Quarterly rpt on consolidated results for the financial period ended 30 Sep 2016

TIME DOTCOM BERHAD

Financial Year End	31 Dec 2016
Quarter	3 Qtr
Quarterly report for the financial period ended	30 Sep 2016
The figures	have not been audited

Attachments

TdC-3rd Qtr Financial Results-30-9-2016.pdf
591.2 kB

Default Currency **Other Currency**

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION
30 Sep 2016

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
		$$'000	$$'000	$$'000	$$'000
1	**Revenue**	194,725	173,368	545,355	508,844
2	**Profit/(loss) before tax**	57,793	59,681	298,274	434,221
3	**Profit/(loss) for the period**	55,383	58,283	292,774	428,817
4	**Profit/(loss) attributable to ordinary equity holders of the parent**	55,383	59,035	292,774	431,048
5	**Basic earnings/(loss) per share (Subunit)**	9.59	10.26	50.81	75.05
6	**Proposed/Declared dividend per share (Subunit)**	0.00	73.50	13.30	73.50

		AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7	**Net assets per share attributable to ordinary equity**	3.5300	3.6200

holders of the parent ($$)

Definition of Subunit:

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

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

Announcement Info

Company Name	TIME DOTCOM BERHAD
Stock Name	TIMECOM
Date Announced	25 Nov 2016
Category	Financial Results
Reference Number	FRA-15112016-00008

TIME

TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

THE FIGURES HAVE NOT BEEN AUDITED

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Operating revenue	**194,725**	**173,368**	**545,355**	**508,844**
Operating expenses				
- depreciation and amortisation of property, plant and equipment	(23,161)	(23,813)	(66,927)	(69,437)
- other operating expenses	(122,978)	(114,431)	(360,085)	(337,410)
Other operating income (net)	5,464	19,115	13,843	35,801
Profit from operations	**54,050**	**54,239**	**132,186**	**137,798**
Investment income	4,159	6,706	11,707	27,461
Realisation of fair value gain reclassified from available-for-sale reserve to profit or loss	-	-	157,390	274,024
Finance expense	(887)	(1,693)	(3,943)	(4,957)
Share of profit/(loss) from equity-accounted investments	471	429	934	(105)
Profit before income tax	**57,793**	**59,681**	**298,274**	**434,221**
Income tax expense	(2,410)	(1,398)	(5,500)	(5,404)
Profit for the period	**55,383**	**58,283**	**292,774**	**428,817**
Attributable to owners of:				
- the Company	**55,383**	**59,035**	**292,774**	**431,048**
- non-controlling interests	**-**	**(752)**	**-**	**(2,231)**
Profit for the period	**55,383**	**58,283**	**292,774**	**428,817**
Other comprehensive income/(loss):				
Foreign currency translation	2,723	13,379	(5,732)	19,925
Fair value gain/(loss) on available-for-sale financial assets	-	13,059	(63,919)	(42,818)
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	(157,390)	(274,024)
Other comprehensive gain/(loss) for the period	2,723	26,438	(227,041)	(296,917)
Total comprehensive income for the period	**58,106**	**84,721**	**65,733**	**131,900**
Attributable to owners of:				
- the Company	**58,106**	**85,473**	**65,733**	**134,131**
- non-controlling interests	**-**	**(752)**	**-**	**(2,231)**
Total comprehensive income for the period	**58,106**	**84,721**	**65,733**	**131,900**
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	9.59 sen	10.26 sen	50.81 sen	75.05 sen
- Diluted	9.52 sen	10.24 sen	50.49 sen	75.00 sen

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

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/9/2016 RM'000	Audited As at 31/12/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,253,676	1,250,747
Intangible assets	213,959	213,959
Investments in equity-accounted investments	110,044	61,036
Other investments	8,813	377,459
Deferred tax assets	212,135	212,008
Trade and other receivables	10,046	10,092
	1,808,673	2,125,301
Current assets		
Tax recoverable	2,413	2,253
Trade and other receivables	240,938	229,133
Restricted cash	8,790	10,759
Cash and cash equivalents	375,335	242,494
	627,476	484,639
Total assets	2,436,149	2,609,940
EQUITY AND LIABILITIES		
Equity		
Share capital	289,147	287,800
Reserves	1,755,009	1,794,747
Total equity attributable to owners of the Company	2,044,156	2,082,547
Non-current liabilities		
Loans and borrowings	118,408	101,965
Deferred income	49,087	23,078
Deferred tax liabilities	6,723	5,939
	174,218	130,982
Current liabilities		
Loans and borrowings	2,977	45,825
Trade and other payables	213,314	349,373
Provision for tax	1,484	1,213
	217,775	396,411
Total liabilities	391,993	527,393
Total equity and liabilities	2,436,149	2,609,940
Net assets per share attributable to ordinary owners of the Company	RM3.53	RM3.62

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

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited Nine months to 30/9/2016 RM'000	Unaudited Nine months to 30/9/2015 RM'000
Operating Activities			
Cash receipts from customers		660,311	542,079
Transfer from/(to) restricted cash and bank balances		1,969	(1,378)
Cash payments to suppliers		(222,256)	(165,559)
Cash payments to employees and for administrative expenses		(153,602)	(136,510)
Cash generated from operations		**286,422**	**238,632**
Tax paid		(5,572)	(3,897)
Tax refund		840	-
Net cash generated from operating activities		**281,690**	**234,735**
Investing Activities			
Acquisition of property, plant and equipment		(267,695)	(222,845)
Proceeds from disposal of property, plant and equipment		-	3,910
Proceeds from sale on other investments		307,221	423,854
Proceeds from sale of equity accounted investment		4,080	-
Acquisition of other investments		(2,494)	(6,220)
Deposit for an equity accounted investment		-	(3,215)
Investment in equity-accounted investments		(51,811)	(55,613)
Investment income received		11,596	27,314
Net cash generated from investing activities		**897**	**167,185**
Financing Activities			
Proceeds from term loans and other borrowings		52,045	60,511
Repayment of term loans and other borrowings		(71,615)	(61,965)
Advance to equity accounted investee		(4,179)	-
Repayment of finance lease liabilities		(3,252)	(4,928)
Finance charges paid		(3,204)	(5,058)
Transaction cost paid		(2,766)	-
Dividend paid		(115,478)	(455,202)
Net cash used in financing activities		**(148,449)**	**(466,642)**
Net change in Cash and Cash Equivalents		**134,138**	**(64,722)**
Effect of exchange rate fluctuations on cash held		(1,297)	9,337
Cash and Cash Equivalents as at beginning of financial period		242,494	307,538
Cash and Cash Equivalents as at end of financial period	Note (a)	**375,335**	**252,153**

Note:

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

	30/9/2016	30/9/2015
Cash and bank balances	32,354	68,429
Deposits with licensed banks	351,771	195,135
	384,125	**263,564**
Restricted cash	(8,790)	(11,411)
	375,335	**252,153**

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

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months to 30 September 2016 (unaudited)	Share Capital	Share Premium	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Share Grant/ Option Reserves	Capital Reserve	Retained Earnings	Attributable to owners of the Company	Non-controlling Interests	Total Equity
	←— Attributable to owners of the Company									
	←— Non-distributable					←—Distributable—→				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	**287,800**	**854,611**	**221,309**	**30,754**	**15,992**	**8,760**	**663,321**	**2,082,547**	-	**2,082,547**
Dividend paid	-	-	-	-	-	-	(115,478)	(115,478)	-	(115,478)
Employee share grant plan/option scheme	-	-	-	-	11,354	-	-	11,354	-	11,354
Issuance of shares pursuant to share grant plan	1,347	10,974	-	-	(12,321)	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	292,774	292,774	-	292,774
Fair value loss on available-for-sale financial assets	-	-	(63,919)	-	-	-	-	(63,919)	-	(63,919)
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	(157,390)	-	-	-	-	(157,390)	-	(157,390)
Exchange differences recognised directly in equity	-	-	-	(5,732)	-	-	-	(5,732)	-	(5,732)
Total comprehensive (expense)/income for the period	-	-	(221,309)	(5,732)	-	-	292,774	65,733	-	65,733
Balance as at 30 September 2016	**289,147**	**865,585**	-	**25,022**	**15,025**	**8,760**	**840,617**	**2,044,156**	-	**2,044,156**

Nine months to 30 September 2015 (unaudited)	Share Capital	Share Premium	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Share Grant/ Option Reserves	Capital Reserve	Retained Earnings	Attributable to owners of the Company	Non-controlling Interests	Total Equity
	←— Attributable to owners of the Company									
	←— Non-distributable					←—Distributable—→				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2015	**286,932**	**847,735**	**548,461**	**7,988**	**5,383**	**8,760**	**651,672**	**2,356,931**	**1,477**	**2,358,408**
Dividend paid	-	-	-	-	-	-	(455,202)	(455,202)	-	(455,202)
Employee share grant plan/option scheme	-	-	-	-	9,945	-	-	9,945	-	9,945
Issuance of shares pursuant to share grant plan	868	6,876	-	-	(7,744)	-	-	-	-	-
Profit/(loss) for the period	-	-	-	-	-	-	431,048	431,048	(2,231)	428,817
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	(274,024)	-	-	-	-	(274,024)	-	(274,024)
Fair value loss on available-for-sale financial assets	-	-	(42,818)	-	-	-	-	(42,818)	-	(42,818)
Exchange differences recognised directly in equity	-	-	-	19,925	-	-	-	19,925	-	19,925
Total comprehensive (expense)/income for the period	-	-	(316,842)	19,925	-	-	431,048	134,131	(2,231)	131,900
Balance as at 30 September 2015	**287,800**	**854,611**	**231,619**	**27,913**	**7,584**	**8,760**	**627,518**	**2,045,805**	**(754)**	**2,045,051**

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

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V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

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

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

2. Significant accounting policies

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

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

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

Description		**Effective for annual periods beginning on or after**
Amendments to MFRS 107	*Statement of Cash Flows – Disclosure Initiative*	1 January 2017
Amendments to MFRS 112	*Income taxes – Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 2	*Classification and Measurement of Share-based Payment Transactions*	1 January 2018
MFRS 9	*Financial Instruments (2014)*	1 January 2018
MFRS 15	*Revenue from Contracts with Customers*	1 January 2018
MFRS 16	*Leases*	1 January 2019
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

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

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3. Audit report in respect of the 2015 financial statements

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

4. Seasonal or cyclical factors

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

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

a) On 29 April 2016, the Group disposed its entire equity stake in Campana Group Pte. Ltd. ("Campana") for a cash consideration of USD999,750. The said disposal resulted in a gain of approximately RM2.5 million to the Group.

b) On 20 May 2016, the Group disposed 68,729,545 ordinary shares held in DiGi.Com Berhad ("DiGi") for a total cash consideration of approximately RM307.2 million at a price of RM4.47 per share via a private placement exercise to eligible third party institutional/sophisticated investors. Following the said disposal of DiGi shares held, the Group realised a fair value gain from available-for-sale reserve to profit and loss of RM157.4 million. Upon completion of the said disposal, the Group no longer holds any shares in DiGi.

c) The construction of FASTER cable system ("FASTER") was successfully completed and was "Ready for Service" on 30 June 2016. Upon the completion of FASTER, the Group recognised the net difference between the proceeds from the pre-sale and the portion of carrying amount of the submarine cable system sold, amounting to RM5.4 million in profit and loss (i.e. as a gain on disposal of property, plant and equipment). The Group had pre-sold a portion of the said submarine cable system prior to its completion and the proceeds received therefore had previously been accounted for as deferred income in the statement of financial position.

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

6. Material changes in estimates used

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

7. Debt and equity securities

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

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter ended 30 September 2016.

8. Dividend

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

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

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9. Segmental Reporting

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
Group	**30/9/2016**	**30/9/2015**	**30/9/2016**	**30/9/2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating Revenue				
Voice	22,086	20,105	63,838	57,212
Data	145,481	131,483	408,243	391,096
Data Centre	26,037	20,521	69,503	56,888
Others	1,121	1,259	3,771	3,648
	194,725	**173,368**	**545,355**	**508,844**
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment	(23,161)	(23,813)	(66,927)	(69,437)
Other operating expenses	(122,978)	(114,431)	(360,085)	(337,410)
Other operating income (net)	5,464	19,115	13,843	35,801
Profit from operations	**54,050**	**54,239**	**132,186**	**137,798**
Investment income	4,159	6,706	11,707	27,461
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	157,390	274,024
Finance expense	(887)	(1,693)	(3,943)	(4,957)
Share of profit/(loss) from equity-accounted investments	471	429	934	(105)
Profit before income tax	**57,793**	**59,681**	**298,274**	**434,221**
Geographical locations				
Operating Revenue				
Within Malaysia	184,263	160,946	529,000	462,324
Outside Malaysia	10,462	12,422	16,355	46,520
	194,725	**173,368**	**545,355**	**508,844**

10. Valuation of Property, Plant and Equipment

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

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

The construction of Asia-Pacific Gateway cable system ("APG") was successfully completed and the cable system is now "Ready-for-Service" with effect from 28 October 2016. Upon the completion of APG, the Group will now have the ability to connect Malaysia to Japan and Hong Kong as well as to Mainland China, Korea, Vietnam, Thailand, Taiwan and Singapore.

In the opinion of the Directors, there are no other items, transactions or events of a material and unusual nature which have arisen since 30 September 2016 to 21 November 2016 (being the latest practicable date) that will have a substantial effect on the financial results of the Group.

12. Changes in the composition of the Group during the financial period ended 30 September 2016

a) On 29 January 2016, the Group acquired 5,794,800 ordinary shares in CMC Telecommunication Infrastructure Corporation ("CMC Telecom") for a cash consideration of VND 231.79 billion.

b) On 16 February 2016, the Group acquired a further 377,000 ordinary shares in CMC Telecom for a cash consideration of VND 13.20 billion.

c) On 25 March 2016, the Group acquired an additional 414,824 ordinary shares in CMC Telecom for a cash consideration of VND 14.52 billion.

d) On 13 April 2016, the Group acquired another 79,500 ordinary shares in CMC Telecom for a cash consideration of VND2.83 billion. The above acquisitions collectively increased the Group's effective ownership interest in CMC Telecom to 45.27%.

e) On 29 April 2016, the Group disposed its entire equity stake in Campana for a cash consideration of USD999,750. The said disposal resulted in a gain of approximately RM2.5 million to the Group.

13. Contingent liabilities/assets

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

14. Capital commitments

	As at 30/9/2016 RM'000
Property, plant and equipment	
a) Approved and contracted but not provided for in the financial statements	253,808
b) Approved but not contracted for	37,259

15. Fair value information

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

It was not practicable to estimate the fair value of the Group's investments in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

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 not carried at fair value for which fair value is disclosed, together with their carrying amounts shown in the statements of financial position.

30 September 2016	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial instruments not carried at fair value:				
Financial liabilities				
Term loans	-	-	118,027	118,027
Finance lease liabilities	-	-	3,358	3,358
	-	-	121,385	121,385

31 December 2015	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial instruments carried at fair value:				
Financial assets				
Investment in quoted shares	371,140	-	-	371,140
Financial instruments not carried at fair value:				
Financial liabilities				
Term loans	-	-	141,180	141,180
Finance lease liabilities	-	-	6,610	6,610
	-	-	147,790	147,790

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16. Income tax

The income tax expense for the Group for current quarter and financial period ended 30 September 2016 was made up as follows:

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
Group	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current year	2,424	1,599	5,071	5,575
- Over provision in prior years	(228)	(136)	(228)	(304)
	2,196	1,463	4,843	5,271
Deferred tax:				
- Current year	101	(65)	544	133
- Prior year	113	-	113	-
	214	(65)	657	133
Total	2,410	1,398	5,500	5,404

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

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 November 2016, being the latest practicable date.

18. Investments in quoted securities

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

19. **Loans and Borrowings**

The loans and borrowings as at 30 September 2016 are as follows:

	Amount repayable in one year or on demand	Amount repayable after one year	Total
	RM'000	RM'000	RM'000
Secured:			
Finance lease liabilities in RM	2,977	381	3,358
Loans and borrowings			
- Denominated in RM	-	29,445	29,445
- Denominated in USD	-	88,582	88,582
	2,977	118,408	121,385

20. **Off Balance Sheet financial instruments**

The cash and cash equivalents of the Group, as at 30 September 2016, do not include bank balances amounting to RM6,327,000 (31.12.2015: RM10,346,000) held by the Group in trust for consortium members of the Asia Pacific Gateway submarine cable project to pay the supplier under the terms of supply contract.

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

21. **Material litigation**

The Company and its subsidiaries have no outstanding material litigation as at 21 November 2016, being the latest practicable date.

22. **Comparison between the current quarter ("Q3 2016") and the immediate preceding quarter ("Q2 2016")**

The Group's consolidated revenue increased by RM19.3 million or 11% to RM194.7 million in the current quarter when compared to Q2 2016. One-off revenues from Indefeasible Rights of Use ("IRU") and other non-recurring sale contracts in Q3 2016 amounted to RM15.7 million compared to only RM2.2 million in the previous quarter. The increase in IRU sales in the current quarter were largely supported by additional capacities from the Group's newly completed FASTER cable system connecting Japan to the United States of America. Excluding the said IRU and non-recurring revenues from the current and immediate preceding quarters, the Group recorded a quarter-on-quarter ("Q-o-Q") revenue growth of RM5.8 million or 3.3% in Q3 2016. The Group's revenue growth (excluding the abovementioned IRU and non-recurring sales) had been led mainly by growth in recurring data revenues followed by the growth in data centre and also voice revenues. The Group had seen very encouraging results from its broadband sales to home users since the launch of its 100Mbps, 300Mbps and 500Mbps TIME Fibre Home Broadband service in late-March 2016. Revenue from retail customers grew 9.5% Q-o-Q in Q3 2016.

The Group reported a consolidated pre-tax profit of RM57.8 million in Q3 2016 which is 42% higher than the adjusted pre-tax profit of RM41.3 million (i.e. after excluding the fair value gain recognised from the realisation of available-for-sale reserves to profit or loss of RM157.4 million and a RM2.5 million gain on disposal of Campana – see Note 5 for further details) in Q2 2016. The RM16.5 million increase in adjusted consolidated pre-tax profit in Q3 2016 can be attributed mainly to the following:

a) higher overall revenues from all core product segments, particularly from IRU and other non-recurring sales contracts;
b) higher net foreign exchange gain of RM2.7 million (Q2 2016: RM0.3 million);
c) higher interest income coupled with lower interest expense recorded in the quarter;

despite higher depreciation and net allowance for doubtful debts and a lower gain on disposal of property, plant and equipment in Q3 2016.

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

(a) Current quarter ("Q3 2016") versus preceding year corresponding quarter ("Q3 2015")

The Group recorded a consolidated revenue of RM194.7 million in Q3 2016, which is RM21.3 million or 12.3% higher than the consolidated revenue recorded in Q3 2015 of RM173.4 million. All core product segments recorded strong growth in Q3 2016. One-off revenues from IRU sales and a non-recurring sales contract accounted for RM12.4 million of total data revenue and RM3.3 million of total data centre revenues in Q3 2016 respectively (Q3 2015: RM12.6 million). Excluding the one-off revenues from IRU sales and the non-recurring sales contract, data revenues would have recorded a growth of RM14.2 million or 12% while data centre revenues would have grown RM2.2 million or 11% on a year-on-year ("Y-o-Y") basis. The growth in recurring data revenues (i.e. excluding IRU sales) in Q3 2016 had been driven by strong demand from the Group's wholesale, enterprise as well as retail customers. The Group was also successful in growing voice traffic, which grew 10%, during the quarter.

The Group recorded a current quarter consolidated pre-tax profit of RM57.8 million which is 3% lower than the pre-tax profit recorded in Q3 2015 of RM59.7 million. The Group's Q3 2016 pre-tax results had been impacted by a lower net gain on foreign exchange of RM2.7 million in the current quarter (Q3 2015: RM19.0 million) and no dividend income (Q3 2015: RM4.1 million). Excluding the said gain on foreign exchange and dividend income, the adjusted pre-tax profit in Q3 2016 would have been RM55.1 million, which is RM18.5 million or 51% higher than the similarly adjusted pre-tax profit of RM36.6 million recorded in Q3 2015. The said growth would have been derived mainly from strong revenue growth and higher interest income which is offset by higher subscriber acquisition costs arising from rapid growth in deployment of home broadband services to retail customers.

(b) Nine months period ended 30 September 2016 ("9M 2016") versus nine months period ended 30 September 2015 ("9M 2015")

The Group reported a 7% increase in consolidated revenue in 9M 2016 when compared against the RM508.8 million consolidated revenue recorded in 9M 2015. One-off revenues from IRU sales and a non-recurring contract accounted for RM18.7 million of total data revenue and RM3.3 million of total data centre revenues recognised in the said period (9M 2015: RM55.2 million). Excluding the one-off revenues from IRU sales and the non-recurring contract, overall revenues in the current nine-month period would have shown a 15% increase when compared to the similarly adjusted revenue in the preceding year corresponding nine months period. This increase can be attributed to higher revenues recorded from all other product segments, led by a RM53.6 million or 16% increase in data revenues followed by a 16% increase in data centre revenues. Voice revenues also grew 12% Y-o-Y in 9M 2016.

The Group recorded a consolidated pre-tax profit of RM298.3 million in 9M 2016 (9M 2015: RM434.2 million). Included in both 9M 2016 and 9M 2015 results were the realisation of fair value gain from available-for-sale reserve of RM157.4 million and RM274.0 million arising from disposals of DiGi shares in both nine months period respectively. The Group also recorded a net loss on foreign exchange of RM5.1 million in the 9M 2016 as compared with the 9M 2015 net gain on foreign exchange of RM31.8 million. Excluding the said realisation of fair value gain from available-for-sale reserve, corresponding dividend income from the DiGi shares of RM3.4 million in 9M 2016 (9M 2015: RM18.1 million) as well as the said impact of foreign exchange, the Group would have reported an adjusted consolidated profit before tax RM142.7 million, which is an increase of RM32.4 million or 29%, as compared to the similarly adjusted 9M 2015 consolidated profit before tax of RM110.3 million. The improvement in the Group's results in 9M 2016 is mainly attributable to the following:

1) strong revenue growth from all core product segments (despite a decline in one-off revenues from IRU sales and non-recurring contracts) on the back of improved cost efficiencies;
2) a RM5.4 million gain from the pre-sale of FASTER cable system in 9M 2016;
3) a gain of RM2.5 million from the disposal of the Group's investment in Campana in 9M 2016;
4) lower depreciation expense of RM66.9 million recognised in 9M 2016 (9M 2015: RM69.4 million);
5) improved share of results from the Group's equity accounted investments; and
6) lower interest expense in 9M 2016;

offset by a RM2.4 million gain recorded from the compulsory land acquisition by the government in 9M 2015 and higher subscriber acquisition costs from the scaled up deployment of home broadband services to retail customers in 9M 2016.

24. Profit before income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
Group	**30/9/2016**	**30/9/2015**	**30/9/2016**	**30/9/2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before income tax is arrived at after (charging)/crediting:				
Depreciation and amortisation of property, plant and equipment	(23,161)	(23,813)	(66,927)	(69,437)
Amortisation of borrowing costs	(275)	(166)	(662)	(429)
Interest expense	(612)	(1,527)	(3,281)	(4,528)
Interest income from short term deposits	4,159	2,651	8,339	9,316
Dividend income from quoted equity investment in Malaysia	-	4,055	3,368	18,145
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	157,390	274,024
Rental income	54	49	158	167
Bad debt recovered	27	20	98	354
Net gain/(loss) on foreign exchange	2,670	18,991	(5,159)	31,814
Net allowance for doubtful debts	(2,037)	(1,005)	(1,925)	(2,117)
Net gain on disposal of property, plant and equipment	736	(1)	5,575	2,426
Write off of property, plant and equipment	(89)	(4)	(89)	(66)
Gain on disposal of equity-accounted investment	-	-	2,477	-

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

25. Prospects

The Group expects the remaining months of 2016 to remain challenging amidst intense competition and an uncertain global economic environment but remains confident that there are still many expansion and growth opportunities within the ASEAN region. The Group will address these challenges by focusing its efforts to explore and tap such potential expansion and growth opportunities. This is in line with the Group's strategy to expand its foreign businesses. At home, the Group will also intensify its efforts to gain market share domestically and to deliver its customers a good and uninterrupted network experience, improve its product and solution offerings and enhance operational and cost efficiencies throughout the Group, while further expanding and strengthening its underlying fibre network and coverage footprints.

The Group is pleased that it can now include Asia-Pacific Gateway Cable System ("APG") (connecting Malaysia to Hong Kong and Japan) to its network of operational international submarine cable systems with effect from 28 October 2016. APG coupled with the Group's investments in UNITY Cable System and FASTER Cable System (both connecting Japan to the United States) provides the Group with the ability and capacity to connect Malaysia all the way to the United States on its own submarine cable infrastructure. The Group expects APG to start contributing positively to its revenue of the Group in the coming months. The Group is also awaiting the completion of the Asia-Africa-Europe 1 Cable System ("AAE-1"), which is expected to become operational in 2017.

The abovementioned submarine cable and coverage initiatives are capital intensive and may result in some profit margin compression for the Group in the early periods upon commencement. The said initiatives are, however, necessary to ensure continued revenue growth in the future and are expected to benefit the Group strategically in the longer term.

The results of the Group in for the remainder of 2016 are expected to remain satisfactory.

26. Profit Forecast and Profit Guarantee

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

27. Earnings per share ("EPS")

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
Basic EPS:	**30/9/2016**	**30/9/2015**	**30/9/2016**	**30/9/2015**
Weighted average number of shares in issue ('000)	577,475	575,336	576,230	574,360
Profit for the period attributable to owners of the Company (RM'000)	55,383	59,035	292,774	431,048
Basic EPS	9.59 sen	10.26 sen	50.81 sen	75.05 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	577,475	575,336	576,230	574,360
Effect of employee share options	4,140	1,048	3,601	353
Weighted average number of shares in issue ('000) (Diluted)	581,615	576,384	579,831	574,713
Profit for the period attributable to owners of the Company (RM'000)	55,383	59,035	292,774	431,048
Diluted EPS	9.52 sen	10.24 sen	50.49 sen	75.00 sen

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

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

	As at 30/9/2016 RM'000	As at 31/12/2015 RM'000
Total retained earnings of the Group		
- Realised	618,747	420,345
- Unrealised	221,870	242,976
Total retained earnings	840,617	663,321

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

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

By Order of the Board

MISNI ARYANI MUHAMAD
(LS 0009413)
Secretary

Selangor
25 November 2016