TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Audited Twelve months to	Audited Twelve months to
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Operating revenue	**233,962**	**221,585**	**860,696**	**766,940**
Operating expenses				
- depreciation and amortisation of property, plant and equipment	(30,242)	(26,535)	(114,098)	(93,462)
- other operating expenses	(148,757)	(137,272)	(568,642)	(497,357)
Other operating income (net)	659	9,138	5,135	22,981
Profit from operations	**55,622**	**66,916**	**183,091**	**199,102**
Investment income	4,108	3,586	14,797	15,293
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	-	157,390
Finance expense	(3,543)	(1,565)	(9,679)	(5,508)
Share of profit from investment in associates, net of tax	1,066	1,206	4,910	2,140
Profit before income tax	**57,253**	**70,143**	**193,119**	**368,417**
Income tax expense	952	44,401	(17,757)	38,901
Profit for the period/year attributable to owners of the Company	**58,205**	**114,544**	**175,362**	**407,318**
Other comprehensive income/(loss):				
Foreign currency translation differences for foreign operations	(3,097)	12,358	(14,329)	6,626
Fair value (loss)/gain on available-for-sale financial assets	(672)	-	319	(63,919)
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	-	(157,390)
Other comprehensive (loss)/gain for the period/year	(3,769)	12,358	(14,010)	(214,683)
Total comprehensive income for the period/year attributable to owners of the Company	**54,436**	**126,902**	**161,352**	**192,635**
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	10.01 sen	19.81 sen	30.25 sen	70.62 sen
- Diluted	9.90 sen	19.66 sen	29.93 sen	70.14 sen

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited As at 31/12/2017	Audited As at 31/12/2016
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,335,035	1,360,361
Intangible assets	213,959	213,959
Investment in associates	404,023	111,249
Other investments	13,706	9,247
Deferred tax assets	249,725	259,359
Trade and other receivables	11,224	9,929
	2,227,672	1,964,104
Current assets		
Tax recoverable	1,664	3,715
Trade and other receivables	263,850	264,449
Restricted cash	8,248	8,733
Cash and cash equivalents	576,616	506,299
	850,378	783,196
Total assets	3,078,050	2,747,300
EQUITY AND LIABILITIES		
Equity		
Share capital	1,172,485	289,147
Reserves	1,093,539	1,893,746
Total equity attributable to owners of the Company	2,266,024	2,182,893
Non-current liabilities		
Loans and borrowings	142,037	169,658
Trade and other payables	112,064	49,504
Deferred tax liabilities	9,403	10,209
	263,504	229,371
Current liabilities		
Loans and borrowings	281,725	5,799
Trade and other payables	264,321	327,920
Provision for tax	2,476	1,317
	548,522	335,036
Total liabilities	812,026	564,407
Total equity and liabilities	3,078,050	2,747,300
Net assets per share attributable to ordinary owners of the Company	RM3.90	RM3.77

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

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Audited Twelve months to 31/12/2017 RM'000	Audited Twelve months to 31/12/2016 RM'000
Operating Activities			
Cash receipts from customers		988,047	941,916
Transfer from restricted cash and bank balances		485	2,026
Cash payments to suppliers		(334,028)	(286,577)
Cash payments to employees and for administrative expenses		(225,285)	(190,370)
Cash generated from operations		**429,219**	**466,995**
Tax paid		(6,465)	(6,380)
Tax refund		746	840
Net cash generated from operating activities		**423,500**	**461,455**
Investing Activities			
Acquisition of property, plant and equipment		(218,993)	(368,960)
Proceeds from disposal of property, plant and equipment		256	4,557
Proceeds from sale on other investments		-	307,221
Proceeds from sale of equity accounted investment		-	4,080
Acquisition of other investments		(4,240)	(2,928)
Investment in associates		(290,730)	(51,858)
Investment income received		15,825	16,071
Net cash used in investing activities		**(497,882)**	**(91,817)**
Financing Activities			
Proceeds from term loans and other borrowings		273,654	99,238
Repayment of term loans and other borrowings		(3,750)	(71,615)
Repayment of finance lease liabilities		(2,250)	(4,360)
Advance to equity accounted investee		(4,641)	(6,198)
Finance charges paid		(6,882)	(4,297)
Transaction cost paid		-	(3,304)
Dividend paid		(100,045)	(115,478)
Net cash generated from/(used in) financing activities		**156,086**	**(106,014)**
Net change in Cash and Cash Equivalents		**81,704**	**263,624**
Effect of exchange rate fluctuations on cash held		(11,387)	181
Cash and Cash Equivalents as at beginning of financial year		506,299	242,494
Cash and Cash Equivalents as at end of financial year	**Note (a)**	**576,616**	**506,299**

Note:

(a) Cash and Cash Equivalents comprise the following amounts:

Cash and bank balances	174,411	117,634
Deposits with licensed banks	410,453	397,398
	584,864	**515,032**
Restricted cash	(8,248)	(8,733)
	576,616	**506,299**

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

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←---- Non-distributable				----→	←---Distributable---→		
Twelve months to 31 December 2017 (audited)	**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, attributable to owners of the Company RM'000**
Balance as at 1 January 2017	**289,147**	**865,585**	**-**	**37,380**	**26,860**	**8,760**	**955,161**	**2,182,893**
Transfer in accordance with Section 618(2) of Companies Act 2016 (Note a)	865,585	(865,585)	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	(8,760)	(91,285)	(100,045)
Employee share grant plan/option scheme	-	-	-	-	21,824	-	-	21,824
Issuance of shares pursuant to share grant plan	17,753	-	-	-	(17,753)	-	-	-
Profit for the year	-	-	-	-	-	-	175,362	175,362
Fair value gain on available-for-sale financial assets	-	-	319	-	-	-	-	319
Exchange differences recognised directly in equity	-	-	-	(14,329)	-	-	-	(14,329)
Total comprehensive income/(expense) for the year	-	-	319	(14,329)	-	-	175,362	161,352
Balance as at 31 December 2017	**1,172,485**	**-**	**319**	**23,051**	**30,931**	**-**	**1,039,238**	**2,266,024**

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

Note (a):
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 Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

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

The interim financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the year ended 31 December 2016.

2. Significant accounting policies

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2016, except for the adoption of the following standards, amendments and annual improvements to MFRSs with a date of initial application on 1 January 2017:

Description	
Amendments to MFRS 107	*Statement of Cash Flows – Disclosure Initiative*
Amendments to MFRS 12	*Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
Amendments to MFRS 112	*Income taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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

Description		**Effective for annual periods beginning on or after**
Amendments to MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to MFRS 2	*Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 4	*Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	1 January 2018
Amendments to MFRS 128	*Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2018
Amendments to MFRS 140	*Investment Property – Transfer of Investment Property*	1 January 2018
Clarifications to MFRS 15	*Revenue from Contracts with Customers*	1 January 2018
IC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*	1 January 2018
MFRS 9	*Financial Instruments (2014)*	1 January 2018
MFRS 15	*Revenue from Contracts with Customers*	1 January 2018
Amendments to MFRS 3	*Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 9	*Financial Instruments (Prepayment Features with Negative Compensation)*	1 January 2019
Amendments to MFRS 11	*Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 112	*Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 123	*Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 128	*Investments in Associates and Joint Ventures (Long-term interests in Associates and Joint Ventures)*	1 January 2019
IC Interpretation 23	*Uncertainty over Income Tax Treatments*	1 January 2019
MFRS 16	*Leases*	1 January 2019
MFRS 17	*Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128	*Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date yet to be confirmed by MASB

2. Significant accounting policies (continued)

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

- from the annual period beginning on 1 January 2018 for those standards, amendments and interpretation, where applicable that are effective for annual periods beginning on 1 January 2018; and

- from the annual period beginning on 1 January 2019 for those standard, amendments and interpretation, where applicable that are effective for annual periods beginning on 1 January 2019.

The Group does 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.

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

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.

Currently, the Group recognises revenue from contracts with customers when services are rendered or upon delivery of products and when the risk and rewards have passed. Upon adoption of MFRS 15, the Group will recognise revenue from contracts with customers when or as the Group satisfies the performance obligation. The Group will apply MFRS 15 partially retrospectively.

The Group has assessed the estimated impact that the initial application of MFRS 15 will have on its consolidated financial statements for year ended 31 December 2017 and the beginning of the earliest period presented 1 January 2017 as below. The estimated impact on initial application is based on assessment undertaken to date and the actual impacts of adopting the standard may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

	Statement of profit or loss and other comprehensive income for the year ended 31 December 2017	
Group	**As currently stated RM'000**	**Expected restatement RM'000**
Revenue	860,696	863,026
Operating expense	(568,642)	(551,002)
Finance costs	(9,679)	(10,287)
Profit for the year	175,362	194,724
Earnings per share (sen)		
- basic	30.25	33.59
- diluted	29.93	33.23

	Statement of financial position as at 31 December 2017		Statement of financial position as at 1 January 2017	
Group	**As currently stated RM'000**	**Expected restatement RM'000**	**As currently stated RM'000**	**Expected restatement RM'000**
Trade and other receivables	275,074	320,797	274,378	302,462
Trade and other payables	376,385	371,365	377,424	374,125
Retained earnings	1,039,238	1,089,981	955,161	986,544

2. Significant accounting policies (continued)

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The adoption of MFRS 9, is not expected to have any material financial impact to the financial statements of the Group and of the Company.

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.

The Group is currently still assessing the impact of adopting MFRS 16.

3. Audit report in respect of the 2016 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2016 was not qualified.

4. Seasonal or cyclical factors

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

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

a) The construction of the Asia-Africa-Europe-1 cable system ("AAE-1") was deemed partially "Ready-for-Service" on 27 June 2017. The construction of the uncompleted routes were subsequently completed progressively by end December 2017. During the year, the Group recognised the net difference between the proceeds from pre-sale and portion of carrying amount of submarine cable system sold in profit and loss. The Group had pre-sold a portion of AAE-1 prior to its completion and proceeds therefrom had previously been accounted for as deferred income in the statement of financial position.

b) On 11 September 2017, The AIMS Asia Group Sdn Bhd and AIMS Data Centre 2 Sdn Bhd were both struck off the register pursuant to Section 308(4) of the Companies Act, 1965 and were accordingly dissolved. Both companies were wholly owned dormant subsidiaries of TIME dotCom Berhad ("TIME") at the time of the striking off.

c) The construction of Sistem Kabel Rakyat 1 Malaysia ("SKR1M"), a submarine cable system linking Peninsular Malaysia with Sabah and Sarawak was completed on 20 September 2017. SKR1M was established through a Public-Private Partnership ("PPP") collaboration between Telekom Malaysia Berhad, and the Malaysian Communications and Multimedia Commission ("MCMC"). The Group also helped fund the construction and now owns a portion of the cable system. With the completion of SKR1M, the Group is now able to carry commercial traffic to four landing points in East Malaysia.

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

d) On 7 March 2017, the Group announced a proposal to acquire 37% of the issued and paid-up ordinary shares in Symphony Communication Public Company Limited (“SYMC”), a publicly listed company on the Stock Exchange of Thailand via a conditional partial voluntary tender offer (“CPVTO”) at an acquisition price of THB12.20 per SYMC share or a total of THB1,468,827,076. The Group had also entered into a share sale and purchase agreement (“SPA”) with Dr Bussakorn Jaruwachirathanakul (“Seller”) to acquire an additional 1.75% equity interest in SYMC (amounting to 5,694,389 SYMC Shares) (“Sale Shares”). The consideration for the Sale Shares was also THB12.20 per SYMC Share (“Share Acquisition Price”) for a total of THB69,471,546. The Seller is the Executive Vice President - Finance and Accounting and a Director of SYMC.

On 22 September 2017, the Group completed its acquisition of 5,694,389 ordinary shares or 1.75% equity interest in SYMC from Dr. Bussakorn Jaruwachirathanakul. The acquisition was funded via internally generated funds.

On 9 November 2017, the Group completed its acquisition of a further 120,395,600 ordinary shares in SYMC pursuant to the completion of the CPVTO. The purchase consideration was satisfied in cash which was funded via borrowings from a licensed bank in Malaysia.

Subsequent to the completion of the abovementioned acquisitions, SYMC undertook a rights offering of new ordinary shares of approximately THB1,000 million with an allocation ratio of 1 newly-issued ordinary share to 2.86654 existing ordinary share (“Right Offering”) where the Group had been allocated 77,053,808 new ordinary shares in SYMC on 25 December 2017 (representing 33,066,985 newly-issued ordinary shares in excess of its entitlement of 43,986,823 newly-issued ordinary shares) at an issue price of THB8.80 per SYMC share. Together with the ordinary shares acquired from the CPVTO and Dr Bussakorn Jaruwachirathanakul, the Group now owns a total of 203,143,797 SYMC Shares, equivalent to a 46.84% equity interest in SYMC post completion of the Rights Offering.

e) TIME dotNet Berhad and Fantastic Fiesta Sdn Bhd were both struck off the register pursuant to Section 308(4) of the Companies Act, 1965 on 3 October 2017 and 8 November 2017 respectively and were accordingly dissolved. Both companies were wholly owned dormant subsidiaries of TIME at the time of the striking off.

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

6. Material changes in estimates used

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

7. Debt and equity securities

The Group did not undertake any issuance and/or repayment of share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current period except as follows:

a) On 7 July 2017, TIME issued its first tranche of Sukuk Murabahah amounting to RM3.0 million in nominal value (“**First Tranche Sukuk Murabahah**”) pursuant to an Islamic Medium Term Notes Programme (“IMTN Programme”) approved in 2015. The salient terms and conditions of the First Tranche Sukuk Murabahah are set out below:

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

In accordance with the terms of the IMTN Programme, proceeds from the First Tranche Sukuk Murabahah shall be utilised for general corporate purposes (including but not limited to the refinancing of credit facilities and/or working capital requirements) of TIME and/or its subsidiaries which shall be Shariah-compliant.

b) On 18 July 2017, the Company issued 3,159,221 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 share price on vesting date was RM9.50 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.

8. Dividend

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

The Directors declared on 26 February 2018, an interim ordinary and a special interim (single tier) dividend of 5.30 sen and 11.90 sen per ordinary share respectively for the financial year ended 31 December 2017, which will be paid on 28 March 2018.

9. Segmental Reporting

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
Group	**31/12/2017 RM'000**	**31/12/2016 RM'000**	**31/12/2017 RM'000**	**31/12/2016 RM'000**
Operating Revenue				
Voice	17,536	21,659	77,580	85,497
Data	185,384	173,240	666,009	581,483
Data centre	29,837	25,229	112,170	94,732
Others	1,205	1,457	4,937	5,228
	233,962	**221,585**	**860,696**	**766,940**
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment	(30,242)	(26,535)	(114,098)	(93,462)
Other operating expenses	(148,757)	(137,272)	(568,642)	(497,357)
Other operating income (net)	659	9,138	5,135	22,981
Profit from operations	**55,622**	**66,916**	**183,091**	**199,102**
Investment income	4,108	3,586	14,797	15,293
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	-	157,390
Finance expense	(3,543)	(1,565)	(9,679)	(5,508)
Share of profit from investment in associates, net of tax	1,066	1,206	4,910	2,140
Profit before income tax	**57,253**	**70,143**	**193,119**	**368,417**
Geographical locations				
Operating Revenue				
Within Malaysia	212,273	198,997	796,189	727,997
Outside Malaysia	21,689	22,588	64,507	38,943
	233,962	**221,585**	**860,696**	**766,940**

10. Valuation of Property, Plant and Equipment

There were no material changes to the valuation of property, plant and equipment since the financial year ended 31 December 2016.

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

In the opinion of the Directors, there are no other items, transactions or events of a material and unusual nature which have arisen since 31 December 2017 to 21 February 2018 (being the latest practicable date) that will have a substantial effect on the financial results of the Group.

12. Changes in the composition of the Group during the financial year ended 31 December 2017

Other than as disclosed in Note 5, there were no other changes in the composition of the Group during the financial year ended 31 December 2017.

13. Contingent liabilities/assets

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

14. Capital commitments

	As at 31/12/2017 RM'000
Property, plant and equipment	
a) Approved and contracted but not provided for in the financial statements	138,282
b) Approved but not contracted for	34,932

15. Fair value information

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

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

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

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

	←-----------------------Total fair value/carrying value -----------------------→			
31 December 2017	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial instruments carried at fair value:				
Financial assets				
Other unquoted investments	-	-	13,706	13,706
Financial instruments not carried at fair value:				
Financial liabilities				
Term loans	-	-	176,142	176,142
Revolving credit	-	-	244,620	244,620
Islamic medium term note	-	-	3,000	3,000
	-	-	423,762	423,762

16. Income tax

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

Group	Individual Quarter: Current year quarter 31/12/2017 RM'000	Individual Quarter: Preceding year corresponding quarter 31/12/2016 RM'000	Cumulative Quarter: Twelve months to 31/12/2017 RM'000	Cumulative Quarter: Twelve months to 31/12/2016 RM'000
Income tax:				
- Current year	2,276	(661)	8,899	4,410
- (Over)/under provision in prior years	-	(2)	30	(230)
	2,276	(663)	8,929	4,180
Deferred tax:				
- Current year	24,747	53,524	60,425	54,068
- (Over)/under provision in prior year	(545)	443	(545)	556
- Recognition of previously unrecognised temporary differences	(27,430)	(97,705)	(51,052)	(97,705)
	(3,228)	(43,738)	8,828	(43,081)
Total	(952)	(44,401)	17,757	(38,901)

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

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

There are no corporate proposals, which have been announced but not completed as at 21 February 2018, being the latest practicable date.

18. Loans and borrowings

The loans and borrowings as at 31 December 2017 and 31 December 2016 are as follows:

31 December 2017	Amount repayable in one year or on demand RM'000	Amount repayable after one year RM'000	Total RM'000
Secured:			
Loans and borrowings			
- Denominated in RM	10,351	18,603	28,954
- Denominated in USD	26,754	123,434	150,188
Unsecured:			
Loans and borrowings – denominated in USD	244,620	-	244,620
As at 31 December 2017	281,725	142,037	423,762
31 December 2016			
Secured:			
Finance lease liabilities in RM	2,250	-	2,250
Loans and borrowings			
- Denominated in RM	3,549	25,954	29,503
- Denominated in USD	-	143,704	143,704
As at 31 December 2016	5,799	169,658	175,457

The Group's loans and borrowings have mainly been used to fund the Group's working capital requirements, investments in its international submarine cable systems and investments in associates. The Group's loans and borrowings comprise both fixed and floating rate facilities and bear interest at rates ranging from 2.95% to 4.99% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 31 December 2017, do not include bank balances amounting to RM43,538,000 (31.12.2016: RM12,856,000) held by the Group in trust for consortium members of the Asia Pacific Gateway submarine cable project to pay the supplier under the terms of supply contract.

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

20. Material litigation

The Company and its subsidiaries have no outstanding material litigation as at 21 February 2018, being the latest practicable date.

21. Comparison between the current quarter ("Q4 2017") and the immediate preceding quarter ("Q3 2017")

	Q4 2017	Q3 2017	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	17,536	18,421	(885)	(4.8)
Data	185,384	156,367	29,017	18.6
Data centre	29,837	27,000	2,837	10.5
Others	1,205	1,207	(2)	(0.2)
Total revenue	233,962	202,995	30,967	15.3
Profit before tax	**57,253**	**42,472**	**14,781**	**34.8**

The Group reported a consolidated revenue of RM234.0 million in the current quarter, which was 15.3% higher when compared to consolidated revenue of RM203.0 million in Q3 2017. The higher revenue in Q4 2017 was mainly due to one-off non-recurring contract revenue amounting to RM18.1 million recognised in Q4 2017. No one-off non-recurring contract revenue was recorded in Q3 2017. Excluding the said one-off non-recurring contract revenue from Q4 2017, the remaining revenues in Q4 2017 would have still been RM12.9 million or 6.3% higher than revenues recorded in Q3 2017 of RM203.0 million. The growth in consolidated revenue (excluding one-off non-recurring contract revenue) on a quarter-on-quarter ("QoQ") basis came mainly from data services and its related product sales and was driven by continued growth seen in all customers groups (with particularly strong demand seen from retail customers). Data centre business also concluded the last quarter of the year with a 10.5% QoQ growth. Voice revenues, however, declined 4.8% in Q4 2017 due to lower voice minutes recorded.

The Group's consolidated pre-tax profit in Q4 2017 amounted to RM57.3 million, which is RM14.8 million or 34.8% higher than the pre-tax profit of RM42.5 million in Q3 2017. The higher consolidated pre-tax profit recorded in Q4 2017 can be attributed mainly to the following:

a) higher overall revenues during the quarter on the back of improved cost efficiencies;
b) lower net foreign exchange loss of RM3.5 million in Q4 2017 compared to RM6.1 million in Q3 2017;

despite the absence of any gains from pre-sale of cable systems (Q3 2017: RM2.5 million was recorded from pre-sales of AAE-1 cable system), RM1.1 million higher interest expense, lower share of profit from investment in associates, higher allowance of doubtful debt of RM0.8 million and higher depreciation charge for property, plant and equipment in Q4 2017.

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

(a) Current quarter ("Q4 2017") versus preceding year corresponding quarter ("Q4 2016")

	Q4 2017	Q4 2016	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	17,536	21,659	(4,123)	(19.0)
Data	185,384	173,240	12,144	7.0
Data centre	29,837	25,229	4,608	18.3
Others	1,205	1,457	(252)	(17.3)
Total revenue	233,962	221,585	12,377	5.6
Profit before tax	**57,253**	**70,143**	**(12,890)**	**(18.4)**

The Group's reported consolidated revenue of RM234.0 million in Q4 2017 is RM12.4 million or 5.6% higher than the consolidated revenue recorded in Q4 2016 of RM221.6 million. Overall one-off non-recurring contract revenue in Q4 2017 amounted to RM18.1 million and was RM10.0 million lower than similar revenue, amounting to RM28.1 million, recorded in Q4 2016. Excluding such one-off non-recurring contract revenue, the Group would have recorded a growth of RM22.4 million or 11.6% on a year-on-year ("YoY") basis as the Group continued to see strong demand from its retail, wholesale and enterprise customers in Q4 2017. Data sales continued its growth trajectory in Q4 2017 reporting a 7% increase on a year-on-year ("YoY") basis, despite having lower one-off non-recurring revenue during the quarter. Revenue from data centre business also recorded an 18.3% growth in Q4 2017 when compared to the previous year corresponding quarter. Data centre revenue in the current quarter included one-off non-recurring contract revenue of RM1.3 million. Excluding the said one-off non-recurring revenue, data centre revenue would have grown RM3.3 million or 13.2% YoY. Voice revenues, however, declined 19.0% in Q4 2017 due to lower usage and voice minutes.

The Group's consolidated pre-tax profit in Q4 2017 amounted to RM57.3 million which is RM12.9 million or 18.4% lower than the consolidated pre-tax profit in Q4 2016. The lower consolidated pre-tax profit recorded in Q4 2017 can be attributed mainly to the following:

a) net loss on foreign currency exchange in Q4 2017 of RM3.5 million compared to a net gain on foreign currency exchange of RM14.5 million in Q4 2016;
b) higher depreciation of RM3.7 million mainly due to the completion of SKR1M and AAE-1 cable systems in Q3 2017;
c) lower gain on disposal of property, plant and equipment of RM1.7 million in Q4 2017 when compared to Q4 2016;
d) RM1.6 million higher interest expense in Q4 2017 when compared to Q4 2016;

offset by higher recurring revenues on the back of improved cost efficiencies and higher interest income of RM0.5 million compared to Q4 2016.

22. Review of performance for the current quarter and year-to-date (continued)

(b) Twelve month period ended 31 December 2017 ("12M 2017") versus twelve month period ended 31 December 2016 ("12M 2016")

	12M 2017	12M 2016	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	77,580	85,497	(7,917)	(9.3)
Data	666,009	581,483	84,526	14.5
Data centre	112,170	94,732	17,438	18.4
Others	4,937	5,228	(291)	(5.6)
Total revenue	860,696	766,940	93,756	12.2
Profit before tax (as reported)	**193,119**	**368,417**	**(175,268)**	**(47.6)**
Profit before tax (excluding Realisation of Fair Value Gain)	**193,119**	**211,027**	**(17,908)**	**(8.5)**

The Group reported a consolidated revenue of RM860.7 million in 12M 2017, which is RM93.8 million or 12.2% higher when compared against the RM766.9 million consolidated revenue recorded in 12M 2016. One-off revenues from IRU sales and non-recurring contracts accounted for RM49.5 million of total revenue recognised in 12M 2017 (12M 2016: RM50.1 million). Excluding the one-off revenues from IRU sales and non-recurring contracts, overall consolidated revenues in the current period would have shown a 13.2% increase when compared to the similarly adjusted revenues in the preceding year corresponding period. The increase in 12M 2017 revenues can be attributed to higher sales recorded from data (excluding IRU and non-recurring contract sales) and data centres (excluding data centre related non-recurring contracts), which grew RM83.1 million (15.5% YoY growth) and RM19.5 million (21.3% YoY growth) respectively. The Group also saw revenue growth from all its core customer groups, particularly from its retail customers which closed the year with a growth rate of 85.2% YoY. The Group had launched its 100Mbps, 300Mbps and 500Mbps TIME Fibre Home Broadband service in late-March 2016 and has since continued to see strong demand for the said service from home users. The Group's enterprise customers also showed a healthy YoY growth in 12M 2017 with a growth rate of 7.6%. Voice revenues, however, declined 9.3% due to lower usage in 12M 2017.

The Group had disposed all its remaining shares held as investment in DIGI.Com Berhad in 2016 and realised a fair value gain from available-for-sale reserve to profit and loss amounting to RM157.4million ("Realisation of Fair Value Gain") in 12M 2016. Excluding the Realisation of Fair Value Gain from 12M 2016, the Group would have recorded an adjusted consolidated profit before tax of RM211.0 million. The Group's consolidated pre-tax profit of RM193.1 million in 12M 2017 is RM17.9 million or 8.5% lower when compared to the said adjusted consolidated pre-tax profit in 12M 2016. This reduction is mainly attributed to the following:

a) net loss on foreign exchange of RM21.1 million in 12M 2017 compared to a net gain on foreign exchange of RM9.3 million in 12M 2016;
b) higher depreciation of RM114.1 million (12M 2016: RM93.5 million) charged for property, plant and equipment, mainly arising from the completion of new and the full year impact of submarine cable systems completed in 2016;
c) absence of dividend income in 12M 2017 (12M 2016: RM3.4 million);
d) gain on disposal of the Group's equity stake in Campana Group Pte Ltd in 12M 2016 of RM2.5 million;
e) higher write-off of property, plant and equipment amounting to RM3.1 million in 12M 2017 (12M 2016: RM0.4 million) mainly arising from decommissioning and upgrading of submarine cable transponder cards;
f) lower gain on pre-sale of submarine cable system amounted to RM2.5 million (12M 2016: RM5.4 million) in the current year; and
g) higher interest expense at RM8.0 million in 12M 2017 (12M 2016: RM4.5 million);

offset by higher overall revenues on the back of stronger margins, higher interest income, lower impairment of property, plant and equipment and a higher share of profit from investment in associates in 12M 2017.

23. Profit before income tax

Group	Individual Quarter: Current year quarter 31/12/2017 RM'000	Individual Quarter: Preceding year corresponding quarter 31/12/2016 RM'000	Cumulative Quarter: Twelve months to 31/12/2017 RM'000	Cumulative Quarter: Twelve months to 31/12/2016 RM'000
Profit before income tax is arrived at after (charging)/crediting:				
Depreciation and amortisation of property, plant and equipment	(30,242)	(26,535)	(114,098)	(93,462)
Amortisation of borrowing costs	(729)	(353)	(1,695)	(1,015)
Interest expense	(2,814)	(1,212)	(7,984)	(4,493)
Interest income	4,108	3,586	14,797	11,925
Dividend income from quoted equity investment in Malaysia	-	-	-	3,368
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	-	157,390
Rental income	12	40	45	198
Bad debt recovered	152	319	721	417
Net (loss)/gain on foreign exchange	(3,484)	14,451	(21,119)	9,292
Net allowance for doubtful debts	(1,119)	(1,253)	(3,835)	(3,178)
Net gain on disposal of property, plant and equipment	77	1,783	2,744	7,358
Write off of property, plant and equipment	(414)	(325)	(3,111)	(414)
Net impairment of property, plant and equipment	-	(5,771)	-	(5,771)
Net (recovery)/impairment of write off of outstanding construction deposits	377	(348)	390	(348)
Gain on disposal of equity-accounted investment	-	-	-	2,477
Impairment of other investment *	-	-	(100)	-

* Refers to impairment made on the Group's share of investment of RM100,000 into Konsortium Rangkaian Serantau Sdn Bhd ("KRS") due to its planned closure and liquidation. KRS was a consortium of 24 domestic telecommunication licenses, initially set up under one of the Government's Entry Point Projects to buy international bandwidth for internet traffic to lower the costs of Internet Protocol transit in the country.

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

24. Prospects

The Group expects the telecommunications industry to remain competitive and challenging in 2018. To face these challenges, the Group will continue to leverage on its existing assets to gain market share by delivering an unparalleled quality network experience and by providing meaningful solutions to its customers. The Group will also look to further strengthen its domestic fibre network and intensify efforts to extend its coverage footprint throughout the country. The Group continues to be encouraged by the strong demand shown for its TIME Fibre Home Broadband offerings and will look into opportunities to further tap into this market segment in 2018. On a global front, the Group anticipates new opportunities with the addition of the AAE-1 submarine cable system to its network of existing international submarine cable assets.

The Group expects the adoption of new IT architecture to provide growth for its data centre business moving forward and has plans to upgrade its data centre assets to cater to the demands of its customers, while remaining environmentally conscious. The Group also looks to expand its data centre market presence regionally and grow its current ecosystem of customers to include interconnected players from various industries.

The Group is also looking forward to work with its new partner in Thailand, SYMC. SYMC currently owns a terrestrial fibre network across Thailand that also has cross border capabilities to connect Myanmar, Cambodia and Laos to TIME's own Malaysian network.

25. Profit forecast and profit guarantee

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

26. Earnings per share ("EPS")

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
Basic EPS:	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Weighted average number of shares in issue ('000)	581,454	578,295	579,740	576,745
Profit for the period/year attributable to owners of the Company (RM'000)	58,205	114,544	175,362	407,318
Basic EPS	10.01 sen	19.81 sen	30.25 sen	70.62 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	581,454	578,295	579,740	576,745
Effect of CEO share options	6,267	4,400	6,173	3,980
Weighted average number of shares in issue ('000) (Diluted)	587,721	582,695	585,913	580,725
Profit for the period/year attributable to owners of the Company (RM'000)	58,205	114,544	175,362	407,318
Diluted EPS	9.90 sen	19.66 sen	29.93 sen	70.14 sen

27. Related party transactions

The significant related party transactions of the Group are shown below:

	Cumulative Quarter	
	Twelve months to 31/12/2017 RM'000	Twelve months to 31/12/2016 RM'000
Related parties		
Revenue from data, voice and other services	69,306	62,570
Interconnect revenue	6,370	6,630
Fee for wayleave and right of use of telecommunications facilities	(10,477)	(10,468)
Interconnect charges	(12,073)	(10,583)
Leased line and infrastructure costs	(28,416)	(26,296)
Network maintenance costs	(1,910)	(1,698)
Training expenses	(338)	(281)
Project management services costs	(144)	(59)
Rental of office	(91)	-
Leasing of transportation services	-	(702)
Professional fees on corporate exercise	(913)	-
Acquisition of telecommunication infrastructure and fibre optics cables	(4,000)	-
Companies in which Directors have significant financial interest		
Revenue from data, voice and other services	81	28
Professional legal fees costs	(11)	(201)

The Directors of the Group 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.

By Order of the Board

MISNI ARYANI MUHAMAD
(LS 0009413)
Secretary

Selangor
26 February 2018