavours to ensure that the Group remains strong, viable and sustainable in delivering value to its stakeholders. The Board views corporate governance as synonymous with four key concepts of the Group; namely transparency, integrity and accountability as well as corporate performance. The Group adopts these key concepts in the various facets of its operations and management.

The Group's approach to corporate governance is to:

- consider corporate governance requirements critically and with a view to determine how the different modalities could be implemented within the Group in a value-adding way;
- adopt the substance behind good corporate governance and not merely the form, with the aim of enhancing stakeholders' value; and
- drive the application of good corporate governance practices through the alignment of the interests of stakeholders and Board as well as Management.

The Board's efforts to promote and drive meaningful and thoughtful application of good corporate governance practices include monitoring local and global developments in corporate governance and assessing their implications.

Acknowledging that improving corporate governance requires adjustments and recalibration to its framework and structures, TIME will continue to enhance its daily processes with a view of reflecting its position as a good corporate citizen.

Corporate Governance **Overview Statement** (Cont'd)

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

TIME has applied all the Practices encapsulated in MCCG for the financial year ended 31 December 2018, save for the following:

- **Practice 4.1** (Board to comprise majority Independent Directors for Large Companies);
- **Practice 4.5** (Board to comprise 30% women Directors);
- **Practice 4.7** (The Nominating Committee is chaired by an Independent Director or the Senior Independent Director);
- **Practice 5.1** (Conduct of externally facilitated Board evaluation periodically);
- **Practice 7.2** (Disclosure of Senior Management personnel's remuneration on a named basis and in bands of RM50,000); and
- **Practice 12.3** (Leveraging on technology to facilitate remote shareholders' participation).

TIME has provided meaningful explanation where it has departed from the said practices based on the flexibility accorded in the application lever of MCCG. The explanations provided on the departures are supplemented with an articulation on the alternative measures that are in place to achieve the Intended Outcome of the departed Practices, measures that TIME has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices.

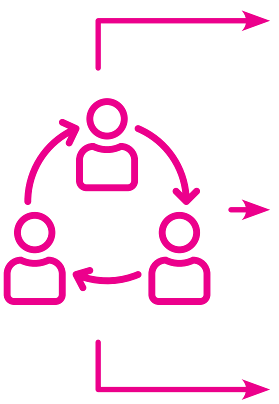
Additional details on TIME's application of each individual Practice of MCCG are available on the Corporate Governance Report which is made available on the Company's website as well as via an announcement on the website of Bursa Malaysia Berhad.

A summary of TIME's corporate governance practices with reference to the MCCG is described below.

BOARD RESPONSIBILITIES

The Board of TIME is responsible for overseeing the management of the business and affairs of the Group, including fashioning the strategic direction, establishing short, medium and long-term business goals and monitoring the achievement of these goals.

In order to assist in the oversight function with respect to specific responsibility areas, the Board has established three Board Committees, namely, Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC") and Tender Committee ("TC"). The Board is regularly updated on the proceedings and deliberations of the Committees and recommendations would be highlighted and reported to the Board. Whilst authority is delegated to the Board Committees in accordance with the Terms of Reference of these Committees and the Group's Limits of Authority, it should be noted that the Board retains collective oversight over the Board Committees at all times. The functionalities of these Board Committees are outlined below:



The **AC** is responsible to support the Board with its oversight role in the areas of financial reporting, related party transactions and conflicts of interests, internal control environment, internal audit and external audit as well as the Group's overall risk management system.

The **NRC** is responsible to recommend candidates to be appointed to the Board, Board Committees and Senior Management positions, annually evaluate the performance of the Board, Board Committees and individual Directors as well as develop succession plan for Directors and Senior Management besides setting the overarching Group remuneration policy and procedures for Directors and Senior Management.

The **TC** was established to facilitate the procurement process. The main objective of the TC is to examine the tenders received and ensure that all necessary criteria, specifications and requirements of the Group have been met and complied with.

The Board and its Committees meet regularly to deliberate on matters under their purview. In addition to the scheduled meetings, the Board and Board Committees also convene special meetings when urgent and important deliberations need to be made or decisions need to be taken between scheduled meetings. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, significant acquisitions and disposals, financial results as well as key performance indicators. The attendance of individual Directors for the meetings of the Board and Board Committees are outlined below:

Directors	Board	AC	NRC	TC
Abdul Kadir Md Kassim	6/6			
Elakumari Kantilal	5/6	5/5	3/3	6/6
Afzal Abdul Rahim	6/6			
Patrick Corso	5/6			
Lee Guan Hong	6/6			
Ronnie Kok Lai Huat	6/6	5/5	3/3	6/6
Hong Kean Yong	6/6	5/5	3/3	6/6
Mark Guy Dioguardi	6/6			6/6

Board / Board Committee Chairman   Member

The responsibilities of the Board and Management are clearly demarcated. The Chairman leads the Board and is responsible to ensure the effective and smooth interaction of Directors, both within and outside the boardroom as well as driving the discussions toward consensus and to achieve closure in every deliberation. The Chief Executive Officer ("CEO") as the head of Management is meanwhile responsible for developing and implementing strategy of the Group, reflecting short, medium and long term objectives as well as priorities established by the Board. The CEO assumes full responsibility and accountability to the Board for all aspects of the Group's operations and performance. He also represents the Group in interfacing with major customers, employees, suppliers and professional associations.

The Board has formalised a Board Charter which delineates the responsibilities of the Board, Board Committees and individual Directors, including the matters that are solely reserved for the Board's decision. The Board Charter also serves as a primary induction literature that guides newly appointed and existing Board members on their duties and functions of the Board and its Committees. The Board Charter is periodically reviewed by the Board to ensure it reflects the fast changing market dynamics as well as the evolving needs of the Group. The Board Charter is also made available on the Company's website.

In discharging its responsibilities, the Board is supported by a professionally qualified and competent Company Secretary. The Company Secretary is present for all Board and Board Committee meetings and acts as counsel and resource support on corporate governance matters to the Board whilst also co-ordinating information flow and meeting proceedings. Directors are provided with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions on pertinent matters. The Board is also updated by the Company Secretary on new statutory and regulatory requirements concerning their duties and responsibilities from time to time.

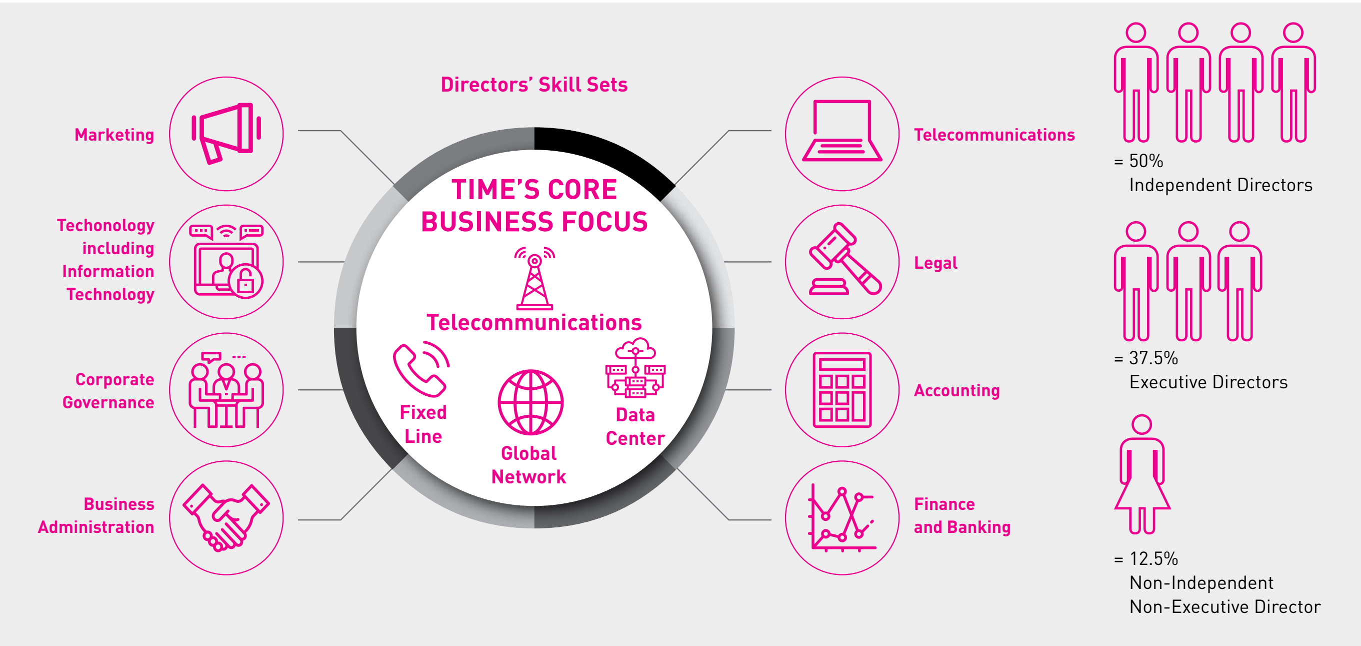
The Board is also cognisant of its responsibility to set the "tone from the top" and as a result, drive the "tune in middle" and "beat at the feet". A Code of Conduct and Ethics and Whistleblowing Policy have been put in place to foster an ethical culture and allow bona fide suspected or presumed malpractices to be raised in confidence without the risk of reprisal. The Code of Conduct and Ethics is reviewed periodically by the Board and published on the Company's website.

Corporate Governance **Overview Statement (Cont'd)**

BOARD COMPOSITION

The Board acknowledges that TIME is no longer just a domestic fixed-line telecommunications service provider, TIME is now a leading carrier-neutral data centre operator and an international bandwidth provider with a growing network footprint. Premised on this, the Board endeavours to ensure that it has an appropriate mix of skills, experience and diversity to reflect the Group's nature of business. The Board, from time to time, undertakes a review of its composition to determine areas of strengths and improvement opportunities.

The Directors of TIME channel their combined knowledge and professional experience to provide valuable perspectives on TIME's business operations and strategies. The expertise possessed by Management as well as access of Directors to external professional experts complement the effective functioning of the Board. The composition of the Board which comprises eight members can be viewed in a more granular lens as follows:



The Board comprises four Independent Non-Executive Directors including one Senior Independent Non-Executive Director, one Non-Independent Non-Executive Director and three Executive Directors including the CEO. The higher proportion of Non-Executive Directors present on the Board helps to mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Group. The composition of the respective Board Committees meet the independence criteria outlined in Main Market Listing Requirements and there is appropriate cross-memberships to further promote effectiveness.

The NRC assesses Independent Directors annually to ascertain if they display a strong element of detached impartiality. In conducting this assessment, the NRC and Board adopt a qualitative approach in assessing if Independent Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour. The Board is cognisant of the widely held notion that extended tenure leads to entrenchment and as such, the Board remains watchful for such indicators of entrenchment amongst long serving Independent Directors.

The NRC also reviews the terms of office and performance of the AC and each of its members annually to determine whether the AC and its members have carried out their duties in accordance with their terms of reference.

Appointments to the Board are made via a formal, rigorous and transparent process, premised on meritocracy and taking into account the skills, experience and diversity needed on the Board in the context of the Group's strategic direction. In terms of gender diversity, the Board currently comprises one female Director and the Board is taking steps to improve women representation on the Board by casting "a wider net" in its sourcing and nomination process.

REMUNERATION

The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors and Senior Management. Towards this end, the Board has adopted remuneration policy and procedures to provide a formal structure for remunerating Directors and Senior Management.

The Board seeks to ensure the remuneration package of the Group is at a level which is sufficient to attract and retain high calibre Directors and Senior Management needed to run the business successfully, taking into consideration all relevant factors including the functions, workload and responsibilities involved.

The component remuneration packages for Executive Directors and Senior Management have been structured to link rewards to corporate and individual performance whilst Non-Executive Directors' remuneration package reflects the experience and level of responsibilities undertaken by individual Non-Executive Directors.

A detailed review on the remuneration of Directors and Senior Management is undertaken periodically and benchmarked against relevant industry players. Changes made to the remuneration of Directors and Senior Management will be reviewed by the NRC before it is recommended to the Board.

AUDIT COMMITTEE

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions and conflict of interest situations as well as risk management framework.

The AC is led by the Senior Independent Director who is distinct from the Chairman of the Board. All members of the AC are financially literate and possess a sound understanding of the business for them to discharge their responsibilities effectively. The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The AC has established formal and transparent arrangements to maintain an appropriate relationship with the Company's external auditor. These includes policies and procedures to review the suitability and independence of the external auditor.

During the year under review, the external auditor has confirmed to the AC that its personnel are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (On Professional Ethics, Conduct and Practice).

In relation to related party transactions, a list of related parties is disseminated to the Group's various business units to determine the number and type of related party transactions. All related party transactions are presented to the AC for their notation on a quarterly basis. Interested Directors who have interest in such transactions abstain from all deliberations and voting on the matter either at the Board level or at the general meeting convened for the purpose of considering the matter.

Corporate Governance **Overview Statement** (Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework supports the Group to achieve its value-creation targets by providing information on risks to enable better formulation of the Group's strategies and decision making. The Group's risk management and internal control framework covers not only financial controls but also non-financial controls which inter alia include operational and compliance controls.

The Risk Management Steering Committee (a Management-level Committee) takes responsibility for risk management, building upon already established structures and mechanisms to implement the processes for identifying, evaluating, monitoring and reporting of risks as well as to take appropriate and timely corrective actions as required. A Risk Management Framework and Risk Management Procedure Manual have been adopted to guide the Risk Management Secretariat and Divisional Risk Coordinators to identify, analyse and evaluate business and operational risks. The Risk Management Secretariat monitors implementation and updates of action plans and report to the Risk Management Steering Committee.

The Group has an in-house internal audit department reporting to the AC which is independent of the activities or operations of the other operating units in the Group. The internal audit function provides the AC and the Board with assurance regarding the adequacy and integrity of the systems of risk, governance and internal controls.

Further information on the Group's risk management and internal framework is made available on the Statement of Risk Management and Internal Control of the Annual Report.

COMMUNICATION WITH STAKEHOLDERS

The Board believes that all stakeholders of the Group should be apprised in a timely manner of all material business events that impact the Group. The Board ensures continuous disclosures are made through announcements to Bursa Malaysia Securities Berhad as well as the Company's website. The Company's website contains recent announcements, past and current reports to shareholders, including summaries of key financial data, operational briefing presentations as well as copies of recent notices and minutes of general meetings. The Annual Report meanwhile discloses comprehensive details about the Group's business activities and financial performance for the financial year.

Whilst the Group endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Board has identified the Senior Independent Non-Executive Director as the conduit to address minority shareholders' issues and to whom minority shareholders' concerns may be conveyed.

In terms of investor relations activities, during the year under review, the Group worked with bankers and analyst to target key institutional investors with an investment matrix that fits the Group. Various investor engagement fora were utilised in this regard (e.g. face to face meetings and site visits).

CONDUCT OF GENERAL MEETING

The Annual General Meeting ("AGM") serves as the principal open forum at which shareholders and investors are informed of the current developments of the Group. During the previous AGM, all Directors were present to answer questions raised by shareholders.

At each AGM, shareholders are accorded with the opportunity to participate in the question and answer session. An interactive dialogue is conducted for shareholders to inquire about the Group's activities and prospects as well as to communicate their expectations and concerns. The Chairman, CEO and Chairmen of Board Committees will provide written answers to any significant questions that cannot be readily answered. Whenever appropriate, press conference is held at the end of each AGM whereby the CEO will advise the press on the resolutions passed and answer questions in respect of the Group as well as to clarify and explain any issues.

The date, venue and time of the General Meetings are determined by taking into consideration the need to provide shareholders with a wide window of opportunity to attend and participate either in person, by corporate representative or by proxy. Each item of special business included in the Notice of AGM is accompanied by a full explanation of the effects of the proposed resolutions.

As called upon by MCCG, the notice to the upcoming AGM alongside relevant accompanying materials have been provided more than 28 days in advance to enable shareholders to make adequate preparation.

The corporate governance areas which were at the forefront of the Board's radar are as follows:-

REVIEW OF CORPORATE GOVERNANCE POLICIES AND PROCEDURES

The Board is committed to review the Terms of Reference of each Committee periodically and changes are made to reflect the revised regulatory expectations, expectations of shareholders and operational changes shaping the Group.

During the year, the Board reviewed the Company's Memorandum and Articles of Association ("M&A") and will be tabling the amendments to the shareholders for approval at the forthcoming AGM. Thereafter, the M&A will be replaced with a new Constitution in line with the Main Market Listing Requirements.

HUMAN CAPITAL

TIME recognises the adage that "a chain is as strong as its weakest link" and therefore, human capital is biggest driver of the Group's governance and performance. Talent reviews were officiated and conducted in 2018 for the Group with a view of identifying top talents and determining ways to retain them either through competitive compensation, development opportunities and career growth.

TIME also placed emphasis on talent mobility and integration of corporate culture as it further expands its footprint into Cambodia and Japan. A global mobility policy was carved to enable mobility for overseas assignments and related human capital policies and procedures were harmonised for the Group. In terms of training, internal development solutions for leadership, soft skills, technical and regulatory areas were rolled-out to maximise knowledge and experience sharing.

The Board acknowledges that succession planning is critical for the continuity of TIME's business operations in a seamless manner. Successors for key Management positions have been identified and the Board will continue to ensure that succession planning is a priority for positions that have been earmarked as critical.

Corporate Governance **Overview Statement (Cont'd)**

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group continues to place risk management its utmost priority. Guided by the Enterprise Risk Management (ERM) framework, the Group implemented several initiatives in 2018 to minimise key risks which included operational, technology and cyber-threat risks. Such initiatives were implemented to ensure that the Service Level Guarantees (SLGs) were continuously met and its growing customer base maintained well served. Additionally, significant investments were made to ensure that business and operations were supported by the latest technology and infrastructure. The Group also consistently improved its network security to minimise the threats of cyber-attacks, data theft and information leakage.

The Risk Management Secretariat, which is governed by the AC, is tasked to enforce the ERM framework and ensure that mitigating action plans are successfully executed to address key risks.

In relation to internal audit, any observation noted will be addressed on a Group-wide basis covering the process under consideration. Improvement opportunities identified in relation to internal audit will also be subjected to a root-cause analysis.

PROFESSIONAL DEVELOPMENT OF DIRECTORS

During the year under review, Directors were provided with opportunities to develop and maintain their skills and knowledge. Directors attended training programmes to keep themselves abreast of changes in legislative promulgations, new accounting standards, industry practices and new technology.

Visits to the Company's operations within the ASEAN region were also arranged, as necessary, for Directors to gain first-hand views on the operations. The list of training programmes that were attended by the Board members are outlined below:

NAME	PROGRAMME TITLE	DATE(S)
EXECUTIVE DIRECTORS		
Afzal Abdul Rahim	(i) Khazanah Annual Review	18 January 2018
	(ii) Khazanah Megatrends Forum 2018	8 - 9 October 2018
	(iii) Government of Malaysia's Investors' Conference	9 October 2018
Patrick Corso	(i) Credit Suisse 9th Annual ASEAN Conference	11 January 2018
	(ii) 15th CLSA ASEAN Forum 2018	8 March 2018
	(iii) Sustainability Report - Setting the Agenda for Value Creation	22 November 2018
Lee Guan Hong	(i) 2018 Mobile World Congress	26 February - 1 March 2018
	(ii) INSEAD Executive Education Summit 2018 - Agility & Innovation	13 - 14 September 2018

NAME	PROGRAMME TITLE	DATE(S)
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR		
Elakumari Kantilal	(i) Blockchain Conference - Decentralising and Distributing for Data Validation and Management	24 - 25 January 2018
	(ii) Khazanah Megatrends Forum 2018	8 - 9 October 2018
	(iii) Emerging Risks, the Future Board and Return on Compliance	22 October 2018
	(iv) Anti-Money Laundering and Terrorism Financing Training	2 November 2018
	(v) Briefing on Cyber Security	6 December 2018
INDEPENDENT NON-EXECUTIVE DIRECTORS		
Abdul Kadir Md Kassim	(i) World Capital Markets Symposium	6 - 7 February 2018
	(ii) Khazanah Megatrends Forum 2018	8 - 9 October 2018
Ronnie Kok	(i) Implementing the Companies Act 2016 & the Malaysian Code on Corporate Governance 2017 - What Every Director Needs to Know	23 January 2018
	(ii) Independent Directors Programme: The Essence of Independence	29 October 2018
Hong Kean Yong	(i) Malaysian Financial Reporting Standard (MFRS) Made Simple For Directors and Senior Management	13 April 2018
	(ii) InsurTech Summit Thailand	4 October 2018
Mark Guy Dioguardi	Cyber Security for Directors	24 September 2018

CORPORATE GOVERNANCE PRIORITIES (2019 AND BEYOND)

The Board acknowledges that improvement in corporate governance is a "marathon and not a sprint". In recognition of this journey, the Board has identified the following forward-looking action items that will help it to achieve its corporate governance objectives.

Short and medium term plan (one to three years)

Evaluation of Board, Board Committees and Individual Directors

The Board aims to undertake an externally facilitated evaluation of its Board, Board Committees and individual Directors once every three years. The Board is considering to enlist an independent expert for the forthcoming year so as to inject rigour and objectivity into the process.

The Board recognises that independent experts can frequently pinpoint areas of improvement as the experts would likely have accumulated a database of results from their experience of conducting similar assessments for other Boards, Board Committees and individual Directors.

Boardroom Independence

TIME intends to have a majority of Independent Directors in its boardroom so as to foster greater objectivity in its deliberations and decision making. The Board believes that equipped with the critical mass, Independent Directors will be able to encourage,

Corporate Governance **Overview Statement** (Cont'd)

support and drive each other in the value creation process of the Group. In the course of making this change, TIME will not compromise on the business imperative and make unwieldy changes to its Board composition. In order to create a more conducive environment for insightful deliberations, the Board will consider enlisting Independent Directors with strong business acumens and a broad range of industry experience.

During the year 2018, the Board was satisfied that none of the Independent Non-Executive Directors had any relationship that could materially interfere with, or perceived to be materially interfere with their unfettered and independent judgement and ability to act in the best interest of the Company.

The Senior Independent Director, Mr Ronnie Kok will complete his 12-year tenure as INED of the Company on 31 January 2020. The Board vide its NRC conducted rigorous assessment on the independence of Mr Ronnie Kok and is satisfied that he is still able to bring independent and objective judgement to the Board. He challenges Management in an effective and constructive manner, providing a check and balance in Board proceedings. He actively participates in Board discussions and provided an independent voice on the Board. He has not established or maintained any significant personal or social relationship, whether direct or indirect with the executive directors or substantial shareholders and/or persons connected to them other than the normal engagements and interactions on professional level consistent with his duties and expected of him to carry out his duties as Independent Non-Executive Director.

Long term plan (three to five years)

Boardroom Diversity

The Board of TIME will focus its efforts to constitute a diverse Board which bears a variety in the dimensions of skills, experience, age, cultural background and gender. Moving forward, the Board will undertake to formalise policies on gender diversity, along with specific targets and measures to meet those targets. The targets would incorporate specific quantitative benchmarks (e.g. percentage of women at the Board) that can be monitored for effectiveness.

The Board in endeavouring to achieve the national target of having 30% women on the boards of corporate Malaysia, will broaden its search mechanisms to source for meritorious female candidates. The Board recognises that diversity should extend to Senior Management and not just the Boardroom.

Corporate Reporting

TIME has embarked on its journey of Integrated Reporting and will seek to progress towards a more mature form of Integrated Reporting in the upcoming years.

In this regard, the Company will seek to better synergise its connectivity of reporting from management, its business analysis and decision-making process. The Board will set the direction for Management to establish the necessary supporting infrastructure with the presence of quality non-financial data that will support the progression towards an enhanced Integrated Report.

Additional Compliance **Information**

1. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed below, there were no material contracts entered by the Company and/or its subsidiaries involving shareholders' interest either subsisting as at 31 December 2018 or entered since the end of the previous financial year.

Wayleave and Right of Use Agreement between Projek Lebuhraya Usahasama Berhad ("PLUS") and TT dotCom Sdn Bhd ("TTdC") dated 8 May 2017. This Agreement grants a wayleave and right of use to TTdC to use the telecommunications infrastructure in or along the Applicable Expressways including the North-South Expressway ("NSE"), New Klang Valley Expressway ("NKVE"), North-South Expressway Central Link ("ELITE"), Malaysia-Singapore Second Crossing ("LINKEDUA"), Butterworth-Kulim Expressway ("BKE") and Penang Bridge.

This Agreement shall expire upon the lapse of the Concession as granted by the Government of Malaysia ("GoM") to PLUS which is now on 31 December 2038 or in the event the GoM expropriates PLUS.

On 27 October 2017, the GoM made an announcement of the abolishment of toll collection at Batu Tiga and Sungai Rasau toll plazas on the Federal Highway Route 2 and at the Bukit Kayu Hitam toll plaza on the North-South Expressway, effective as at 1 January 2018. On 12 February 2018, PLUS and TTdC entered into a Supplemental Agreement to address this matter.

PLUS is a wholly-owned subsidiary of PLUS Malaysia Berhad ("PLUS Malaysia") and PLUS Malaysia is jointly controlled by UEM Group Berhad ("UEMG") and Employees Provident Fund Board, which owns 51% and 49% of PLUS Malaysia's equity. UEMG is a wholly-owned subsidiary of Khazanah Nasional Berhad.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees paid or payable to the external auditors, KPMG PLT and a firm affiliated to KPMG PLT for services rendered to the Company and the Group for the financial year ended 31 December 2018 are RM126,000 and RM531,000 respectively.

The amount of non-audit fees paid or payable to the external auditors and corporations affilliated to the auditors' firm, for services rendered to the Company and the Group for the financial year ended 31 December 2018 are RM41,000 and RM58,000 respectively.

Audit Committee **Report**

The Board of Directors is pleased to present the Report of the Audit Committee ("the Committee") for the financial year ended 31st December 2018.

COMPOSITION

The Committee presently comprises three (3) members, of whom two (2) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director.

The members of the Committee during the financial year ended 31st December 2018 are as follows:

Ronnie Kok Lai Huat (Chairman)	Senior Independent Non-Executive Director
Elakumari Kantilal	Non-Independent Non-Executive Director
Hong Kean Yong	Independent Non-Executive Director

The profiles of the Committee members are contained in the "Board of Directors' Profile" set out on pages 25 to 32.

TERMS OF REFERENCE

The Committee was established on 27th September 2000 to act as a Committee of the Board of Directors, with the terms of reference as set out on pages 50 to 55.

MEETINGS

The Committee convened five (5) meetings during the financial year ended 31st December 2018. The details of attendance are as follows:

Name	Attendance	Percentage of attendance
Ronnie Kok Lai Huat (Chairman)	5/5	100%
Elakumari Kantilal	5/5	100%
Hong Kean Yong	5/5	100%

The Chief Executive Officer, other Senior Management members and the external auditors attended these meetings upon invitation to brief the Committee on specific issues. The Company Secretary being the secretary of the Committee was present at all the meetings. The Committee had also met with the external auditors without the presence of Management.

Minutes of meetings of the Committee are circulated to all members of the Board and significant issues are discussed at the Board meetings.

PRINCIPAL ACTIVITIES IN THIS FINANCIAL YEAR

The Committee carried out its' duties in accordance with its terms of reference during the year. The principal activities of the Committee were as follows:

(a) Financial Statements

(i) The Committee reviewed the audited statutory financial statements, quarterly financial results of the Group for 2018 and discussed significant issues before recommending them to the Board of Directors for approval prior to the announcement to Bursa Malaysia.

(ii) Additionally, the Committee also reviewed the annual, interim and any other related financial statements and announcements of the Group for quality of disclosure, and compliance with the Listing Requirements of Bursa Malaysia, approved accounting standards and other relevant legal and regulatory requirements.

(b) Internal Audit

(i) The Group Internal Audit & Compliance Division conducted audit activities as per the 2018 Audit Plan approved by the Committee on 21st November 2017. The Head of Internal Audit & Compliance presented the status of audit plan and audit reports at every AC meeting during the year, for the Committee to review and discuss on the following:

a) Results of the internal audit reports, findings and recommendations and action taken on the recommendations;

b) Key audit issues identified by Internal Audit in the current period and proposed action plans by Management;

c) Major findings of internal investigation reported through the whistleblowing channel; and

d) Status of completion of Audit Plan 2018.

(ii) The 2018 Audit Plan was reviewed on a quarterly basis or as required, which required inclusion of unplanned audit assignments to be carried out on an ad-hoc basis upon Management's request or arising from corporate significant events. A total of 31 audit assignments were completed in 2018, categorised as follows:

a) IT Audits: Information Technology related audits, including application development and management;

b) Strategic and Operational Audits: Audits of core operations within the Group such as Clustering Management and Region Operations, and support services such as Intercarrier Settlement and Staff Performance Incentive Management;

c) Regional Audit: Operation and support service audit of Symphony Communication Public Company Limited, which includes Sales and Procurement, Network Services and Fleet Management;

d) Fraud Investigation: Ad-hoc / unplanned investigation based on complaint or report made via whistleblowing channel; and

e) Recurring Audit: Recurring audit assignments conducted on annual basis such as Related Party Transactions and periodic stocktake.

Audit Committee **Report** (Cont'd)

PRINCIPAL ACTIVITIES IN THIS FINANCIAL YEAR (cont'd)

(b) Internal Audit (cont'd)

(iii) Performance, adequacy and competency of the Group Internal Audit & Compliance Division is assessed on an annual basis, or as necessary.

(iv) Appraise and approve the appointment and termination of Head of Internal Audit & Compliance.

(c) Related Party Transactions

The Committee reviewed the related party transactions presented by Management to ensure that the transactions were not more favourable to the related parties than those generally available to the public and not detrimental to minority shareholders.

(d) Risk Management

(i) Reports on key operational risks were presented to the Committee for their review to ensure the risks identified are being managed effectively and actively overseen, in order to ensure the effectiveness of the process for identifying, evaluating and managing risks.

(ii) Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report.

(e) External Audit

(i) The Committee reviewed the reappointment of the external auditors and the annual audit fee, together with the engagement letter confirming their independence and objectivity and their scope of work as follows:

a. Annual audit plan and scope of audit prior to its implementation;

b. Annual audit report and accompanying reports to the Committee and Management;

c. The Management Letters together with Management's responses, in order to be satisfied that appropriate actions are being taken; and

d. Provision of non-audit services by the external auditors for recommendation to the Board for approval.

(ii) The Committee also held private meetings with the external auditors without Management to ensure there were no restrictions on the scope of their audit and to discuss any items that the auditors did not wish to raise in the presence of Management.

(iii) Additionally, the Committee also reviewed and approved the policy established to assess suitability and independence of external auditors, and methodology in assessing the assessment tools of suitability and independence of external auditors.

The Chairman of the Committee reported regularly to the Board on the activities of the Committee.

TRAINING

The training attended by the Committee members during the financial year is reported under the Corporate Governance Statement on pages 35 to 44.

INTERNAL AUDIT FUNCTION

The Board of Directors is committed to establish and maintain an efficient and effective internal audit function that is able to function independently to obtain sufficient assurance of regular review and appraisal of the effectiveness of the Group's system of internal controls.

The internal audit function is performed in-house by a group of 11 internal auditors that are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The function is headed by Syed Abdul Qader bin Mohd Ansari, who has more than 15 years of internal auditing experience in telecommunications, airlines and banking industry. All the internal auditors have tertiary qualifications and the level of expertise and professionalism as at the end of 2018 is as follows:

Expertise Category	Percentage of total auditors
Bachelor's Degree	82%
Professional (ACCA, CISA, CA, and ISMS)	64%
Professional Membership (ACCA, MIA, IIA & ISACA)	73%

The total costs incurred for the internal audit function for the financial year ended 31st December 2018 amounted to RM 1,939,898.38.

The internal audit function is guided by its' Audit Charter and reports to the Committee. Its primary role is to assist the Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's system of internal controls.

In 2018, Internal Audit executed a range of audit reviews covering financial, operational, fraud investigation and information systems audit. Other reviews were also performed to ensure that the Group's resources are utilised effectively and efficiently. The Internal Audit reports were issued for the audited division's comments and for their response on the action plans and implementation date. Internal Audit also coordinated the follow up reviews on the resolutions of internal audit issues and reported the status to the Committee.

Findings and recommendations for improvements were communicated to Senior Management and the Committee. The Internal Audit function adopts a risk-based approach in the review of internal controls based on an annual audit plan approved by the Committee. The Internal Audit function also adopts the COSO framework in assessing internal controls related to areas of review.

Audit Committee **Report** (Cont'd)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

(A) MEMBERSHIP

- There should be a minimum of 3 (three) non-executive directors, of which a majority must be independent directors.

- The Chairman of the Audit Committee shall be an independent non-executive director who is not the Chairman of the Board.

- There should be at least 1 (one) member who is a member of the Malaysian Institute of Accountants or should have at least 3 years working experience and passed the examinations specified in Part I of the 1st schedule of the Accountants Act, 1967 or is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

- Vacancies in the Audit Committee must be filled within 3 (three) months. The Nomination Committee will review and recommend, to the Board for approval, another director to fill up such vacancies based on the following personal qualities:-

  (a) the ability to act independently and be pro-active in advising the Board of any concerns;

  (b) the ability to ask relevant questions, evaluate the responses and continue to probe for information until completely satisfied with the feedback provided;

  (c) the ability and desire to constantly engage in self-development programmes;

  (d) the ability to appreciate the Company's values and a determination to uphold these values coupled with a thoughtful approach to the ethical issues that may be faced;

  (e) have a professional approach to duties, including an appropriate commitment of time and effort;

  (f) have the courage to take and stand by tough decisions and high ethical standards; and

  (g) the ability to encourage openness and transparency which is demonstrated by the ability to accept mistakes and not ascribe blame.

- The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination and Remuneration Committee annually.

- Alternate directors cannot be a member of the Audit Committee.

- All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company.

- Members of the Audit Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

(A) MEMBERSHIP (cont'd)

- All Committee Members including the Chairman should be persons of good social standing and possess relevant skills and a good track record in the corporate or business field. They must have the required skills to engage with management and the auditors and be prepared to ask key and probing questions about the company's financial position, operational risks and internal controls, compliance with applicable approved accounting standards and other related requirements. The Audit Committee's effectiveness is dependent on its members' broad business experience, knowledge and competence in business matters, financial reporting, internal controls and auditing.

- No former key audit partner shall be appointed as a member of the Audit Committee before observing a cooling-off period of at least 2 (two) years.

(B) FUNCTIONS OF THE AUDIT COMMITTEE

(i) To determine that established policies, procedures and guidelines, operating and internal accounting controls are adequate, functioning, effective, and are complied with in promoting efficiency and proper conduct of the Company's business.

(ii) To act as an independent and objective party in reviewing the financial information of the Company presented by Management.

(iii) To review the quarterly and year-end financial statements of the Company for recommendation to the Board for approval, focusing particularly on:-

- any changes in or implementation of major accounting policies and practices;

- significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed; and

- compliance with accounting standards and other legal requirements.

(iv) To consider and recommend the nominations, appointment and reappointment of the external auditor, the audit fee and any questions of resignation or dismissal.

(v) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved.

(vi) To discuss problems and reservations arising from the interim and final audits, and any other matter the auditor may wish to discuss (in the absence of Management where necessary).

(vii) To review the external auditor's management letter, their evaluation of the systems of internal control and management's responses thereof.

(viii) To ensure that assistance is given by the employees of the company in following the best practices in providing full and faithful disclosure of any material information, to the external auditor.

Audit Committee **Report (Cont'd)**

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

(B) FUNCTIONS OF THE AUDIT COMMITTEE (cont'd)

(ix) To monitor the effectiveness of the external auditors' performance and their independence and objectivity.

(x) To do the following where an internal audit function exists:

- Review the adequacy of the scope, functions, competency and resources of the internal audit function according to the standards set by recognised professional bodies, and that it has the necessary authority to carry out its work;
- Review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- Review any appraisal or assessment of the performance of members of the internal audit function;
- Approve any appointment or termination of senior staff members of the internal audit function; and
- Inform itself of resignations of internal audit staff members and provide the resigning staff to submit his/her reasons for resigning.

(xi) To review and report to the Board of Directors any related party transaction and conflict of interests situation that may arise within the listed issuer or Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

(xii) To consider the major findings of internal investigations and Management's response.

(xiii) To review pertinent operational matters in relation to the Group's quarterly financial performance and quarterly announcement to Bursa.

(xiv) To monitor operational performance against targets set in the Annual Operating Plan in relation to the Group's quarterly financial performance and quarterly announcement to Bursa.

(xv) To assess risk and control environment by:-

(a) determining whether Management has implemented policies ensuring the Company's risks are identified and evaluated and that internal controls in place are adequate and effective to address the risks; and

(b) making enquiry as to whether each category of risks is adequately monitored and addressed by the Company's risk management procedures.

(xvi) To consider other topics as defined by the Board.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

(C) RIGHTS OF THE AUDIT COMMITTEE

To enhance the effectiveness of the Audit Committee in the discharge of its duties, the Listing Requirements provides the Audit Committee with the following rights:

- authority to investigate any matter within its terms of reference;
- right to resources to perform its duties;
- full and unrestricted access to any information pertaining to the Company, including access to resources;
- have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity;
- right to obtain external independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company whenever deemed necessary.

(D) AUDIT COMMITTEE MEETINGS

- The Audit Committee should meet regularly, at least once in every quarter, with due notices of issues to be discussed and should record its conclusions in discharging its duties and responsibilities. The quorum should comprise a majority of independent directors.
- The Audit Committee shall aim to reach a consensus on issues discussed, failing which a poll shall be taken through a show of hands.
- The Chairman of the Committee should report on each meeting to the Board. Minutes of each meeting should be kept and distributed to each member of the Committee and of the Board. The Secretary to the Committee should be the Company Secretary.
- The Chief Executive Officer ("CEO") or/and Chief Financial Officer (or a person of similar capacity), Head of Internal Audit and a representative of the external auditors shall normally be entitled to attend any meeting of the Committee and to make known their views on any matter under consideration by the Committee, or which in their opinion, should be brought to the Committee's attention.
- The Audit Committee must ensure that other directors and employees attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

Audit Committee **Report (Cont'd)**

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

(D) AUDIT COMMITTEE MEETINGS (cont'd)

- The Audit Committee should meet with the external auditors without executive board members present at least twice a year for the following purposes:-

  (a) to discuss accounting principles and judgments made in connection with the preparation of the company's financial statements and possible alternative accounting treatments, and whether these alternatives have been discussed with management or if these alternative policies would better reflect the values as disclosed in the financial statements;

  (b) to seek understanding and clarification on accounting treatments and methods and their appropriateness;

  (c) to make inquiry on significant discussions between the Company's CEO or equivalent, Chief Financial Officer or other key Management personnel; and

  (d) to have a better understanding on the nature and extent of issues discussed with Management during the audit.

- The Audit Committee may deal with matters by way of circular reports and resolution in lieu of convening a formal meeting.

(E) AUDIT COMMITTEE REPORT

The Board of Directors of a listed issuer must publish an Audit Committee Report in its annual report and shall include the following therein:

- membership of the Audit Committee of which the minimum details are specified in the Listing Requirements;

- the number of Audit Committee meetings and details of attendance of each Audit Committee member;

- summary of the work of the Audit Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities; and

- summary of the work of the internal audit function.

The Board of Directors is also required to make the following additional statements in its annual report:

- a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements; and

- a statement about the risk management and internal controls of TdC as a group (after the same is reviewed by the external auditors and the results thereof reported).

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (cont'd)

(F) REPORTING OF BREACHES

The Audit Committee must promptly report any matter to Bursa, if in its view such matter has not been satisfactorily resolved by the Board of Directors resulting in a breach of Listing Requirements.

(G) SUPPORT

The Company Secretary shall provide the necessary support to enable members of the Audit Committee to discharge their functions effectively.

(H) REVIEW OF TERMS OF REFERENCE

The Terms of Reference should be assessed, reviewed and updated periodically, at least when there are changes to the Malaysian Code on Corporate Governance 2017, Listing Requirements or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Company that may affect the Audit Committee's role.

Directors' Statement On **Risk Management & Internal Control**

The Malaysian Code on Corporate Governance 2017 ("the Code") sets out the Principles, Practices and Guidance for the Board of a company listed on the Bursa Malaysia Securities Berhad ("Bursa Securities") to establish a proper risk management framework and internal control system in order to assist the Company in making informed decisions on the level of risk tolerance and necessary controls to pursue the Company's objectives.

The Board of Directors ("the Board") is committed to establish a sound framework to manage risks and is pleased to provide the following statement in accordance with paragraph 15.26 (b) of the Main Market Listing Requirements, Practice Note 9 issued by Bursa Securities, Statement on Risk Management & Internal Control (Guidelines For Directors of Listed Issuers) and guided by Principle B and Practice and Guidance 9.1 and 9.2 of the Code on recognising and managing risks within the Group.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets, and to discharge their stewardship responsibilities in identifying principal risks and ensuring the implementation of appropriate systems to manage these risks in accordance with the best practices of the Code.

However, due to the limitations inherent in any risk management and internal control systems, it should be noted that such systems are designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Therefore, the systems can only provide a reasonable and not an absolute assurance against the occurrence of any material misstatement, loss or fraud. The internal control systems of the Group covers, inter alia, risk management, financial, operational and compliance controls.

The Board has established a process for identifying, evaluating, monitoring and managing the significant risks that may materially affect the achievement of its corporate objectives. This process has been in place throughout the year under review up to the date of this report.

Whilst the Board maintains ultimate responsibility over risk and control issues, the responsibility has been delegated to the Senior Management to implement the internal control systems within an established framework. The Group's Internal Audit function provides an independent assessment and assurance on the system of risk management and internal controls based on the internal audit reviews carried out during the financial year.

CONTROL ENVIRONMENT AND STRUCTURE

The Board recognises that in order to achieve a sound system of risk management and internal controls, a conducive control environment and framework must be established. The key elements of internal control, among others, comprise the following:

(a) Control Environment

(i) **A Formal Organisational Structure and Discretionary Authority Limits** is in place with defined lines of reporting, to align with business and operational requirements. The structure facilitates the segregation of duties and accountability. Formal limits of authority delegation are implemented for planning, executing, controlling and monitoring business operations.

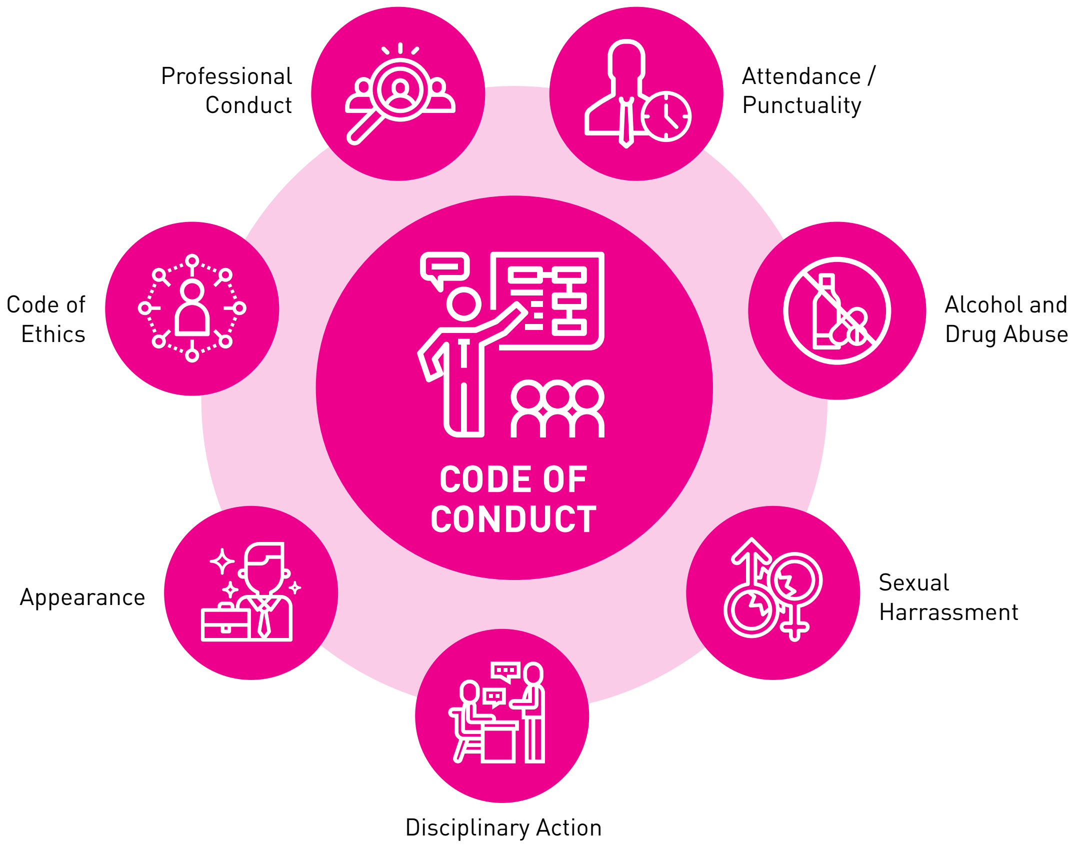
(ii) **Board Committees** are set up by the Group to uphold corporate governance and transparency with its specific terms of reference and authority. The Board Committees comprise of the Audit Committee, Nomination and Remuneration Committee and Tender Committee. These Committees report to the Board and provide the relevant recommendations for the Board's decision.

CONTROL ENVIRONMENT AND STRUCTURE (cont'd)

(a) Control Environment (cont'd)

(iii) **An Audit Committee**, of which the majority comprises Independent Non-Executive Directors, was maintained throughout the financial year. The Audit Committee convenes meetings at least once every quarter, and discusses amongst others the financial results, internal audit findings, related party transactions, risk management as well as the external auditor's appointment and their external audit plan and results. The Audit Committee reviews and approves the Internal Audit Plan on an annual basis and also oversees the Internal Audit Division's function, scope of work and resources. Further details of the activities undertaken by the Audit Committee of the Group are set out in the Audit Committee Report.

(iv) **Employee Handbook & Code Of Conduct** are provided and made available to employees of the Group via Intranet. All employees are required to sign and adhere to the Confidentiality Agreements and Declaration of Non-Conflict of Interest upon their appointment. The Declaration of Non-Conflict of Interest is also required on an annual basis. The Code of Conduct sets out principles to guide the employees in carrying out their duties and responsibilities and covers areas as per the diagram below:



As part of awareness and reminder to the employees, the Code of Conduct information have also been published by internal communication channel, TIME LOOP.

Directors' Statement On
Risk Management & Internal Control (Cont'd)

CONTROL ENVIRONMENT AND STRUCTURE (cont'd)

(a) Control Environment (cont'd)

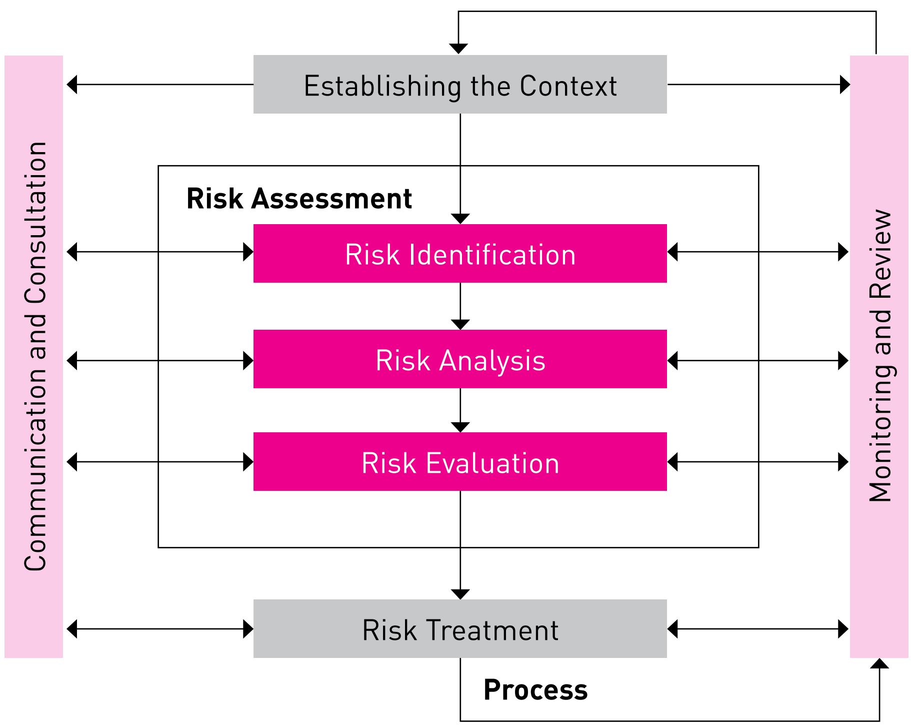
(v) **Policy / Guideline and Procedure for Selection & Recruitment, Termination / Resignation, Performance Appraisal, Learning and Development** are in place to ensure that the desired standard of human resource practices are met in achieving the Group's business objectives. Selection and recruitment is based on both the business requirements and the individual's competency and behavioural assessment while the policy / guideline and procedure on termination / resignation process is developed in consideration of the Company's business requirements and the applicable Malaysian employment laws. A web-based performance management system is in place to manage and facilitate performance monitoring and evaluation at Company, Divisional and Individual level. People capability assessment encompassing managerial, technical, functional and behavioral areas are being conducted on annual basis.

(vi) **Supplier Conduct Principles** have been established which outlines the standard for ethical and business conduct expected from contractors and suppliers in their relationship with the Group. These principles are incorporated in the contracts with vendors and Request for Proposals documents.

(b) Risk Assessment

(i) **Risk Management Framework and Risk Management Procedure Manual** has been adopted to guide the Risk Management Secretariat and the organization to identify, analyse and evaluate strategic, business, operational and related risks. The Risk Management Secretariat monitors implementation and updates of action plans, and reports to the Risk Management Steering Committee ("RMSC") and the Audit Committee ("AC") on a quarterly basis.

The overall Risk Management Framework of the Group is provided in the diagram below:



CONTROL ENVIRONMENT AND STRUCTURE (cont'd)

(b) Risk Assessment (cont'd)

The Group faces various risks and uncertainties, however the Risk Management Secretariat aims to mitigate and manage the exposures through identified risk treatment plans and measures. A summary of the key risks faced by the Group are listed in Appendix 1 of this statement.

(ii) **The RMSC** is tasked with developing and maintaining an effective risk management system within the Group. Formal risk policies and guidelines have been established as part of the risk management framework. Under the existing risk management framework, the business operating units, departments and divisions are responsible for compliance with risk policies and guidelines. During the financial year, the RMSC reviewed the enterprise risk profiles and management's action plan on risk areas.

(iii) **The Risk Management Secretariat** reports to the RMSC to assist it in the undertaking of its functions. The Risk Management Secretariat works with risk owners across business divisions to facilitate implementation and monitoring of risk treatment plans. Key risks and its status are identified and reported to the Board on a quarterly basis.

(c) Control Activities

(i) **Operational and Accounting Manuals** are in place to provide guidelines and standard operating procedures over the Group's key business processes. In addition, TIME's Credit Management, Payable & Fixed Asset Management, and Treasury Management has been ISO 9001:2015 certified. These departments were independently certified by SIRIM QAS International for various relevant periods from 2017 until 2021.

(ii) **The Whistleblowing Policy** outlines the Group's commitment to encourage employees to disclose any malpractice or misconduct of which they become aware and to provide protection for employees who report such allegations. The policy provides the framework and procedures by which directors, staff, contractors and consultants can anonymously voice concerns or complaints.

(iii) **Business Continuity Management (BCM) Framework** has been established in 2011 as a guide to develop and maintain the Group's BCM programme based on management's evaluation of the requirements / definitions under Malaysia / International standards i.e. MS1970:2007, ISO22301, ISO22313 and PD25666. The implementation of Group's BCM programme will facilitate the following:

- To respond to business disruptions, resume critical operations from major failures or disasters; and
- To minimise the impact to the Group's business operations in the event of disasters.

(iv) **Financial and Operational Information** is prepared and presented to the Board on a quarterly basis. Annual budgets and business plans are prepared by all business units and consolidated for the Board's review and approval. Operating results are monitored against budget on a monthly basis and presented to the Board at least on a quarterly basis. The Audit Committee and Board review the results on a quarterly basis to enable it to track the Group's achievement against its annual targets.

Directors' Statement On
Risk Management & Internal Control (Cont'd)

CONTROL ENVIRONMENT AND STRUCTURE (cont'd)

(c) Control Activities (cont'd)

(v) **Board Meetings** are scheduled at least quarterly. Board papers are distributed to the Board members ahead of meetings and the members have access to all relevant information. Decisions are made by the Board only after the required information is presented and deliberated to facilitate appropriate oversight and responsibility on the direction of the Group by the Board.

(vi) **Management** is accountable to the Board and responsible for implementing the processes of identifying, evaluating, monitoring and reporting of risks and the effectiveness of internal control systems, taking appropriate and timely corrective actions as required.

(d) Monitoring

(i) **Internal Audit Function** reports to the Audit Committee at least quarterly and is guided by the Audit Charter. Findings and recommendations for improvements are communicated to the Senior Management and the Audit Committee with relevant follow up on the implementation status of action plans. The Internal Audit function adopts a risk-based approach in the review of internal control based on an annual audit plan approved by the Audit Committee. The Internal Audit function examines the adequacy and effectiveness of the verification, recording and disclosure procedures for related party transactions, recurrent or otherwise, in conformance with Bursa Securities Listing Requirements on related party transactions.

(ii) **Fraud Monitoring and Credit Management** functions are in place to ensure that subscriber usage patterns are continuously monitored, appropriate actions taken for suspected fraud and credit management procedures are adhered to.

(iii) **Regulatory Affairs Department** coordinates the requirements for compliance as outlined through relevant telecommunications laws, its supporting regulations and guidelines as well as requirements as stated in license conditions.

Regulatory Affairs also participate in industry forums and consultation conducted by the regulatory agencies.

(iv) **Revenue Assurance** function monitors potential revenue leakages that may arise from daily operations. Identified revenue leakage issues with recommendations for mitigation are circulated to the relevant departments for action. Action plans and status are reported to management in periodic management meetings.

REVIEW OF THIS STATEMENT

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report, in line with the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA"), and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board had received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively.

For the financial year under review and up to the date of this report, the Board is satisfied with the Group's system of risk management and internal control and will continue to review the adequacy and integrity of the Group's internal control. There are no material losses, contingencies or uncertainties that have arisen from any inadequacy or failure of the Group's system of risk management and internal control that would require separate disclosure in the Group's Annual Report.

Directors' Statement On
Risk Management & Internal Control (Cont'd)

Appendix 1 – Key Risks Faced by the Group

1. Operational Risk

With the increasing competition in the Telecommunications industry, customers' expectations have increased tenfold. However, TIME continues to strive for improvement to meet committed Service Level Guarantee (SLGs) and exceed customers' expectations.

Even with all proper controls in place, risks of network failure and disruption will always remain. To mitigate these risks, continuous initiatives and various projects were implemented to provide stronger network and operations resiliency. Investments towards improving its infrastructure were continuously made to meet TIME's increasing customer base. Operations' process and procedures were continuously improved with focus towards customer support and service improvement.

Business Continuity Management (BCM) strategies were also embedded to ensure quick response and action in any undesirable event.

2. Technology Risk

Keeping competitive in the market is vital to TIME's success in the industry. Failure in keeping up with current technology in its Network and IT infrastructure may lead to TIME incapable to compete and meet customer demand efficiently and effectively.

As a growing company with vast infrastructure and tenure internally and external to TIME, it is TIME's responsibility to ensure infrastructures are managed and monitored closely to avoid business interruptions and services outage. Hence, TIME ensures sufficient maintenance and support towards its infrastructure, as well as having a dedicated team to monitor new technologies that can support to improve TIME's operations. Significant investments were made to mitigate technology risk, and ensure that business and operations are being run and supported by the latest technology.

3. Cyber-threat Risk

Cyber-attacks, data theft and information leakage maintains as a constant threat throughout the industry. Weakness in controls over these areas may result in operation disruption and financial losses. Data and information theft may impact the company's reputation, losing customer base with legal consequences. TIME has taken steps to ensure that the company is well protected from such threats and vulnerabilities. IT and Network securities and parameters are being reviewed and enhanced continuously and consistently to meet industry standard.

TIME adopts information confidentiality policies and procedures to further mitigate the risk and exposure towards the cyber security risks. TIME is also certified in Information Security Management Systems (ISO/IEC 27001).

Group Financial **Highlights**

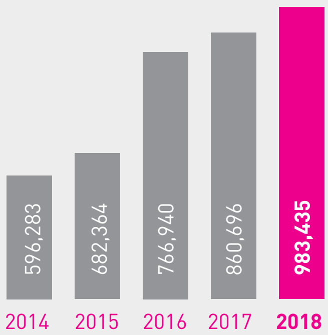
Financial Performance In RM'000	UNDER PRE-MFRS 15 2014	2015	2016	2017	2018	Under MFRS 15 2018
Revenue	596,283	682,364	766,940	860,696	1,017,457	983,435
Revenue Growth (Y-o-Y)	9%	14%	12%	12%	18%	14%
Operating Profit	143,861	170,649	199,102	183,091	317,184	302,441
Profit After Tax[1]	172,402	191,351	249,928	175,362	309,462	288,670
Return on Equity (ROE) [1]	7%	9%	11%	8%	12%	11%
Basic Earnings per Ordinary Share (Sen) [1]	30.34	33.55	43.33	30.25	53.13	49.56

Financial Position

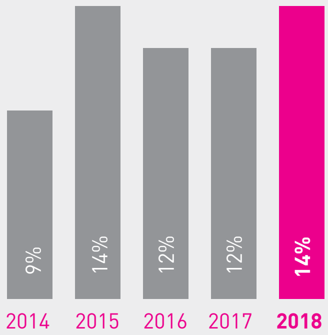
Financial Position	2014	2015	2016	2017	2018	2018
Total Shareholders' Equity (RM'000)	2,358,408	2,082,547	2,182,893	2,266,024	2,489,762	2,519,715
Total Assets (RM'000)	2,745,349	2,609,940	2,747,300	3,078,050	3,112,647	3,177,651
Net Tangible Assets per Share (RM)	3.74	3.25	3.40	3.53	3.90	3.95
Return on Assets (ROA)(%) [1]	6%	7%	9%	6%	10%	9%

NOTE 1
For comparison purposes, excludes realisation of fair value gain reclassified from available-for-sale reserve to profit or loss amounting to RM274,024,000 due to disposal of 49,900,000 and 18,829,500 ordinary shares held in DiGi.Com Berhad on 10 April 2015 and 12 May 2015 respectively and realisation of fair value gain reclassified from available-for-sale reserve to profit or loss due to full disposal of shares in DiGi.Com Berhad on 20 May 2016 of RM157,390,000.

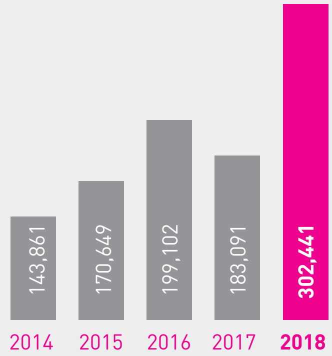
Group Financial **Highlights** (Cont'd)



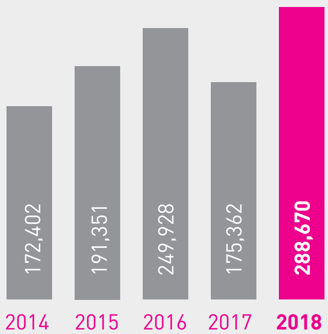
Revenue
(RM'000)



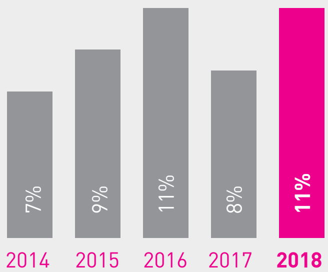
Revenue Growth (Y-o-Y) (%)



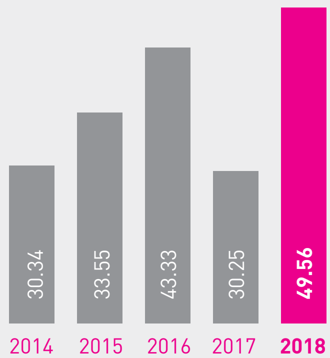
Operating Profit
(RM'000)



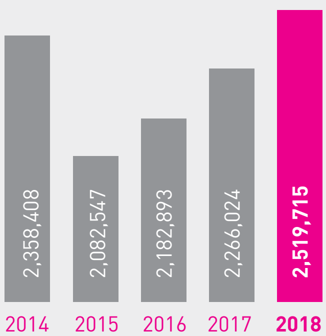
Profit After Tax
(RM'000)



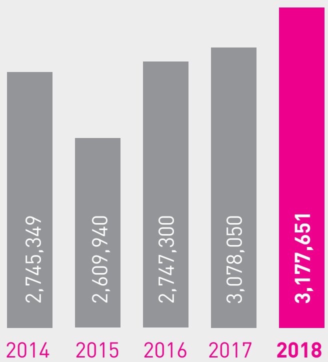
Return on Equity
(%)



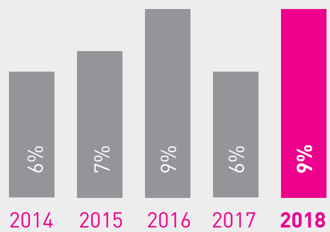
Basic Earnings per Ordinary Share (Sen)



Total Shareholders' Equity (RM'000)



Total Assets
(RM'000)

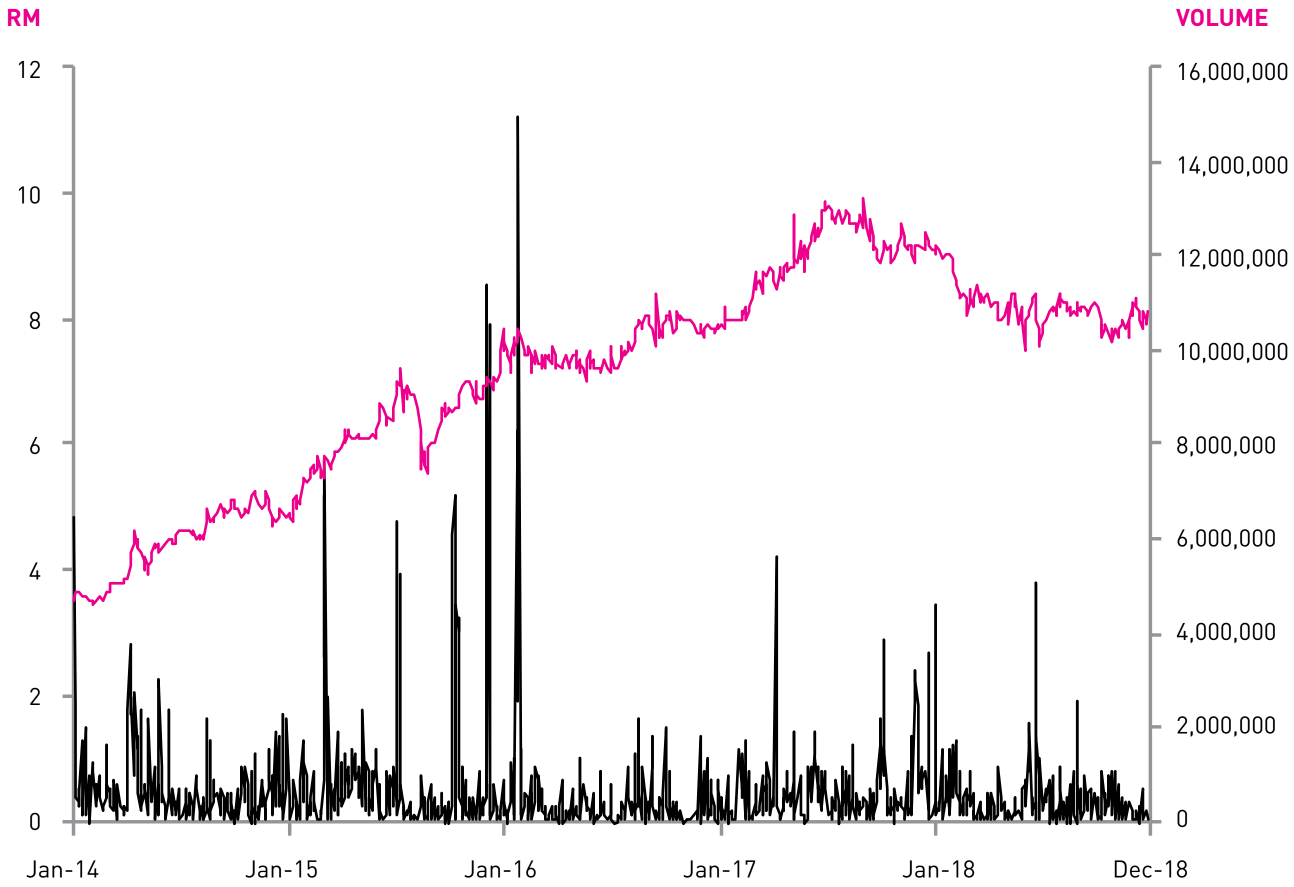


Return on Assets
(%)

Note: Numbers up to FY2017 are shown under Pre-MFRS 15 and FY2018 numbers are based on MFRS 15

5-Year **Share Price Movement**

as at 31 December 2018



Financial Statements

Directors' **Report**

for the year ended 31 December 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal activities

The Company is principally engaged in investment holding, provision of management and marketing/promotional services whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	288,670	143,398

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid an interim ordinary and a special interim tax exempt (single tier) dividend of 5.30 sen and 11.90 sen per ordinary share respectively on 28 March 2018 amounting to approximately RM100.0 million.

The Directors declared on 28 February 2019 an interim ordinary and a special interim tax exempt (single tier) dividend of 9.25 sen and 11.31 sen per ordinary share respectively for the financial year ended 31 December 2018, which will be paid on 29 March 2019.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Abdul Kadir Md. Kassim (Chairman)
Afzal Abdul Rahim (Chief Executive Officer)
Patrick Corso (Executive Director)
Lee Guan Hong (Executive Director)
Ronnie Kok Lai Huat
Elakumari Kantilal
Hong Kean Yong
Mark Guy Dioguardi

The names of the Directors of subsidiaries are set out in the respective subsidiaries' statutory financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

Directors' **Report (Cont'd)**

for the year ended 31 December 2018

Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2018	Vested	Sold	At 31.12.2018
Deemed interest in the Company:				
Afzal Abdul Rahim - own*	180,042,690	-	-	180,042,690
Patrick Corso - own*	180,042,690	-	-	180,042,690
Interest in the Company:				
Ronnie Kok Lai Huat - own	5,000	-	-	5,000
Lee Guan Hong - own	754,064	272,786	-	1,026,850
Patrick Corso - own	-	247,866	-	247,866

	Number of share options over ordinary shares			
	At 1.1.2018	Granted	Exercised	At 31.12.2018
Interest in the Company:				
Afzal Abdul Rahim - own	17,215,907	-	-	17,215,907

* Deemed interested by virtue of their interests held through Pulau Kapas Ventures Sdn. Bhd., Global Transit International Sdn. Bhd., Megawisra Sdn. Bhd., and Megawisra Investments Limited pursuant to Section 8(4) of the Companies Act 2016.

By virtue of Afzal Abdul Rahim and Patrick Corso's interest in the shares of the Company, they are also deemed interested in the shares of subsidiaries during the financial year to the extent that TIME dotCom Berhad has an interest.

None of the other directors holding office as at 31 December 2018 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business and professional legal fees paid to the firms in which the Directors are the members as disclosed in Note 27 to the financial statements.

There were no arrangements during and at the end of the financial year, which the Company is a party and had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than from the grant of a share option to Afzal Abdul Rahim, the Chief Executive Officer ("CEO") and Non-Independent Executive Director of the Company and the Company's share grant plan in which Patrick Corso and Lee Guan Hong are eligible to participate.

Issue of shares and debentures

During the financial year, the issued and paid-up capital of the Company was increased from 581,453,855 ordinary shares to 583,701,450 ordinary shares by issuance of 2,247,595 new ordinary shares pursuant to the Company's share grant plan. The new ordinary shares issued shall rank pari passu with the existing ordinary shares of the Company.

There were no other changes in the issued and paid-up capital of the Company and the Company has not issued any debentures during the financial year.

Options and grants over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the granting of share options to the CEO and share grant plan to employees.

Share options to the Chief Executive Officer ("CEO")

At an Extraordinary General Meeting held on 20 May 2015, the Company's shareholders approved the granting of a share option to Afzal Abdul Rahim, the CEO and Non-Independent Executive Director of the Company to subscribe for up to 17,215,907 new ordinary shares in the Company.

The salient terms of the share option granted are as follows:

(a) The option period commenced on 21 July 2015 and will end on the earlier of the day prior to the fifth anniversary of the date of the Share Option Agreement or the date on which the CEO ceases to hold any executive position within the Group by reason of his voluntary resignation becoming effective or the lawful termination of his employment with just cause or excuse. The option shall automatically lapse and become null and void upon expiry of the option period.

(b) The aggregate number of shares to be issued shall not be more than 17,215,907 new ordinary shares.

(c) The option price of RM5.99 per share was determined based on a discount of 10% to the five days volume weighted average market price of the Company shares immediately preceding the date on which the option was granted by the Company to the CEO. The option price per share was subsequently adjusted to RM5.81 per share with no change made to the number of option shares granted pursuant to special dividends paid by the Company on 30 September 2016 and 31 March 2017. In the current financial year, the option price was adjusted to RM5.73 per share with no change made to the number of option shares granted pursuant to a special dividends paid by the Company on 28 March 2018.

(d) The option may be exercised by the CEO at any time and from time to time during the option period up to a maximum of 20% of the total option shares per annual period of the option period. Any portion of the option which is unexercised can be carried forward to the next period without reducing the maximum exercisable portion in the next period.

Directors' **Report (Cont'd)**

for the year ended 31 December 2018

(e) In the event of any alteration in the capital structure of the Company during the option period, whether by way of capitalisation of profits or reserves, right issues, bonus issues, capital reduction (save for set-off against accumulated losses), capital repayment, sub-division or consolidation of capital, or declaration of any special dividend or distribution or otherwise howsoever taking place, unless otherwise provided in the Share Option Agreement, such corresponding alterations (if any) may be made to the Proposed Grant in terms of the option exercise price and/or the number of option shares which have not yet been exercised so as to give the CEO a fair and reasonable entitlement in respect of the option shares, as shall be certified by an external auditor or an investment bank.

Share grant plan to employees

At an Extraordinary General Meeting held on 28 June 2012, the Company's shareholders approved the establishment of the share grant plan ("SGP"), which collectively comprises the Special Restricted Share Plan ("SRSP") and Annual Restricted Share Plan and Annual Performance Share Plan ("ARPSP"). The SRSP was granted and fully vested on 30 November 2012.

The salient features of the share grant plan are, inter alia, as follows:

(a) The Scheme Committee (appointed by the Board of Directors to administer the SGP) may, in its discretion and where necessary, direct the implementation and administration of the plan. The Committee may at any time within the duration of the plan, offer ARPSP awards under the SGP to eligible employees in which such offer shall lapse should the eligible employees or Executive Directors of the Group fail to accept within the period stipulated. Non-Executive and Independent Directors and the CEO are not eligible for the SGP;

(b) The total number of shares to be issued under the SGP shall not exceed in aggregation of 10% of the issued and paid-up capital of the Company (excluding treasury shares) at any point of time during the tenure of SGP period to eligible employees of the Group;

(c) All new ordinary shares issued pursuant to the SGP will rank pari passu in all respect with the then existing ordinary shares of the Company, except that the new ordinary shares so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise;

(d) The shares granted will only be vested to the eligible employees of the Group who have duly accepted the offer of awards under the SGP, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:

- Eligible employees of the Group must remain in employment with the Group and shall not have given notice of resignation or received notice of termination of service as at the vesting dates.

- Eligible employees of the Group having achieved his/her performance targets as stipulated by the Committee and as set out in their offer of awards.

- Eligible employees of the Group having achieved his/her minimum grading in his/her individual performance in accordance with the performance management system adopted by the Company.

(e) The SGP shall be in force for a period of eight (8) years or such longer period as may be extended but not exceeding ten (10) years from the adoption date of the share grant plan.

Indemnity and insurance costs

During the financial year, the Company maintains a corporate liability insurance for the Directors and Officers of the Group, which provides appropriate insurance cover for the Directors and Officers of the Group. The amount of insurance premium paid by the Company for the financial year 2018 was RM37,987.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and that adequate provision has been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' **Report** (Cont'd)

for the year ended 31 December 2018

Significant events

The details of such events are disclosed in Note 30 to the financial statements.

Auditors

The auditors, KPMG PLT have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 19 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Afzal Abdul Rahim
Director

Patrick Corso
Director

Date: 28 February 2019

Statements of **Financial Position**

as at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Assets					
Property, plant and equipment	3	1,483,898	1,335,035	8,118	8,122
Intangible assets	4	213,959	213,959	-	-
Investments in subsidiaries	5	-	-	444,649	444,645
Investments in associates	6	407,533	404,023	-	-
Other investments	7	17,201	13,706	-	-
Deferred tax assets	8	244,209	249,725	7,809	13,325
Trade and other receivables	9	11,858	11,224	18,857	16,233
Total non-current assets		2,378,658	2,227,672	479,433	482,325
Tax recoverable		1,899	1,664	-	-
Trade and other receivables	9	399,630	263,850	820,827	518,827
Restricted cash	10	8,065	8,248	32	31
Cash and cash equivalents	10	389,399	576,616	101,876	347,293
Total current assets		798,993	850,378	922,735	866,151
Total assets		3,177,651	3,078,050	1,402,168	1,348,476
Equity					
Share capital	11	1,186,659	1,172,485	1,186,659	1,172,485
Reserves	12	1,333,056	1,093,539	204,381	164,677
Equity attributable to owners of the Company		2,519,715	2,266,024	1,391,040	1,337,162
Liabilities					
Loans and borrowings	13	110,166	142,037	-	-
Trade and other payables	14	158,374	112,064	-	-
Deferred tax liabilities	8	12,574	9,403	-	-
Total non-current liabilities		281,114	263,504	-	-
Loans and borrowings	13	62,841	281,725	-	3,000
Trade and other payables	14	313,565	264,321	10,852	7,514
Provision for tax		416	2,476	276	800
Total current liabilities		376,822	548,522	11,128	11,314
Total liabilities		657,936	812,026	11,128	11,314
Total equity and liabilities		3,177,651	3,078,050	1,402,168	1,348,476

The notes on pages 81 to 158 are an integral part of these financial statements.

Statements of **Profit or Loss and Other Comprehensive Income**

for the year ended 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	15	983,435	860,696	173,659	154,776
Cost of sales	16	(424,600)	(416,089)	-	-
Gross profit		558,835	444,607	173,659	154,776
Other income		24,437	5,135	2,071	-
Distribution expenses		(19,649)	(18,461)	(413)	(184)
Administrative expenses		(248,881)	(214,755)	(30,347)	(36,100)
Other expenses		(12,301)	(33,435)	-	-
Results from operating activities		302,441	183,091	144,970	118,492
Income from investments	17	8,990	14,797	5,711	9,168
Finance costs	18	(18,440)	(9,679)	(71)	(66)
Share of profit from associates, net of tax		11,820	4,910	-	-
Profit before tax	19	304,811	193,119	150,610	127,594
Tax expense	20	(16,141)	(17,757)	(7,212)	(6,476)
Profit for the year attributable to owners of the Company		288,670	175,362	143,398	121,118

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")	12.1	2,096	-	-	-
		2,096	-	-	-
Items that may be reclassified subsequently to profit or loss					
Fair value of available-for-sale financial assets		-	319	-	-
Foreign currency translation differences for foreign operations		1,700	(14,329)	-	-
		1,700	(14,010)	-	-
Other comprehensive income/(loss), net of tax		3,796	(14,010)	-	-
Total comprehensive income for the year attributable to owners of the Company		292,466	161,352	143,398	121,118
Earnings per ordinary share (sen)	21				
- Basic		49.56	30.25		
- Diluted		49.13	29.93		

The notes on pages 81 to 158 are an integral part of these financial statements.

Statements of **Changes in Equity**

for the year ended 31 December 2018

	← Non-distributable				→	← Distributable →		
Group	**Share capital RM'000**	**Share premium RM'000**	**Available-for-sale reserve RM'000**	**Foreign currency translation reserve RM'000**	**Share grant/ option reserves RM'000**	**Capital reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
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*	865,585	(865,585)	-	-	-	-	-	-
Fair value gain of available-for-sale financial asset	-	-	319	-	-	-	-	319
Exchange differences recognised directly in equity	-	-	-	(14,329)	-	-	-	(14,329)
Total other comprehensive income/(loss) for the year	-	-	319	(14,329)	-	-	-	(14,010)
Profit for the year	-	-	-	-	-	-	175,362	175,362
Total comprehensive income/(loss) for the year	-	-	319	(14,329)	-	-	175,362	161,352
Contributions by and distributions to owners of the Company								
Dividend to owners of the Company (Note 22)	-	-	-	-	-	(8,760)	(91,285)	(100,045)
Employee share grant plan/option scheme	-	-	-	-	21,824	-	-	21,824
Issuance of shares pursuant to the share grant plan	17,753	-	-	-	(17,753)	-	-	-
Total transactions with owners of the Company	17,753	-	-	-	4,071	(8,760)	(91,285)	(78,221)
At 31 December 2017	1,172,485	-	319	23,051	30,931	-	1,039,238	2,266,024

* In accordance with Section 618 of the Companies Act 2016, any credits standing in the share premium account has been transferred to the Company's share capital account with effect from 31 January 2017. The Company has twenty-four months after commencement of the Companies Act 2016 to utilise the credit.

The notes on pages 81 to 158 are an integral part of these financial statements.

Group	Share capital RM'000	Share premium RM'000	Available-for-sale reserve RM'000	FVOCI reserve RM'000	Foreign currency translation reserve RM'000	Share grant/ option reserves RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
	Non-distributable						*Distributable*		
At 1 January 2018, as previously reported	1,172,485	-	319	-	23,051	30,931	-	1,039,238	2,266,024
Adjustment on initial application of MFRS 15, net of tax	-	-	-	-	-	-	-	50,745	50,745
Adjustment on initial application of MFRS 9, net of tax	-	-	(319)	319	-	-	-	-	-
At 1 January 2018, restated	1,172,485	-	-	319	23,051	30,931	-	1,089,983	2,316,769
Net changes in fair value on equity investment designated as FVOCI	-	-	-	2,096	-	-	-	-	2,096
Exchange differences recognised directly in equity	-	-	-	-	1,700	-	-	-	1,700
Total other comprehensive income for the year	-	-	-	2,096	1,700	-	-	-	3,796
Profit for the year	-	-	-	-	-	-	-	288,670	288,670
Total comprehensive income for the year	-	-	-	2,096	1,700	-	-	288,670	292,466
Contributions by and distributions to owners of the Company									
- Dividend to owners of the Company (Note 22)	-	-	-	-	-	-	-	(100,010)	(100,010)
- Employee share grant plan/option scheme	-	-	-	-	-	10,490	-	-	10,490
- Issuance of shares pursuant to the share grant plan	14,174	-	-	-	-	(14,174)	-	-	-
Total transactions with owners of the Company	14,174	-	-	-	-	(3,684)	-	(100,010)	(89,520)
At 31 December 2018	1,186,659	-	-	2,415	24,751	27,247	-	1,278,643	2,519,715

The notes on pages 81 to 158 are an integral part of these financial statements.

Statements of **Changes in Equity (Cont'd)**

for the year ended 31 December 2018

Company	Share capital RM'000	Share premium RM'000	Share grant/ option reserves RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
	Non-distributable			*Distributable*		
At 1 January 2017	289,147	865,585	26,860	8,760	103,913	1,294,265
Contributions by and distributions to owners of the Company						
- Dividend to owners of the Company (Note 22)	-	-	-	(8,760)	(91,285)	(100,045)
- Employee share grant plan/option scheme	-	-	21,824	-	-	21,824
- Issuance of shares pursuant to the share grant plan	17,753	-	(17,753)	-	-	-
Total transactions with owners of the Company	17,753	-	4,071	(8,760)	(91,285)	(78,221)
Profit for the year	-	-	-	-	121,118	121,118
Transfer in accordance with Section 618(2) of Companies Act 2016	865,585	(865,585)	-	-	-	-
At 31 December 2017/ 1 January 2018	1,172,485	-	30,931	-	133,746	1,337,162
Contributions by and distributions to owners of the Company						
- Dividend to owners of the Company (Note 22)	-	-	-	-	(100,010)	(100,010)
- Employee share grant plan/option scheme	-	-	10,490	-	-	10,490
- Issuance of shares pursuant to the share grant plan	14,174	-	(14,174)	-	-	-
Total transactions with owners of the Company	14,174	-	(3,684)	-	(100,010)	(89,520)
Profit for the year	-	-	-	-	143,398	143,398
At 31 December 2018	1,186,659	-	27,247	-	177,134	1,391,040

The notes on pages 81 to 158 are an integral part of these financial statements.

Statements of **Cash Flows**

for the year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities					
Cash receipts from customers		1,015,271	988,047	-	-
Transfer from/(to) restricted cash		183	485	(1)	1,874
Cash payments to suppliers		(370,088)	(334,028)	(875)	(1,843)
Cash payments to employees and for administrative expenses		(227,658)	(225,285)	(11,968)	(15,050)
Cash receipts from subsidiary companies		-	-	33,826	229,343
Cash generated from operations		417,708	429,219	20,982	214,324
Tax refund		-	746	-	-
Tax paid		(9,747)	(6,465)	(2,220)	(2,253)
Net cash from operating activities		407,961	423,500	18,762	212,071
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(248,439)	(218,993)	-	-
Investment in equity-accounted investments		-	(290,730)	-	-
Investment income received		13,876	15,825	5,392	6,370
Proceeds from disposal of property, plant and equipment		674	256	-	-
Purchase of other investments		(1,399)	(4,240)	-	-
Net cash (used in)/from investing activities		(235,288)	(497,882)	5,392	6,370

Statements of **Cash Flows (Cont'd)**

for the year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from financing activities					
Advances to an associate		-	(4,641)	-	-
Advances to subsidiary companies		-	-	(167,282)	(4,952)
Dividend paid	22	(100,010)	(100,045)	(100,010)	(100,045)
Finance charges paid		(13,056)	(6,882)	(506)	-
Proceeds from term loans and other borrowings		31,546	273,654	-	3,000
Repayment of term loans and borrowings		(281,646)	(6,000)	(3,000)	-
Net cash (used in)/from financing activities		(363,166)	156,086	(270,798)	(101,997)
Net (decrease)/increase in cash and cash equivalents		(190,493)	81,704	(246,644)	116,444
Effect of exchange rate fluctuations on cash held		3,276	(11,387)	1,227	(5,158)
Cash and cash equivalents at 1 January		576,616	506,299	347,293	236,007
Cash and cash equivalents at 31 December	(i)	389,399	576,616	101,876	347,293

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash and bank balances	161,304	174,411	20,227	74,813
Deposits placed with licensed banks	236,160	410,453	81,681	272,511
	397,464	584,864	101,908	347,324
Restricted cash	(8,065)	(8,248)	(32)	(31)
	389,399	576,616	101,876	347,293

(ii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM276,181,000 (2017: RM182,488,000) and paid RM248,439,000 (2017: RM218,993,000) to suppliers for property, plant and equipment that was either acquired in the prior financial years or in the current financial year.

The notes on pages 81 to 158 are an integral part of these financial statements.

Notes to the **Financial Statements**

TIME dotCom Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Level 4, No. 14, Jalan Majistret U1/26
Hicom Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates.

The Company is principally engaged in investment holding, provision of management and marketing/promotional services whilst the principal activities of the subsidiaries are as stated in Note 5. There has been no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors on 28 February 2019.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term interests in Associates and Joint Ventures*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

Notes to the **Financial Statements** (Cont'd)

1. **Basis of preparation (continued)**

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2019 for those accounting standard, interpretation and amendments that are effective for annual periods beginning on or after 1 January 2019.
- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, interpretations or amendments, where applicable are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company, except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lease recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

Based on the Group's preliminary assessment, the estimated impact of initial application of MFRS 16 on its consolidated financial statements as at 1 January 2019 is additional lease liabilities of approximately RM114,841,000 with a corresponding additional right-to-use assets of RM114,841,000. The estimated impact on initial application is based on assessment undertaken to-date. The actual impact of adopting the standard may change because the testing and controls over its new accounting systems and new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

1. **Basis of preparation (continued)**

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial statements other than those disclosed in the following notes:

- Note 4 – Determination of recoverable amount for goodwill assessment
- Note 6 – Impairment assessment on investments in associates
- Note 8 – Recognition of deferred tax assets

2. **Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

The following are changes made to accounting policies, arising from the adoption of MFRS 9, *Financial Instruments* and MFRS 15, *Revenue from Contracts with Customers* with effect from 1 January 2018:

(i) MFRS 9, *Financial Instruments*

MFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This standard replaces MFRS 139, *Financial Instruments: Recognition and Measurement*.

There was no financial impact on the financial assets of the Group as at 1 January 2018 arising from adoption of MFRS 9. Trade and other receivables that were classified as "loans and receivables" under MFRS 139 are now reclassified at "amortised costs".

Notes to the **Financial Statements** (Cont'd)

2. Significant accounting policies (continued)

(ii) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group and the Company have applied MFRS 15 using the cumulative effect retrospective transition approach with practical expediency for contracts that are completed – i.e. by recognising the cumulative effect of initially applying MFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Therefore, the comparative information has not been restated and continues to be reported under MFRS 118 upon adoption of MFRS 15. Discounts, rebates, dealer commission and installation costs are capitalised and amortised over the contract period to be in line with the performance obligation instead of as and when incurred according to the previous accounting policy.

The following table summarises the impact of adopting MFRS 15 on the Group's financial statements.

Statement of financial position at 1 January 2018

	As reported under MFRS 15 RM'000	MFRS 15 adjustments RM'000	Pre-MFRS 15 RM'000
Trade and other receivables	320,799	(45,725)	275,074
Trade and other payables	371,365	5,020	376,385
Retained earnings	1,089,983	(50,745)	1,039,238

Statement of profit or loss and other comprehensive income for the year ended 31 December 2018

	As reported under MFRS 15 RM'000	MFRS 15 adjustments RM'000	Pre-MFRS 15 RM'000
Revenue	983,435	34,022	1,017,457
Cost of sales	(424,600)	(19,279)	(443,879)
Finance costs	(18,440)	6,049	(12,391)
Profit for the year attributable to owners of the Company	288,670	20,792	309,462

2. Significant accounting policies (continued)

(ii) MFRS 15, *Revenue from Contracts with Customers* (continued)

Statement of financial position as at 31 December 2018

	As reported under MFRS 15 RM'000	MFRS 15 adjustments RM'000	Pre-MFRS 15 RM'000
Trade and other receivables	411,488	(65,004)	346,484
Trade and other payables	471,939	(35,051)	436,888
Retained earnings	1,278,643	(29,953)	1,248,690

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Notes to the **Financial Statements** (Cont'd)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Notes to the **Financial Statements** (Cont'd)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

2. **Significant accounting policies (continued)**

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Notes to the **Financial Statements** (Cont'd)

2. **Significant accounting policies (continued)**

(c) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not recognised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets **(continued)**

Current financial year (continued)

(a) *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

(b) *Fair value through other comprehensive income*

(i) *Debt investments*

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets **(continued)**

Current financial year (continued)

(b) ***Fair value through other comprehensive income*** **(continued)**

(ii) ***Equity investments***

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) ***Fair value through profit or loss***

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(j)(i)).

2. **Significant accounting policies (continued)**

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

***Financial assets* (continued)**

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) *Held-to-maturity*

Held-to-maturity investments category comprised debt instruments that were quoted in an active market and the Group or the Company had the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments were subsequently measured at amortised cost using the effective interest method.

(c) *Loans and receivables*

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

Notes to the **Financial Statements** (Cont'd)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

***Financial assets* (continued)**

Previous financial year (continued)

(d) *Available-for-sale financial assets*

Available-for-sale category comprised investment in equity and debt instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss were subject to impairment assessment (see Note 2(j)(i)).

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

***Financial liabilities* (continued)**

Current financial year (continued)

(a) Fair value through profit or loss (continued)

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Notes to the **Financial Statements** (Cont'd)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

***Financial liabilities* (continued)**

Previous financial year (continued)

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

2. **Significant accounting policies (continued)**

(c) **Financial instruments (continued)**

(iv) **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Current financial year

Financial guarantee issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(v) **Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the **Financial Statements** (Cont'd)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

The telecommunications network includes assets that are acquired or constructed under the telecommunications license. Items of telecommunications network are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also include the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software including development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Leasehold land is depreciated over the shorter of the term of the associated lease or 50 years, being the estimated useful life, on a straight line basis. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	50 years
• improvements	5-7 years
• office equipment, furniture and fittings	5-7 years
• loose tools	5 years
• computer systems	5 years
• motor vehicles	5 years
• data centre equipment (excluding project management equipment)	5-15 years
• telecommunications network - commissioned network (excluding global bandwidth assets)	3-20 years

Global bandwidth assets, which form part of the Group's telecommunications network are charged to profit or loss over the duration of their respective underlying contracts. For sale of global bandwidth assets that also include the sale of future capacity upgrade entitlements, the proportionate value of the asset's net book value provided shall be taken to profit or loss. Project management equipment, which form part of the Group's data centre equipment are depreciated over the shorter of the duration of their respective underlying contract or its useful lives.

Depreciation method, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

2. Significant accounting policies (continued)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Amortisation

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

2. Significant accounting policies (continued)

(g) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to considerations is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(j)). Contract asset is included in accrued revenue which is presented within "Trade and other receivables" of the statement of financial position.

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which considerations has been received (or the amount is due) from the customers. Contract liability is included in unearned revenue which is presented within "Trade and other payables" of the statement of financial position.

(h) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment recognised previously.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits. Balances and deposits with banks and highly liquid investments are categorised as loans and receivables.

2. Significant accounting policies (continued)

(j) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables by assessing the risk of loss of each customer individually or by using a provision matrix with reference to historical credit loss experience, whichever applicable.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2. Significant accounting policies (continued)

(j) Impairment (continued)

(i) Financial assets (continued)

Current financial year (continued)

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investment in an associate) would be assessed at each reporting date whether there would be any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost would be an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset would be estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments would be recognised in profit or loss and would be measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset would be reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets would be recognised in profit or loss and would be measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset had been recognised in the other comprehensive income, the cumulative loss in other comprehensive income would be reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost would be recognised in profit or loss and would be measured as the difference between financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available--for-sale would not be reversed through profit or loss.

If, in a subsequent year, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss would be reversed, to the extent that the asset's carrying amount would not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal would be recognised in profit or loss.

2. **Significant accounting policies (continued)**

(j) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purpose. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro-rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. Significant accounting policies (continued)

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Cost directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Distribution of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend payable is remeasured at each reporting period and at settlement date, with any changes to the carrying amount of the dividend payable recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the differences, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Notes to the **Financial Statements** (Cont'd)

2. Significant accounting policies (continued)

(l) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share grant and share option granted to the Chief Executive Officer ("CEO") are measured using the Monte Carlo simulation model and Black-Scholes model, respectively. Measurement inputs for share grant include share price on measurement date and expected dividends. For employee share grants issued out of new stock, the share price is further adjusted for effects of dilution. Measurement inputs for the share option to the CEO include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), expected dividend, and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the share option is exercised. When the share option is not exercised and lapses, the share-based payment reserves are transferred to retained earnings.

In the financial statements of the Company, the grant by the Company of shares to eligible employees of subsidiaries of the Group is subsequently charged to the subsidiaries and the Company recognises a reduction in its employee expense.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

(n) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (continued)

(o) Revenue and other income

(i) Revenue

Revenue of the Group consists of voice, data (including global bandwidth), data centre and others such as charges received on installation of equipment. Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has enforceable right to payment for performance completed to date.

The significant payment terms ranges from 30 days to 90 days.

Variable consideration such as discounts and rebates given to customers is recognised based on the contractual right to bill. Upfront collection is discounted at marketing borrowing rate and amortised over the contract period with financing cost recognised in profit or loss. Assurance warranty are given to customers for critical infrastructure.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Rental income

Rental income is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

Notes to the **Financial Statements** (Cont'd)

2. Significant accounting policies (continued)

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

2. Significant accounting policies (continued)

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share based payments to employees, where applicable.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(t) Fair value measurement

The fair value of an asset or liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in absence of a principal market, in the most advantageous market.

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data wherever possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the **Financial Statements (Cont'd)**

3. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land RM'000	Building and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Data centre equipment RM'000	Telecommuni-cation network RM'000	Total RM'000
Cost										
At 1 January 2017	39,087	7,475	35,167	6,178	12,301	95,541	6,848	129,055	2,297,253	2,628,905
Additions	-	-	1,155	152	-	3,846	667	24,045	152,623	182,488
Disposals	-	-	-	-	-	-	(1,481)	(14)	(39,371)	(40,866)
Write offs	-	-	-	(11)	-	(404)	-	-	(42,975)	(43,390)
Effect of movement in exchange rates	-	-	-	-	-	(7)	-	(5)	(51,216)	(51,228)
At 31 December 2017/ 1 January 2018	39,087	7,475	36,322	6,319	12,301	98,976	6,034	153,081	2,316,314	2,675,909
Additions	11,252	-	8,828	199	-	3,159	-	41,099	211,644	276,181
Disposals	-	-	-	-	-	-	(62)	-	(2,418)	(2,480)
Write offs	-	-	(46)	(262)	-	(1,551)	-	(9,889)	(52,967)	(64,715)
Effect of movement in exchange rates	-	-	-	-	-	1	-	1	14,774	14,776
At 31 December 2018	50,339	7,475	45,104	6,256	12,301	100,585	5,972	184,292	2,487,347	2,899,671

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Leasehold land RM'000	Building and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Data centre equipment RM'000	Tele communi-cation network RM'000	Total RM'000
Depreciation and impairment loss										
At 1 January 2017										
Accumulated depreciation	-	7,459	20,545	5,251	12,299	85,503	5,835	50,859	1,019,144	1,206,895
Accumulated impairment losses	2,101	-	-	-	-	-	-	5,771	53,777	61,649
	2,101	7,459	20,545	5,251	12,299	85,503	5,835	56,630	1,072,921	1,268,544
Depreciation for the year	-	2	4,349	388	-	3,930	557	11,409	93,463	114,098
Global bandwidth assets charged out	-	-	-	-	-	-	-	-	9,070	9,070
Disposals	-	-	-	-	-	-	(1,481)	(1)	-	(1,482)
Impairment write offs	-	-	-	-	-	-	-	-	(29,583)	(29,583)
Write offs	-	-	-	(11)	-	(394)	-	-	(10,291)	(10,696)
Effect of movement in exchange rates	-	-	-	-	-	(4)	-	(2)	(9,071)	(9,077)
At 31 December 2017/ 1 January 2018										
Accumulated depreciation	-	7,461	24,894	5,628	12,299	89,035	4,911	62,265	1,102,315	1,308,808
Accumulated impairment losses	2,101	-	-	-	-	-	-	5,771	24,194	32,066
	2,101	7,461	24,894	5,628	12,299	89,035	4,911	68,036	1,126,509	1,340,874

Notes to the **Financial Statements** (Cont'd)

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Leasehold land RM'000	Building and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Data centre equipment RM'000	Tele communi-cation network RM'000	Total RM'000
Depreciation and impairment loss										
Depreciation for the year	-	2	2,417	289	-	4,094	519	13,821	103,853	124,995
Global bandwidth assets charged out	-	-	-	-	-	-	-	-	10,029	10,029
Disposals	-	-	-	-	-	-	(62)	-	(49)	(111)
Impairment write offs	-	-	-	-	-	-	-	(5,771)	(24,194)	(29,965)
Write offs	-	-	(46)	(262)	-	(1,550)	-	(3,151)	(28,773)	(33,782)
Effect of movement in exchange rates	-	-	-	-	-	2	-	2	3,729	3,733
At 31 December 2018										
Accumulated depreciation	-	7,463	27,265	5,655	12,299	91,581	5,368	72,937	1,191,104	1,413,672
Accumulated impairment losses	2,101	-	-	-	-	-	-	-	-	2,101
	2,101	7,463	27,265	5,655	12,299	91,581	5,368	72,937	1,191,104	1,415,773
Carrying amounts										
At 1 January 2017	36,986	16	14,622	927	2	10,038	1,013	72,425	1,224,332	1,360,361
At 31 December 2017/ 1 January 2018	36,986	14	11,428	691	2	9,941	1,123	85,045	1,189,805	1,335,035
At 31 December 2018	48,238	12	17,839	601	2	9,004	604	111,355	1,296,243	1,483,898

3. Property, plant and equipment (continued)

3.1 Telecommunication network

	2018 RM'000	2017 RM'000
Network cost:		
Commissioned network	2,432,363	2,247,379
Network-in-progress	54,984	68,935
	2,487,347	2,316,314
Less: Accumulated impairment losses	-	(24,194)
Less: Accumulated depreciation	(1,191,104)	(1,102,315)
Net book value	1,296,243	1,189,805

Included in cost of commissioned network is global bandwidth assets with a fixed monetary value of RM167,650,000 (2017: RM109,215,000). The carrying amount for the said global bandwidth assets at the reporting date was RM103,526,000 (2017: RM56,072,000).

Included in addition of commissioned network during the year was borrowing cost amounting to RM Nil (2017: RM2,743,000).

3.2 Write offs

During the financial year, the Group wrote off certain items within property, plant and equipment with costs totalling RM64,715,000 (2017: RM43,390,000) of which RM29,965,000 (2017: RM29,583,000) and RM33,782,000 (2017: RM10,696,000) was written off against accumulated impairment losses and accumulated depreciation respectively. The remaining amount of RM968,000 (2017: RM3,111,000) was charged to statement of profit or loss and other comprehensive income.

3.3 Leasehold land

The carrying amount of leasehold land with unexpired lease periods of less than 50 years amounted to RM12,000 (2017: RM14,000).

3.4 Buildings and improvements

Included in buildings and improvements in the current financial year was a portion under construction with a cost amounting to RM2,871,000 (2017: RM2,536,000).

Notes to the **Financial Statements (Cont'd)**

3. Property, plant and equipment (continued)

3.5 *Data centre equipment*

Included in the data centre equipment in the current financial year was a portion under construction with a cost amounting to RM1,070,000 (2017: RM17,136,000).

3.6 *Security*

Included in property, plant and equipment with a total carrying amount of RM334,932,000 (2017: RM298,020,000) were charged to the banks as security for banking facilities granted to the Group.

Company	Freehold land RM'000	Building and improvements RM'000	Office equipment, furniture and fittings RM'000	Computer systems RM'000	Total RM'000
Cost					
At 1 January 2017/31 December 2017/1 January 2018	8,113	403	322	8,014	16,852
Write offs	-	(46)	(262)	(358)	(666)
At 31 December 2018	8,113	357	60	7,656	16,186
Depreciation					
At 1 January 2017	-	365	321	8,014	8,700
Depreciation for the year	-	30	-	-	30
At 31 December 2017/1 January 2018	-	395	321	8,014	8,730
Depreciation for the year	-	3	1	-	4
Write offs	-	(46)	(262)	(358)	(666)
At 31 December 2018	-	352	60	7,656	8,068
Carrying amounts					
At 1 January 2017	8,113	38	1	-	8,152
At 31 December 2017/1 January 2018	8,113	8	1	-	8,122
At 31 December 2018	8,113	5	-	-	8,118

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use, with cost amounting to RM774,819,000 (2017: RM789,279,000) and RM8,058,000 (2017: RM8,723,000) respectively.

4. Intangible assets

Group	**Goodwill**
Carrying amount	**RM'000**
At 1 January 2017/31 December 2017/1 January 2018/31 December 2018	213,959

4.1 Impairment testing for cash-generating unit containing goodwill

The goodwill is represented by the smallest group of assets that generates cash flows from continuing use, called Group's Cash Generating Unit ("CGU").

The recoverable amount of the CGU was determined based on its value in use. The recoverable amount of the CGU was determined to be higher than its carrying amount.

Value in use was determined by discounting the estimated future cash flows expected to be generated from the continuing use of the CGU. Cash flow projections used in this assessment were prepared by the Group based on three years business plan approved by the Board and additional two years financial forecast estimated by management based on a reasonable and consistent view of the overall direction of the CGU. The cash flows beyond the five-year period were projected to perpetuity using an estimated growth rate.

Key assumptions used in determining value in use for the business during the current financial year include an estimated long term growth rate of 3% (2017: 5%) and Weighted Average Cost of Capital ("WACC") of 7.49% (2017: 9.39%). The basis of determination of the budgeted revenue growth and margins are based on the estimated achievable historical rates and estimated revenue growth and margins for the projected years.

The values assigned to the key assumptions represent management's assessment of future trends of the business and are based on both external and internal sources (historical data).

5. Investments in subsidiaries

	Company	
	2018	**2017**
	RM'000	**RM'000**
Unquoted shares, at cost		
At 1 January	444,645	444,645
Addition	4	-
At 31 December	444,649	444,645

Notes to the **Financial Statements** (Cont'd)

5. Investments in subsidiaries (continued)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2018 %	2017 %
TT dotCom Sdn. Bhd. ("TTdC")	Malaysia	Provision of voice, data, video and image communication services through its domestic and international network	100	100
Planet Tapir Sdn. Bhd.	Malaysia	Investment holding	100	100
TIME dotcom Japan K.K.*	Japan	Provision of telecommunication services, co-location and other related services	100	-
Global Transit Communications Sdn. Bhd.	Malaysia	Provision of telecommunication and related services	100	100
Global Transit (Hong Kong) Limited*	Hong Kong	Provision of management services	100	100
Global Transit Singapore Pte. Ltd.*	Singapore	Wholesale of telecommunication equipment and related services	100	100
Global Transit Limited	Malaysia, Labuan	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
Global Transit 2 Limited	Malaysia, Labuan	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
Global Transit 3 Limited	Malaysia, Labuan	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
Global Transit 5 Limited	Malaysia, Labuan	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
AIMS Cyberjaya Sdn. Bhd.	Malaysia	Provision of value added network services, information services, system integration services, operations of data networks and network based applications for corporations	100	100

5. Investments in subsidiaries (continued)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2018 %	Effective ownership interest 2017 %
AIMS Data Centre Sdn. Bhd.	Malaysia	Provision of value added network services, information services, system integration services, operation of data networks and network based applications for corporations and building management	100	100
AIMS Data Centre Pte. Ltd.*	Singapore	Provision of telecommunication related services	100	100
TIME dotCom International Sdn. Bhd.	Malaysia	Investment holding	100	100
Subsidiary of TIME dotCom International Sdn.Bhd.				
TIME dotCom (Cambodia) Co., Ltd.+	Cambodia	Provision of telecommunication services	100	-

* Not audited by member firms KPMG PLT
\+ Audited by member firms of KPMG International

The financial information of TIME dotCom Japan K.K. and TIME dotCom (Cambodia) Co., Ltd. which were consolidated into the Group financial statement are individually and in aggregate deemed immaterial to the statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flows of the Group.

6. Investments in associates

	Note	Group 2018 RM'000	Group 2017 RM'000
At cost			
Unquoted shares outside Malaysia	6.1	108,744	108,744
Quoted shares outside Malaysia	6.1	290,730	290,730
Share of post-acquisition reserves		12,052	4,549
Less: Impairment loss	6.4	(3,993)	-
		407,533	404,023
Market value of quoted shares outside Malaysia		127,194	237,863

Notes to the **Financial Statements** (Cont'd)

6. Investments in associates (continued)

6.1 Details of associates are as follows:

Name of entity	Country of incorporation	Nature of relationship	Effective ownership and voting interest 2018 %	2017 %	Financial year end
Symphony Communication Public Company Limited ("SYMC")	Thailand	Provision of telecommunication services and related services in Thailand	46.8	46.8	31 December
CMC Telecommunication Infrastructure Corporation ("CMC") +	Vietnam	Provision of telecommunication and related services in Vietnam	45.3	45.3	31 March
KIRZ Co., Ltd+	Thailand	Provision of telecommunication services and related services in Thailand	49.0	49.0	31 December
KIRZ Holdings Co., Ltd+	Thailand	Investment holding	49.0	49.0	31 December

\+ The Group's share of profit and loss is based on the latest unaudited financial statements for the year ended 31 December 2018.

6. Investments in associates (continued)

6.1 Details of associates are as follows: (continued)

The following table summarises the information of the Group's material investments in associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Group	**2018**			
Summarised financial information As at 31 December	**SYMC RM'000**	**CMC RM'000**	**Others RM'000**	**Total RM'000**
Non-current assets	424,456	169,716	22,296	616,468
Current assets	146,663	126,527	4,904	278,094
Non-current liabilities	(119,144)	(52,263)	(16,569)	(187,976)
Current liabilities	(155,597)	(124,899)	(16,755)	(297,251)
Net assets/(liabilities)	296,378	119,081	(6,124)	409,335
Year ended 31 December				
Revenue	167,323	243,407	16,610	427,340
Profit/(Loss) and comprehensive income/(expense) for the year	8,441	19,026	(3,103)	24,364
Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	138,824	53,908	(3,001)	189,731
Goodwill	159,335	56,749	6,640	222,724
Impairment loss	-	-	(3,993)	(3,993)
Effect of foreign exchange	(3,449)	2,166	354	(929)
Carrying amount in the statement of financial position	294,710	112,823	-	407,533
Group's share of results for the year ended 31 December				
Group's share of profit/(loss) and comprehensive income/(expense)	3,980	8,614	(774)	11,820
Other information				
Dividend received by the Group	-	4,317	-	4,317

Notes to the **Financial Statements** (Cont'd)

6. Investments in associates (continued)

6.1 Details of associates are as follows: (continued)

Group	2017			
Summarised financial information	**SYMC**	**CMC**	**Others**	**Total**
As at 31 December	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current assets	454,963	147,521	23,623	626,107
Current assets	159,073	109,891	4,564	273,528
Non-current liabilities	(239,695)	(32,615)	(14,416)	(286,726)
Current liabilities	(93,822)	(113,836)	(16,745)	(224,403)
Net assets/(liabilities)	280,519	110,961	(2,974)	388,506
Year/Period ended 31 December				
Revenue	24,677 *	210,463	16,530	251,670
Profit/(Loss) and comprehensive income/(expense) for the year/period	1,145 *	17,683	(6,317)	12,511
Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	131,395	50,232	(1,457)	180,170
Goodwill	159,335	58,294	6,224	223,853
Carrying amount in the statement of financial position	290,730	108,526	4,767	404,023
Group's share of results for the year ended 31 December				
Group's share of profit/(loss) and comprehensive income/(expense)	-	8,005	(3,095)	4,910
Other information				
Dividend received by the Group	-	2,866	-	2,866

* Based on post acquisition results of SYMC.

6. Investments in associates (continued)

6.2 Impairment assessment on investment in SYMC

The Group had undertaken an impairment test on its investment in SYMC following an impairment indicator arising from the lower market value of SYMC as compared to the carrying amount.

The recoverable amount from the investment in SYMC was based on its value in use. The recoverable amount from the investment was determined to be higher than its carrying amount.

Value in use was determined by discounting the share of the estimated future cash flows expected to be generated by the associate. Cash flow projections used in this assessment were based on approved financial plan for five years and estimated by management based on a reasonable and consistent view of the overall business direction of SYMC. Cash flows beyond the five-year period were projected to perpetuity using an estimated growth rate.

Key assumptions used in the value in use calculation for the business during the current financial year include estimated revenue, estimated available capacity, an estimated long term growth rate of 3.00% (2017: 3.00%) and weighted average cost of capital ("WACC") of 8.38% (2017: 6.00%). The values assigned to the key assumptions represent management's assessment of future trends of in SYMC's business and are based on both external and internal sources (historical data).

6.3 Impairment assessment on investment in CMC

The Group had undertaken an impairment test on its investment in CMC following an impairment indicator arising from the lower market value of CMC as compared to the carrying amount.

The recoverable amount from the investment in CMC was based on its value in use. The recoverable amount from the investment was determined to be higher than its carrying amount.

Value in use was determined by discounting the share of the estimated future cash flows expected to be generated by the associate. Cash flow projections used in this assessment were based on approved financial plan for five years and estimated by management based on a reasonable and consistent view of the overall business direction of CMC. Cash flows beyond the five-year period were projected to perpetuity using an estimated growth rate.

Key assumptions used in the value in use calculation for the business during the current financial year include estimated revenue, estimated available capacity, an estimated long term growth rate of 3.00% and weighted average cost of capital ("WACC") of 8.34%. The values assigned to the key assumptions represent management's assessment of future trends of in CMC's business and are based on both external and internal sources (historical data). The recoverable amount is highly dependent on the ability of the Company to achieve future growth rate.

6.4 Impairment assessment on investment in KIRZ Co., Ltd and KIRZ Holdings Co., Ltd

During the financial year, the Group reviewed the financial performance of their investments in associates in Thailand. The operations of these investments in associates were not favourable and the Group recognised an impairment loss of RM3,993,000 (2017: Nil) to profit or loss. As at year end, the carrying amount of these investments in associates were fully impaired.

Notes to the **Financial Statements (Cont'd)**

7. Other investments

Group 2018	Unquoted investment RM'000
Non-current	
Fair value through other comprehensive income ("FVOCI")	
At 1 January	13,806
Additions	1,399
Fair value gain	2,096
At 31 December	17,301
Less: Impairment loss	(100)
Total unquoted equity securities at FVOCI	17,201
2017	
Non-current	
Available-for-sale **In Malaysia**	
At 1 January/31 December	100
Less: Impairment loss	(100)
	-
Outside Malaysia	
At 1 January	9,147
Additions	4,240
Fair value gain on available-for-sale financial asset ("AFS")	319
At 31 December	13,706
Total unquoted investments designated as AFS	13,706

At 1 January 2018, the Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes. In 2017, these investments were classified as available-for-sale.

8. Deferred tax assets/(liabilities)

The recognised tax benefit of unabsorbed capital allowances, unutilised tax losses and other deductible temporary difference are based on projected probable future taxable profits. Assumptions about the generation of future taxable profits are dependent on management's projection of future profitability of the entities concerned. These assumptions include estimation of future revenue, profit margins, operating and administrative expenditure and non-amendments of income tax legislation. Actual results could be significantly different from the Directors' estimate of future profitability since anticipated events may not occur as expected and the variation could be material.

8. Deferred tax assets/(liabilities) (continued)

These judgments and assumptions are subject to significant risks and uncertainties. Hence, there is a possibility that changes in circumstances may impact the extent of the amount of deferred tax assets recognised in the statements of financial position.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Property, plant and equipment	-	-	(126,411)	(109,364)	(126,411)	(109,364)
Other deductible temporary difference	41,523	56,217	-	-	41,523	56,217
Unabsorbed capital allowances	301,554	279,071	-	-	301,554	279,071
Unutilised tax losses	14,969	14,398	-	-	14,969	14,398
Tax assets/(liabilities)	358,046	349,686	(126,411)	(109,364)	231,635	240,322
Set-off of tax	(113,837)	(99,961)	113,837	99,961	-	-
Net tax assets/ (liabilities)	244,209	249,725	(12,574)	(9,403)	231,635	240,322

	Net Asset/(Liability)	
Company	**2018 RM'000**	**2017 RM'000**
Property, plant and equipment	(2)	(8)
Other deductible temporary difference	913	484
Unutilised tax losses	6,898	12,849
	7,809	13,325

Notes to the **Financial Statements (Cont'd)**

8. Deferred tax assets/(liabilities) (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (gross):

	Group	
	2018 RM'000	2017 RM'000
Property, plant and equipment	301	5,514
Other deductible temporary difference	6,024	9,044
Unabsorbed capital allowances	43,576	275,041
Unutilised investment allowance	65,596	65,596
Unutilised tax losses	496,906	517,199
	612,403	872,394

The unutilised investment allowance and unutilised tax losses can be carried forward up to year 2025 under the current tax legislation subject to no substantial changes to the Income Tax Act 1967 and guidelines issued by Ministry of Finance. Unabsorbed capital allowances do not expire under the current tax legislation.

Deferred tax assets have not been recognised in respect of these items because it is not probable that sufficient future taxable profits will be available against which the Group and/or Company can utilise the benefits therefrom. During the year, the Group has utilised unabsorbed capital allowances, unutilised tax losses and other deductible temporary differences of RM259,991,000.

Movement in temporary differences during the year

Group	At 1.1.2017 RM'000	Recognised in profit or loss RM'000	At 31.12.2017/ 1.1.2018 RM'000	Recognised in profit or loss RM'000	At 31.12.2018 RM'000
Property, plant and equipment	(86,907)	(22,457)	(109,364)	(17,047)	(126,411)
Other deductible temporary difference	17,427	38,790	56,217	(14,694)	41,523
Unabsorbed capital allowances	298,868	(19,797)	279,071	22,483	301,554
Unutilised tax losses	19,762	(5,364)	14,398	571	14,969
	249,150	(8,828)	240,322	(8,687)	231,635
Company					
Property, plant and equipment	(8)	-	(8)	6	(2)
Other deductible temporary difference	337	147	484	429	913
Unutilised tax losses	17,271	(4,422)	12,849	(5,951)	6,898
	17,600	(4,275)	13,325	(5,516)	7,809

9. Trade and other receivables

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Trade					
Prepayments		2,666	1,763	-	-
Non-trade					
Prepayments		9,192	9,461	-	-
Amount due from subsidiaries	9.4	-	-	18,857	16,233
		11,858	11,224	18,857	16,233
Current					
Trade					
Trade receivables	9.2	263,392	128,083	-	-
Amount due from related parties	9.2	33,150	11,348	-	-
		296,542	139,431	-	-
Less: Allowance for impairment losses	9.3	(13,153)	(9,106)	-	-
		283,389	130,325	-	-
Accrued revenue	9.1	6,857	9,607	-	-
Deposits		4,530	3,849	-	-
Prepayments		6,494	3,911	-	-
		301,270	147,692	-	-
Non-trade					
Amount due from subsidiaries	9.4	-	-	817,250	516,622
Amount due from an associate	9.5	12,643	12,325	-	-
Less: Allowance for impairment losses		(7,233)	-	-	-
		5,410	12,325	-	-
Other receivables		83,612	94,161	3,453	2,096
Prepayments		8,503	8,903	34	23
Deposits		835	769	90	86
		399,630	263,850	820,827	518,827

Other than prepayments, the above trade and other receivables are categorised at amortised cost in current year and as loans and receivables in prior year.

Notes to the **Financial Statements** (Cont'd)

9. Trade and other receivables (continued)

9.1 Accrued revenue

Accrued revenue relates to the unbilled portion under the global bandwidth and other contracts entered into by the Group with customers whereby the terms of payment have been mutually agreed to be made over the period of up to 3 years.

9.2 Trade receivables and trade amount due from related parties

The credit period granted for sales/services rendered ranges from 30 to 90 days (2017: 30 to 90 days).

9.3 Allowance for impairment losses (trade)

Included in the amount are impairment losses in relation to outstanding balance due from related parties amounting to RM8,000 (2017: RM8,000).

9.4 Amount due from subsidiaries (non-trade)

Included in the amount due from subsidiaries are advances amounting to RM15,359,000 (2017: RM16,159,000) and RM Nil (2017: RM10,839,000) which are unsecured and subject to interest rates 5.65% (2017: 5.65%) and 12.5% (2017: 12.5%) per annum respectively and are repayable on demand. The other amounts due from subsidiaries are unsecured and interest free. The balances arise mainly from inter-company advances and expenses paid on behalf.

9.5 Amount due from an associate (non-trade)

The amount due from an associate is unsecured and repayable on demand with an interest rate of 12.5% (2017: 12.5%) per annum. The balance arises mainly from shareholder advances made during the year.

10. Cash and cash equivalents

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances		161,304	174,411	20,227	74,813
Deposits placed with licensed banks		236,160	410,453	81,681	272,511
		397,464	584,864	101,908	347,324
Restricted cash	10.1	(8,065)	(8,248)	(32)	(31)
		389,399	576,616	101,876	347,293

10.1 Restricted cash

Restricted cash are amounts withheld by licensed financial institutions as security for bank facilities granted (see Note 13).

The cash and cash equivalents of the Group do not include bank balances amounting to RM49,653,000 (2017: RM43,538,000) held by the Group, in trust for consortium members of a submarine cable system to pay the turnkey supplier under the terms of supply contract.

11. Share capital

	Group and Company			
	Amount 2018 RM'000	Number of shares 2018 '000	Amount 2017 RM'000	Number of shares 2017 '000
Ordinary shares, issued and fully paid:				
At 1 January	1,172,485	581,453	289,147	578,294
Issuance of new ordinary shares pursuant to the share grant plan	14,174	2,248	17,753	3,159
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 *	-	-	865,585	-
At 31 December	1,186,659	583,701	1,172,485	581,453

* In accordance with Section 618 of Companies Act 2016, any amount standing 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.

12. Reserves

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
FVOCI reserve	12.1	2,415	-	-	-
Available-for-sale reserve	12.1	-	319	-	-
Foreign currency translation reserve	12.2	24,751	23,051	-	-
Share grant reserve	12.3	6,948	16,946	6,948	16,946
CEO share option reserve	12.4	20,299	13,985	20,299	13,985
Retained earnings		1,278,643	1,039,238	177,134	133,746
		1,333,056	1,093,539	204,381	164,677

Notes to the **Financial Statements** (Cont'd)

12. Reserves (continued)

12.1 FVOCI/Available-for-sale reserve

The FVOCI/available-for-sale reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income/available-for-sale financial assets until the investments are derecognised upon sale or impaired.

During the year, the net change in the fair value of FVOCI/available-for-sale financial assets has resulted in a gain of RM2,096,000 (2017: RM319,000).

12.2 Foreign currency translation reserve

The translation reserve comprises cumulative foreign currency differences arising from the translation of the financial statements of foreign operations.

12.3 Share grant reserve

The share grant reserve represents the cumulative value of share based payments granted to eligible employees of the Group. When shares, pursuant to the share grant, are issued to the eligible employees, the value of such shares are transferred from share grant reserve to share capital.

Details of the share grant plan are as follows:

		Number of ordinary shares			
	Fair value at grant date	At 1 January 2018	Vested and issued	Adjusted	At 31 December 2018
2015 Awards	RM4.78	948,308	(743,816)	(204,492)	-
2016 Awards	RM7.06	2,766,894	(1,503,779)	(87,027)	1,176,088
Total		3,715,202	(2,247,595)	(291,519)	1,176,088

The outstanding 2016 share grant awards at the end of the financial year should be fully vested by July 2019.

The shares granted will be vested only upon the fulfilment of vesting conditions which include achievement of financial performance targets set by the Group and achievement of a minimum grading by the entitled employee in accordance with the performance management system adopted by the Group.

12. Reserves (continued)

12.3 Share grant reserve (continued)

The fair value of the share grant is determined using the Monte Carlo simulation model, taking into consideration terms and conditions under which the shares were granted. The key inputs in the model are as follows:

	Closing market price at grant date	Dilution rate
Granted on 2 January 2015	RM4.94	0.514%
Granted on 11 January 2016	RM7.27	0.544%

The Group and the Company recognised share grant costs in profit or loss totalling to RM14,136,000 (2017: RM14,651,000) and RM8,436,000 (2017: RM6,970,000) respectively.

12.4 Chief Executive Officer ("CEO") share option reserve

On 21 July 2015, the Company granted an option to the CEO of the Company ("CEO Share Option") to subscribe for up to 17,215,907 new ordinary shares in the Company. The option exercise price was fixed at RM5.99, which represented a discount of approximately 9.9% to the 5-day volume weighted average market price of the Company's shares. The option may be exercised by the CEO at any time and from time to time during the 5 year option period up to a maximum of 20% of the total option shares per annual period. Unexercised options may be carried forward to the next period without reducing the maximum exercisable portion in the next period.

No share options were exercised during the financial year.

On 30 September 2016, an adjustment was made to the option exercise price pursuant to a special dividend paid by the Company in 2016. The adjustment resulted in a revised option price of RM5.89 per share with no change to the number of option shares granted.

On 31 March 2017, an adjustment was made to the option exercise price pursuant to a special dividend paid by the Company in 2017. The adjustment resulted in a revised option price of RM5.81 per share with no change to the number of option shares granted.

On 28 March 2018, a further adjustment was made to the option exercise price pursuant to a special dividend paid by the Company in 2018. The adjustment resulted in a revised option price of RM5.73 per share with no change to the number of option shares granted.

Notes to the **Financial Statements** (Cont'd)

12. Reserves (continued)

12.4 Chief Executive Officer ("CEO") share option reserve (continued)

The fair value of services received in return for share options granted is based on fair value of share options granted, measured using Black-Scholes model, with the following inputs:

	Options granted on 21 July 2015
Fair value at grant date	RM1.50
Adjusted fair value of share options pursuant to special dividends paid	RM1.69
Weighted average share price (adjusted)	RM5.73
Option life	5 years

The Group and the Company recognised share option costs in profit or loss totalling to RM6,314,000 (2017: RM6,047,000).

13. Loans and borrowings

		Group		**Company**	
	Note	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Non-current					
Term loans	13.1	110,166	142,037	-	-
		110,166	142,037	-	-
Current					
Term loans	13.1	38,028	34,105	-	-
Islamic medium term note	13.2	-	3,000	-	3,000
Revolving credit	13.3	24,813	244,620	-	-
		62,841	281,725	-	3,000
		173,007	423,762	-	3,000

Loans and borrowings are categorised as amortised cost in current and previous financial year.

13. Loans and borrowings (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities

Group	Note	At 1 January 2017 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Amortisation of transaction cost RM'000	At 31 December 2017/ 1 January 2018 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Amortisation of transaction cost RM'000	At 31 December 2018 RM'000
Term loans	13.1	173,207	15,678	(14,438)	1,695	176,142	(32,104)	3,200	956	148,194
Islamic medium term note	13.2	-	3,000	-	-	3,000	(3,000)	-	-	-
Revolving credit	13.3	-	251,226	(6,606)	-	244,620	(214,996)	(4,811)	-	24,813
Finance lease liabilities		2,250	(2,250)	-	-	-	-	-	-	-
		175,457	267,654	(21,044)	1,695	423,762	(250,100)	(1,611)	956	173,007

Company	Note	At 1 January 2017 RM'000	Net changes from financing cash flows RM'000	At 31 December 2017/ 1 January 2018 RM'000	Net changes from financing cash flows RM'000	At 31 December 2018 RM'000
Islamic medium term note	13.2	-	3,000	3,000	(3,000)	-

13. Loans and borrowings (continued)

13.1 Term loans

The term loan of the Group comprise the following:

(i) USD denominated term loan amounting to RM76,337,000 (2017: RM92,858,000) is secured/covered against:

a) a specific legal charge over the land and building held under H.M. 984, PT1277 Mukim Sungai Karang, Kuantan, Pahang which is held by a subsidiary company;

b) a legal charge over all the assets of a subsidiary company;

c) an assignment over a subsidiary company's present and future sales proceeds;

d) a corporate guarantee by the Company; and

e) retention of a rental payment amount of approximately USD1,438,000 remitted into a profit bearing financial service reserve account held by the bank.

(ii) USD denominated term loan amounting to RM53,253,000 (2017: RM57,330,000) is secured/covered against:

a) a legal charge over all the assets of a subsidiary company;

b) an assignment over a subsidiary company's present and future sales proceeds and an Earnings and Debt Service Reserve Account; and

c) a corporate guarantee by the Company.

(iii) Term loans amounting to RM18,604,000 (2017: RM25,954,000) is secured/covered against:

a) a first legal charge over proceeds received from certain customers made into a collection account sufficient to repay the amount (both interest and principal) due in the next one quarter; and

b) a corporate guarantee by the Company.

13. Loans and borrowings (continued)

13.2 Islamic medium term note

The Company has a RM denominated unsecured Islamic Medium Term Note ("IMTN") facility with an aggregate outstanding nominal value of up to RM1.0 billion and a tenure of up to 20 years. In the previous financial year, the Company issued its first tranche of the IMTN amounting to RM3.0 million in nominal value on 7 July 2017. The salient terms and conditions of the First Tranche of IMTN were as follows:

Issue Size	:	RM3.0 million in nominal value
Issue Price	:	100% of the Issue Size
Tenure	:	367 days
Periodic Distribution Rate	:	4.55% per annum
Periodic Distribution frequency	:	semi - annual
Maturity date	:	9 July 2018

The proceeds from the IMTN facility was used for general corporate purposes (including but not limited to the refinancing of credit facilities and/or working capital requirements of the Group).

The Company fully repaid its first tranche of IMTN amounting to RM3.0 million in nominal value upon its maturity on 9 July 2018.

13.3 Revolving credit

This is an unsecured USD denominated revolving credit facility.

14. Trade and other payables

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Trade					
Unearned revenue	14.1	158,374	112,064	-	-
Current					
Trade					
Trade payables	14.2	67,725	47,003	-	-
Amount due to related parties	14.2	2,670	1,624	-	-
Accrued expenses	14.5	53,652	40,209	-	-
Deposit payables		12,492	17,278	-	-
Unearned revenue	14.1	59,560	39,257	-	-
Payable for Universal Service Provision		44,386	52,147	-	-
Provisions	14.3	2,824	5,813	-	-
		243,309	203,331	-	-

Notes to the **Financial Statements** (Cont'd)

14. Trade and other payables (continued)

		Group		Company	
	Note	**2018**	**2017**	**2018**	**2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Current					
Non-trade					
Other payables		1,535	7,687	362	1,106
Amount due to a subsidiary	14.4	-	-	-	3,312
Accrued expenses	14.5	67,397	52,338	10,490	3,096
Provisions	14.3	1,324	965	-	-
		313,565	264,321	10,852	7,514

The above trade and other payables are categorised as amortised cost except for deferred income, unearned revenue and provisions.

14.1 Unearned revenue

Unearned revenue mainly represents payments received for services or products that have yet to be rendered or provided.

14.2 Trade payables and amount due to related parties

The average credit period granted to the Group for trade purchases ranges from 30 to 90 days (2017: 30 to 90 days).

14.3 Provisions

Provisions relate to obligations arising as a result of past events for certain services received.

14.4 Amount due to a subsidiary (non-trade)

The amount due to a subsidiary in 2017 was unsecured, interest free and repayable within 60 days upon due. The balance arose mainly from management services rendered by the subsidiary.

14.5 Accrued expenses

Included in accrued expenses are accruals made for staff related expenses and telecommunication maintenance charges.

15. Revenue

	2018 RM'000	2017 RM'000
Group		
Revenue from contracts with customers		
Data	776,628	666,009
Data Centre	132,093	112,170
Voice	68,703	77,580
Others	6,011	4,937
	983,435	860,696
Company		
Revenue from contracts with customers		
Management fee from subsidiary companies	29,104	34,469
Other revenue		
Dividend income from a subsidiary	144,555	120,307
	173,659	154,776

	Group RM'000	Company RM'000
2018		
Timing of revenue recognition		
At a point in time	70,011	144,555
Over time	910,324	29,104
Revenue not within the scope of MFRS 15	3,100	-
	983,435	173,659

The information that reflects the typical transactions of the Group is disclosed in Note 2(o)(i).

The aggregate amount of the transaction price allocated to the performance obligations that are partially unsatisfied at the end of the reporting period is RM1,116,660,000. The Group expects to recognise this amount over the remaining contract duration up to 22 years.

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

Notes to the **Financial Statements** (Cont'd)

16. Cost of sales

	Group	
	2018	**2017**
	RM'000	**RM'000**
Interconnect charges	14,618	21,406
Depreciation of property, plant and equipment	117,930	104,872
Dealer commissions	15,712	22,098
Telecommunications maintenance charges	40,542	40,265
Network and leased line charges	56,135	66,770
Fee for wayleave and right of use pertaining to telecommunications facilities	11,453	11,406
Site and customer premises rental	18,968	15,460
Universal service obligation	41,471	34,510
Internet service provider costs	6,200	6,351
Direct installation costs	47,804	47,733
Others	53,767	45,218
	424,600	416,089

17. Income from investments

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income from financial assets that are not at fair value through profit or loss	8,990	14,797	5,711	9,168

18. Finance costs

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Interest on borrowings	17,484	7,984	71	66
- Amortisation of borrowing costs	956	1,695	-	-
	18,440	9,679	71	66

19. Profit before tax

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration				
- Audit fees to KPMG Malaysia	502	459	126	100
- Audit fees to a KPMG affiliate	29	-	-	-
- Audit fees to other auditors	53	52	-	-
- Non-audit fees to KPMG Malaysia	58	42	41	30
Depreciation of property, plant and equipment	124,995	114,098	4	30
Net impairment/(write-back)				
- Trade receivables	5,941	3,835	-	-
- Amount due from an associate	7,233	-	-	-
- Construction deposits	1,777	(390)	-	-
Net loss on foreign exchange	-	21,119	-	5,753
Personnel expenses				
- Salaries, allowances and others	159,660	141,524	8,028	8,078
- Contributions to Employee Provident Fund	18,696	17,132	963	858
- Share grant expenses	14,136	14,561	8,436	6,970
- Share option expenses	6,314	6,047	6,314	6,047
Rental of:				
- Offices	1,385	1,146	-	-
- Equipment	185	43	-	-
- Site and customer premises	18,968	15,460	-	-
Write off of property, plant and equipment	968	3,111	-	-
and after crediting:				
Net gain on foreign exchange	17,043	-	2,071	-
Dividend income from subsidiaries	-	-	144,555	120,307
Rental income	40	45	-	-
Gain on disposal of property, plant and equipment	683	2,744	-	-

Notes to the **Financial Statements (Cont'd)**

20. Tax expense

Recognised in profit or loss

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Tax expense:				
- current year	6,852	8,899	1,695	2,199
- under provision in prior year	602	30	1	2
	7,454	8,929	1,696	2,201
Deferred tax:				
- origination of temporary difference	80,701	60,425	4,268	4,524
- under/(over) provision in prior year	526	(545)	1,248	271
- recognition of previously unrecognised temporary differences	(72,540)	(51,052)	-	(520)
	8,687	8,828	5,516	4,275
	16,141	17,757	7,212	6,476

Reconciliation of effective income tax expense:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Profit before tax	304,811	193,119	150,610	127,594
Tax at statutory tax rate of 24%	73,155	46,348	36,146	30,622
Effect of tax in foreign jurisdictions	7,121	7,946	-	-
Non-deductible expenses	9,747	6,531	4,510	4,975
Non-taxable income	(2,470)	(850)	(34,693)	(28,874)
Deferred tax assets not recognised	-	9,349	-	-
Recognition of previously unrecognised temporary difference	(72,540)	(51,052)	-	(520)
Underprovision of prior year				
- current tax	602	30	1	2
Under/(Over) provision of prior year				
- deferred tax	526	(545)	1,248	271
	16,141	17,757	7,212	6,476

21. Earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the net profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2018	2017
Basic earnings per share		
Net profit attributable to owners of the Company (RM'000)	288,670	175,362
Weighted average number of ordinary shares in issue ('000)	582,446	579,740
Basic earnings per ordinary share (sen)	49.56	30.25

The calculation of diluted earnings per ordinary share was based on the net profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2018	2017
Diluted earnings per share		
Net profit attributable to owners of the Company - basic (RM'000)	288,670	175,362
Weighted average number of ordinary shares in issue - basic ('000)	582,446	579,740
Effect of CEO share option, if exercised ('000)	5,070	6,173
Weighted average number of ordinary shares in issue ('000) (diluted)	587,516	585,913
Diluted earnings per ordinary share (sen)	49.13	29.93

22. Dividend paid

During the financial year, the Company paid an interim ordinary and a special interim tax exempt (single tier) dividend of 5.30 sen and 11.90 sen per ordinary share respectively for the financial year ended 31 December 2017 on 28 March 2018 totaling to RM100,010,000.

In the previous financial year, the Company paid an interim ordinary and special interim tax exempt (single tier) dividend of 6.60 sen and 10.70 sen per ordinary share respectively for financial years ended 31 December 2016 totaling to RM100,045,000.

Notes to the **Financial Statements** (Cont'd)

23. Directors' remuneration

	Group and Company 2018 RM'000	2017 RM'000
Executive directors:		
- Emoluments	4,275	4,617
- Other emoluments and expenses (including share grant and CEO share options)	10,764	9,755
Non-executive directors:		
- Fees	744	744
- Other emoluments and expenses	353	311
	16,136	15,427

The estimated monetary value of benefits-in-kind received and receivable by Directors of TIME dotCom Berhad other than in cash from the Group and the Company amounted to RM21,200 (2017: RM58,000).

Included in Directors' remuneration are amounts totalling RM Nil (2017: RM242,000) payable to related parties for services rendered by a company in which a non-executive director of the Company is an employee.

Details of Directors' remuneration of the Group and the Company during the financial year are as follows:

	Fee RM'000	Meeting allowance RM'000	Salaries RM'000	Bonus RM'000	Other emoluments RM'000	Benefits-in-kind RM'000
2018						
Non-executive directors						
Abdul Kadir Md.Kassim	180	27	-	-	-	5
Ronnie Kok Lai Huat	156	95	-	-	17	2
Elakumari Kantilal	168	91	-	-	1	2
Hong Kean Yong	120	76	-	-	-	2
Mark Guy Dioguardi	120	46	-	-	-	-
Executive directors						
Afzal Abdul Rahim	-	-	1,058	265	6,575	7
Patrick Corso	-	-	927	232	2,096	-
Lee Guan Hong	-	-	1,008	378	2,500	3
	744	335	2,993	875	11,189	21

23. Directors' remuneration (continued)

Details of Directors' remuneration of the Group and the Company during the financial year are as follows (continued):

	Fee RM'000	Meeting allowance RM'000	Salaries RM'000	Bonus RM'000	Other emoluments RM'000	Benefits-in-kind RM'000
2017						
Non-executive directors						
Abdul Kadir Md. Kassim	180	30	-	-	-	5
Ronnie Kok Lai Huat	156	84	-	-	8	3
Elakumari Kantilal	168	72	-	-	-	2
Hong Kean Yong	120	76	-	-	3	2
Mark Guy Dioguardi	120	38	-	-	-	-
Executive directors						
Afzal Abdul Rahim	-	-	1,058	504	6,325	23
Patrick Corso	-	-	927	375	44	17
Lee Guan Hong	-	-	818	490	3,831	6
	744	300	2,803	1,369	10,211	58

The Directors did not receive any additional remuneration for services rendered in the subsidiaries.

24. Key management personnel remuneration

The key management personnel remuneration is as follows:

	Group and Company 2018 RM'000	Group and Company 2017 RM'000
Directors:		
Fees	744	744
Other short term benefits (including estimated monetary value of benefits-in-kind, CEO share option and benefits on share grant plan)	15,413	14,741
	16,157	15,485

Notes to the **Financial Statements** (Cont'd)

24. Key management personnel remuneration (continued)

The key management personnel remuneration is as follows (continued):

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other key management personnel:				
Employee benefits (including benefits on share grant plan)	19,871	26,076	7,400	9,578
Other key management compensation	611	653	298	175
	20,482	26,729	7,698	9,753

Other key management personnel comprise persons other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the entities within the Group either directly or indirectly.

25. Operating segments

Operating segments are components in which separate financial information is available that is evaluated by the Chief Executive Officer in deciding how to allocate resources and in assessing performance of the Group. The Group has identified the business of telecommunications as its sole operating segment.

Performance is measured based on revenue derived from the various products sold and consolidated profit before income tax of the Group as included in the internal management reports that are reviewed by the Chief Executive Officer. The Group's segment assets and liabilities, as disclosed in the Group's statement of financial position (as represented by total assets and liabilities), is also reviewed by the Chief Executive Officer. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

25. **Operating segments (continued)**

Information about reportable segment and reconciliation of reportable segment revenue, profit and other material items

	Group	
	2018 RM'000	**2017 RM'000**
Revenue from external customers		
Data	776,628	666,009
Data Centre	132,093	112,170
Voice	68,703	77,580
Others	6,011	4,937
	983,435	860,696
Operating expense		
Depreciation, impairment and amortisation of property, plant and equipment	(124,995)	(114,098)
Other operating expense	(580,436)	(568,642)
Other operating income	24,437	5,135
Profit from operations	302,441	183,091
Income from investments	8,990	14,797
Finance costs	(18,440)	(9,679)
Share of profits from equity-accounted investments, net tax	11,820	4,910
Segment profit	304,811	193,119
Additions to property, plant and equipment	276,181	182,488

Geographical information

Revenue and non-current assets (excluding financial instruments, equity-accounted investments and deferred tax assets) of the Group by geographical location of the entity are as follows:

	Revenue		Non-current assets	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Malaysia	947,790	796,189	1,166,290	1,121,392
Outside Malaysia	35,645	64,507	543,425	438,826
	983,435	860,696	1,709,715	1,560,218

Notes to the **Financial Statements** (Cont'd)

25. Operating segments (continued)

Major customers

There were no significant concentrations on transactions with customers and revenues from transactions with a single external customer (or group of entities known to be under common control which are deemed to be a single customer) that contributed to 10% or more of the Group's revenues.

26. Capital and operating lease commitments

	Group	
	2018	**2017**
	RM'000	**RM'000**
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	98,634	34,932
Contracted but not provided for	113,327	138,282
Operating lease commitments - as lessee		
Non-cancellable commitments for rental of office premises, sites and right of use pertaining to telecommunications facilities		
- Payable within 1 year	23,034	24,240
- Payable within 2 - 3 years	31,259	31,386
- Payable after 3 years	107,559	117,963
	161,852	173,589

27. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group, if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also includes key management personnel defined as those persons having authority and responsibility for planning, directing and controlling activities of the Group directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group. Director remuneration and key management personnel remuneration are disclosed in Notes 23 and 24 respectively. The Group has related party relationships with its Directors, key management personnel, related parties in which a substantial shareholder has an interest and companies in which Directors have significant financial interest.

27. **Related parties (continued)**

Significant related party transactions

The significant related party transactions of the Group and of the Company are shown below:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Subsidiary companies				
Dividend income	-	-	144,555	120,307
Management fees income	-	-	29,104	34,349
Management fees expense	-	-	-	(4,489)
Interest income from subsidiaries	-	-	2,232	2,299
Related parties				
Revenue from data, voice and other services	80,891	69,306	-	-
Interconnect revenue	3,793	6,370	-	-
Fee for wayleave and right of use of telecommunications facilities	(10,478)	(10,477)	-	-
Interconnect charges	(8,209)	(12,073)	-	-
Leased line and infrastructure costs	(33,074)	(28,416)	-	-
Network maintenance	(1,779)	(1,910)	-	-
Training expenses	(356)	(338)	-	-
Project management services	(13)	(144)	-	-
Rental of office	(192)	(91)	-	-
Professional fees on corporate exercise	(146)	(913)	(146)	(913)
Acquisition of telecommunication infrastructure and fibre optics cables	-	(4,000)	-	-
Interest income from associate	1,355	1,127	-	-
Marketing expenses	(2,832)	-	-	-
Companies in which Directors have significant financial interests:				
Revenue from rental, support services and others	70	81	-	-
Professional legal fees costs	(10)	(11)	(10)	(11)

The Directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under negotiated terms.

The outstanding balances due from and due to the related parties of the Group and the Company are disclosed in Notes 9 and 14 respectively.

Notes to the **Financial Statements** (Cont'd)

28. Financial instruments

28.1 Net gains and losses arising from financial instruments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net gains/(losses) on:				
Equity instruments designated at fair value through other comprehensive income/available-for-sale				
- recognised in profit or loss	-	(100)	-	-
- recognised in other comprehensive income	2,096	319	-	-
	2,096	219	-	-
Loans and receivables	-	12,073	-	9,168
Financial assets at amortised cost	(5,887)	-	5,711	-
Financial liabilities measured at amortised cost	(18,440)	(9,679)	(71)	(66)
	(22,231)	2,613	5,640	9,102

28.2 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

28.3 Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meets its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers (including related parties) and deposits with financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiaries and associate, deposits with financial institutions and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are required to be performed on all new customers. Depending on the nature of the transaction, the Group may require upfront deposits as collateral.

28. Financial instruments (continued)

28.3 Credit risk (continued)

Receivables and contract assets (continued)

Risk management objectives, policies and processes for managing the risk (continued)

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. The Group uses ageing analysis to monitor the credit quality of the receivables.

The Group assesses the risk of loss of each customer individually based on their financial information, past trend of payments and external credit rating where applicable, except for consumer market.

For consumer market, invoices which are past due 90 days will be considered as credit impaired.

The Group has a lower exposure to international credit risk as most of its receivables are concentrated in Malaysia.

Notes to the **Financial Statements** (Cont'd)

28. Financial instruments (continued)

28.3 Credit risk (continued)

Receivables and contract assets (continued)

Concentration of credit risk

The exposure of credit risk for trade receivables of the Group as at the end of the reporting period by geographical region was:

	Group 2018 RM'000	Group 2017 RM'000
Malaysia	237,303	132,265
Outside Malaysia	57,473	11,516
	294,776	143,781

At reporting date, there were no significant concentrations of credit risk.

Impairment losses

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for trade receivables (including trade amounts due from related parties, trade deposits and accrual of global bandwidth revenue) as at the end of the reporting period:

Group	Gross RM'000	Loss allowance RM'000	Net RM'000
2018			
Not past due	115,484	(530)	114,954
Past due 1 - 30 days	55,607	(571)	55,036
Past due 31 - 120 days	85,099	(1,571)	83,528
Past due more than 120 days	51,739	(10,481)	41,258
	307,929	(13,153)	294,776

Group	Gross RM'000	Loss allowance RM'000	Net RM'000
2017			
Not past due	48,724	-	48,724
Past due 1 - 30 days	32,188	-	32,188
Past due 31 - 120 days	45,944	(1,125)	44,819
Past due more than 120 days	26,031	(7,981)	18,050
	152,887	(9,106)	143,781

28. Financial instruments (continued)

28.3 Credit risk (continued)

Receivables and contract assets (continued)

Concentration of credit risk (continued)

The allowance account in respect of the trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The movement in the loss allowance for trade receivables (including amounts due from related parties) during the financial year were as follows:

	Group	
	2018 RM'000	**2017 RM'000**
At 1 January	9,106	6,524
Impairment loss written off	(1,894)	(1,253)
Net allowance	5,941	3,835
At 31 December	13,153	9,106

Allowance for impairment losses in relation to outstanding balance due from related parties (other than subsidiaries of the Company) amounted to RM8,000 (2017: RM8,000).

Deposits with financial institutions and other financial assets

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's cash and cash equivalents are deposited with licensed financial institutions.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations in respect of these deposits.

Impairment losses

As at the end of the reporting period, there was no indication that the amounts deposited with licensed financial institutions are not recoverable.

28. Financial instruments (continued)

28.3 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of certain banking facilities granted to certain subsidiaries and associates. The Company monitors on an ongoing basis the results of the subsidiaries and associates, and repayments made by subsidiaries and associates.

The Company also provides financial support to certain subsidiaries to enable them to meet their liabilities as and when they fall due.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Group and of the Company amounts to RM41,030,000 (2017: RM38,532,000) and RM168,302,000 (2017: RM197,018,000) respectively, arises principally from bank guarantees given to suppliers and financial guarantees given to banks for credit facilities granted to subsidiaries and an associate.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

As at the end of the reporting period, there was no indication that any subsidiary and/or associate would default on repayment.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Group and the Company provides unsecured advances to subsidiaries and associates and monitors the results of the subsidiaries/associates regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. Advances are only provided to companies in which the Group and the Company has significant influence and/or control. The Group and the Company considers such companies as companies associated with lower credit risk.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries/associates are not recoverable other than amount due from associate amounting to RM7,233,000 (2007:Nil). The Group and the Company determine the impairment loss based on internal information available.

28. Financial instruments (continued)

28.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due.

The Group's exposure to liquidity risk arises principally from its various payables and other applicable contractual obligations and commitments. The Group reviews and strives to maintain a prudent level of cash and cash equivalents and banking facilities to ensure working capital requirements are met.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2018						
Term loans	148,194	4.70% - 5.58%	167,074	46,211	82,201	38,662
Revolving credit	24,813	3.85% - 4.10%	24,813	24,813	-	-
Trade and other payables*	205,471	-	205,471	205,471	-	-
Financial guarantee	-	-	41,030	41,030	-	-
2017						
Term loans	176,142	4.52%-4.99%	200,334	42,864	78,404	79,066
Islamic medium term note	3,000	4.55%	3,137	3,137	-	-
Revolving credit	244,620	2.95%-3.00%	246,326	246,326	-	-
Trade and other payables*	166,139	-	166,139	166,139	-	-
Financial guarantee	-	-	38,532	38,532	-	-

* The contractual cash flows of trade and other payables exclude deferred income, unearned revenue and provisions.

Notes to the **Financial Statements** (Cont'd)

28. Financial instruments (continued)

28.4 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000
Company				
2018				
Trade and other payables	10,852	-	10,852	10,852
Financial guarantee	-	-	168,302	168,302
2017				
Islamic medium term note	3,000	4.55%	3,137	3,137
Trade and other payables	7,514	-	7,514	7,514
Financial guarantee	-	-	197,018	197,018

28.5 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

Currency risk

The Group is exposed to currency risk on sales, purchases, receivables and borrowings that are denominated in a currencies other than the respective functional currencies of the Group entities. The currency giving rise to the risk is primarily US Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group has a potential currency risk exposure arising from trade transactions entered with companies where the amounts are denominated in currencies other than Ringgit Malaysia. Exposure to foreign currency risk is monitored on an ongoing basis and where considered necessary, the Group may consider using financial instruments to hedge its foreign currency risk. The Company is not significantly exposed to currency risk.

28. Financial instruments (continued)

28.5 Market risk (continued)

Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on the carrying amounts as at the end of the reporting period was:

	Denominated in USD	
	2018 RM'000	**2017 RM'000**
Group		
Trade and other receivables	136,689	96,174
Cash and cash equivalents	108,431	141,766
Term loans	(129,593)	(150,188)
Revolving credit	(24,813)	(244,620)
Trade and other payables	(45,811)	(62,076)
Net exposure in the statement of financial position	44,903	(218,944)

Currency risk sensitivity analysis

A 1% strengthening of the Ringgit Malaysia against the USD at the end of the reporting period would have increased/ (decreased) pre-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumed that all other variables, in particular interest rates, remained constant and ignored any impact of forecasted sales and purchases.

The analysis is performed on the same basis for 2018, as indicated below:

	Profit or (loss)	
	2018 RM'000	**2017 RM'000**
Group		
1% strengthening of RM against USD	(449)	2,189

A 1% weakening of the Ringgit Malaysia against the above currency at the end of the reporting period would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

Notes to the **Financial Statements** (Cont'd)

28. Financial instruments (continued)

28.5 Market risk (continued)

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed rate instruments				
- Deposits with licensed banks	236,160	410,453	81,681	272,511
- Term loans	(53,253)	(57,330)	-	-
- Islamic medium term note	-	(3,000)	-	(3,000)
- Revolving credit	(24,813)	(244,620)	-	-
Floating rate instruments				
- Term loans	(94,941)	(118,812)	-	-

Interest rate risk sensitivity analysis

(i) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(ii) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/ (decreased) pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

28. Financial instruments (continued)

28.5 Market risk (continued)

Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(ii) Cash flow sensitivity analysis for variable rate instruments (continued)

	Profit or (loss)	
Group	**100bp Increase RM'000**	**100bp Decrease RM'000**
2018		
Floating rate instruments	(949)	949
2017		
Floating rate instruments	(1,188)	1,188

28.6 Fair value information

The carrying amounts of cash and cash equivalents, receivables and payables reasonably approximate their 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.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

Notes to the **Financial Statements (Cont'd)**

28. Financial instruments (continued)

28.6 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
2018										
Financial assets										
Unquoted investments	-	-	17,201	17,201	-	-	-	-	17,201	17,201
Financial liabilities										
Term loans	-	-	-	-	-	-	147,811	147,811	147,811	148,194
Revolving credit	-	-	-	-	-	-	24,813	24,813	24,813	24,813
	-	-	-	-	-	-	172,624	172,624	172,624	173,007
2017										
Financial assets										
Unquoted investments	-	-	13,706	13,706	-	-	-	-	13,706	13,706
Financial liabilities										
Term loans	-	-	-	-	-	-	176,018	176,018	176,018	176,142
Islamic medium term note	-	-	-	-	-	-	3,000	3,000	3,000	3,000
Revolving credit	-	-	-	-	-	-	244,620	244,620	244,620	244,620
	-	-	-	-	-	-	423,638	423,638	423,638	423,762
Company										
2017										
Financial liabilities										
Islamic medium term note	-	-	-	-	-	-	3,000	3,000	3,000	3,000

28. Financial instruments (continued)

28.6 Fair value information (continued)

Transfers between Level 1 and Level 2 fair values

During the current and previous financial years, there have been no transfers between Level 1 and 2 fair values.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs in the valuation models.

Financial instruments carried at fair value

Type	Description of valuation technique and inputs used
Other investments	The fair value is based on net asset value provided by the investees.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loans, Islamic medium term note, revolving credit and finance lease liabilities	Discounted cash flows using a rate based on the indicative current market rate of borrowing of the respective Group entities at the reporting date.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The effective interest rates used to discount estimated cash flows, when applicable, are as follows:

	2018	2017
Term loans	4.70% - 5.58%	4.52% - 4.99%
Islamic medium term note	-	4.55%
Revolving credit	3.85% - 4.10%	2.95% - 3.00%

Notes to the **Financial Statements (Cont'd)**

29. Capital management

The Group's objectives when managing capital is to maintain an optimal capital structure and to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as results from operating activities compared against returns on average invested capital.

The Group also maintains a debt to equity ratio that complies with debt requirements required for its banking facilities.

There were no changes in the Group's approach to capital management during the financial year.

30. Significant events during the year

(a) The Company fully repaid its first tranche of Sukuk Murabahah amounting to RM3.0 million in nominal value upon its maturity on 9 July 2018. The said tranche of Sukuk Murabahah had been issued on 7 July 2017. Proceeds from the first tranche had been utilised for general corporate purposes of the Group.

(b) On 10 July 2018, TIME dotCom International Sdn. Bhd., a wholly owned subsidiary, established a wholly owned subsidiary in Cambodia named TIME dotCom (Cambodia) Co., Ltd. ("TIME Cambodia"). The principal activity of TIME Cambodia is intended to be the provision of telecommunication services. TIME Cambodia was established with a share capital equivalent to approximately USD10,000.

(c) On 18 July 2018, the Company issued 2,153,461 ordinary shares 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 price on vesting date was RM8.21 per share. On 6 December 2018, the Company issued a further 94,134 ordinary shares in the Company pursuant to the SGP. The closing price on vesting date for the second issuance was RM8.00 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.

(d) On 1 October 2018, the Company has incorporated a new wholly-owned subsidiary in Japan, namely TIME dotCom Japan K.K.. The principal activity of TIME dotCom Japan K.K.. is the provision of telecommunication services, co-location and other related services. The amount of paid-up capital is Yen100,000 comprising 100 shares of Yen1,000 each.

Statement **by Directors**

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 73 to 158 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Afzal Abdul Rahim
Director

....
Patrick Corso
Director

Date: 28 February 2019

Statutory **Declaration**

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Long Sher Neng**, the officer primarily responsible for the financial management of TIME dotCom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 73 to 158 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Long Sher Neng, at Kuala Lumpur in Wilayah Persekutuan on 28 February 2019.

....
Long Sher Neng

Before me:

Tan Seok Kett
BC/T/301
Commissioner for Oaths
Kuala Lumpur.

Independent **Auditors' Report**

to the members of Time dotCom Berhad (Company No. 413292-P) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TIME dotCom Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 158.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent **Auditors' Report (Cont'd)**

to the members of Time dotCom Berhad (Company No. 413292-P) (Incorporated in Malaysia)

Valuation of goodwill

Refer to Note 2 (f) – Significant accounting policy: Intangible assets and Note 4 – Intangible assets.

The key audit matter	How the matter was addressed in our audit
Goodwill recognised in the consolidated statement of financial position arose from the Group's acquisition of international wholesales and global bandwidth business and data centre business in prior years. The Group performed annual goodwill impairment assessment based on estimated future cash flows to support goodwill amounting to RM214 million as at 31 December 2018. The Group has prepared and considered prospective financial information based on assumptions and events that may occur in the next 12 months and beyond. Due to the inherent uncertainties involved in forecasting and discounting future cash flows, together with the appropriateness of key underlying assumptions used to derive at the projections, this is a key judgement area that our audit is concentrated on.	We performed the following audit procedures, among others: • We tested the principles and integrity of the Group's discounted cash flow model. We compared the forecast to the business plan approved by the Board and also compared previous forecasts made to actual results to assess the financial performance of the business and the reliability of management's forecasting. • We involved our own valuation specialist to assist us in assessing the reasonableness of the discount rates. • We assessed the reasonableness of the cash flows model's key assumptions by comparing them to externally derived data as well as our own assessments which took into account historical trends and other corroborative evidence available. • We tested the sensitivity of the impairment calculations to changes in key assumptions used by the Directors to evaluate the impact on the recoverable amount. • We also assessed the adequacy of the Group's disclosures about those assumptions in the financial statements.

Valuation of investments in associates

Refer to Note 2 (a) – Significant accounting policy: Associates and Note 6 – Investments in associates.

The key audit matter	How the matter was addressed in our audit
The Group had investments in associates with a carrying amount of RM408 million. As of 31 December 2018, the carrying amount of the investments in associates was higher than its share of net asset. Accordingly, the Group had tested the carrying amount of the investments in associates for impairment. Due to the inherent uncertainties involved in forecasting and discounting cash flow, together with the appropriateness of key underlying assumptions used to derive the projections, this is a key judgement area that our audit is concentrated on.	We performed the following audit procedures, among others: • We compared previous forecasts made to actual results to assess the financial performance of the business and the reliability of management's forecasting. • We assessed the reasonableness of the cash flow model's key assumptions by comparing to externally derived data as well as our own assessments which take into account historical trends and other corroborative evidence. • We tested the sensitivity of the impairment calculations to changes in key assumptions used by management to evaluate the impact on the recoverable amount. • We received reporting deliverables from significant component auditor on the matters of significance in their audit. • We involved our own valuation specialist to assist us in assessing the reasonableness of the discount rates.

Adoption of MFRS 15 (Revenue)

Refer to Note 2 (o) – Significant accounting policy: Revenue and Note 15 – Revenue.

The key audit matter	How the matter was addressed in our audit
MFRS 15 *Revenue from Contracts with Customers* became effective on 1 January 2018. Arising from the adoption of MFRS 15, the Group was required to change accounting policies on revenue recognition. Consequently, new processes and controls have been implemented to cater for the new policies, new judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements. The accounting policy changes arising from adoption of MFRS 15 is a key audit matter because it • required us to design new audit procedures to test new processes and controls implemented by the Group; • required involvement of our more senior personnel to assess the evaluation of the contracts with the customers performed by the Group; • required us to exercise significant judgement to assess the allocation of transaction price to each performance obligation and the timing of revenue recognition.	We performed the following audit procedures, among others: • Evaluated the process activity on any change to initiation, authorisation, recording and processing of relevant transactions caused by the implementation of the change in revenue accounting policies. • Evaluated the appropriateness of the accounting policies based on the requirements of MFRS 15. • Understood the basis of the key judgements made for the revenue recognition and compare them with the requirements of MFRS 15. • Evaluated the reasonableness of management's key judgements made in adopting MFRS 15, including variable considerations. • Assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, Statement on Risk Management and Internal Control, (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information indentified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Independent **Auditors' Report (Cont'd)**

to the members of Time dotCom Berhad (Company No. 413292-P) (Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Auditors' Responsibilites for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chew Beng Hong
Approval Number: 02920/02/2020 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 28 February 2019

Stockholding **Analysis**

As at 19 March 2019

Issued Share Capital : 583,701,450 shares

Class of Shares : Ordinary Shares

No. of Shareholders : 12,016

Voting Right : One (1) vote per Ordinary Share

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100	672	18,624	0.00
100 to 1,000	7,859	3,251,882	0.56
1,001 to 10,000	2,806	8,798,124	1.51
10,001 to 100,000	476	15,970,193	2.74
100,001 to less than 5% of issued shares	199	224,224,638	38.41
5% and above of issued shares	4	331,437,989	56.78
Total	12,016	583,701,450	100.00

THIRTY (30) LARGEST SHAREHOLDERS AS AT 19 MARCH 2019

	Names	No. of shares	%
1.	Pulau Kapas Ventures Sdn Bhd	177,174,359	30.35
2.	Khazanah Nasional Berhad	65,298,982	11.19
3.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	47,062,700	8.06
4.	Kumpulan Wang Persaraan (Diperbadankan)	41,951,948	7.19
5.	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	20,000,000	3.43
6.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for AIA Bhd	19,037,300	3.26
7.	Amanahraya Trustees Berhad - Amanah Saham Malaysia	13,284,900	2.28
8.	Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	9,628,040	1.65
9.	Amanahraya Trustees Berhad - Public Smallcap Fund	8,575,560	1.47
10.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	6,216,600	1.07
11.	Amanahraya Trustees Berhad - Public Ittikal Sequel Fund	6,022,000	1.03
12.	Amanahraya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	6,000,000	1.03
13.	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (West CLT OD67)	4,645,200	0.80

THIRTY (30) LARGEST SHAREHOLDERS AS AT 19 MARCH 2019 (CONT'D)

	Names	No. of shares	%
14.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	4,339,900	0.74
15.	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	4,219,840	0.72
16.	Maybank Nominees (Tempatan) Sdn Bhd - MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)(419455)	3,957,220	0.68
17.	Amanahraya Trustees Berhad - Amanah Saham Bumiputera 3 - Didik	3,800,000	0.65
18.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	3,599,100	0.62
19.	Indera Permai Sdn Bhd	3,426,020	0.59
20.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	3,092,580	0.53
21.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	2,874,900	0.49
22.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Megawisra Sdn Bhd (PB)	2,868,331	0.49
23.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (CIMB PRIN)	2,767,000	0.47
24.	Amanahraya Trustees Berhad - PB Growth Fund	2,590,500	0.44
25.	Amanahraya Trustees Berhad - Public Islamic Treasures Growth Fund	2,259,000	0.39
26.	Permodalan Nasional Berhad	2,120,100	0.36
27.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	2,031,587	0.35
28.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (RHBISLAMIC)	1,974,800	0.34
29.	CIMB Commerce Trustees Berhad - Public Focus Select Fund	1,941,100	0.33
30.	Amanahraya Trustees Berhad - Public Islamic Opportunities Fund	1,893,760	0.32
	TOTAL	474,653,327	81.32

Stockholding **Analysis** (Cont'd)

As at 19 March 2019

SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2019

	No. of Shares			
Names	Direct	%	Indirect	%
Pulau Kapas Ventures Sdn Bhd ("PKV")	177,174,359	30.35	-	-
Khazanah Nasional Berhad	65,298,982	11.19	177,174,359[2]	30.35
Employees Provident Fund Board	58,547,700[1]	10.03	-	-
Kumpulan Wang Persaraan (Diperbadankan)	49,993,248[1]	8.56	-	-
Global Transit International Sdn Bhd ("GTI")	-	-	177,174,359[3]	30.35
Megawisra Sdn Bhd ("Megawisra")	2,868,331	0.49	177,174,359[4]	30.35
Megawisra Investments Limited ("Megawisra Investments")	-	-	180,042,690[5]	30.84
Afzal Abdul Rahim	-	-	180,042,690[6]	30.84
Patrick Corso	247,866	0.04	180,042,690[7]	30.84

Notes:

(1) *Including shares held under Citigroup Nominees (Tempatan) Sdn Bhd.*

(2) *Deemed interested by virtue of its interests held through PKV pursuant to Section 8 of the Companies Act 2016 ("the Act").*

(3) *Deemed interested by virtue of its interests held through PKV pursuant to Section 8 of the Act.*

(4) *Deemed interested by virtue of its interests held through PKV via its shareholdings in GTI pursuant to Section 8 of the Act.*

(5) *Deemed interested by virtue of its interests held through PKV and GTI via its shareholdings in Megawisra pursuant to Section 8 of the Act.*

(6) *Deemed interested by virtue of his interests held through PKV, GTI and Megawisra via his shareholdings in Megawisra Investments pursuant to Section 8 of the Act.*

(7) *Deemed interested by virtue of his interests held through PKV, GTI and Megawisra via his shareholdings in Megawisra Investments pursuant to Section 8 of the Act.*

STATEMENT ON DIRECTORS' INTERESTS IN SHARES

Afzal Abdul Rahim, a Director on the Board of TIME dotCom Berhad, is deemed to have interest in the shares of the Company by virtue of Section 8(4) of the Companies Act 2016 through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd.

Patrick Corso, a Director on the Board of TIME dotCom Berhad, is deemed to have interest in the shares of the Company by virtue of Section 8(4) of the Companies Act 2016 through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd. He also holds 247,866 shares in TIME dotCom Berhad.

Ronnie Kok Lai Huat and Lee Guan Hong, the Directors on the Board of TIME dotCom Berhad, hold 5,000 shares and 1,026,850 shares in TIME dotCom Berhad respectively.

List of **Properties**

Held As at 31 December 2018

TIME DOTCOM BHD

LOCATION	DESCRIPTION	TENURE	AREA	EXISTING USE	APPROXIMATE AGE (YEARS)	COST (NBV) (RM)
Lot no. 53 Glenmarie Industrial Park Shah Alam, Selangor	Land	Freehold	4,260.0 sq.m	Operation site	7	8,112,849
	Building		3,747.0 sq.m	Office Building		

TT DOTCOM SDN BHD

LOCATION	DESCRIPTION	TENURE	AREA	EXISTING USE	APPROXIMATE AGE (YEARS)		COST (NBV) (RM)	REMARKS (AMORTISATION)
PT 1277, Lorong Nur Siti Hasmah Cherating, 26080 Kuantan, Pahang	Land	Freehold	8,004.0 sq.m	Operation Cable Landing Station	7		4,200,000	
Lot no.43 & 54, Glenmarie Industrial Park Shah Alam Selangor	Land	Freehold	2,225 acre	Operation site	22		3,687,963	
	Building		8,456.6 sq.m			Cost	14,717,422	
						Depreciation	14,717,422	
						Balance (nbv)	0	
Lot 26 Jln 225 Petaling Jaya 46100 PJ Selangor	Building	Leasehold	1,486.5 sq.m	Operation site	45	Cost	5,585,840	99 years
						Depreciation	1,787,469	Expire 11/4/2072
	Land		4,577.0 sq.m			Balance (nbv)	3,798,371	
Lot 6359, Mukim 1, Daerah Seberang Prai, Pulau Pinang	Land	Freehold	2,422.2 sq.m	Operation site	23		1,037,171	
Lot P.T.D. 3930, Mukim Terbau, Daerah Johor Bahru, Johor	Land	Freehold	10,940.9 sq.m	Operation site	21	Cost	4,946,214	
						Land impairment	2,101,214	
						Balance (nbv)	2,845,000	
102M, Lengkok Kampung Jawa 2, Miel Industrial Estate Bayan Lepas, Pulau Pinang	Land	Leasehold	881.2 sq.m	Operation site	37	Cost	1,007,000	60 years
						Amortization	1,006,999	from 1981 to 2041
						Balance (nbv)	1	
	Building		668.9 sq.m	Office Building		Cost	200,000	2% Depreciation
						Depreciation	88,000	
						Balance (nbv)	112,000	
Lot 142-A, Semambu Industrial Estate Kuantan, Pahang	Land	Leasehold	2.5 acre (10,940.5 sq.m)	Operation site	38	Cost	1,535,000	66 years
						Amortization	1,534,999	from 1980 to 2046
						Balance (nbv)	1	
	Building		1,938.0 sq.m	Office Building		Cost	1,065,000	2% Depreciation
						Depreciation	511,200	
						Balance (nbv)	553,800	

List of **Properties** (Cont'd)

Held As at 31 December 2018

TT DOTCOM SDN BHD (Cont'd)

LOCATION	DESCRIPTION	TENURE	AREA	EXISTING USE	APPROXIMATE AGE (YEARS)		COST (NBV) (RM)	REMARKS (AMORTISATION)
Kg. Sungai Bedaun, Daerah Labuan, Wilayah Persekutuan Labuan	Land	Leasehold	8.0 acre (32,374.9 sq.m)	Operation site	34	Cost	4,145,000	99 years
						Amortization	4,144,999	from 1984 to 2082
	Building		270.0 sq.m			Balance (nbv)	1	
P.T. no 2705, Mukim Ulu Kinta, Daerah Ulu Kinta, Perak	Land	Leasehold	2,162.2 sq.m	Operation site	42	Cost	350,000	60 years
						Amortization	349,999	from 1976 to 2036
						Balance (nbv)	1	
Lot 37, Kg. Sungai Bedaun, Settlement scheme, Labuan, WP Labuan	Land	Leasehold	3.0 acre (12,140.6 sq.m)	Operation site	35	Cost	80,000	99 years
						Amortization	79,999	from 1984 to 2082
						Balance (nbv)	1	
Lot No. 469, Mukim Batu Burok, Kuala Terengganu, Terengganu	Land	Leasehold	732.4 sq.m	Operation site	43	Cost	316,703	99 years
						Amortization	316,702	from 1975 - 2074
						Balance (nbv)	1	
Lot PTD 1474, HS (D) 3432, Mukim Jemaluang, Daerah Mersing, Johor	Land	Leasehold	1,237.0 sq.m	Operation site	17	Cost	41,320	60 years
						Amortization	29,096	from 2001-2061
						Balance (nbv)	12,224	
No. Hakmilik 697, Lot 254, Mukim 07, Daerah Seberang Perai Utara, Negeri Pulau Pinang	Land	Freehold	3,974.0 sq.m	Operation site Cable Landing Station-AAE1	3	Cost	1,503,852	
GRN 215231, Lot 61850 No 12, Jalan Majistret U1/26, HICOM Glenmarie Industrial Park 40150 Shah Alam	Land	Freehold	4,251.0 sq.m	Operation site	1	Cost	11,252,539	
	Building					Cost	7,338,612	2% Depreciation

AIMS CYBERJAYA SDN BHD

LOCATION	DESCRIPTION	TENURE	AREA	EXISTING USE	APPROXIMATE AGE (YEARS)		COST (NBV) (RM)	REMARKS (AMORTISATION)
H.S.(D) 32428, P.T No. 45816, Mukim Dengkil, Daerah Sepang, Negeri Selangor Darul Ehsan	Land	Freehold	12,684.0 sq.m	Vacant	4		15,599,112	

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN THAT the 22nd Annual General Meeting (AGM) of the Company will be held at **Saujana Ballroom, Ground Floor, Saujana Hotel, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia** on **Friday, 14 June 2019** at **9.30 a.m.** for the purpose of transacting the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A**.

As Ordinary Business:-

2. To re-elect the following Directors retiring in accordance with Article 94 of the Company's Articles of Association and, who being eligible, have offered themselves for re-election:-

   i) Abdul Kadir Md Kassim **Resolution 1**
   ii) Mark Guy Dioguardi **Resolution 2**
   iii) Lee Guan Hong **Resolution 3**

3. To re-appoint Messrs KPMG PLT as Auditors and to authorise the Directors to fix their remuneration. **Resolution 4**

As Special Business:-

To consider and if thought fit, pass the following Resolutions:-

4. Ordinary Resolution – Authority to Allot Shares Pursuant To Sections 75 and 76 of the Companies Act, 2016 **Resolution 5**

   "THAT subject always to the Companies Act, 2016 and the Articles of Association of the Company, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next AGM; and FURTHER THAT the Directors be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

5. Ordinary Resolution – Authority for Ronnie Kok Lai Huat to continue in office as Independent Non-Executive Director **Resolution 6**

   "THAT Ronnie Kok Lai Huat shall continue to serve as Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company upon completion of his 12-year tenure as Independent Non-Executive Director on 31 January 2020."

Notice of **Annual General Meeting** (Cont'd)

6. Ordinary Resolution – Directors' Fees **Resolution 7**

   "THAT the Directors' fees of up to RM984,000 from the day after the 22nd AGM until the conclusion of the next AGM of the Company be hereby approved."

7. Ordinary Resolution – Proposed payment of Directors' Benefits to the Non-Executive Directors

   "THAT approval be and is hereby given for the increase in Directors' meeting allowance from RM3,800 to RM5,000 per meeting with effect from the day after the 22nd AGM of the Company." **Resolution 8**

   "THAT approval be and is hereby given for the payment of Directors' Benefits which include meeting allowance, medical and hospitalisation coverage and other claimable benefits incurred from the day after the 22nd AGM until the conclusion of the next AGM of the Company." **Resolution 9**

8. Special Resolution – Proposed Amendment of the existing Memorandum and Articles of Association of the Company **Resolution 10**

   "THAT approval be and is hereby given for the amendment of the existing Memorandum and Articles of Association of the Company and thereafter replacing it entirely with a new Constitution as set out in Appendix A of the Notice of AGM with immediate effect AND THAT the Directors and Secretary of the Company be and are hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

BY ORDER OF THE BOARD

MISNI ARYANI MUHAMAD (LS 0009413)
Secretary

29 April 2019
Selangor Darul Ehsan

Note A:-

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

Notes:-

1. For the purpose of determining a member who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depository as at 10 June 2019. Only a depositor whose name appears on the Record of Depositors as at 10 June 2019 shall be regarded as a member entitled to attend, speak and vote at the Company's AGM or appoint proxies to attend and/or vote on his/her behalf.

2. A member entitled to attend and vote at the above Meeting of the Company is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.

3. The instrument of proxy shall be in writing and signed by the appointor or by his attorney and in the case of a corporation, either under its common seal or signed by its attorney or officer on behalf of the corporation.

4. A member who holds 1,000 shares or less in the Company is entitled to appoint one (1) proxy whilst a member holding more than 1,000 shares in the Company is entitled to appoint a maximum of two (2) proxies. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of holding to be represented by each proxy is specified.

6. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular Omnibus Account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

7. The instrument appointing a proxy or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office, **Mega Corporate Services Sdn Bhd at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur** in the case of a poll not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Explanatory Note on Special Business:-

Resolution 5

The Ordinary Resolution 5 is proposed for the purpose of granting a renewed general mandate for the allotment of shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016.

Notice of **Annual General Meeting (Cont'd)**

There was no issuance of shares pursuant to Sections 75 and 76 of the Companies Act, 2016 under the general mandate which was obtained at the 21st AGM held on 1 June 2018 and the said mandate will expire at the conclusion of the forthcoming 22nd AGM.

The Ordinary Resolution 5, if passed at the 22nd AGM, will give authority to the Directors of the Company to issue and allot shares at any time without convening a general meeting, in order to avoid any delay and cost involved in convening one. The authorisation so granted, is valid from the date of the 22nd AGM, and unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

The general mandate if renewed at the 22nd AGM, will provide the Company the flexibility to raise funds for funding future investment project(s), working capital and/or acquisition(s).

Resolution 6

The Ordinary Resolution 6 is proposed to authorise the continuity of Ronnie Kok Lai Huat as Independent Non-Executive Director of the Company.

Ronnie Kok will complete his 12-year tenure as Independent Non-Executive Director on 31 January 2020. The Board of Directors has, vide the Nomination and Remuneration Committee, conducted a rigorous assessment of independence and is of the opinion that Ronnie Kok has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements and therefore is able to bring independent and objective judgment to the Board. His long tenure has given him indepth knowledge of the business of the Group, the challenges facing it and together with his own personal work experience, is able to provide valuable contribution to the Group's business. He has shown strong commitment, integrity and always acted professionally in discharging his duties as an Independent Non-Executive Director of the Company without being subject to influence of Management. He also has, at all times, exercised due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in an ethical and businesslike manner and advocated professional views without fear or favour, in the best interest of the Company and shareholders. He challenges Management in an effective and constructive manner, providing a check and balance in Board proceedings. He actively participates in Board discussions and provides an independent voice on the Board. He has not established or maintained any significant personal or social relationship, whether direct or indirect with the executive directors or substantial shareholders and/or persons connected to them other than the normal engagements and interactions on professional level consistent with his duties and expected of him to carry out his duties as Independent Non-Executive Director. Additionally, he has vigilantly safeguarded the interests of the Company's minority shareholders.

Resolution 7

The amount of Directors' fees of RM984,000 under proposed Resolution 7 is for the payment of fees for the existing Non-Executive Directors for the period from the day after the 22nd AGM until the conclusion of the next AGM of the Company and to cater for appointment of new directors.

Resolution 8

The proposed increase in Directors' meeting allowance from RM3,800 to RM5,000 per meeting is comparable to the market rate after taking into consideration their job functions, workload and responsibilities involved.

Resolution 9

Other than meeting allowance, the Directors also receive other benefits which include medical and hospitalisation coverage.

If the proposed Resolution 9 is passed by the shareholders at the 22nd AGM, payment of benefits incurred by the Directors from the day after the 22nd AGM until the conclusion of the Company's next AGM will be paid by the Company, as and when incurred.

Resolution 10

This Special Resolution is proposed to amend the existing Memorandum and Articles of Association of the Company and thereafter replacing it entirely with a new Constitution ("Proposed Amendment").

The Proposed Amendment is in line with the provisions of the Companies Act, 2016, Bursa Malaysia Securities Berhad's Main Market Listing Requirements and other statutory and/or regulatory requirements. The new Constitution is as set out in Appendix A of the Notice of AGM.

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FORM OF PROXY

No. of shares	CDS Account No.

TIME DOTCOM BERHAD
(Company No. 413292-P)

I/We, ____ Identification/Company No. ______________________________________
(Name in block letters)

of ____
(Full Address)

being a member/members of **TIME dotCom Berhad** hereby appoint the following person(s):-

Name of Proxy & NRIC	No. of shares to be represented by Proxy
1.	
2.	

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company to be held at **Saujana Ballroom, Ground Floor, Saujana Hotel, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia** on **Friday, 14 June 2019** at **9.30 a.m.** and at any adjournment thereof.

You may indicate with an "**X**" or "**√**" in the boxes provided below how you wish your votes to be cast. Please note that the filling of this form is for indicative purposes only and shall not bind the Company or in any way oblige or require the Company to ensure that your proxy shall vote in the manner as indicated by you.

Please take further note that the Company shall accept the vote cast by your proxy as a valid vote whether or not your proxy has acted in accordance with your instructions.

No.	Resolution	For	Against
1	Re-election of Abdul Kadir Md Kassim as Director		
2	Re-election of Mark Guy Dioguardi as Director		
3	Re-election of Lee Guan Hong as Director		
4	Re-appointment of Messrs KPMG PLT as Auditors		
5	Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016		
6	Authority for Ronnie Kok Lai Huat to continue in office as Independent Non-Executive Director		
7	Directors' Fees of up to RM984,000		
8	Proposed increase in Directors' meeting allowance from RM3,800 to RM5,000 per meeting		
9	Proposed payment of Directors' Benefits to the Non-Executive Directors		
10	Proposed Amendment of the existing Memorandum and Articles of Association of the Company		

Signed this ____________day of ___________________ 2019.

____
Signature/Common Seal of Appointor

NOTES :-

1. For the purpose of determining a member who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depository as at 10 June 2019. Only a depositor whose name appears on the Record of Depositors as at 10 June 2019 shall be regarded as a member entitled to attend, speak and vote at the Company's AGM or appoint proxies to attend and/or vote on his/her behalf.
2. A member entitled to attend and vote at the above Meeting of the Company is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
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AFFIX
POSTAGE
HERE

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court,
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Please fold here to seal.

Group Corporate **Directory**

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Fax : +60-7-279 3031

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Fax : +60-3-5032 0183
Website : www.globaltransit.net

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Global Transit 2 Limited (LL10521)
Global Transit 3 Limited (LL10761)
Global Transit 5 Limited (LL10766)
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Fax : +60-8-742 8845

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