TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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	Three months to	Three months to
	31/3/2018	31/3/2017	31/3/2018	31/3/2017
	RM'000	RM'000	RM'000	RM'000
Operating revenue	**230,730**	**218,418**	**230,730**	**218,418**
Operating expenses				
- depreciation and amortisation of property, plant and equipment	(29,072)	(26,999)	(29,072)	(26,999)
- other operating expenses	(136,958)	(139,872)	(136,958)	(139,872)
Other operating income (net)	302	1,249	302	1,249
Profit from operations	**65,002**	**52,796**	**65,002**	**52,796**
Investment income	2,980	3,764	2,980	3,764
Finance expense	(4,884)	(2,034)	(4,884)	(2,034)
Share of profit from investment in associates, net of tax	2,872	988	2,872	988
Profit before income tax	**65,970**	**55,514**	**65,970**	**55,514**
Income tax expense	(3,030)	(2,466)	(3,030)	(2,466)
Profit for the period attributable to owners of the Company	**62,940**	**53,048**	**62,940**	**53,048**
Other comprehensive loss:				
Foreign currency translation differences for foreign operations	(4,754)	(2,301)	(4,754)	(2,301)
Fair value loss on available-for-sale financial assets	(606)	-	(606)	-
Other comprehensive loss for the period	(5,360)	(2,301)	(5,360)	(2,301)
Total comprehensive income for the period attributable to owners of the Company	**57,580**	**50,747**	**57,580**	**50,747**
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	10.82 sen	9.17 sen	10.82 sen	9.17 sen
- Diluted	10.72 sen	9.09 sen	10.72 sen	9.09 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 2017.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/3/2018 RM'000	Audited As at 31/12/2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,319,947	1,335,035
Intangible assets	213,959	213,959
Investment in associates	406,894	404,023
Other investments	13,898	13,706
Deferred tax assets	249,221	249,725
Trade and other receivables	11,420	11,224
	2,215,339	2,227,672
Current assets		
Tax recoverable	1,664	1,664
Trade and other receivables	351,417	263,850
Restricted cash	8,019	8,248
Cash and cash equivalents	327,396	576,616
	688,496	850,378
Total assets	2,903,835	3,078,050
EQUITY AND LIABILITIES		
Equity		
Share capital	1,172,485	1,172,485
Reserves	1,105,842	1,093,539
Total equity attributable to owners of the Company	2,278,327	2,266,024
Non-current liabilities		
Loans and borrowings	128,204	142,037
Trade and other payables	118,132	112,064
Deferred tax liabilities	9,941	9,403
	256,277	263,504
Current liabilities		
Loans and borrowings	124,727	281,725
Trade and other payables	242,348	264,321
Provision for tax	2,156	2,476
	369,231	548,522
Total liabilities	625,508	812,026
Total equity and liabilities	2,903,835	3,078,050
Net assets per share attributable to ordinary owners of the Company	RM3.92	RM3.90

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited Three months to 31/3/2018 RM'000	Unaudited Three months to 31/3/2017 RM'000
Operating Activities			
Cash receipts from customers		216,801	205,905
Transfer (to)/from restricted cash and bank balances		(229)	979
Cash payments to suppliers		(87,589)	(84,528)
Cash payments to employees and for administrative expenses		(62,434)	(56,581)
Cash generated from operations		**66,549**	**65,775**
Tax paid		(2,308)	(1,087)
Net cash generated from operating activities		**64,241**	**64,688**
Investing Activities			
Acquisition of property, plant and equipment		(50,773)	(54,900)
Acquisition of other investments		(798)	(2,431)
Investment income received		3,678	3,582
Net cash used in investing activities		**(47,893)**	**(53,749)**
Financing Activities			
Repayment of term loans and other borrowings		(155,832)	-
Advance to equity accounted investee		-	(1,162)
Finance charges paid		(3,901)	(546)
Transaction cost paid		-	(1,685)
Dividend paid		(100,010)	(100,045)
Net cash used in financing activities		**(259,743)**	**(103,438)**
Net change in Cash and Cash Equivalents		**(243,395)**	**(92,499)**
Effect of exchange rate fluctuations on cash held		(5,825)	(3,007)
Cash and Cash Equivalents as at beginning of financial period		576,616	506,299
Cash and Cash Equivalents as at end of financial period	**Note (a)**	**327,396**	**410,793**

Note:

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

Cash and bank balances	174,979	107,631
Deposits with licensed banks	160,436	310,916
	335,415	**418,547**
Restricted cash	(8,019)	(7,754)
	327,396	**410,793**

Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months to 31 March 2018 (unaudited)	←---- Non-distributable				----→	←--Distributable	---→	
	Share Capital RM'000	Share Premium RM'000	Available-for-Sale Reserve RM'000	Foreign Currency Translation Reserve RM'000	Share Grant/ Option Reserves RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total equity, attributable to owners of the Company RM'000
Balance as at 1 January 2018	**1,172,485**	**-**	**319**	**23,051**	**30,931**	**-**	**1,039,238**	**2,266,024**
Impact arising from adoption of MFRS 15	-	-	-	-	-	-	50,745	50,745
Dividend paid	-	-	-	-	-	-	(100,010)	(100,010)
Employee share grant plan/option scheme	-	-	-	-	3,988	-	-	3,988
Profit for the period	-	-	-	-	-	-	62,940	62,940
Fair value gain on available-for-sale financial assets	-	-	(606)	-	-	-	-	(606)
Exchange differences recognised directly in equity	-	-	-	(4,754)	-	-	-	(4,754)
Total comprehensive (expense)/income for the period	-	-	(606)	(4,754)	-	-	62,940	57,580
Balance as at 31 March 2018	**1,172,485**	**-**	**(287)**	**18,297**	**34,919**	**-**	**1,052,913**	**2,278,327**

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

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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

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) and requirements of the Companies Act 2016, where applicable.

The interim financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 December 2017. The 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 financial year ended 31 December 2017.

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 2017, except for the adoption of the following standards, amendments and annual improvements to MFRSs with a date of initial application on 1 January 2018:

Description	
Amendments to MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
Amendments to MFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to MFRS 4	*Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
Amendments to MFRS 128	*Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
Amendments to MFRS 140	*Investment Property – Transfer of Investment Property*
Clarifications to MFRS 15	*Revenue from Contracts with Customers*
IC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*
MFRS 9	*Financial Instruments (2014)*
MFRS 15	*Revenue from Contracts with Customers*

The adoption of the above did not have any significant effects on the interim report upon their initial application, other than as disclosed below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 is effective for annual periods beginning on or after 1 January 2018. MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

In adopting MFRS 15, the Group has adopted the standard using the cumulative effect retrospective approach with practical expediency for contracts that are completed. This means that contracts that are still on-going as at 1 January 2018 will be accounted for as if they had been recognised in accordance with MFRS15 at the commencement of the contract. The cumulative impact arising from the adoption will be recognised in retained earnings as at 1 January 2018 and comparatives will not be restated.

In summary, the impact of adopting MFRS 15 to opening balances are as follows:

Statement of financial position at 1 January 2018

	As reported under MFRS 15 RM'000	MFRS 15 adjustments RM'000	Pre-MFRS 15 RM'000
Trade and other receivables	320,797	(45,723)	275,074
Trade and other payables	371,365	5,020	376,385
Retained earnings	1,089,983	(50,745)	1,039,238

2. Significant accounting policies (continued)

MFRS 15, Revenue from Contracts with Customers (continued)

The following table summarises the impact of adopting MFRS 15 on the Group's statement of profit or loss and statement of financial position as at 31 March 2018.

Profit and loss for 31 March 2018

	As reported under MFRS 15 RM'000	MFRS 15 adjustments in current period RM'000	Pre-MFRS 15 RM'000
Revenue	230,730	(1,374)	229,356
Operating expense	(166,030)	(6,731)	(172,761)
Finance costs	(4,884)	1,229	(3,655)
Profit for the period	62,940	(6,876)	56,064
Earnings per share (sen)			
- basic	10.82		9.64
- diluted	10.72		9.55

Statement of financial position at 31 March 2018

	As reported under MFRS 15 RM'000	MFRS 15 adjustments RM'000	Pre-MFRS 15 RM'000
Trade and other receivables	362,837	(52,454)	310,383
Trade and other payables	360,480	5,165	365,645
Retained earnings	1,052,913	(57,621)	995,292

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 3	*Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 9	*Financial Instruments (Prepayment Features with Negative Compensation)*	1 January 2019
Amendments to MFRS 11	*Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 112	*Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 119	*Employee Benefits - Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to MFRS 123	*Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*	1 January 2019
Amendments to MFRS 128	*Investments in Associates and Joint Ventures (Long-term interests in Associates and Joint Ventures)*	1 January 2019
IC Interpretation 23	*Uncertainty over Income Tax Treatments*	1 January 2019
MFRS 16	*Leases*	1 January 2019
MFRS 17	*Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128	*Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date yet to be confirmed by MASB

2. Significant accounting policies (continued)

The Group plans to apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning on 1 January 2019 for the standard, amendments and interpretation, where applicable that are effective for annual periods beginning on 1 January 2019.

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

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

3. Audit report in respect of the 2017 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2017 was not qualified.

4. Seasonal or cyclical factors

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

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

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence in the current period.

6. Material changes in estimates used

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

7. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter ended 31 March 2018.

8. Dividend

On 28 March 2018, the Group paid an interim ordinary and a special interim tax exempt (single tier) dividend of 5.30 sen and 11.90 sen per ordinary share respectively in respect of the financial year ended 31 December 2017.

9. Segmental Reporting

Group	Individual Quarter Current year quarter 31/3/2018 RM'000	Individual Quarter Preceding year corresponding quarter 31/3/2017 RM'000	Cumulative Quarter Three months to 31/3/2018 RM'000	Cumulative Quarter Three months to 31/3/2017 RM'000
Operating Revenue				
Voice	16,437	21,042	16,437	21,042
Data	183,877	169,560	183,877	169,560
Data centre	29,390	26,664	29,390	26,664
Others	1,026	1,152	1,026	1,152
	230,730	**218,418**	**230,730**	**218,418**
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment	(29,072)	(26,999)	(29,072)	(26,999)
Other operating expenses	(136,958)	(139,872)	(136,958)	(139,872)
Other operating income (net)	302	1,249	302	1,249
Profit from operations	**65,002**	**52,796**	**65,002**	**52,796**
Investment income	2,980	3,764	2,980	3,764
Finance expense	(4,884)	(2,034)	(4,884)	(2,034)
Share of profit from investment in associates, net of tax	2,872	988	2,872	988
Profit before income tax	**65,970**	**55,514**	**65,970**	**55,514**
Geographical locations				
Operating Revenue				
Within Malaysia	226,523	189,967	226,523	189,967
Outside Malaysia	4,207	28,451	4,207	28,451
	230,730	**218,418**	**230,730**	**218,418**
Timing of revenue recognition				
Over time	213,015		213,015	
At a point in time	16,899		16,899	
Revenue not within the scope of MFRS 15	816		816	
	230,730		230,730	

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 2017.

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

In the opinion of the Directors, there are no other items, transactions or events of a material and unusual nature which have arisen since 31 March 2018 to 25 May 2018 (being the latest practicable date) that will have a substantial effect on the financial results of the Group.

12. Changes in the composition of the Group during the financial period ended 31 March 2018

There were no changes in the composition of the Group during the three months period ended 31 March 2018.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2017.

14. Capital commitments

	As at 31/3/2018 RM'000
Property, plant and equipment	
a) Approved and contracted but not provided for in the financial statements	122,874
b) Approved but not contracted for	11,651

15. Fair value information

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

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

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

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

	←Total fair value/carrying value→			
31 March 2018	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial instruments carried at fair value:				
Financial assets				
Other unquoted investments	-	-	13,898	13,898
Financial instruments not carried at fair value:				
Financial liabilities				
Term loans	-	-	164,139	164,139
Revolving credit	-	-	85,792	85,792
Islamic medium term note	-	-	3,000	3,000
	-	-	252,931	252,931

16. Income tax

The income tax expense for the Group for current quarter and financial period ended 31 March 2018 was made up as follows:

	Individual Quarter		Cumulative Quarter	
Group	**Current quarter 31/3/2018 RM'000**	**Preceding year corresponding quarter 31/3/2017 RM'000**	**Three months to 31/3/2018 RM'000**	**Three months to 31/3/2017 RM'000**
Income tax:				
- Current year	1,988	1,306	1,988	1,306
Deferred tax:				
- Current year	30,858	12,921	30,858	12,921
- Recognition of previously unrecognised temporary differences	(29,816)	(11,761)	(29,816)	(11,761)
	1,042	1,160	1,042	1,160
Total	3,030	2,466	3,030	2,466

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

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

There are no corporate proposals, which have been announced but not completed as at 25 May 2018, being the latest practicable date.

18. Loans and borrowings

The loans and borrowings as at 31 March 2018 and 31 December 2017 are as follows:

31 March 2018	**Amount repayable in one year or on demand RM'000**	**Amount repayable after one year RM'000**	**Total RM'000**
Secured:			
Loans and borrowings			
- Denominated in RM	7,364	16,758	24,122
- Denominated in USD	28,570	111,446	140,016
Unsecured:			
Loans and borrowings – denominated in USD	88,793	-	88,793
As at 31 March 2018	124,727	128,204	252,931
31 December 2017			
Secured:			
Loans and borrowings			
- Denominated in RM	7,351	18,603	25,954
- Denominated in USD	26,754	123,434	150,188
Unsecured:			
Loans and borrowings – denominated in USD	247,620	-	247,620
As at 31 December 2017	281,725	142,037	423,762

The Group's loans and borrowings have mainly been used to fund the Group's working capital requirements, investments in its international submarine cable systems and investments in associates. The Group's loans and borrowings comprise both fixed and floating rate facilities and bear interest at rates ranging from 3.20% to 5.24% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 31 March 2018, do not include bank balances amounting to RM39,201,000 (31.12.2017: RM43,538,000) held by the Group in trust for consortium members of the Asia Pacific Gateway submarine cable project to pay the supplier under the terms of supply contract.

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

20. Material litigation

The Company and its subsidiaries have no outstanding material litigation as at 25 May 2018, being the latest practicable date.

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21. Comparison between the current quarter (“Q1 2018”) and the immediate preceding quarter (“Q4 2017”)

	Q1 2018			Q4 2017		
	As reported under MFRS 15	MFRS 15 adjustments	Pre-MFRS 15	Pre-MFRS 15	Increase/(decrease)	
	RM’000	RM’000	RM’000	RM’000	RM’000	%
Revenue by product:						
Voice	16,437	-	16,437	17,536	(1,099)	(6.3)
Data	183,877	(1,374)	182,503	185,384	(2,881)	(1.6)
Data centre	29,390	-	29,390	29,837	(447)	(1.5)
Others	1,026	-	1,026	1,205	(179)	(14.9)
Total revenue	**230,730**	**(1,374)**	**229,356**	**233,962**	**(4,606)**	**(2.0)**
Profit before tax	**65,970**	**(6,876)**	**59,094**	**57,253**	**1,841**	**3.2**

The Group adopted and applied the new MFRS 15 – Revenue from Contracts with Customers with effect from 1 January 2018. The Group adopted the standard using the cumulative effect retrospective approach. This means that contracts that are still on-going as at 1 January 2018 will be accounted for as if they had been recognised in accordance with MFRS 15 at the commencement of the contracts. As the Group adopted the cumulative effect retrospective approach for its transition to MFRS 15, comparatives have not been restated. The cumulative impact arising from the adoption will be recognised in retained earnings as at 1 January 2018. The Group had assessed the impact of applying the new standard on the profit and loss for the quarter to be a net increase in revenue recognised of approximately RM1.4 million and a net increase in profit after tax of approximately RM6.9 million. Adjustments made to revenue and profit for the period for MFRS 15 are due to the following:

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

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

The Group has disclosed its financial results for the quarter both pre and post-MFRS 15. Analysis and comparisons to previous quarters have, however, been done excluding the impact of MFRS 15 for better comparability purposes.

The Group recorded one-off non-recurring contract revenue amounting to RM4.4 million in Q1 2018 from data sales. The Group had similarly reported a total of RM18.1 million one-off non-recurring contract revenue comprising data sales (RM16.8 million) and data centre sales (RM1.3 million) in the previous quarter. Excluding the said one-off non-recurring contract revenues, the Group would have reported an adjusted pre-MFRS 15 consolidated revenue of RM225.0 million in the current quarter, which is RM9.1 million or 4.2% higher when compared to the similarly adjusted consolidated revenue of RM215.9 million in Q4 2017. The higher consolidated revenue (excluding one-off non-recurring contract revenue) on a quarter-on-quarter (“QoQ”) basis came mainly from data sales. Data centre business (excluding one-off non-recurring contract revenue) also increased by RM0.9 million or 3.2% on a QoQ basis. Voice revenues, however, declined 6.3% in Q1 2018 due to lower overall voice minutes recorded.

The Group’s consolidated pre-MFRS 15 profit before tax in Q1 2018 amounted to RM59.1 million, which is RM1.8 million or 3.2% higher than the pre-tax profit of RM57.3 million in Q4 2017. The higher consolidated pre-tax profit recorded in Q1 2018 can be attributed mainly to the following:

a) higher revenue (excluding one-off non-recurring contracts) growth on the back of improved cost efficiencies;
b) higher share of profit from investment in associates of RM2.9 million in Q1 2018 compared to RM1.1 million in Q4 2017; and
c) lower depreciation of property, plant and equipment of RM29.1 million in Q1 2018 compared to RM30.2 million in Q4 2017;

offset by lower one-off non-recurring contract revenues, higher allowance of doubtful debts amounting to RM4.2 million (Q4 2017: RM1.1 million) and lower interest income.

22. Comparison between the current quarter ("Q1 2018") versus three month period ended 31 March 2017 ("Q1 2017")

	Q1 2018			Q1 2017		
	As reported under MFRS 15	**MFRS 15 Adjustments**	**Pre-MFRS 15**	**Pre-MFRS 15**	**Increase/(decrease)**	
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**%**
Revenue by product:						
Voice	16,437	-	16,437	21,042	(4,605)	(21.9)
Data	183,877	(1,374)	182,503	169,560	12,943	7.6
Data centre	29,390	-	29,390	26,664	2,726	10.2
Others	1,026	-	1,026	1,152	(126)	(10.9)
Total revenue	**230,730**	**(1,374)**	**229,356**	**218,418**	**10,938**	**5.0**
Profit before tax	**65,970**	**(6,876)**	**59,094**	**55,514**	**3,580**	**6.4**

The Group has disclosed its financial results for the quarter both pre and post-MFRS 15. Analysis and comparisons to previous quarters have, however, been done excluding the impact of MFRS 15 for better comparability purposes.

The Group reported a pre-MFRS 15 consolidated revenue of RM229.4 million in Q1 2018, which is RM10.9 million or 5.0% higher when compared to the RM218.4 million consolidated revenue recorded in Q1 2017. One-off revenues from IRU sales and non-recurring contracts accounted for RM4.4 million of total revenue recognised in Q1 2018 (Q1 2017: RM25.0 million). Excluding the one-off revenues from IRU sales and non-recurring contracts, overall consolidated revenues in the current period would have shown an increase of RM31.6 million or 16.3% when compared to the similarly adjusted revenues in the preceding year corresponding period. The increase in Q1 2018 revenues (excluding IRU and non-recurring contract sales) can be attributed to higher sales recorded from data and data centres businesses, which grew RM33.5 million or 23.2% year-on-year ("YoY") and RM2.7 million or 10.2% YoY respectively. The Group saw its revenue growth (excluding IRU sales and non-recurring contracts) come from all its core customer groups, particularly from its retail customers. The Group continued to see strong demand for its TIME Fibre Home Broadband service from home users, while the Group's enterprise and wholesale customers also contributed to the higher revenues seen in Q1 2018. Voice revenues, however, declined 21.9% YoY due to lower usage in Q1 2018.

The Group recorded a current quarter pre-MFRS 15 consolidated profit before tax of RM59.1 million which is RM3.6 million or 6.4% higher than the consolidated revenue recorded in Q1 2017 of RM55.5 million. The increase in the Group's Q1 2018 pre-MFRS 15 profit before tax results was mainly due to the following:

a) higher overall revenues during the quarter on the back of improved cost efficiencies; and
b) higher share of profit from investment in associates of RM2.9 million in Q1 2018 compared to RM1.0 million in Q1 2017;

offset by higher allowance for doubtful debt of RM4.2 million (Q1 2017: RM0.8 million), higher interest expense, higher depreciation of property, plant and equipment, a lower interest income and a higher net loss on foreign exchange of RM3.5 million (Q1 2017: RM2.6 million).

23. Profit before income tax

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/3/2018	Preceding year corresponding quarter 31/3/2017	Three months to 31/3/2018	Three months to 31/3/2017
	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	(29,072)	(26,999)	(29,072)	(26,999)
Amortisation of borrowing costs	(254)	(343)	(254)	(343)
Interest expense	(4,630)	(1,691)	(4,630)	(1,691)
Interest income	2,980	3,764	2,980	3,764
Rental income	12	9	12	9
Bad debt recovered	17	62	17	62
Net loss on foreign exchange	(3,546)	(2,560)	(3,546)	(2,560)
Net allowance for doubtful debts	(4,249)	(822)	(4,249)	(822)
Net gain on disposal of property, plant and equipment	3	119	3	119
Net reversal of outstanding construction deposits	-	13	-	13

24. Prospects

The Group expects the telecommunications industry to remain competitive and challenging throughout 2018. To face these challenges, the Group will leverage on its existing assets to gain market share by delivering an unparalleled quality network experience and by providing meaningful solutions to its customers.

In Malaysia, the Group will look to further strengthen its domestic fibre network while concurrently intensify its efforts to extend its coverage footprint throughout the country. The Group continues to be encouraged by the strong demand shown for its TIME Fibre Home Broadband offerings and will work towards tapping further into this market segment in 2018.

On the regional front, the Group plans to work with its associates in Thailand and Vietnam to integrate their respective individual networks with the Group's own network in Malaysia and Singapore to create a seamless regional telecommunications network which will connect Indochina to Malaysia and Singapore. The Group will also look to expand its data centre market presence regionally and grow its current ecosystem of customers to include interconnected players from various industries.

25. Profit forecast and profit guarantee

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

26. Earnings per share ("EPS")

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
Basic EPS:	**31/3/2018**	**31/3/2017**	**31/3/2018**	**31/3/2017**
Weighted average number of shares in issue ('000)	581,454	578,295	581,454	578,295
Profit for the period attributable to owners of the Company (RM'000)	62,940	53,048	62,940	53,048
Basic EPS	10.82 sen	9.17 sen	10.82 sen	9.17 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	581,454	578,295	581,454	578,295
Effect of CEO share options	5,595	5,392	5,595	5,392
Weighted average number of shares in issue ('000) (Diluted)	587,049	583,687	587,049	583,687
Profit for the period attributable to owners of the Company (RM'000)	62,940	53,048	62,940	53,048
Diluted EPS	10.72 sen	9.09 sen	10.72 sen	9.09 sen

27. Related party transactions

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

	Cumulative Quarter	
	Three months to 31/3/2018 RM'000	Three months to 31/3/2017 RM'000
Related parties		
Revenue from data, voice and other services	19,622	17,124
Interconnect revenue	1,283	1,502
Fee for wayleave and right of use of telecommunications facilities	(2,619)	(2,617)
Interconnect charges	(1,932)	(3,034)
Leased line and infrastructure costs	(7,164)	(6,831)
Network maintenance costs	(740)	(703)
Training expenses	(62)	(24)
Project management services costs	(4)	(19)
Rental of office	(80)	-
Professional fees on corporate exercise	(130)	-
Marketing expenses	(944)	-
Associates		
Interest income	333	214
Companies in which Directors have significant financial interest		
Revenue from data, voice and other services	38	47
Professional legal fees costs	(10)	-

The Directors of the Group are of the opinion that the above transactions have been entered into in the normal course of business and have been established under negotiated terms.

By Order of the Board

MISNI ARYANI MUHAMAD
(LS 0009413)
Secretary

Selangor
31 May 2018