

ASTRO MALAYSIA HOLDINGS BERHAD
(932533-V) (Incorporated in Malaysia)

**QUARTERLY REPORT FOR THE
FINANCIAL PERIOD ENDED 31 OCTOBER 2016**

ASTRO MALAYSIA HOLDINGS BERHAD (932533-V)
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 2016

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 2016

The Board of Directors of Astro Malaysia Holdings Berhad (“AMH” or “the Company”) is pleased to announce the following unaudited condensed consolidated financial statements for the third quarter ended 31 October 2016 which should be read in conjunction with the audited financial statements for the financial year ended 31 January 2016 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

| | <u>INDIVIDUAL QUARTER</u> | | | <u>CUMULATIVE QUARTER</u> | | |
|--|---------------------------|-------------------|-----|---------------------------|-------------------|-----|
| | <u>QUARTER</u> | <u>QUARTER</u> | % | <u>PERIOD</u> | <u>PERIOD</u> | % |
| | <u>ENDED</u> | <u>ENDED</u> | | <u>ENDED</u> | <u>ENDED</u> | |
| Note | <u>31/10/2016</u> | <u>31/10/2015</u> | | <u>31/10/2016</u> | <u>31/10/2015</u> | |
| | RM'm | RM'm | | RM'm | RM'm | |
| Revenue | 1,424.1 | 1,374.4 | +4 | 4,215.2 | 4,073.6 | +3 |
| Cost of sales | (883.4) | (866.6) | | (2,614.0) | (2,520.1) | |
| Gross profit | 540.7 | 507.8 | +7 | 1,601.2 | 1,553.5 | +3 |
| Other operating income | 4.1 | 16.5 | | 12.1 | 29.2 | |
| Marketing and distribution costs | (120.1) | (140.9) | | (357.8) | (389.6) | |
| Administrative expenses | (132.9) | (113.7) | | (434.0) | (375.7) | |
| Profit from operations | 291.8 | 269.7 | +8 | 821.5 | 817.4 | +1 |
| Finance income | 9.3 | 11.9 | | 29.7 | 41.2 | |
| Finance costs | (77.1) | (146.9) | | (181.0) | (312.7) | |
| Share of post-tax results from investments accounted for using the equity method | (0.1) | 1.8 | | 2.6 | 5.3 | |
| Impairment of investments accounted for using the equity method | (15.1) | - | | (15.1) | - | |
| Profit before tax | 17 208.8 | 136.5 | +53 | 657.7 | 551.2 | +19 |
| Tax expense | 18 (60.1) | (33.1) | | (183.7) | (146.0) | |
| Profit for the financial period | 148.7 | 103.4 | +44 | 474.0 | 405.2 | +17 |
| Attributable to: | | | | | | |
| Equity holders of the Company | 151.0 | 106.0 | +43 | 478.6 | 411.6 | +16 |
| Non-controlling interests | (2.3) | (2.6) | | (4.6) | (6.4) | |
| | 148.7 | 103.4 | +44 | 474.0 | 405.2 | +17 |
| Earnings per share attributable to equity holders of the Company (RM): | | | | | | |
| - Basic | 25 0.029 | 0.020 | | 0.092 | 0.079 | |
| - Diluted | 25 0.029 | 0.020 | | 0.092 | 0.079 | |

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | <u>INDIVIDUAL QUARTER</u> | | <u>CUMULATIVE QUARTER</u> | |
|---|---------------------------|-------------------|---------------------------|-------------------|
| | <u>QUARTER</u> | <u>QUARTER</u> | <u>PERIOD</u> | <u>PERIOD</u> |
| | <u>ENDED</u> | <u>ENDED</u> | <u>ENDED</u> | <u>ENDED</u> |
| | <u>31/10/2016</u> | <u>31/10/2015</u> | <u>31/10/2016</u> | <u>31/10/2015</u> |
| | RM'm | RM'm | RM'm | RM'm |
| Profit for the financial period | 148.7 | 103.4 | 474.0 | 405.2 |
| Other comprehensive income/(loss): | | | | |
| Items that will be reclassified subsequently to profit or loss: | | | | |
| - Net change in cash flow hedge | 41.0 | 44.5 | 2.3 | 31.4 |
| - Net change in available-for-sale financial assets | (0.5) | - | (0.2) | - |
| Foreign currency translation | (0.3) | 2.2 | 1.4 | 3.6 |
| Other comprehensive loss, net of tax | 40.2 | 46.7 | 3.5 | 35.0 |
| Total comprehensive income for the financial period | <u>188.9</u> | <u>150.1</u> | <u>477.5</u> | <u>440.2</u> |
| Attributable to: | | | | |
| Equity holders of the Company | 191.2 | 152.7 | 482.1 | 446.6 |
| Non-controlling interests | (2.3) | (2.6) | (4.6) | (6.4) |
| | <u>188.9</u> | <u>150.1</u> | <u>477.5</u> | <u>440.2</u> |

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 2016

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | AS AT 31/10/2016 Unaudited RM'm | AS AT 31/1/2016 Audited RM'm |
|------------------------------------|------|--|---------------------------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 1,824.2 | 2,129.4 |
| Investments in associates | | 3.4 | 27.9 |
| Investments in joint ventures | | 1.9 | 2.2 |
| Other investment | | - | 5.0 |
| Receivables and prepayments | | 316.7 | 239.3 |
| Deferred tax assets | | 119.6 | 116.5 |
| Derivative financial instruments | 20 | 253.3 | 290.8 |
| Intangible assets | | 1,988.7 | 2,001.5 |
| | | <u>4,507.8</u> | <u>4,812.6</u> |
| Current assets | | | |
| Inventories | | 20.9 | 20.6 |
| Other investment | | 393.6 | 383.2 |
| Receivables and prepayments | | 777.3 | 955.3 |
| Derivative financial instruments | 20 | 119.5 | 93.1 |
| Tax recoverable | | 1.0 | 0.5 |
| Cash and bank balances | | 566.7 | 635.7 |
| | | <u>1,879.0</u> | <u>2,088.4</u> |
| Assets classified as held for sale | | 15.8 | - |
| | | <u>1,894.8</u> | <u>2,088.4</u> |
| Total assets | | <u>6,402.6</u> | <u>6,901.0</u> |
| Current liabilities | | | |
| Payables | 21 | 1,557.5 | 1,658.3 |
| Derivative financial instruments | 20 | 15.8 | 32.7 |
| Borrowings | 19 | 619.1 | 519.5 |
| Tax liabilities | | 45.8 | 70.9 |
| | | <u>2,238.2</u> | <u>2,281.4</u> |
| Net current liabilities | | <u>(343.4)</u> | <u>(193.0)</u> |
| Non-current liabilities | | | |
| Payables | 21 | 495.2 | 626.4 |
| Derivative financial instruments | 20 | 14.3 | 11.1 |
| Borrowings | 19 | 2,980.9 | 3,285.6 |
| Deferred tax liabilities | | 82.6 | 82.7 |
| | | <u>3,573.0</u> | <u>4,005.8</u> |
| Total liabilities | | <u>5,811.2</u> | <u>6,287.2</u> |
| Net assets | | <u>591.4</u> | <u>613.8</u> |

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | AS AT | AS AT |
|---|------|------------------|------------------|
| | | 31/10/2016 | 31/1/2016 |
| | | Unaudited | Audited |
| | | RM'm | RM'm |
| Capital and reserves attributable to equity holders of the Company | | | |
| Share capital | | 521.0 | 520.5 |
| Share premium | | 6,194.8 | 6,183.3 |
| Exchange reserve | | 4.3 | 2.9 |
| Capital redemption reserve | | 0.0 [@] | 0.0 [@] |
| Capital reorganisation reserve | | (5,470.2) | (5,470.2) |
| Hedging reserve | | 5.4 | 3.1 |
| Fair value reserve | | (0.5) | (0.3) |
| Share scheme reserve | | 26.5 | 30.9 |
| Accumulated losses | | (698.4) | (669.5) |
| | | 582.9 | 600.7 |
| Non-controlling interests | | 8.5 | 13.1 |
| Total equity | | 591.4 | 613.8 |

[@] Denotes RM677.50

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| Period ended 31/10/2016 | Attributable to equity holders of the Company | | | | | | | | | | Non-controlling interests | Total |
|---|---|---------------|------------------|----------------------------|--------------------------------|-----------------|--------------------|----------------------|--------------------|---------|---------------------------|---------|
| | Share capital | Share premium | Exchange reserve | Capital redemption reserve | Capital reorganisation reserve | Hedging reserve | Fair value reserve | Share scheme reserve | Accumulated losses | Total | | |
| | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | | |
| At 1/2/2016 | 520.5 | 6,183.3 | 2.9 | 0.0 [@] | (5,470.2) | 3.1 | (0.3) | 30.9 | (669.5) | 600.7 | 13.1 | 613.8 |
| Profit/(loss) for the financial period | - | - | - | - | - | - | - | - | 478.6 | 478.6 | (4.6) | 474.0 |
| Other comprehensive income/(loss) for the financial period | - | - | 1.4 | - | - | 2.3 | (0.2) | - | - | 3.5 | - | 3.5 |
| Total comprehensive income/(loss) for the financial period | - | - | 1.4 | - | - | 2.3 | (0.2) | - | 478.6 | 482.1 | (4.6) | 477.5 |
| Ordinary shares dividends | - | - | - | - | - | - | - | - | (507.5) | (507.5) | - | (507.5) |
| Share grant exercised | 0.5 | 11.5 | - | - | - | - | - | (12.0) | - | - | - | - |
| Share-based payment transaction | - | - | - | - | - | - | - | 7.6 | - | 7.6 | - | 7.6 |
| Transactions with owners | 0.5 | 11.5 | - | - | - | - | - | (4.4) | (507.5) | (499.9) | - | (499.9) |
| At 31/10/2016 | 521.0 | 6,194.8 | 4.3 | 0.0 [@] | (5,470.2) | 5.4 | (0.5) | 26.5 | (698.4) | 582.9 | 8.5 | 591.4 |

[@] Denotes RM677.50

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

| Period ended 31/10/2015 | Attributable to equity holders of the Company | | | | | | | | | | Non-controlling interests | Total |
|---|---|---------------|------------------|----------------------------|--------------------------------|-----------------|--------------------|----------------------|--------------------|---------|---------------------------|---------|
| | Share capital | Share premium | Exchange reserve | Capital redemption reserve | Capital reorganisation reserve | Hedging reserve | Fair value reserve | Share scheme reserve | Accumulated losses | Total | | |
| | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm |
| At 1/2/2015 | 520.2 | 6,174.7 | 0.3 | 0.0 [@] | (5,470.2) | 78.1 | - | 25.3 | (634.5) | 693.9 | 20.4 | 714.3 |
| Profit/(loss) for the financial period | - | - | - | - | - | - | - | - | 411.6 | 411.6 | (6.4) | 405.2 |
| Other comprehensive income for the financial period | - | - | 3.6 | - | - | 31.4 | - | - | - | 35.0 | - | 35.0 |
| Total comprehensive income/(loss) for the financial period | - | - | 3.6 | - | - | 31.4 | - | - | 411.6 | 446.6 | (6.4) | 440.2 |
| Ordinary shares dividends | - | - | - | - | - | - | - | - | (507.2) | (507.2) | - | (507.2) |
| Share grant exercised | 0.3 | 8.6 | - | - | - | - | - | (8.9) | - | - | - | - |
| Share-based payment transaction | - | - | - | - | - | - | - | 15.7 | - | 15.7 | - | 15.7 |
| Transactions with owners | 0.3 | 8.6 | - | - | - | - | - | 6.8 | (507.2) | (491.5) | - | (491.5) |
| At 31/10/2015 | 520.5 | 6,183.3 | 3.9 | 0.0 [@] | (5,470.2) | 109.5 | - | 32.1 | (730.1) | 649.0 | 14.0 | 663.0 |

[@] Denotes RM677.50

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | PERIOD ENDED 31/10/2016 | PERIOD ENDED 31/10/2015 |
|---|--|--|
| | RM'm | RM'm |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 657.7 | 551.2 |
| <u>Adjustments for:</u> | | |
| Non-cash items [^] | 949.7 | 1,012.7 |
| Interest expense | 154.8 | 175.2 |
| Interest income | (29.7) | (41.2) |
| Operating cash flows before changes in working capital | 1,732.5 | 1,697.9 |
| Changes in working capital | (138.7) | (3.2) |
| Cash flows from operations | 1,593.8 | 1,694.7 |
| Income tax paid | (211.9) | (183.1) |
| Interest received | 15.7 | 32.2 |
| Net cash flows generated from operating activities | 1,397.6 | 1,543.8 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant and equipment and intangibles | 1.1 | 2.2 |
| Purchase of property, plant and equipment and intangibles | (399.1) | (476.4) |
| Purchase of unit trusts | (7.6) | (330.7) |
| (Placements)/maturities of fixed deposits | (61.9) | 367.3 |
| Maturities of bonds | 10.0 | - |
| Proceeds from disposal of investment in a joint venture | - | 1.0 |
| Investment in associate | (3.4) | - |
| Investment in joint venture | - | (2.1) |
| Net cash flows used in investing activities | (460.9) | (438.7) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (507.5) | (507.2) |
| Interest paid | (80.7) | (90.2) |
| Payment for set-top boxes | (217.9) | (303.6) |
| Payment of finance lease liabilities | (113.2) | (104.8) |
| Repayment of borrowings | (149.8) | (149.8) |
| Net cash flows used in financing activities | (1,069.1) | (1,155.6) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (132.4) | (50.5) |
| EFFECTS OF FOREIGN EXCHANGE RATE CHANGES | 1.5 | 3.5 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | 566.8 | 588.4 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD[#] | 435.9 | 541.4 |

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

- ^ Non-cash items mainly represent amortisation of intangible assets and depreciation of property, plant and equipment as disclosed in Note 17.
- # The difference between the cash and cash equivalents and cash and bank balances represent deposits with banks that have maturity periods of more than 3 months.

Material Non-Cash Transaction

During the financial period ended 31 October 2016, the Group acquired set-top boxes by means of vendor financing of RM108.4m (31 October 2015: RM174.7m) and transponders by means of finance lease of RM Nil (31 October 2015: RM498.6m). During the financial period ended 31 October 2016, the Group had repaid RM217.9m (31 October 2015: RM303.6m) in relation to vendor financing for set-top boxes and RM113.2m (31 October 2015: RM104.8m) in relation to finance lease for transponders, both capitalised in prior financial years.

**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134**

1 BASIS OF PREPARATION

The unaudited quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting”, Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Bursa Securities Listing Requirements”) and should be read in conjunction with the audited financial statements for the financial year ended 31 January 2016.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 January 2016 except for the adoption of the new accounting policy below:

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 February 2016 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)
- Annual Improvements to MFRS 2012 – 2014 Cycle (effective from 1 January 2016)
- Amendments to MFRS 101 Disclosure Initiative (effective from 1 January 2016)
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations (effective from 1 January 2016)
- Amendments to MFRS 127 Equity Method in Separate Financial Statements (effective from 1 January 2016)
- Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception (effective from 1 January 2016)
- MFRS 14 Regulatory Deferral Accounts (effective from 1 January 2016)

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**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

1 BASIS OF PREPARATION (continued)

MFRSs and Amendments to MFRSs that are applicable to the Group but not yet effective

The Group has not early adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) as these are effective for the financial periods beginning on or after 1 February 2017:

- Amendments to MFRS 107 Disclosure Initiative (effective from 1 January 2017)
- Amendments to MFRS 112 Recognition of Deferred Tax Asset for Unrealised Losses (effective from 1 January 2017)
- MFRS 9 Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities (effective from 1 January 2018)
- MFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)
- MFRS 16 Leases (effective from 1 January 2019)
- Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions (effective from 1 January 2018)
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date yet to be determined by Malaysian Accounting Standards Board)

2 SEASONAL/CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonal and cyclical factors.

3 UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the third quarter ended 31 October 2016.

4 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the financial period ended 31 October 2016.

5 DEBT AND EQUITY SECURITIES

On 19 October 2016, the Company issued and allotted 4,506,600 new ordinary shares of RM0.10 each, to eligible executive or eligible employees, pursuant to the terms of the Offer Letter dated 11 October 2012 and 19 October 2015 respectively, in accordance with the By-laws of the Management Share Scheme of the Company.

On the same day, the Company offered Share Awards in respect of 511,100 new ordinary shares of RM0.10 each to 15 eligible employees who have successfully progressed to the Advanced Emerging Leaders Programme of the Group, in accordance with the By-laws of the Management Share Scheme of the Company. Details of the said Share Awards are set out in the Company’s announcement dated 19 October 2016.

Save as disclosed above, there were no other issuance, repurchase and repayment of debt and equity securities by the Group during the third quarter ended 31 October 2016.

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**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

6 DIVIDENDS PAID

During the financial period ended 31 October 2016, the following dividend payments were made:

- (i) fourth interim single-tier dividend of 2.75 sen per ordinary share in respect of the financial year ended 31 January 2016 amounting to RM143,137,930.37 was paid on 21 April 2016;
- (ii) final single-tier dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 January 2016 amounting to RM52,050,156.00 was paid on 30 June 2016; and
- (iii) first interim single-tier dividend of 3.00 sen per ordinary share in respect of the financial year ending 31 January 2017 amounting to RM156,150,468.00 was paid on 30 June 2016.
- (iv) second interim single-tier dividend of 3.00 sen per ordinary share in respect of the financial year ending 31 January 2017 amounting to RM156,150,468.00 was paid on 13 October 2016.

Refer to Note 24 for dividends declared for the third quarter ended 31 October 2016.

7 SEGMENT RESULTS AND REPORTING

For management purposes, with effect from this financial year, the Group is organised into business units based on their services and has three key reportable segments based on operating segments as follows:

- (i) The television segment is a provider of television services including television content, creation, aggregation and distribution, magazine publication and distribution and multimedia interactive services;
- (ii) The radio segment is a provider of radio broadcasting services;
- (iii) Home-shopping business; and
- (iv) Others.

The corporate function relates to treasury and management services and is not an operating segment. The corporate function is presented as part of the reconciliation to the consolidated total.

Transactions between segments are carried out on mutually agreed basis. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Segment profit, which is profit before tax, is used to measure performance as management believes that such information is the most relevant in evaluating the results. Income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets

The total of segment assets is measured based on all assets (including goodwill and excluding deferred tax asset) of a segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities (excluding tax liabilities) of a segment.

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**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

7 SEGMENT RESULTS AND REPORTING (continued)

| <u>Period ended</u> <u>31/10/2016</u> | <u>Television</u> <u>RM'm</u> | <u>Radio</u> <u>RM'm</u> | <u>Home-</u> <u>shopping</u> <u>RM'm</u> | <u>Others</u> <u>RM'm</u> | <u>Corporate</u> <u>Function</u> <u>RM'm</u> | <u>Elimination</u> <u>RM'm</u> | <u>Total</u> <u>RM'm</u> |
|--|----------------------------------|-----------------------------|--|------------------------------|--|-----------------------------------|-----------------------------|
| External revenue | 3,771.7 | 241.7 | 200.6 | - | 1.2 | - | 4,215.2 |
| Interest income | 16.4 | 2.7 | 1.0 | 2.4 | 69.8 | (62.6) | 29.7 |
| Interest expense | (136.8) | (0.1) | - | (3.0) | (77.5) | 62.6 | (154.8) |
| Depreciation and amortisation | (838.8) | (4.1) | (3.8) | - | (5.3) | 25.8 | (826.2) |
| Share of post-tax results from investments accounted for using the equity method | (0.3) | - | - | 2.9 | - | - | 2.6 |
| Impairment of investments accounted for using the equity method | - | - | - | (15.1) | - | - | (15.1) |
| Segment profit/(loss) – Profit/(loss) before tax | 571.6 | 139.3 | (12.4) | (1.1) | (31.4) | (8.3) | 657.7 |
| <u>As at</u> <u>31/10/2016</u> | <u>Television</u> <u>RM'm</u> | <u>Radio</u> <u>RM'm</u> | <u>Home-</u> <u>shopping</u> <u>RM'm</u> | <u>Others</u> <u>RM'm</u> | <u>Corporate</u> <u>Function</u> <u>RM'm</u> | <u>Elimination</u> <u>RM'm</u> | <u>Total</u> <u>RM'm</u> |
| Segment assets | 5,031.0 | 2,188.3 | 56.3 | 50.2 | 630.2 | (1,673.0) | 6,283.0 |
| Segment liabilities | 3,607.1 | 1,048.3 | 51.3 | 12.7 | 2,594.2 | (1,630.8) | 5,682.8 |
| <u>Period ended</u> <u>31/10/2015</u> | <u>Television</u> <u>RM'm</u> | <u>Radio</u> <u>RM'm</u> | <u>Home-</u> <u>shopping</u> <u>RM'm</u> | <u>Others</u> <u>RM'm</u> | <u>Corporate</u> <u>Function</u> <u>RM'm</u> | <u>Elimination</u> <u>RM'm</u> | <u>Total</u> <u>RM'm</u> |
| External revenue | 3,727.7 | 217.8 | 126.4 | - | 1.7 | - | 4,073.6 |
| Interest income | 29.8 | 2.0 | 1.2 | 1.9 | 89.9 | (83.6) | 41.2 |
| Interest expense | (172.4) | (0.1) | - | (3.0) | (83.3) | 83.6 | (175.2) |
| Depreciation and amortisation | (907.3) | (4.0) | (3.5) | - | (4.9) | 33.3 | (886.4) |
| Share of post-tax results from investments accounted for using the equity method | - | - | - | 5.3 | - | - | 5.3 |
| Segment profit/(loss) – Profit/(loss) before tax | 455.3 | 116.9 | (17.8) | (1.9) | (18.6) | 17.3 | 551.2 |
| <u>As at</u> <u>31/1/2016</u> | <u>Television</u> <u>RM'm</u> | <u>Radio</u> <u>RM'm</u> | <u>Home-</u> <u>shopping</u> <u>RM'm</u> | <u>Others</u> <u>RM'm</u> | <u>Corporate</u> <u>Function</u> <u>RM'm</u> | <u>Elimination</u> <u>RM'm</u> | <u>Total</u> <u>RM'm</u> |
| Segment assets | 5,346.0 | 1,648.1 | 62.5 | 44.1 | 810.9 | (1,127.1) | 6,784.5 |
| Segment liabilities | 3,891.4 | 552.9 | 44.8 | 10.9 | 2,735.2 | (1,101.6) | 6,133.6 |

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**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

7 SEGMENT RESULTS AND REPORTING (continued)

| <u>Quarter ended</u> <u>31/10/2016</u> | <u>Television</u> <u>RM'm</u> | <u>Radio</u> <u>RM'm</u> | <u>Home-</u> <u>shopping</u> <u>RM'm</u> | <u>Others</u> <u>RM'm</u> | <u>Corporate</u> <u>Function</u> <u>RM'm</u> | <u>Elimination</u> <u>RM'm</u> | <u>Total</u> <u>RM'm</u> |
|---|----------------------------------|-----------------------------|--|------------------------------|--|-----------------------------------|-----------------------------|
| External revenue | 1,278.4 | 83.2 | 62.4 | - | 0.1 | - | 1,424.1 |
| Interest income | 5.8 | 1.0 | 0.3 | 0.8 | 22.3 | (20.9) | 9.3 |
| Interest expense | (44.3) | - | - | (1.0) | (26.5) | 20.9 | (50.9) |
| Depreciation and amortisation | (273.0) | (1.4) | (1.1) | - | (1.6) | 8.3 | (268.8) |
| Share of post-tax results from investments accounted for using the equity method | (0.2) | - | - | 0.1 | - | - | (0.1) |
| Impairment of investments accounted for using the equity method | - | - | - | (15.1) | - | - | (15.1) |
| Segment profit/(loss) – Profit/(loss) before tax | <u>191.4</u> | <u>49.9</u> | <u>(6.7)</u> | <u>(2.1)</u> | <u>(8.7)</u> | <u>(15.0)</u> | <u>208.8</u> |
| | | | | | | | |
| <u>Quarter ended</u> <u>31/10/2015</u> | <u>Television</u> <u>RM'm</u> | <u>Radio</u> <u>RM'm</u> | <u>Home-</u> <u>shopping</u> <u>RM'm</u> | <u>Others</u> <u>RM'm</u> | <u>Corporate</u> <u>Function</u> <u>RM'm</u> | <u>Elimination</u> <u>RM'm</u> | <u>Total</u> <u>RM'm</u> |
| External revenue | 1,246.4 | 75.1 | 52.3 | - | 0.6 | - | 1,374.4 |
| Interest income | 8.9 | 0.7 | 0.4 | 0.6 | 29.1 | (27.8) | 11.9 |
| Interest expense | (53.6) | - | - | (1.0) | (28.5) | 27.8 | (55.3) |
| Depreciation and amortisation | (311.2) | (1.3) | (1.2) | - | (1.8) | 11.9 | (303.6) |
| Share of post-tax results from investments accounted for using the equity method | - | - | - | 1.8 | - | - | 1.8 |
| Segment profit/(loss) – Profit/(loss) before tax | <u>105.6</u> | <u>40.3</u> | <u>(7.4)</u> | <u>1.2</u> | <u>(6.8)</u> | <u>3.6</u> | <u>136.5</u> |

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**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

8 CHANGES IN THE COMPOSITION OF THE GROUP

On 29 February 2016, Astro Entertainment Sdn Bhd (“AESB”), a wholly-owned subsidiary of the Company, converted the shareholder’s loan of RM750,000 to Red Communications Sdn Bhd (“RCSB”) into 44,000 ordinary shares of RM1.00 in RCSB. Following the conversion, AESB’s shareholding interest in RCSB has been increased from 20% to 28.9%.

On 14 March 2016, the Company incorporated a wholly-owned subsidiary namely, Tribe Limited in Hong Kong under the Hong Kong Companies Ordinance (Cap. 622) with an issued and paid-up share capital of HKD100,000 comprising 100,000 ordinary shares. The principal activities of Tribe Limited are the creation, aggregation, distribution and monetisation of content.

Pursuant to a Joint Venture Agreement entered into between AESB, Turner Asia Pacific Ventures, Inc and Turner Astro Limited (“TAL”) dated 14 October 2016, AESB acquired 2 ordinary shares in TAL for a consideration of HKD2.00 and subscribed 800,000 ordinary shares in TAL for a consideration of USD800,000, in aggregate, representing 20% of the total issued and paid-up share capital of TAL. TAL is a company principally engaged in owning and operating a Korean general entertainment channel known as “Oh!K”.

On 19 October 2016, Astro GS Shop Sdn Bhd (the Company’s 60%-owned subsidiary) incorporated a wholly-owned subsidiary namely, Astro GS Shop Singapore Pte Ltd in Singapore under the Singapore Companies Act, Cap. 50 with an issued and paid-up share capital of SGD100,000. The principal activity of Astro GS Shop Singapore Pte Ltd is to undertake a home shopping business in Singapore.

Save as disclosed above, there were no changes in the composition of the Group during the third quarter ended 31 October 2016.

9 INDEMNITY, GUARANTEES AND CONTINGENT ASSETS

a. Indemnity and guarantees

Details of the indemnity and guarantees of the Group as at 31 October 2016, for which no provision has been made in the interim financial statements, are as set out below:

| | Group | |
|--|-------------------|------------------|
| | 31/10/2016 | 31/1/2016 |
| | RM’m | RM’m |
| Indemnity given to financial institutions in respect of bank guarantees issued (unsecured): | | |
| - Programme rights vendors ¹ | 118.8 | 132.2 |
| - Others ² | 6.9 | 10.8 |
| Other indemnities: | | |
| - Guarantee to programme rights vendor provided by AMH ¹ | 899.0 | 1,233.0 |
| - Indemnity to Maxis Berhad (“Maxis”) pursuant to shareholders’ obligations in respect of Advanced Wireless Technologies Sdn. Bhd. | 6.3 | 6.3 |
| | 1,031.0 | 1,382.3 |

Notes:

¹ Included as part of the programming commitments for programme rights as set out in Note 10.

² Consist of bank guarantees issued mainly to Royal Malaysian Customs, utility companies and Perbadanan Tabung Pendidikan Tinggi Nasional.

b. Contingent assets

There were no significant contingent assets as at 31 October 2016 (31 January 2016: Nil).

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MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

10 COMMITMENTS

The Group has the following commitments not provided for in the interim financial statements as at the end of the financial period:

| | 31/10/2016 | | | 31/1/2016 | | |
|---|--------------------------------------|--|---------|--------------------------------------|--|---------|
| | Approved and contracted for | Approved and not contracted for | Total | Approved and contracted for | Approved and not contracted for | Total |
| | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm |
| Property, plant and equipment* | 2,275.3 | 108.6 | 2,383.9 | 1,994.9 | 72.6 | 2,067.5 |
| Software | 97.8 | 113.2 | 211.0 | 114.0 | 90.3 | 204.3 |
| Film library and programme rights | 1,178.1 | 367.9 | 1,546.0 | 619.7 | 725.6 | 1,345.3 |
| Investment in a company | 42.0 | - | 42.0 | - | - | - |
| | 3,593.2 | 589.7 | 4,182.9 | 2,728.6 | 888.5 | 3,617.1 |

* Included in approved and contracted for is the supply of transponder capacity with MEASAT International (South Asia) Ltd. (“MISAL”) and MEASAT Satellite Systems Sdn. Bhd. (“MSS”), both related parties, on MEASAT-3B and MEASAT-3C satellites, of RM1,254.4m (31 January 2016: RM1,241.1m) and RM697.6m (31 January 2016: RM690.2m) respectively. MISAL and MSS are both subsidiaries of a company in which, a substantial shareholder, Ananda Krishnan Tatparanandam (“TAK”) has a 99.999% direct equity interest.

11 SIGNIFICANT RELATED PARTY DISCLOSURES

The Group has a number of related party transactions with companies directly or indirectly controlled by or associated with Usaha Tegas Sdn. Bhd. (“UTSB”) as well as companies or entities directly or indirectly controlled by or associated with Ananda Krishnan Tatparanandam (“TAK”) or in which he is deemed to have an interest, both of whom are deemed substantial shareholders of the Company.

UTSB has a 23.98% indirect interest in the Company through its wholly-owned subsidiaries All Asia Media Equities Limited and Usaha Tegas Entertainment Systems Sdn Bhd. The ultimate holding company of UTSB is PanOcean Management Limited (“PanOcean”). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have an interest in the shares of the Company, they do not have any economic or beneficial interest in the shares as such interest is held subject to the terms of the discretionary trust.

TAK also has a deemed interest in the shares of the Company via entities which are the direct shareholders of the Company and held by companies ultimately controlled by TAK.

In addition to the related party disclosures mentioned elsewhere in the financial statements, set out below are other significant transactions and balances. The related party transactions described below were carried out on agreed terms with the related parties.

Related Parties

Relationship

Maxis Mobile Services Sdn. Bhd.
Maxis Broadband Sdn. Bhd.

Subsidiary of a joint venture of UTSB
Subsidiary of a joint venture of UTSB

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**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

11 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

| <u>Related Parties</u> | <u>Relationship</u> |
|--|---|
| ASTRO Overseas Limited (“AOL”) | Subsidiary of Astro Holdings Sdn Bhd (“AHSB”), a company jointly controlled by UTSB and Khazanah Nasional Berhad, pursuant to a shareholders’ agreement in relation to AHSB |
| UTSB Management Sdn. Bhd. | Subsidiary of UTSB |
| Kristal-Astro Sdn. Bhd. | Associate of the Company |
| Celestial Movie Channel Limited | Associate of AOL |
| Sun TV Network Limited | Joint venture partner of AOL |
| Media Innovations Pty Ltd | Subsidiary of AOL |
| Tiger Gate Entertainment Limited | Associate of AOL |
| MEASAT International (South Asia) Ltd. | Subsidiary of a company in which TAK has a 99.999% direct equity interest |
| MEASAT Satellite Systems Sdn. Bhd. | Subsidiary of a company in which TAK has a 99.999% direct equity interest |
| GS Home Shopping Inc. | Major shareholder of Astro GS Shop Sdn. Bhd., a 60% owned subsidiary of the Company |

| | <u>Transaction for the period ended 31/10/2016 RM’m</u> | <u>Transaction for the period ended 31/10/2015 RM’m</u> | <u>Balances due from/(to) as at 31/10/2016 RM’m</u> | <u>Balances due from/(to) as at 31/1/2016 RM’m</u> | <u>Commitments as at 31/10/2016 RM’m</u> | <u>Commitments as at 31/1/2016 RM’m</u> |
|---|---|---|---|--|--|---|
| (i) Sales of goods and services | | | | | | |
| - Maxis Mobile Services Sdn. Bhd. (Multimedia, interactive and airtime sales) | 6.7 | 8.8 | 2.2 | 3.5 | - | - |
| - Maxis Broadband Sdn. Bhd. (Licensing income) | - | 3.9 | 1.0 | 0.8 | - | - |
| - Kristal-Astro Sdn. Bhd. (Programme services and right sales, technical support, smartcard rental, and sales of set-top boxes and accessories) | 21.8 | 24.7 | 28.7 | 9.6 | - | - |
| - MEASAT Satellite Systems Sdn. Bhd. (Compensation for T11) | - | 12.0 | 4.5 | 17.3 | - | - |
| - ASTRO Overseas Limited (Management fees) | 1.7 | 1.2 | 3.0 | 3.6 | - | - |
| (ii) Purchases of goods and services | | | | | | |
| - UTSB Management Sdn. Bhd. (Personnel, strategic and other consultancy and support services) | 9.6 | 7.7 | (2.1) | (0.8) | - | - |

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**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

11 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

| | Transaction for the period ended <u>31/10/2016</u> RM'm | Transaction for the period ended <u>31/10/2015</u> RM'm | Balances due from/(to) as at <u>31/10/2016</u> RM'm | Balances due from/(to) as at <u>31/1/2016</u> RM'm | Commitments as at <u>31/10/2016</u> RM'm | Commitments as at <u>31/1/2016</u> RM'm |
|--|---|---|--|---|---|--|
| (ii) Purchases of goods and services (continued) | | | | | | |
| - Maxis Broadband Sdn. Bhd. Sdn. Bhd. (Telecommunication services) | 66.1 | 53.2 | (6.9) | (9.2) | - | - |
| - MEASAT International (South Asia) Ltd. (Deposit paid on transponder lease) | - | 10.5 | 51.7 | 50.2 | 1,254.4 | 1,241.1 |
| - MEASAT Satellite Systems Sdn. Bhd. (Transponder lease) | - | - | - | - | 697.6 | 690.2 |
| - Sun TV Network Limited (Programme broadcast rights) | 28.3 | 28.6 | (16.1) | (15.5) | - | - |
| - Celestial Movie Channel Limited (Programme broadcast rights) | 16.6 | 15.5 | (2.1) | (2.2) | - | - |
| - Media Innovations Pty Ltd (Design, build and commission of Over-the-Top solution) | 2.0 | 10.5 | (0.6) | (2.9) | - | - |
| - Tiger Gate Entertainment Limited (Programming rights) | 11.6 | 11.0 | (1.9) | (1.6) | - | - |
| - GS Home Shopping Inc. (Development of software system, purchase of retail products) | 3.7 | 8.7 | (0.1) | (0.8) | - | - |
| (iii) Key management personnel compensation | | | | | | |
| - Salaries, bonus and allowances and other staff related costs | 26.5 | 18.6 | | | | |
| - Directors fees | 1.4 | 1.5 | | | | |
| - Defined contribution plans | 3.5 | 2.7 | | | | |
| - Share-based payments | 3.9 | 2.4 | | | | |

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**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

11 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(iv) Government-related entities

Khazanah Nasional Berhad (“KNB”) is deemed interested in 20.69% equity interest in the Company held by its wholly-owned subsidiary, Pantai Cahaya Bulan Ventures Sdn Bhd (“PCBV”). KNB is the strategic investment fund of the Government of Malaysia. Save for one (1) share owned by the Federal Lands Commissioner, a body corporate incorporated under the Federal Lands Commissioner (Incorporation) Act, 1957, all of the ordinary shares of KNB are owned by the Minister of Finance Incorporated, a body corporate incorporated under the Minister of Finance, (Incorporation) Act, 1957 (“MoF Inc.”).

The Group has been granted a waiver from compliance with Chapter 10 of the Listing Requirements (Related Party Transaction) in respect of transactions with KNB Group. All the transactions entered into by the Group with KNB Group are conducted in the ordinary course of the Group’s business on negotiated terms.

For the financial period ended 31 October 2016, management estimates that the aggregate amounts of the Group significant transactions with KNB Group are at 2.5% of its total administrative expenses and 1.2% of its total revenue.

12 FAIR VALUE MEASUREMENTS

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

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly (ie. from prices) or indirectly (ie. derived from prices).
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group as at 31 October 2016 approximated their fair values except as set out below:

(Assets)/Liabilities measured at amortised cost:

| | Carrying amount | Level 1 | Level 2 | Level 3 |
|--|--------------------|-------------------|-------------------|-------------------|
| | RM'm | RM'm | RM'm | RM'm |
| 31 October 2016 | | | | |
| Other investments - bonds | (35.0) | - | (35.0) | - |
| Borrowings – finance lease liabilities | 1,053.9 | - | 1,126.3 | - |
| Receivables – amount due from an associate | (27.0) | - | (27.0) | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 31 January 2016 | | | | |
| Other investments - bonds | (45.0) | - | (44.5) | - |
| Borrowings – finance lease liabilities | 1,111.3 | - | 1,175.1 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The fair value of financial instruments categorised at Level 2 is determined based on a discounted cash flow analysis, using contractual cash flows and market interest rates.

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**PART A – EXPLANATORY NOTES PURSUANT TO
MALAYSIAN FINANCIAL REPORTING STANDARD 134 (continued)**

12 FAIR VALUE MEASUREMENTS (continued)

(b) Financial instruments carried at fair value

The following table represents the assets and liabilities measured at fair value:

(Assets)/Liabilities measured at fair value:

| <u>Recurring fair value measurements</u> | <u>Carrying amount</u> RM'm | <u>Level 1</u> RM'm | <u>Level 2</u> RM'm | <u>Level 3</u> RM'm |
|--|------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| <u>31 October 2016</u> | | | | |
| Other investment- investment in unit trusts | (358.6) | (358.6) | - | - |
| Forward foreign currency exchange contracts – cash flow hedges | (9.1) | - | (9.1) | - |
| Foreign currency option | (5.3) | - | (5.3) | - |
| Interest rate swaps – cash flow hedges | 18.8 | - | 18.8 | - |
| Cross-currency interest rate swaps – cash flow hedges | (347.1) | - | (347.1) | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u>31 January 2016</u> | | | | |
| Other investment- investment in unit trusts | (343.2) | (343.2) | - | - |
| Forward foreign currency exchange contracts – cash flow hedges | (3.5) | - | (3.5) | - |
| Foreign currency option | 1.4 | - | 1.4 | - |
| Interest rate swaps – cash flow hedges | 13.4 | - | 13.4 | - |
| Cross-currency interest rate swaps – cash flow hedges | (351.4) | - | (351.4) | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The valuation technique used to derive the Level 2 fair value for derivative financial instruments is as disclosed in Note 20.

During the financial period, there were no transfer between Level 1 and Level 2 fair value measurement, and no transfer into and out of Level 3 fair value measurement.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS**

13 ANALYSIS OF PERFORMANCE

- (a) Performance of the current quarter (Third Quarter FY17) against the corresponding quarter (Third Quarter FY16):

All amounts in RM'm unless otherwise stated

| | Financial Highlights | | Key Operating Indicators | |
|---|-----------------------------|------------|---------------------------------|------------|
| | QUARTER | QUARTER | QUARTER | QUARTER |
| | ENDED | ENDED | ENDED | ENDED |
| | 31/10/2016 | 31/10/2015 | 31/10/2016 | 31/10/2015 |
| <u>Consolidated Performance</u> | | | | |
| Total revenue | 1,424.1 | 1,374.4 | | |
| EBITDA ¹ | 469.0 | 473.7 | | |
| EBITDA margin (%) | 32.9 | 34.5 | | |
| Profit before tax | 208.8 | 136.5 | | |
| Net profit | 148.7 | 103.4 | | |
| Net decrease in cash | (112.7) | (142.6) | | |
| <u>(i) Television</u> | | | | |
| Subscription revenue | 1,089.6 | 1,083.1 | | |
| Advertising revenue | 104.5 | 86.0 | | |
| Other revenue | 84.3 | 77.3 | | |
| Total revenue | 1,278.4 | 1,246.4 | | |
| EBITDA ¹ | 428.8 | 438.7 | | |
| EBITDA margin (%) | 33.5 | 35.2 | | |
| Profit before tax | 191.4 | 105.6 | | |
| Total residential subscribers-end of period ('000) | | | 5,021.3 | 4,696.1 |
| Pay-TV residential subscribers-end of period ('000) | | | 3,442.5 | 3,533.6 |
| Pay-TV residential subscribers-net movements ('000) | | | (50.8) | 14.1 |
| Non-subscription customers-end of period ('000) | | | 1,578.8 | 1,162.5 |
| Non-subscription customers-net movements ('000) | | | 97.6 | 91.8 |
| Pay-TV residential ARPU ² (RM) | | | 99.9 | 99.3 |
| MAT Churn ³ (%) | | | 12.4 | 9.4 |

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

13 ANALYSIS OF PERFORMANCE (continued)

- (a) Performance of the current quarter (Third Quarter FY17) against the corresponding quarter (Third Quarter FY16) (continued):

All amounts in RM'm unless otherwise stated

| Financial Highlights | | Key Operating Indicators | |
|----------------------|------------------|--------------------------|------------------|
| QUARTER ENDED | QUARTER ENDED | QUARTER ENDED | QUARTER ENDED |
| 31/10/2016 | 31/10/2015 | 31/10/2016 | 31/10/2015 |

(ii) Radio

| | | | | |
|---------------------|------|------|-------------------|-------------------|
| Revenue | 83.2 | 75.1 | | |
| EBITDA ¹ | 50.4 | 40.9 | | |
| EBITDA margin (%) | 60.6 | 54.5 | | |
| Profit before tax | 49.9 | 40.3 | | |
| Listeners ('mil) | | | 15.6 ⁵ | 12.8 ⁴ |

(iii) Home-shopping

| | | | | |
|--------------------------------|-------|--------|-------|-------|
| Revenue | 62.4 | 52.3 | | |
| EBITDA ¹ | (5.9) | (6.6) | | |
| EBITDA margin (%) | (9.5) | (12.6) | | |
| Loss before tax | 6.7 | 7.4 | | |
| Number of products sold ('000) | | | 337.6 | 259.7 |
| Number of orders ('000) | | | 301.8 | 210.1 |
| Number of customers ('000) | | | 228.0 | 164.7 |

Notes:

- Earnings before interest, tax, depreciation and amortisation ("EBITDA") represent profit/(loss) before net finance costs, tax, impairment, write-off and depreciation of property, plant and equipment and amortisation of intangible assets such as software (but excluding amortisation of film library and program rights which are expensed as part of cost of sales), impairment of investments and share of post-tax results from investments accounted for using the equity method.
- Average Revenue Per User ("ARPU") is the monthly average revenue per residential subscriber. ARPU is calculated by dividing the total subscription revenue derived from residential subscribers over the last twelve months with average number of residential subscribers over the same period.
- MAT (moving annual total) Churn is computed by dividing the sum of Churn over the last twelve months with the average residential customer base over the same period. Churn is the number of subscribers over a given period whose subscriptions have been terminated either voluntarily or involuntarily (as a result of non-payment), net of reconnections within a given period.
- Based on the Radio Listenership Survey by Nielsen dated 11 November 2015.
- Based on the Radio Listenership Survey by GFK dated 5 October 2016 for Peninsular Malaysia and 19 September 2016 for East Malaysia.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

13 ANALYSIS OF PERFORMANCE (continued)

- (a) Performance of the current quarter (Third Quarter FY17) against the corresponding quarter (Third Quarter FY16) (continued):

Consolidated Performance

Revenue

Revenue for the current quarter of RM1,424.1m was higher by RM49.7m or 3.6% against corresponding quarter of RM1,374.4m. This was mainly due to an increase in subscription, advertising, home-shopping and other revenue of RM6.5m, RM26.6m, RM10.1m and RM6.5m respectively.

The increase in subscription revenue was due to an increase in ARPU for Pay-TV residential subscribers of RM0.60 (from RM99.30 to RM99.90).

Radio's revenue for the current quarter of RM83.2m was higher by RM8.1m compared with the corresponding quarter of RM75.1m. The higher revenue performance was driven by effective yield and inventory management and the continuous strong listenership performance for its radio brands.

Home-shopping's revenue for the current quarter of RM62.4m was higher by RM10.1m compared with the corresponding quarter of RM52.3m. The higher revenue performance was due to increase in number of products sold.

EBITDA margin

EBITDA margin decreased by 1.6% against corresponding quarter mainly due to higher content costs, particularly Olympic 2016 and impact of weakening RM. This was offset by lower marketing and market research expenses and selling and distribution expenses.

Net Profit

Net profit increased by RM45.3m or 43.8% compared with the corresponding quarter. The increase in net profit is mainly due to decrease in depreciation of property, plant and equipment by RM32.6m and lower net finance cost by RM67.2m, offset by decrease in EBITDA of RM4.7m, impairment of investment in associate of RM15.1m and higher tax expenses by RM27.0m. Lower net finance cost was due to lower unrealised forex loss arising from unhedged finance lease liabilities of RM48.8m and unhedged vendor financing of RM8.9m.

Cash Flow

Increase in cash of RM29.9m as compared with corresponding quarter is mainly due to lower purchase of property, plant and equipment and intangibles by RM25.4m, disposal of unit trusts of RM78.8m and maturities of bonds of RM5.0m. This was offset by lower operating cash flow of RM31.5m, higher dividend paid by RM13.1m and higher payment for set-top boxes of RM38.3m.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

13. ANALYSIS OF PERFORMANCE (continued)

- (a) Performance of the current quarter (Third Quarter FY17) against the corresponding quarter (Third Quarter FY16) (continued):

Television

Revenue for the current quarter of RM1,278.4m was higher by RM32.0m or 2.6% against corresponding quarter of RM1,246.4m. This was mainly due to increase in advertising, subscription and other revenue of RM18.5m, RM6.5m and RM7.0m respectively.

The increase in subscription revenue was due to an increase in ARPU for Pay-TV residential subscribers of RM0.60 (from RM99.30 to RM99.90).

Television EBITDA decreased by RM9.9m or 2.3% against corresponding quarter mainly due to higher content costs and compensation of RM12m for the delay in the return of transponder in corresponding quarter, offset by increase in revenue as highlighted above. Higher content costs, particularly Olympic 2016 and impact of weakening RM, offset against discounts received from renegotiated content contracts.

Radio

Radio's revenue for the current quarter of RM83.2m was higher by RM8.1m compared with the corresponding quarter of RM75.1m. The higher revenue performance was driven by an effective yield and inventory management, supported by its continuous strong listenership rating for its radio brands.

Radio EBITDA for the current quarter of RM50.4m, increased by RM9.5m or 23.2% against the corresponding quarter, driven by the positive revenue performance.

Home-shopping

Home-shopping's revenue for the current quarter of RM62.4m was higher by RM10.1m compared with the corresponding quarter of RM52.3m. The higher revenue performance was due to increase in number of products sold.

Home-shopping EBITDA improved by RM0.7m or 10.6% against corresponding quarter. The improvement is due to an increase in revenue as highlighted above, offset by higher selling and distribution expenses and cost of merchandise sales.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

13 ANALYSIS OF PERFORMANCE (continued)

- (b) Performance of the current quarter (Third Quarter FY17) against the preceding quarter (Second Quarter FY17):

| | <i>All amounts in RM'm unless otherwise stated</i> | | | |
|---|--|------------------|---------------------------------|------------------|
| | Financial Highlights | | Key Operating Indicators | |
| | QUARTER | QUARTER | QUARTER | QUARTER |
| | ENDED | ENDED | ENDED | ENDED |
| | <u>31/10/2016</u> | <u>31/7/2016</u> | <u>31/10/2016</u> | <u>31/7/2016</u> |
| <u>Consolidated Performance</u> | | | | |
| Total revenue | 1,424.1 | 1,428.3 | | |
| EBITDA ¹ | 469.0 | 426.3 | | |
| EBITDA margin (%) | 32.9 | 29.8 | | |
| Profit before tax | 208.8 | 169.0 | | |
| Net profit | 148.7 | 124.3 | | |
| Net (decrease)/increase in cash | (112.7) | (112.8) | | |
| <u>(i) Television</u> | | | | |
| Subscription revenue | 1,089.6 | 1,095.3 | | |
| Advertising revenue | 104.5 | 99.4 | | |
| Other revenue | 84.3 | 72.2 | | |
| Total revenue | 1,278.4 | 1,266.9 | | |
| EBITDA ¹ | 428.8 | 376.5 | | |
| EBITDA margin (%) | 33.5 | 29.7 | | |
| Profit before tax | 191.4 | 126.7 | | |
| Total residential subscribers-end of period ('000) | | | 5,021.3 | 4,974.5 |
| Pay-TV residential subscribers-end of period ('000) | | | 3,442.5 | 3,493.3 |
| Pay-TV residential subscribers-net movements ('000) | | | (50.8) | (10.1) |
| Non-subscription customers-end of period ('000) | | | 1,578.8 | 1,481.2 |
| Non-subscription customers-net movements ('000) | | | 97.6 | 86.1 |
| Pay-TV residential ARPU ² (RM) | | | 99.9 | 99.2 |
| MAT Churn ³ (%) | | | 12.4 | 10.9 |

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

13 ANALYSIS OF PERFORMANCE (continued)

- (b) Performance of the current quarter (Third Quarter FY17) against the preceding quarter (Second Quarter FY17) (continued):

All amounts in RM'm unless otherwise stated

| | Financial Highlights | | Key Operating Indicators | |
|-----------------------------------|----------------------|-----------|--------------------------|-------------------|
| | QUARTER | QUARTER | QUARTER | QUARTER |
| | ENDED | ENDED | ENDED | ENDED |
| | 31/10/2016 | 31/7/2016 | 31/10/2016 | 31/7/2016 |
| <u>(ii) Radio</u> | | | | |
| Revenue | 83.2 | 86.5 | | |
| EBITDA ¹ | 50.4 | 52.1 | | |
| EBITDA margin (%) | 60.6 | 60.2 | | |
| Profit before tax | 49.9 | 51.8 | | |
| Listeners ('mil) | | | 15.6 ⁵ | 12.8 ⁴ |
| <u>(iii) Home-shopping</u> | | | | |
| Revenue | 62.4 | 74.3 | | |
| EBITDA ¹ | (5.9) | (1.9) | | |
| EBITDA margin (%) | (9.5) | (2.6) | | |
| Loss before tax | 6.7 | 2.8 | | |
| Number of products sold ('000) | | | 337.6 | 439.7 |
| Number of orders ('000) | | | 301.8 | 330.4 |
| Number of customers ('000) | | | 228.0 | 246.7 |

Notes:

- Earnings before interest, tax, depreciation and amortisation (“EBITDA”) represent profit/(loss) before net finance costs, tax, impairment, write-off and depreciation of property, plant and equipment and amortisation of intangible assets such as software (but excluding amortisation of film library and program rights which are expensed as part of cost of sales), impairment of investments and share of post-tax results from investments accounted for using the equity method.
- Average Revenue Per User (“ARPU”) is the monthly average revenue per residential subscriber. ARPU is calculated by dividing the total subscription revenue derived from residential subscribers over the last twelve months with average number of residential subscribers over the same period.
- MAT (moving annual total) Churn is computed by dividing the sum of Churn over the last twelve months with the average residential customer base over the same period. Churn is the number of subscribers over a given period whose subscriptions have been terminated either voluntarily or involuntarily (as a result of non-payment), net of reconnections within a given period.
- Based on the Radio Listenership Survey by Nielsen dated 11 November 2015.
- Based on the Radio Listenership Survey by GFK dated 5 October 2016 for Peninsular Malaysia and 19 September 2016 for East Malaysia.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

13 ANALYSIS OF PERFORMANCE (continued)

- (b) Performance of the current quarter (Third Quarter FY17) against the preceding quarter (Second Quarter FY17) (continued):

Consolidated Performance

Revenue

Revenue for the current quarter of RM1,424.1m was lower by RM4.2m or 0.3% against preceding quarter of RM1,428.3m. This was mainly due to a decrease in subscription and home-shopping of RM5.7m and RM11.9m respectively, offset by an increase in advertising and other revenue RM1.8m and RM11.6m respectively.

The decrease in subscription revenue was due to a decrease in number of Pay-TV residential subscribers by 50,800 (from 3,493,300 to 3,442,500).

Radio's revenue for the current quarter of RM83.2m was lower by RM3.3m or 3.8% compared with the preceding quarter of RM86.5m. The lower revenue was due to a one-time reversal from the provision of agency commission.

Home-shopping's revenue for the current quarter of RM62.4m was lower by RM11.9m compared with the preceding quarter of RM74.3m. The decrease in revenue was due to lower number of products sold and festive season promotion in preceding quarter.

EBITDA margin

EBITDA margin increased by 3.1% against the preceding quarter mainly due to lower content costs, particularly EURO 2016 in the preceding quarter and lower impairment of receivables.

Net Profit

Net profit increased by RM24.4m or 19.6% to RM148.7m during the quarter. The increase was mainly due to an increase in EBITDA of RM42.7m, lower net finance costs by RM12.1m due to lower unrealised forex loss arising from unhedged finance lease liability of RM5.6m and unhedged vendor financing of RM2.3m. The increase was offset by impairment of investment in associate of RM15.1m and higher tax expense of RM15.4m.

Cash Flow

Decrease in cash of RM112.7m as compared with preceding quarter was mainly due to acquisition of property, plant and equipment and intangibles of RM153.9m, payment for set-top boxes of RM123.9m, payment of interest of RM20.5m, dividend payment of RM156.2m, purchase of unit trust of RM251.9m and payment of finance lease liabilities of RM35.2m. This was offset by higher operating cash flows of RM627.1m.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

13 ANALYSIS OF PERFORMANCE (continued)

- (b) Performance of the current quarter (Third Quarter FY17) against the preceding quarter (Second Quarter FY17) (continued):

Television

Television registered an increase in total revenue in the current quarter of RM11.5m or 0.9%, which was attributed to an increase in advertising and other revenue of RM5.1m and RM12.1m respectively, offset by decrease in subscription revenue of RM5.7m.

The decrease in subscription revenue was due to a decrease in number of Pay-TV residential subscribers by 50,800 (from 3,493,300 to 3,442,500).

EBITDA increased by RM52.3m or 13.9% against the preceding quarter due to increase in revenue, as highlighted above, lower content costs, lower impairment of receivables and higher other operating income from insurance claim of RM3.8m. This was offset by higher smart cards rental and cost of set-top boxes. Higher content costs in preceding quarter particularly due to EURO 2016.

Radio

Radio's revenue for the current quarter of RM83.2m was lower by RM3.3m or 3.8% compared with the preceding quarter of RM86.5m. The lower revenue was due to a one-time reversal from the provision of agency commission.

The lower revenue had impacted to the EBITDA of RM50.4m, reduce by RM1.7m or 3.3% compared with the preceding quarter.

Home-shopping

Home-shopping's revenue for the current quarter of RM62.4m was lower by RM11.9m compared with the preceding quarter of RM74.3m. The decrease in revenue was due to lower number of products sold and festive season promotion in preceding quarter.

Home-shopping EBITDA decrease by RM4.0m against preceding quarter. The decrease is due to lower revenue as highlighted above, offset by lower cost of merchandise sales.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

13 ANALYSIS OF PERFORMANCE (continued)

- (c) Performance of the current period (YTD October 2016) against the corresponding period (YTD October 2015):

All amounts in RM'm unless otherwise stated

| | Financial Highlights | | Key Operating Indicators | |
|---|----------------------|------------|--------------------------|------------|
| | PERIOD | PERIOD | PERIOD | PERIOD |
| | ENDED | ENDED | ENDED | ENDED |
| | 31/10/2016 | 31/10/2015 | 31/10/2016 | 31/10/2015 |
| <u>Consolidated Performance</u> | | | | |
| Total revenue | 4,215.2 | 4,073.6 | | |
| EBITDA ¹ | 1,372.2 | 1,436.1 | | |
| EBITDA margin (%) | 32.6 | 35.3 | | |
| Profit before tax | 657.7 | 551.2 | | |
| Net profit | 474.0 | 405.2 | | |
| Net decrease in cash | (69.0) | (414.2) | | |
| <u>(i) Television</u> | | | | |
| Subscription revenue | 3,260.8 | 3,263.8 | | |
| Advertising revenue | 282.3 | 247.9 | | |
| Other revenue | 228.6 | 216.0 | | |
| Total revenue | 3,771.7 | 3,727.7 | | |
| EBITDA ¹ | 1,249.3 | 1,332.1 | | |
| EBITDA margin (%) | 33.1 | 35.7 | | |
| Profit before tax | 571.6 | 455.3 | | |
| Total residential subscribers-end of period ('000) | | | 5,021.3 | 4,696.1 |
| Pay-TV residential subscribers-end of period ('000) | | | 3,442.5 | 3,533.6 |
| Pay-TV residential subscribers-net movements ('000) | | | (107.5) | 24.0 |
| Non-subscription customers-end of period ('000) | | | 1,578.8 | 1,162.5 |
| Non-subscription customers-net movements ('000) | | | 310.6 | 242.8 |
| Pay-TV residential ARPU ² (RM) | | | 99.9 | 99.3 |
| MAT Churn ³ (%) | | | 12.4 | 9.4 |

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

13 ANALYSIS OF PERFORMANCE (continued)

- (c) Performance of the current period (YTD October 2016) against the corresponding period (YTD October 2015) (continued):

All amounts in RM'm unless otherwise stated

| | Financial Highlights | | Key Operating Indicators | |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | PERIOD ENDED 31/10/2016 | PERIOD ENDED 31/10/2015 | PERIOD ENDED 31/10/2016 | PERIOD ENDED 31/10/2015 |
| <u>(ii) Radio</u> | | | | |
| Revenue | 241.7 | 217.8 | | |
| EBITDA ¹ | 140.8 | 119.0 | | |
| EBITDA margin (%) | 58.3 | 54.6 | | |
| Profit before tax | 139.3 | 116.9 | | |
| Listeners ('mil) | | | 15.6 ⁵ | 12.8 ⁴ |
| <u>(iii) Home-shopping</u> | | | | |
| Revenue | 200.6 | 126.4 | | |
| EBITDA ¹ | (9.6) | (15.5) | | |
| EBITDA margin (%) | (4.8) | (12.3) | | |
| Loss before tax | 12.4 | 17.8 | | |
| Number of products sold ('000) | | | 1,127.5 | 652.7 |
| Number of orders ('000) | | | 912.4 | 528.3 |
| Number of customers ('000) | | | 690.8 | 428.9 |

Notes:

- Earnings before interest, tax, depreciation and amortisation ("EBITDA") represent profit/(loss) before net finance costs, tax, impairment, write-off and depreciation of property, plant and equipment and amortisation of intangible assets such as software (but excluding amortisation of film library and program rights which are expensed as part of cost of sales), impairment of investments and share of post-tax results from investments accounted for using the equity method.
- Average Revenue Per User ("ARPU") is the monthly average revenue per residential subscriber. ARPU is calculated by dividing the total subscription revenue derived from residential subscribers over the last twelve months with average number of residential subscribers over the same period.
- MAT (moving annual total) Churn is computed by dividing the sum of Churn over the last twelve months with the average residential customer base over the same period. Churn is the number of subscribers over a given period whose subscriptions have been terminated either voluntarily or involuntarily (as a result of non-payment), net of reconnections within a given period.
- Based on the Radio Listenership Survey by Nielsen dated 11 November 2015.
- Based on the Radio Listenership Survey by GFK dated 5 October 2016 for Peninsular Malaysia and 19 September 2016 for East Malaysia.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

13 ANALYSIS OF PERFORMANCE (continued)

- (c) Performance of the current period (YTD October 2016) against the corresponding period (YTD October 2015) (continued):

Consolidated Performance

Revenue

Revenue for the current period of RM4,215.2m was higher by RM141.6m or 3.5% against corresponding period of RM4,073.6m. This was mainly due to an increase in advertising, home-shopping and other revenue of RM58.3m, RM74.2m and RM12.1m respectively, offset by decrease in subscription revenue of RM3.0m.

The decrease in subscription revenue was due to decrease in Pay-TV residential subscribers of 91,100 (from 3,533,600 to 3,442,500), offset by increase in ARPU for Pay-TV residential subscribers of RM0.60 (from RM99.30 to RM99.90).

Home-shopping's revenue for the current period of RM200.6m was higher by RM74.2m compared with the corresponding period of RM126.4m. The higher revenue performance was due to increase in number of products sold.

EBITDA margin

EBITDA margin decreased by 2.6% against corresponding period mainly due to higher content costs, particularly EURO 2016, Olympic 2016 and impact of weakening RM, offset against discounts received from renegotiated content contracts.

Net Profit

Net profit increased by RM68.8m or 17.0% to RM474.0m during the period. The increase was mainly due to lower depreciation of property, plant and equipment of RM86.2m and lower net finance cost of RM120.2m. Lower net finance cost was due to no discounting of transponder's deposit to its present value which was RM22.0m in corresponding period, lower unrealised forex loss arising from unhedged finance lease liability of RM80.5m and unhedged vendor financing of RM15.2m, offset by increase in transponder's lease interest of RM7.3m. The increase was offset by decrease in EBITDA of RM63.9m, higher amortisation of software and other intangibles of RM18.2m, impairment of investment in associate of RM15.1m and higher tax expenses of RM37.7m.

Cash Flow

Decrease in cash of RM69.0m as compared with corresponding period was mainly due to acquisition of property, plant and equipment and intangibles of RM399.1m, payment for set-top boxes of RM217.9m, lower payment of finance lease liabilities of RM113.2m, dividend payment of RM507.5m, repayment of borrowings of RM149.8m and payment of interest of RM80.7m. This was offset by higher operating cash flows of RM1,397.6m.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

13 ANALYSIS OF PERFORMANCE (continued)

- (c) Performance of the current period (YTD October 2016) against the corresponding period (YTD October 2015) (continued):

Television

Television registered an increase in total revenue in the current period of RM44.0m or 1.2%, which was attributable to an increase in advertising and other revenue of RM34.4m and RM12.6m respectively. The increase was offset by lower subscription revenue of RM3.0m.

The decrease in subscription revenue was due to decrease in Pay-TV residential subscribers of 91,100 (from 3,533,600 to 3,442,500), offset by increase in ARPU for Pay-TV residential subscribers of RM0.60 (from RM99.30 to RM99.90).

EBITDA decreased by RM82.8m or 6.2% against the corresponding period mainly due to higher content costs, and compensation of RM12m for the delay in the return of transponder in corresponding period, offset by increase in revenue as highlighted above. Higher content costs, particularly EURO2016 and Olympic 2016 and impact of weakening RM, offset against discounts received from renegotiated content contracts.

Radio

Radio's revenue for the current period of RM241.7m was higher by RM23.9m or 11.0% compared with the corresponding period of RM217.8m. The higher revenue performance was driven by the yield and inventory management in line with the strong listenership performance.

The higher revenue resulted in higher EBITDA of RM140.8m, an increase of RM21.8m or 18.3% as compared with the corresponding period.

Home-shopping

Home-shopping's revenue for the current period of RM200.6m was higher by RM74.2m compared with the corresponding period of RM126.4m. The higher revenue performance was due to increase in number of products sold.

Home-shopping EBITDA improved by RM5.9m or 38.1% against corresponding period. The improvement is due to an increase in revenue as highlighted above.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

14 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 JANUARY 2017

The Group is executing on its key strategy of growing revenues by providing differentiated content and a diverse range of products and services designed to succeed in the highly competitive digital world.

We deliver quality content and a superior consumer experience. We will continue with our unique line-up of sporting events and other local and international content to provide the best for our customers. With these initiatives, we target to retain our customer base amidst the soft consumer market. In addition, home-shopping, which has now been launched in Singapore, will remain an area of revenue growth.

We are leveraging on our infrastructure, content capabilities and operational experience to roll out our OTT online video service, initially working closely with identified partners in the region. We will continue to invest in technology in anticipation of customers' evolving behaviour across multiple platforms and devices and to improve customers' experience. Our TV viewership and radio listenership combined with our integrated media offering across TV, Radio and Digital media is uniquely placed to assist advertisers to engage with consumers across all demographics, which is driving performance.

We maintain good visibility on our key operating expenses, particularly content costs which are substantially USD denominated and optimising our cost to serve.

On the basis of the above, the Board believes the Group will remain cash generative and continue to invest in our growth strategy whilst maintaining our dividend policy.

15 PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as the Group did not publish any profit forecast.

16 QUALIFICATION OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

There was no qualification to the preceding audited annual financial statements for the financial year ended 31 January 2016.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

17 PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at the profit before tax:

| | <u>INDIVIDUAL QUARTER</u> | | <u>CUMULATIVE QUARTER</u> | |
|--|---|---|--|--|
| | <u>QUARTER ENDED 31/10/2016</u> | <u>QUARTER ENDED 31/10/2015</u> | <u>PERIOD ENDED 31/10/2016</u> | <u>PERIOD ENDED 31/10/2015</u> |
| | RM'm | RM'm | RM'm | RM'm |
| Amortisation of intangible assets | 130.4 | 132.4 | 390.5 | 364.5 |
| Depreciation of property, plant and equipment | 138.4 | 171.1 | 435.7 | 521.9 |
| Impairment of receivables | 18.5 | 20.1 | 85.1 | 89.5 |
| Impairment of other investment | - | - | - | 12.4 |
| Finance income: | | | | |
| - Interest income | (6.1) | (10.8) | (21.4) | (40.1) |
| - Unit trust | (3.2) | (1.1) | (8.3) | (1.1) |
| | (9.3) | (11.9) | (29.7) | (41.2) |
| Finance costs: | | | | |
| - Bank borrowings | 24.6 | 26.5 | 71.5 | 77.4 |
| - Finance lease liabilities | 16.9 | 18.2 | 51.8 | 44.6 |
| - Vendor financing | 7.2 | 7.9 | 24.0 | 23.4 |
| - Realised foreign exchange losses | 1.2 | 30.1 | 3.8 | 47.3 |
| - Unrealised foreign exchange losses losses/(gains) | 54.8 | 237.1 | (3.6) | 320.7 |
| - Fair value loss on derivative recycled to income statement arising from: | | | | |
| - Interest rate risk | 5.2 | 6.7 | 18.9 | 23.5 |
| - Foreign exchange risk | (35.0) | (182.3) | 7.1 | (254.0) |
| - Others | 2.2 | 2.7 | 7.5 | 29.8 |
| | <u>77.1</u> | <u>146.9</u> | <u>181.0</u> | <u>312.7</u> |

Other than as presented in the income statement and as disclosed above, there were no gain/loss on disposal of quoted and unquoted investments or properties, impairment of assets or any other exceptional items for the current quarter.

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
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18 TAXATION

| | <u>INDIVIDUAL QUARTER</u> | | <u>CUMULATIVE QUARTER</u> | |
|--------------|---------------------------|-------------------|---------------------------|-------------------|
| | <u>QUARTER</u> | <u>QUARTER</u> | <u>PERIOD</u> | <u>PERIOD</u> |
| | <u>ENDED</u> | <u>ENDED</u> | <u>ENDED</u> | <u>ENDED</u> |
| | <u>31/10/2016</u> | <u>31/10/2015</u> | <u>31/10/2016</u> | <u>31/10/2015</u> |
| | <u>RM'm</u> | <u>RM'm</u> | <u>RM'm</u> | <u>RM'm</u> |
| Current tax | 62.1 | 66.8 | 186.5 | 193.4 |
| Deferred tax | (2.0) | (33.7) | (2.8) | (47.4) |
| | <u>60.1</u> | <u>33.1</u> | <u>183.7</u> | <u>146.0</u> |

Reconciliation of the estimated income tax expense applicable to profit before taxation at the Malaysian statutory tax rate to estimated income tax expense at the effective tax rate of the Group is as follows:

| | <u>INDIVIDUAL QUARTER</u> | | <u>CUMULATIVE QUARTER</u> | |
|---|---------------------------|-------------------|---------------------------|-------------------|
| | <u>QUARTER</u> | <u>QUARTER</u> | <u>PERIOD</u> | <u>PERIOD</u> |
| | <u>ENDED</u> | <u>ENDED</u> | <u>ENDED</u> | <u>ENDED</u> |
| | <u>31/10/2016</u> | <u>31/10/2015</u> | <u>31/10/2016</u> | <u>31/10/2015</u> |
| | <u>RM'm</u> | <u>RM'm</u> | <u>RM'm</u> | <u>RM'm</u> |
| Profit before taxation | 208.8 | 136.5 | 657.7 | 551.2 |
| Tax at Malaysian corporate tax rate of 24% | 50.1 | 32.8 | 157.8 | 132.3 |
| Tax effect of: | | | | |
| Unrecognised deferred tax asset | 4.0 | 1.7 | 8.2 | 7.1 |
| Others (including expenses not deductible for tax purposes and income not subject to tax) | 6.0 | (1.4) | 17.7 | 6.6 |
| Taxation charge | <u>60.1</u> | <u>33.1</u> | <u>183.7</u> | <u>146.0</u> |

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

19 GROUP BORROWINGS AND DEBT SECURITIES

The amount of Group borrowings and debt securities as at 31 October 2016 are as follows:

| | <u>Current</u> | <u>Non-current</u> | <u>Total</u> |
|--|----------------|--------------------|----------------|
| | RM'm | RM'm | RM'm |
| Unsecured: | | | |
| Term loans | | | |
| - RM Term Loan | 315.5 | 1,200.0 | 1,515.5 |
| - USD Term Loan – USD330 million | 215.7 | 830.1 | 1,045.8 |
| | <u>531.2</u> | <u>2,030.1</u> | <u>2,561.3</u> |
| Less: Debt issuance costs | (5.9) | (9.3) | (15.2) |
| Term loans, net of debt issuance costs | <u>525.3</u> | <u>2,020.8</u> | <u>2,546.1</u> |
| Finance lease | | | |
| - Lease of transponders ^(a) | 91.6 | 958.6 | 1,050.2 |
| - Lease of equipment and software ^(b) | 2.2 | 1.5 | 3.7 |
| | <u>93.8</u> | <u>960.1</u> | <u>1,053.9</u> |
| | <u>619.1</u> | <u>2,980.9</u> | <u>3,600.0</u> |

The Group borrowings and debt securities were denominated in the following currencies:

| | <u>Total</u> |
|-------------------------------|----------------|
| | RM'm |
| Ringgit Malaysia | 2,023.8 |
| United States Dollars (“USD”) | 1,576.2 |
| | <u>3,600.0</u> |

Note:

(a) Lease of transponders on the MEASAT 3 satellite, MEASAT 3 T11 satellite, MEASAT 3A satellite from the lessor, MEASAT Satellite Systems Sdn. Bhd.(“MSS”), a related party and MEASAT 3B satellite from the lessor, MEASAT International (South Asia) Ltd, a related party.

(b) HP lease for servers’ hardware, software and testing environment hardware.

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BURSA SECURITIES LISTING REQUIREMENTS (continued)**

20 DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 31 October 2016 are set out below:

| Types of derivatives | Contract/ Notional Amount | Fair Value Assets | Fair Value Liabilities |
|--|--|------------------------------|-----------------------------------|
| | RM'm | RM'm | RM'm |
| Foreign currency options (“FX Options”) | | | |
| - Less than 1 year | 9.7 | 0.4 | - |
| - 1 to 3 years | 47.2 | 1.4 | - |
| - More than 3 years | 95.9 | 3.5 | - |
| | 152.8 | 5.3 | - |
| Forward foreign currency exchange contracts (“FX Contracts”) | | | |
| - Less than 1 year | 1,249.6 | 20.4 | (11.3) |
| - 1 to 3 years | - | - | - |
| - More than 3 years | - | - | - |
| | 1,249.6 | 20.4 | (11.3) |
| Interest rate swaps (“IRS”) | | | |
| - Less than 1 year | 392.0 | - | (4.5) |
| - 1 to 3 years | 768.9 | - | (8.0) |
| - More than 3 years | 450.0 | - | (6.3) |
| | 1,610.9 | - | (18.8) |
| Cross-currency interest rate swaps (“CCIRS”) | | | |
| - Less than 1 year | 299.1 | 98.7 | - |
| - 1 to 3 years | 387.4 | 128.2 | - |
| - More than 3 years | 298.9 | 120.2 | - |
| | 985.4 | 347.1 | - |

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20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Disclosure of derivatives (continued)

There have been no changes since the end of the previous financial year ended 31 January 2016 in respect of the following:

- (i) the market risk and credit risk associated with the derivatives as these are used for hedging purposes;
- (ii) the cash requirements of the derivatives;
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
- (iv) the related accounting policies.

(b) Disclosure of gains/(losses) arising from fair value

The Group determines the fair values of the derivative financial instruments relating to the FX Contracts using valuation techniques which utilise data from recognised financial information sources. Assumptions are based on market conditions existing at each balance sheet date. The fair values are calculated at the present value of the estimated future cash flow using an appropriate market based yield curve. As for IRS, CCIRS and FX options, the fair values were obtained from the counterparty banks.

As at 31 October 2016, the Group recognised net total derivative financial assets of RM342.7m, an increase of RM2.6m from the previous financial year ended 31 January 2016, on re-measuring the fair values of the derivative financial instruments. The corresponding decrease of RM3.8m has been included in equity in the hedging reserve and RM1.3m were charged to income statement as fair value gain on derivative, offset by RM2.5m charged to interest expenses. For the current period, RM1.5m of the hedging reserve was transferred to the income statement to offset the unrealised loss of RM1.5m which resulted from the strengthening of USD against RM. This resulted in an increase on the credit balance in the hedging reserve as at 31 October 2016 by RM2.3m to RM5.4m compared with the financial year ended 31 January 2016.

Forward foreign currency exchange contracts and foreign currency options

Forward foreign currency exchange contracts are used to manage the foreign currency exposures arising from the Group's payables denominated in currencies other than the functional currencies of the Group. The forward foreign currency exchange contracts have maturities of less than one year after the balance sheet date, while foreign currency options were entered into for a period of up to 6 years. As at 31 October 2016, the notional principal amounts of the outstanding forward foreign currency exchange contracts were RM1,249.6m (31 January 2016: RM1,125.3m) and foreign currency options were USD36.5m (31 January 2016: USD14.0m).

Interest rate swaps

Interest rate swaps are used to achieve an appropriate interest rate exposure within the Group. The Group entered into interest rate swaps to hedge the cash flow risk in relation to the floating interest rate of a bank loan, as disclosed in Note 19 with notional principal amounts of RM1,125.0m (31 January 2016: RM1,200.0m) and vendor financing, as disclosed in Note 21 with notional principal amounts of RM407.0m and USD18.8m (31 January 2016: RM505.5m and USD20.4m).

The interest rate swaps for bank loan were entered up to 10 years with an average fixed swap rate of 4.15% (31 January 2016: 4.15%).

The Ringgit and USD dollar interest rate swaps for vendor financing were entered into for a period of up to 3 years with an average fixed swap rate of 3.74% (31 January 2016: 3.79%) and 1.89% (31 January 2016: 0.86%) respectively.

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20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(b) Disclosure of gains/(losses) arising from fair value (continued)

Cross-currency interest rate swaps

To mitigate financial risks arising from adverse fluctuations in interest and exchange rates, the Group entered into cross-currency interest rate swaps with notional principal amounts of USD247.5m (31 January 2016: USD264.0m) for bank loan and vendor financing of USD69.2m (31 January 2016: USD51.6m).

The cross-currency interest rate swap for bank loan was entered up to a period of 10 years and had an average fixed swap rate and exchange rate of 4.19% (inclusive of interest margin of 1%) (31 January 2016: 4.19% (inclusive of interest margin of 1%)) and USD/RM3.0189 (31 January 2016: USD/RM3.0189) respectively.

The cross-currency interest rate swap for vendor financing was entered up to a period of 3 years and had an average fixed swap rate and exchange rate of 4.35% (inclusive of interest margin of 1.0%) (31 January 2016: 4.26% (inclusive of interest margin of 1.0%)) and USD/RM3.4401 (31 January 2016: USD/RM3.2525).

21 PAYABLES

Included in payables are credit terms granted by vendors that generally range from 0 to 90 days (31 January 2016: 0 to 90 days). Vendors of set-top boxes and outdoor units have granted an extended payment term of 36 months (“vendor financing”) on Usance Letter of Credit Payable at Sight (“ULCP”) and Promissory Notes (“PN”) basis to the Group.

The effective interest rates at the end of the financial period ranged between 1.8% and 5.0% (31 January 2016: 1.4% and 5.2%) per annum.

As at 31 October 2016, the vendor financing included in payables is RM854.4m (31 January 2016: RM969.8m), comprising current portion of RM359.2m (31 January 2016: RM343.4m) and non-current portion of RM495.2m (31 January 2016: RM626.4m).

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (continued)**

22 DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS/(ACCUMULATED LOSSES)

The following analysis is prepared in accordance with Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (“MIA Guidance”) and the directive of Bursa Malaysia Securities Berhad.

The breakdown of (accumulated losses)/retained profits of the Group as at the balance sheet date, into realised and unrealised (losses)/profits, pursuant to the directive, is as follows:

| <u>Group</u> | <u>As at 31/10/2016</u> RM'm | <u>As at 31/1/2016</u> RM'm |
|--|-------------------------------------|------------------------------------|
| Total (accumulated losses)/retained profits of the Company and its subsidiaries: | | |
| - Realised | (268.2) | (223.9) |
| - Unrealised ^{N1} | (4.2) | (23.1) |
| | (272.4) | (247.0) |
| Total retained profits from associates and joint ventures: | | |
| - Realised | 3.5 | 15.8 |
| - Unrealised | - | - |
| | (268.9) | (231.2) |
| Less: Consolidation adjustments | (429.5) | (438.3) |
| Total accumulated losses as per consolidated balance sheets | (698.4) | (669.5) |

N1 The unrealised retained profits/(accumulated losses) are mainly deferred tax provision and translation gains or losses of monetary items denominated in a currency other than the functional currency.

23 CHANGES IN MATERIAL LITIGATION

There have been no significant developments in material litigations since the last balance sheet included in the annual audited financial statements up to the date of this announcement.

24 DIVIDENDS

- (a) The Board of Directors has declared a third interim single-tier dividend of 3.00 sen per ordinary share in respect of the financial year ending 31 January 2017 amounting to approximately RM156,285,666, to be paid on 6 January 2017. The entitlement date for the dividend payment is 23 December 2016.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) shares transferred to the depositor’s securities account before 4.00 pm on 23 December 2016 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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24 DIVIDENDS (continued)

- (b) The total dividends declared for the financial period ended 31 October 2016 is 3.00 sen per share, based on 5,209,522,200 ordinary shares and 6.00 sen per share, based on 5,205,015,600 ordinary shares (31 October 2015: 2.75 sen per share, based on 5,205,015,600 ordinary shares and 5.5 sen per share, based on 5,201,728,400 ordinary shares).

25 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share at 31 October 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

The calculation of diluted earnings per ordinary shares at 31 October 2016 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share as at 31 October 2016:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------|-------------------|---------------------------|-------------------|
| | QUARTER | QUARTER | PERIOD | PERIOD |
| | ENDED | ENDED | ENDED | ENDED |
| | 31/10/2016 | 31/10/2015 | 31/10/2016 | 31/10/2015 |
| Profit attributable to the equity holders of the Company (RM'm) | 151.0 | 106.0 | 478.6 | 411.6 |
| (i) Basic EPS | | | | |
| Weighted average number of issued ordinary shares ('m) | 5,205.7 | 5,202.2 | 5,205.2 | 5,202.0 |
| Basic earnings per share (RM) | 0.029 | 0.020 | 0.092 | 0.079 |

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25 EARNINGS PER SHARE (continued)

| | <u>INDIVIDUAL QUARTER</u> | | <u>CUMULATIVE QUARTER</u> | |
|--|---------------------------|-------------------|---------------------------|-------------------|
| | QUARTER | QUARTER | PERIOD | PERIOD |
| | ENDED | ENDED | ENDED | ENDED |
| | <u>31/10/2016</u> | <u>31/10/2015</u> | <u>31/10/2016</u> | <u>31/10/2015</u> |
| (ii) Diluted EPS | | | | |
| Weighted average number of issued ordinary shares ('m) | 5,205.7 | 5,202.2 | 5,205.2 | 5,202.0 |
| Effect of dilution: | | | | |
| Grant of share awards under the management share scheme ('m) | 8.1 | 13.0 | 8.1 | 13.6 |
| | <u>5,213.8</u> | <u>5,215.2</u> | <u>5,213.3</u> | <u>5,215.6</u> |
| Diluted earnings per share (RM) | <u>0.029</u> | <u>0.020</u> | <u>0.092</u> | <u>0.079</u> |

26 STATUS OF CORPORATE PROPOSAL ANNOUNCED

On 9 September 2016, the Company announced that Measat Broadcast Network Systems Sdn Bhd (“MBNS”), a wholly-owned subsidiary of the Company, has on 9 September 2016 entered into a conditional Sale and Purchase of Shares Agreement (“SPA”) with Star Media Group Berhad (“SMG”) and Star RFM Sdn Bhd (“SRSB”), to acquire 4,999,999 ordinary shares and 1 ordinary share, respectively, in Capital FM Sdn Bhd (“CFSB”) for a total cash consideration of RM42 million, subject to the price adjustment mechanism. Upon completion of the acquisition, MBNS will have an effective equity interest of 100% in CFSB. The completion of the transaction remains subject to regulatory approvals that may be required for the acquisition, as well as other customary closing condition.

27 MATERIAL EVENTS SUBSEQUENT TO END OF THE FINANCIAL YEAR

There were no material subsequent events during the period from the end of the quarter review to 7 December 2016.

BY ORDER OF THE BOARD

LIEW WEI YEE SHARON
(License No. LS0007908)

Company Secretary
7 December 2016