2016 ANNUAL REPORT

TIME™

CONTENTS

PERFORMANCE INDICATORS

REVENUE	RM 766.9 MILLION	FY'16 12% ▲	FROM RM682.4 MILLION IN FY'15
EBITDA	RM 292.6 MILLION	FY'16 11% ▲	FROM RM263.9 MILLION IN FY'15
OPERATING PROFIT	RM 199.1 MILLION	FY'16 17% ▲	FROM RM170.6 MILLION IN FY'15

FY'16

EARNINGS PER SHARE

71SEN

FY'16

TOTAL SHAREHOLDERS' EQUITY

RM2,182.9MILLION

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Elakumari Kantilal
Non-Independent,
Non-Executive Director

Ronnie Kok Lai Huat
Senior Independent,
Non-Executive Director

Hong Kean Yong
Independent, Non-Executive
Director

Mark Guy Dioguardi
Independent, Non-Executive
Director

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

Patrick Corso
Non-Independent, Executive
Director

Lee Guan Hong
Non-Independent, Executive
Director

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

TENDER COMMITTEE

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

COMPANY SECRETARY

Misni Aryani Muhamad
(LS 0009413)

REGISTERED OFFICE

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Jalan Majistret U1/26
HICOM Glenmarie Industrial Park
40150 Shah Alam
Selangor, Malaysia
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Fax : +60-3-5032 6063

WEBSITE

www.time.com.my

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
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47301 Petaling Jaya
Selangor, Malaysia
Helpdesk : +60-3-7849 0777
Fax : +60-3-7841 8151/7841 8152

AUDITORS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

CORPORATE STRUCTURE

TIME dotCom Berhad

FIXED LINE

TT dotCom Sdn Bhd
100%

TIME dotNet Berhad*
100%

Planet Tapir Sdn Bhd
100%

Fantastic Fiesta Sdn Bhd*
70%

GLOBAL NETWORKS

Global Transit Communications Sdn Bhd
100%

Global Transit Limited
100%

Global Transit 2 Limited
100%

Global Transit 3 Limited
100%

Global Transit 5 Limited
100%

Global Transit Singapore Pte Ltd
100%

Global Transit (Hong Kong) Limited
100%

TIME dotCom International Sdn Bhd
100%

DATA CENTRES

The AIMS Asia Group Sdn Bhd*
100%

AIMS Cyberjaya Sdn Bhd
100%

AIMS Data Centre Sdn Bhd
100%

AIMS Data Centre 2 Sdn Bhd*
100%

AIMS Data Centre Pte Ltd
100%

* These companies are in the process of being struck off from the register of the Companies Commission of Malaysia.

CHAIRMAN'S STATEMENT

Dear Shareholders,

2016 proved to be another challenging year for the global economy, mired by various geo-political developments as well as the prolonged downturn in the oil and gas sector.

Various political shake-ups such as Brexit, the results of the US Presidential elections and other major events continued to have significant bearing on the world.

Malaysia too was not spared these effects and the continuing weakening of the Ringgit against the US Dollar, as well as other factors, saw Malaysia record lower GDP growth of 4.2% in 2016.

Closer to home, the telecommunications industry in 2016 saw competition intensify amidst price wars across the wholesale, enterprise and retail segments.

While the nature of our business model provided us with some measure of insulation, TIME also responded proactively to the various challenges in the operating environment. We adopted comprehensive yet flexible business strategies that allowed for the effective mitigation of business risks while effectively addressing the prevailing conditions in 2016.

In doing so, we have bolstered our brand and competitive positioning in the market while setting ourselves to embrace greater growth.

Overall, in 2016, we made sustainable progress and have laid the groundwork for further progress on both the domestic front and in the ASEAN region.

The Year in Review

Notwithstanding the macro environment, the Group had a positive 2016, marked by steady progress on all fronts.

In March 2016, we launched Malaysia's fastest and most competitively priced fibre home broadband service – offering speeds of up to 500Mbps. The campaign has been instrumental in the growth of our Retail customer base.

Our data centre business also posted encouraging growth. Catering to increased demand in 2016, we expanded our Kuala Lumpur facility. We also achieved several notable milestones and further cemented our reputation as an industry leader, having received several new certifications during the year.

Regionally, we increased our equity stake in CMC Telecommunication Infrastructure Corporation. Our regional investments have been positive, generating significantly higher share of profits than the year before, although the real fruits from our international expansion will only be seen in the longer term.

Internationally, both our FASTER and Asia Pacific Gateway submarine cable systems were ready for service in June and October 2016, respectively. These developments will help strengthen our regional presence and ultimately, also help improve revenue generation beyond Malaysia.

These achievements will hold us in good stead towards realising our long-term business goals and contributing to business sustainability for both our domestic and international operations.

Financial Highlights

Our financial results reflect our growing strength and I am pleased to report that the Group is performing well across all product segments and customer groups.

For the financial year ended 31 December 2016, Group revenue was 12% higher compared to 2015 at RM766.9 million. Operating profit increased by 17% to RM199.1 million from 2015, while pre-tax profit before accounting for realised fair value gain reclassified for available-for-sale reserves rose to RM211.0 million.

The improvement in our financial performance is due to strong revenue growth from all core product segments and customer groups.

Data and data centre sales recorded double-digit percentage increments, and we posted revenue improvements of 1%, 17%, and 70% respectively in our Wholesale, Enterprise and Retail customer groups.

Most importantly, the growth in our revenue stems mainly from our recurring revenue streams. This augurs well for the Group going forward as we were less dependent on one-off revenue sources such as indefeasible rights of use (IRU) sales and non-recurring contracts.

Improved cost efficiencies that overcame higher subscriber acquisition costs arising from the rapid deployment of our fibre home broadband services did contribute to the better earnings seen.

Shareholder Rewards

We paid out RM115.5 million in dividends during the year and on 28 February 2017, declared an interim ordinary and special interim tax-exempt (single tier) dividend of 6.60 sen and 10.70 sen per ordinary share respectively, for the financial year ended 31 December 2016.

Given our improving financial performance, the Group has not only been able to meet our dividend policy to return up to 25% of normalised profit after tax but also propose an additional special interim dividend to reward shareholders' loyalty and continued support to the Group in line with the Group's good performance in 2016 and strong financial position as at 31 December 2016.

People – Our Greatest Asset & Competitive Edge

We continue to emphasise on the value and role of our employees as a distinctive asset of ours.

We believe that the talent within the organisation; the ideas, innovation and spirit they bring is crucial to the development of a winning organisation and the realisation of business strategies.

Hence in 2016, we maintained our focus on developing our people with clear policies implemented for recruitment, development and retention.

More distinctly, we welcomed a new Chief People Officer (CPO) to oversee all people/talent related matters and to champion the development of staff as a competitive edge for the Group going forward. This will include transforming the working culture across our business segments.

Changes in Board Composition

We welcomed Mark Guy Dioguardi to the Board of Directors as an Independent Non-Executive Director on 17 June 2016.

We are pleased to have Mark with us as his many years of experience and expertise in the international telecommunications sector will complement the existing skill sets within the Board, and be an asset to the Group going forward.

Acknowledgements

On behalf of the Board, I extend our appreciation to the Malaysian Communications and Multimedia Commission for its continued guidance and spirit of openness in working with us on various industry matters.

I also thank our esteemed shareholders for their continued vote of confidence and belief in the Group, and our strategic plans for business sustainability going forward.

On the same note, I express our gratitude to our employees who have been nothing short of excellent. Their dedication, spirit, contributions and professionalism have been a key driver of our progress in 2016.

Last but not least, I thank my fellow Board members for their continued counsel and for safeguarding the interests of our shareholders as well as in ensuring good governance in the Group.

ABDUL KADIR MD KASSIM
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

TIME is a Malaysia-based company that started out as a domestic fixed line telecommunications service provider and after immense transition and growth, has evolved into a larger group of companies.

Today, the Group is not only a domestic fixed-line telecommunications service provider, but also a leading carrier-neutral data centre operator and an international bandwidth provider with a growing global network footprint.

Fixed Line
100% fibre optics-based domestic fixed-line telecommunications service provider.

Global Networks
International bandwidth provider with a global footprint stretching from North America to Japan, with further expansion to Europe via Africa.

Data Centres
Carrier-neutral data centre operator with world-class data storage facilities and ancillary services.

TIME's focus areas and telecommunications solutions

TELECOM SEGMENT	Fixed line	Mobile	Towers		
CUSTOMER GROUP	Wholesale	Enterprise	Retail		
NETWORK	Fibre optic (Land)	Fibre optic (Subsea)	Copper	Mobile	
SERVICES	Data	Internet	Co-location	Managed Services	Voice

Core Business Focus   Secondary Business Focus   No Presence

Note: Wholesale refers to other telecom operators and Internet Service Providers while Enterprise includes the Banking, Financial Services, Education, Hospitality, Logistics, Government and Manufacturing sectors. SME and Consumer customers make up TIME's Retail customer group.

In securing the long-term future of the Group, we have outlined the following key strategic thrusts and directives:

- Explore and tap opportunities within ASEAN to expand into new markets.
- Leverage on the FASTER, Asia Pacific Gateway ("APG") and Asia-Africa-Europe-1 ("AAE-1") submarine cable systems to boost non-Malaysia revenue.
- Extend our domestic reach to new territories in Peninsular Malaysia and East Malaysia via the Sistem Kabel Rakyat 1 Malaysia ("SKR1M") submarine cable system.
- Leverage on our pole position as a data centre leader and anchor site for the Malaysian Internet Exchange to lead the industry.
- Enhance our network presence and improve customer experience across all our customer groups.

Business Review

Fixed Line

The Group performed well in 2016 with growth reported across our Wholesale, Enterprise and Retail customer groups.

The contribution from our Retail customers in 2016 was particularly encouraging, posting high revenue growth over several quarters following the launch of Malaysia's fastest and most competitively priced fibre home broadband service at speeds of up to 500Mbps on 23 March 2016.

In line with our efforts to deliver the best to our customers, we automatically upgraded all existing TIME Fibre Home Broadband subscribers to the new 100Mbps, 300Mbps and 500Mbps plans with no change to their contract terms and no increase in their subscription fees. The reactions received from this initiative were extremely positive and helped solidify our Retail customer base.

Meanwhile, proactive customer engagement, flexible pricing strategies, strategic product bundling solutions and a comprehensive product mix helped sustain growth momentum on the Wholesale and Enterprise fronts.

Investment in our network and infrastructure to support future growth remains important. During the year, we successfully connected more homes and offices, with our domestic premises coverage increasing by 39% since 2015.

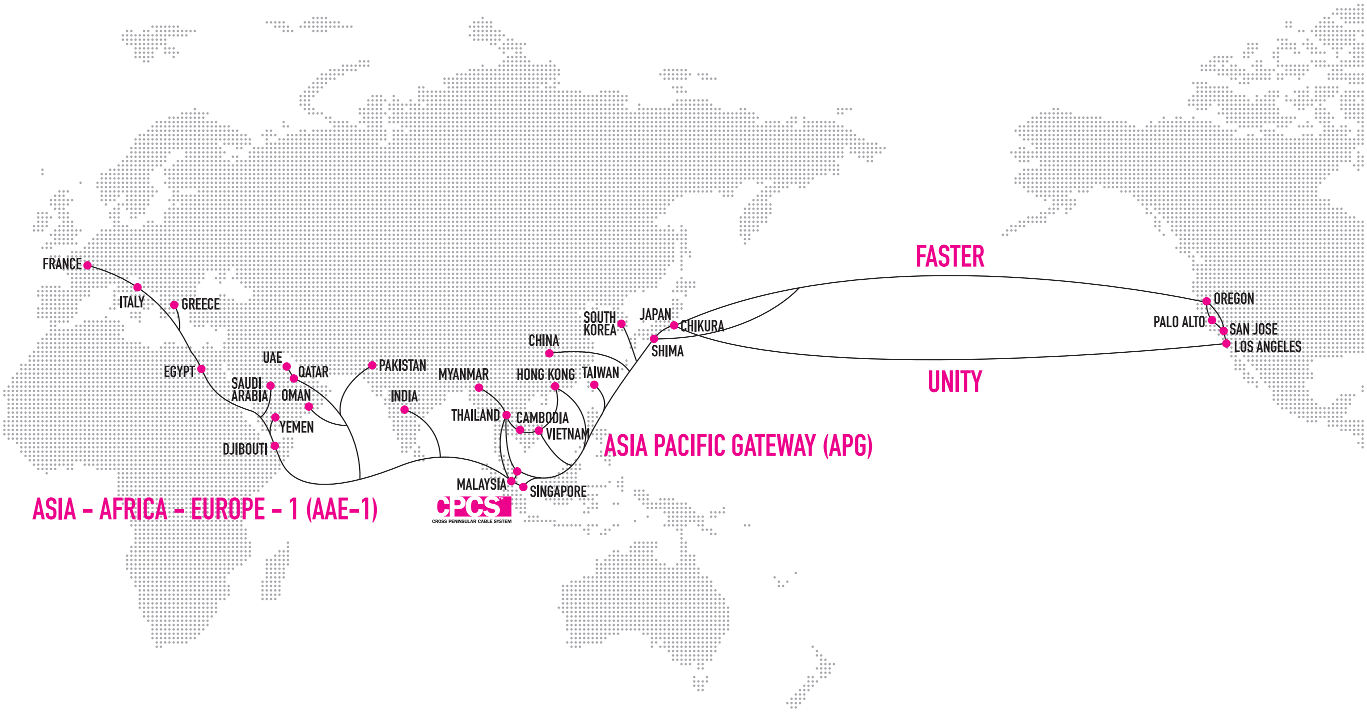
The completion of the Group's investment in SKR1M – expected in mid-2017 – will further enhance connectivity between Peninsular and East Malaysia. We look forward to this milestone as a gateway for the Group to deliver connectivity services to Sabah and Sarawak, while our network expansion in Singapore will fuel further growth.

Global Networks

TIME has been making significant investments to grow our global network footprint since 2012, and we are pleased to see some of these materialise during the year.

On 30 June 2016, the FASTER submarine cable system ("FASTER") was completed, boosting Trans-Pacific capacity and connectivity. With its landing point in Japan, FASTER seamlessly connects many neighbouring cable systems to extend capacity to other Asian countries as well as major hubs on the West Coast of the United States of America ("USA").

The APG, which connects Malaysia to 11 different locations in nine countries (including Japan) was completed on 28 October 2016, thus allowing the Group to leverage on the growing data demand from those nine countries and, together with our investments in both the UNITY and FASTER submarine cable systems, will provide the Group with the ability to seamlessly connect Malaysia all the way to the USA.



The Group also looks forward to the completion of the AAE-1 that is expected in mid-2017. It will provide us with the final missing piece of the puzzle that will enable us to cover two-thirds of the planet on our own infrastructure footprint and increase the overall generation of non-Malaysia revenue.

As the Group's regional network expands, the additions of our PoPs in Vietnam and Brunei brought our total count of PoPs within the region to seven countries. This also includes Malaysia, Singapore, Thailand, Cambodia and Indonesia. We expect more PoPs to come on board in 2017, including in the Philippines.

Data Centres

Our data centres remain a key revenue driver for the Group.

With our continued focus on delivering quality services to our customers, we outpaced average industry growth rates with a 24% revenue expansion. This achievement is attributable to us securing notable technology, insurance and retail restaurant projects over the course of the year.

As the anchor site for the Malaysian Internet Exchange and one of the most interconnected data centres in Malaysia – hosting 100% of the domestic and more than 80% of the Malaysia-based foreign carriers – we continue to provide the latest hardware and technology solutions, creating a comprehensive and future-ready ecosystem.

In 2016, we became the first data centre in the Asia-Pacific region to partner with Network Infrastructure Inventory Inc. (Ni2) to provide an all-in-one platform for IT Service Management (ITSM), Operational Support Systems (OSS) and Data Centre Infrastructure Management (DCIM) capabilities.

This is especially noteworthy to our customers in the financial, oil & gas and telco sectors, who seek to outsource their infrastructure and data centre facilities to professional providers in order to achieve better operational efficiency.

We expanded Menara AIMS in Kuala Lumpur by an additional three floors, resulting in an increase in net lettable area of 15,000 square feet.

Location	Data Centre (Net Lettable Area Sq. Ft.)
Menara AIMS	45,000
Cyberjaya	12,720
Others	2,035
Total	**59,755**

We continue to uphold and adhere to international-class standards of excellence, and in 2016 were certified with the following:

- ISO/IEC 20000-1:2011 from the British Standards Institution for our IT Service Management System – the global standard recognising successful delivery of services in an integrated process approach.
- Payment Card Industry Data Security Standard (PCI DSS 3.2) – the security benchmark for parties involved in accepting and processing payment transactions.

As the data centre industry sees a rise in disruptive technologies and becomes increasingly competitive, the Group is confident that we will remain adaptable and relevant – backed by resilient financial resources, as well as, technical and management expertise.

ASEAN

We hope to replicate our domestic success across other ASEAN markets.

To achieve this, TIME will continue to adopt a measured and calculated approach to strategic acquisitions, partnerships and/or joint ventures with companies in the region that operate in our focus areas.

In 2016, we acquired an additional 6,666,124 shares in CMC Telecommunication Infrastructure Corporation ("CMC Telecom") for a cash consideration of VND262.3 billion (approximately RM51.3 million), bringing our ownership up to 45.27%.

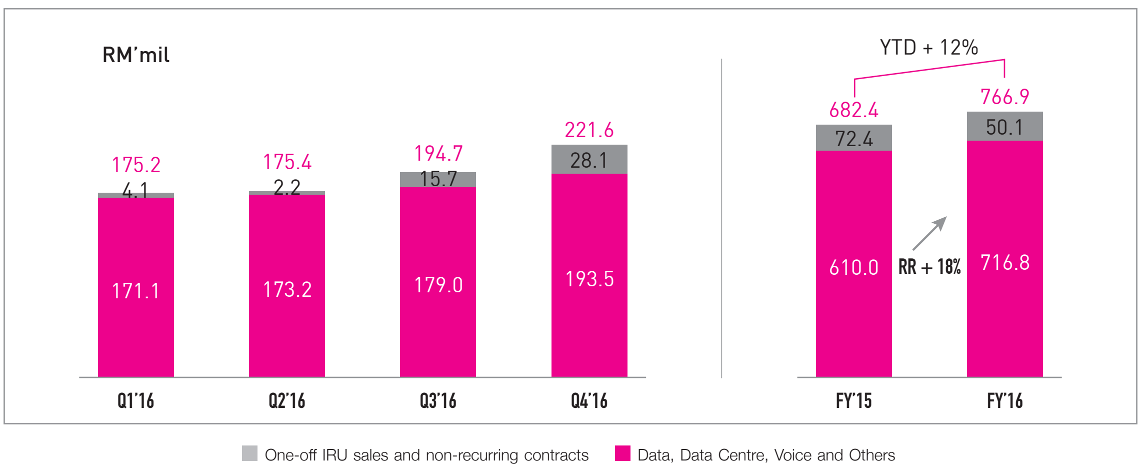
Our investments in the region have thus far generated increased share of profits from the Group's equity accounted investments of RM2.1 million in the financial year ended 31 December 2016 (2015: RM25,000).

The Group is also excited about our proposed investment for a stake of up to 49% in Thailand's Symphony Communication Public Company Limited – a high-speed data communications network service provider – to support our growth and expansion plans in Thailand. We expect to complete the transaction by the end of 2017, subject to obtaining all the necessary shareholder, regulatory and other approvals.

Financial Review

Solid Revenue from Core Operations

Notwithstanding a challenging environment in 2016, the Group posted a consolidated revenue of RM766.9 million for the financial year ended 31 December 2016, a 12% increase from the RM682.4 million achieved a year ago.



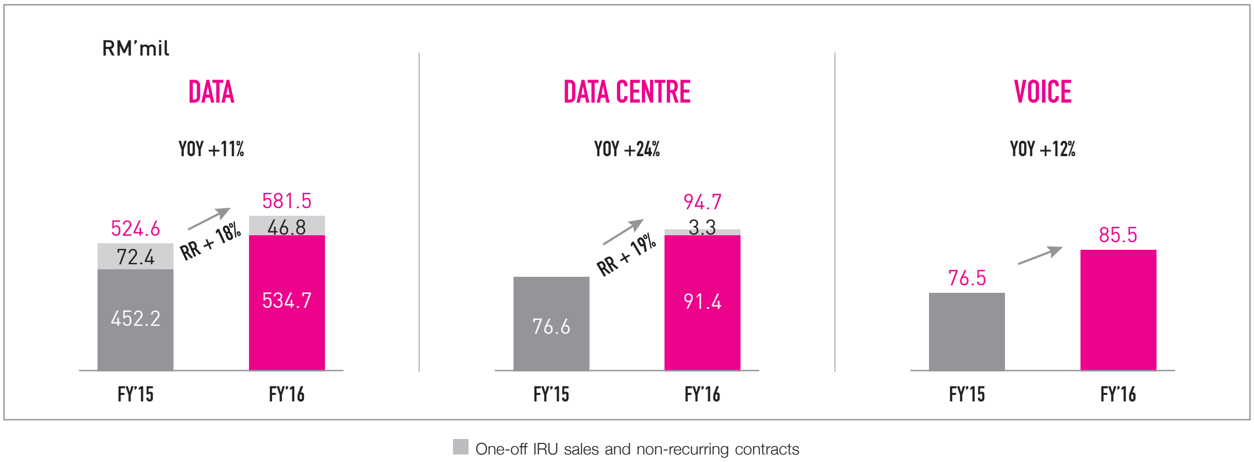
Note: Recurring revenue (RR) excludes one-off revenues from IRU sales and non-recurring contracts.

Revenue trends have begun to shift as we achieved noticeable increments and solid contributions in revenues from our recurring business throughout the year. These changes reflect the sustainability of our core operations and our lower reliance on one-off revenue items in 2016.

Revenues from one-off IRU sales and non-recurring contracts accounted for RM46.8 million (2015: RM72.4 million) of data revenue and RM3.3 million (2015: RM Nil) of data centre revenue recognised in 2016.

Excluding the abovementioned one-off revenues, overall revenue showed an 18% increase compared to 2015.

Revenue by Product



Data remains a key revenue driver and contributed 76% of total Group revenue, an increase of 11% from 2015. Excluding one-off revenues of RM46.8 million, data revenue grew 18% or RM82.5 million.

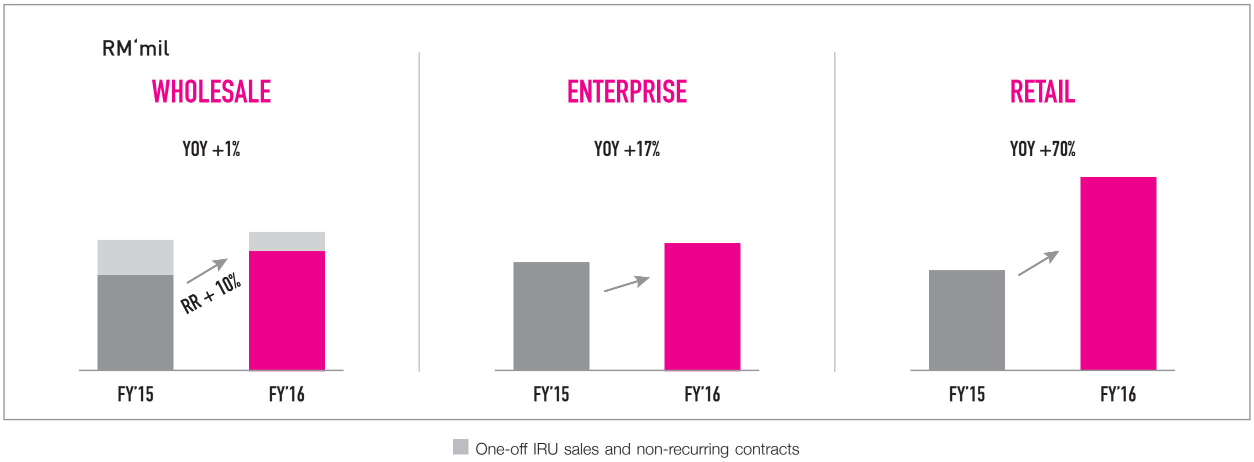
This can be attributed in part to the encouraging take up of the 100Mbps, 300Mbps and 500Mbps TIME Fibre Home Broadband plans we launched in March.

Data centre revenue represented 12% of total revenue, a 24% year-on-year expansion. Excluding revenue from non-recurring contracts, data centre revenue grew by 19% from 2015.

The growth in data centre revenue was mainly due to the additional 15,000 square feet of net area made available pursuant to the expansion of data centre space in Menara AIMS by an additional three floors.

Voice revenue also continued to grow in 2016, contributing 11% to total revenue and growing 12% on a year-on-year basis.

Revenue by Customer Group



Our Wholesale customers remain a stable revenue generator, comprising 45% of overall revenue in 2016 with a 10% growth in recurring revenue, while the Enterprise group also posted double-digit growth of 17% in 2016.

Revenue contributed by our Retail customers grew 70% year-on-year – driven by the launch of our new TIME Fibre Home Broadband plans in the first quarter of 2016.

EBITDA and Profit Improvements

For 2016, we recorded an 11% improvement in earnings before interest, tax, depreciation and amortisation ("EBITDA") compared to 2015. The improvement is mainly attributable to 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 that negated higher subscriber acquisition costs (arising from the rapid deployment of our fibre home broadband services).

	FY'16 RM'mil	FY'15 RM'mil	Variance (%)
REVENUE	**766.9**	**682.4**	**+12%**
EBITDA	**292.6**	**263.9**	**+11%**
PROFIT BEFORE TAXATION (PBT)	**368.4**	**470.8**	**-22%**
Adjustments:			
EBITDA			
Gain on disposal of PPE	(7.4)	(2.4)	
Gain on disposal of investment in Campana	(2.5)	-	
PPE written off	0.4	4.4	
Net Impairment of PPE	5.8	-	
Forex Gain	(9.3)	(35.4)	
Total	**(13.0)**	**(33.4)**	
PBT			
Dividend Income	(3.4)	(21.6)	
Realisation of FV gain from AFS	(157.4)	(274.0)	
Total	**(160.8)**	**(295.6)**	
ADJUSTED EBITDA	279.6	230.5	+21%
ADJUSTED PBT	194.6	141.8	+37%

Included in both 2016 and 2015 PBT were the realisations of fair value gains from available-for-sale reserves of RM157.4 million and RM274.0 million respectively, arising from the disposals of our investments in DiGi.Com Berhad ("DiGi"). During the year, the Group disposed its remaining 68,729,545 ordinary shares held in 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 third party/sophisticated investors. Upon the said disposal, the Group no longer holds any DiGi shares.

Foreign currency and exchange rates continued to move in favour of the Group in 2016, enabling the Group to record a net gain on foreign exchange of RM9.3 million in 2016 compared to RM35.4 million in 2015.

Improvements in the Group's overall results in 2016 were further driven by a RM5.4 million gain from the pre-sale of FASTER (recorded as part of the gain on disposal of property, plant and equipment) and a gain of RM2.5 million from the disposal of the Group's investment in Campana.

Adjusted EBITDA grew 21% while adjusted PBT grew 37% year-on-year on the back of strong revenue growth from all core product segments, lower interest expenses, higher interest income and increased share of profits from equity accounted investments.

A Strong Balance Sheet

	FY'16 RM'mil	FY'15 RM'mil
ASSETS		
Non-current assets	1,964.1	2,125.3
Current assets	783.2	484.6
Total assets	2,747.3	2,609.9
EQUITY AND LIABILITIES		
Equity		
Share Capital	289.1	287.8
Reserves	1,893.8	1,794.7
Total equity attributable to owners of the Company	2,182.9	2,082.5
Non-current liabilities	229.4	131.0
Current liabilities	335.0	396.4
Total liabilities	564.4	527.4
Total equity and liabilities	2,747.3	2,609.9
Net assets per share attributable to ordinary owners of the Company	RM3.77	RM3.62

In 2016, total assets of the Group grew by RM137.4 million to close the year at RM2.7 billion. The increase was mainly due to the following:

- An increase in cash and cash equivalents and receivables in line with the higher sales recorded. Cash and cash equivalents also grew pursuant to the receipt of proceeds from the disposal of our DiGi shares and the subsequent interest generated from the proceeds placed in short-term deposits offset by the RM115.5 million paid out in dividends during the year;
- Property, plant and equipment, which grew RM109.6 million, pursuant to capital expenditure incurred for our network expansions, domestically and internationally, via our investments in submarine cable systems;
- An increase in equity-accounted investments through our acquisition of additional shares in CMC Telecom, set off against the disposal of our investment in Campana; and
- An increase in the recognition of deferred tax assets in 2016.

On the liabilities side, total liabilities increased by RM37.0 million mainly on the back of increased loans and borrowings to fund our submarine cable investments, and trade and other payables. Despite the increase in overall borrowings, the Group continues to be in a strong financial position with a low gearing ratio of 8% (2015: 7%).

The Group remains prudent in maintaining a strong financial position that enables the execution of our strategic objectives in creating value over the coming years.

In terms of share capital, TIME 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. This exercise resulted in an increase of RM1.3 million in share capital and RM11.0 million in share premium.

Dividends

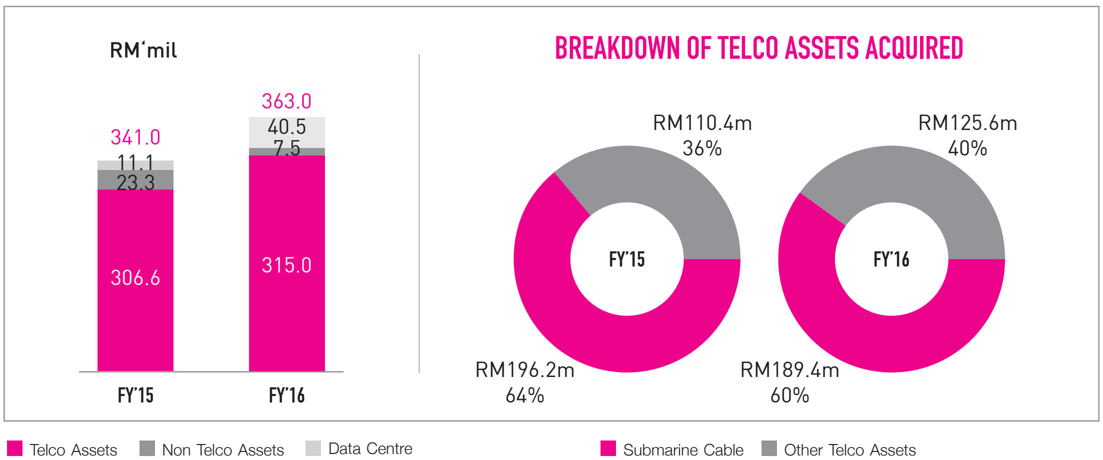
The Group has an established dividend policy to return up to 25% of normalised profit after tax to our shareholders.

Moving forward, the Group will also comply with Section 131 of the new Companies Act 2016, which requires companies to only make a distribution to its shareholders out of profits of the company available if the company is solvent.

In 2016, we cumulatively paid out dividends amounting to RM115.5 million and the Group declared an interim and special interim tax-exempt (single tier) dividend of 6.60 sen and 10.70 sen per ordinary share respectively for the financial year ended 31 December 2016, which will be paid out on 31 March 2017.

The Group looks forward to consistently returning value to our shareholders but this is contingent as always on our overall business and earnings performance, capital commitments, financial conditions, distributable reserves and other relevant factors.

Capital Expenditure



In 2016, 87% of our total capital expenditure was spent on telecommunications network assets, mainly to extend our domestic and international coverage, as well as to upgrade our existing infrastructure. Included in the telecommunications network asset expenditure was RM189.4 million that was used to fund our various submarine cable investments (2015: RM196.2 million).

Non-telecommunications assets acquired in 2016 were significantly lower as the RM23.3 million spent in 2015 comprised mainly of a land purchase in Cyberjaya.

Moving forward, capital expenditure will continue to be focused on the extension of our domestic and international network footprint as well as maintaining and improving our existing infrastructure assets.

Resilient Cash Flow

	FY'16 RM'mil	FY'15 RM'mil	Variance (%)
Net cash inflow from operating activities	461.4	338.0	37%
Net cash (outflow)/inflow from investing activities	(91.8)	61.6	> -100%
Net cash outflow from financing activities	(106.0)	(476.1)	78%
Net increase/(decrease) in cash balance	263.6	(76.5)	> 100%
Exchange effects on cash balance	0.2	11.4	-98%
Cash balance at 1 January	242.5	307.5	-21%
Cash balance at 31 December	506.3	242.5	> 100%

The Group's net cash inflow from operating activities for the year grew by 37% to RM461.4 million, largely due to higher sales recorded in 2016.

Cash flows from investing activities recorded a net outflow of RM91.8 million mainly due to:

- The acquisition of property, plant and equipment of RM369.0 million;
- The additional investments in CMC Telecom of RM51.3 million;

offset by proceeds from the disposal of the Group's DiGi shares and lower investment income.

Net cash outflows from financing activities of RM106.0 million came mainly from the RM115.5 million in dividends paid out to our shareholders during the year, offset by an increase in net borrowings of RM27.6 million drawn down.

Risk Mitigation

The Group's businesses are subject to risks inherent to the IT and telecommunications industry. Having a clear understanding of the risks we are exposed to is crucial to navigating the possible stumbling blocks and staying on track. The following is a summary of our various risks and mitigation strategies:

Risk Considerations	Mitigation Strategies
Business and competition	We stay on top of the market and remain competitive by monitoring pricing strategies, ensuring the delivery of high quality products and services, and consistently delivering good user experience.
Failure of physical infrastructure	We take relevant measures to minimise disruptions by ensuring that our infrastructure and equipment are maintained in secure locations. Our networks and data centres are protected by redundancies such as alternative routing and emergency power generators. We also rely on vendor warranties and insurance, where applicable, to mitigate against the costs of possible failures.
Changes in the regulatory environment/non-renewal of licences	We continue to keep abreast of applicable regulatory developments through constant engagement and dialogue with the Government and Regulators. We also strive to ensure strict compliance with all applicable laws and regulations, and the conditions of the licences.
Technological evolution	We constantly explore new and emerging innovations and technologies via global industry conferences, roundtables, forums and other platforms.

Outlook & Prospects

The Group expects 2017 to bring new expansion and growth opportunities both on the domestic front and in the ASEAN region.

In Malaysia, we will continue to leverage on our strengths to gain further market share by delivering fast, reliable and high quality network experiences, and by improving our product and solution offerings.

We will also expand and strengthen our underlying fibre network and coverage footprints, whilst maintaining prudent financial management.

Internationally, the Group will continue to be on the lookout for new investment opportunities within the telecommunications industry and related sectors as part of our strategy to expand outside Malaysia.

The Group is also looking forward to the completion of the AAE-1, which is expected to become operational in 2017. The AAE-1, which will extend our network reach across Asia to Europe, is expected to open new markets and opportunities to the Group.

Whilst the said submarine cable initiative is capital intensive and may result in some profit margin compression for the Group in the early periods upon completion, it is, however, necessary to ensure continued revenue growth in the future and is expected to benefit the Group strategically in the longer term.

Barring any unforeseen circumstances, the results of the Group in 2017 are expected to be satisfactory. We look forward to the future with cautious optimism.

SUSTAINABILITY STATEMENT

Business sustainability is an integral part of TIME's corporate philosophy. Through sustainability, we are equipped with the vision and blueprint to build a better business model. This will allow us to better safeguard the interest of our stakeholders and to create a more inspired organisational culture and dynamic work environment.

Sustainability is not a new concept to the Group. It has been effectively addressed through various entities, initiatives and activities for several years. In 2016, we continued our sustainability journey towards building a business that is better managed presently and better prepared for the future.

In our first Sustainability Statement, we aim to provide an honest review of our progress in 2016 in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements relating to Sustainability Statement in Annual Reports.

Our Sustainability Commitment

The Board and Management of TIME are of the firm belief that for us to continue operating effectively, sustainability must be a core strategy for the Group. Sustainability is the means for solidifying our long-term business position, growing shareholder value and ensuring long-term customer and employee satisfaction.

We are of the view that the entire company operations should be included in the sustainability scope, given the inter-connected business relationship between our three business segments – fixed line, global networks and data centres.

Governance

Sustainability is championed at the highest level of the organisation i.e. the Board of Directors, the various Board Committees and the Senior Leadership Team.

During the course of 2016, a special meeting was convened towards the formation of a Sustainability Steering Committee ("SSC") to provide stewardship on this important matter. The initial meeting was well received with participation from the Board, C-Level Management, and divisional heads. Key attendees included:

- Representative from the Board of Directors
- Chief Executive Officer – Fixed Line
- Chief Commercial officer
- Chief Services Officer
- Chief Financial Officer
- Chief Innovation Officer
- Company Secretary
- Department Heads of Regulatory, Procurement, People, Customer Service and Network
- Corporate Communications

The initial session was followed up by a more detailed and intensive workshop that saw participation from the above-mentioned divisions as well as Internal Audit, Enterprise Risk Management and Administration.

In addition, the Group is governed by the Control Environment and Structure as contained in the Directors' Statement on Risk Management & Internal Control set out from pages 64 to 69 of this Annual Report.

Corporate Communications is responsible for all internal and external communication on all sustainability related matters. We look forward to announcing the final shape and form of the SSC in due course.

Stakeholder Engagement

We engaged key stakeholders via various channels to obtain their views and concerns. The diversity in perspectives, ideas and feedback allows for a more comprehensive and balanced identification of what is truly important to our business and stakeholders. Further details of our stakeholders' engagement activities are provided below:

Stakeholder Group	Engagement Approach	Frequency
Customers	Advertising and marketing Client/Service Manager Customer contact centre Social media Tactical events and roadshows	Regular Regular Daily Daily Regular
Employees	Townhalls Intranet/newsletters Engagement events (in-house talks, trainings, development programmes, culture programmes) Employee satisfaction survey	Quarterly Regular Regular Once a year
Shareholders, Investors & Analysts	Annual report Annual general meeting Financial reports and investor briefings Investor roadshows/events Media releases Shareholder updates Investor Relations page on our website	Once a year Once a year Quarterly Periodic Periodic Regular Periodic
Government & Regulators	Meetings and visits Reports Participation in Government and Regulatory events	Regular Periodic Ad-hoc
Community & General Public	Advertising and marketing CSR activities Social media	Regular Regular Daily

Materiality Assessment

We have relied on external and internal sources in the materiality mapping process to identify relevant substantial issues. Our focus has been on the most vital matters defined in terms of importance to stakeholders and to the Group.

The following sustainability materiality matters were identified:

- Business model
- Network rollout
- Customer satisfaction
- Energy conservation and green initiatives
- Community outreach and engagement
- Employees and the workplace

Material Sustainability Matters

Business Model

TIME's unique business model and value propositions are key factors that drive long-term sustainability for the Group, and enable us to maintain our competitive edge.

While our three business segments – fixed line, global networks and data centres – operate independently, there are synergies to be derived from the strong inter-connected business relationship between them.

This synergy enables the Group to penetrate the market with a more comprehensive suite of products and services, in particular for our Wholesale and Enterprise customers. We also continue to expand our footprint across ASEAN and to own international network assets that allow us to tap international business opportunities.

TIME is moving away from being dependent on a single product, market or customer segment, and is diversifying its revenue base whilst creating multiple streams of recurring income. This has resulted in a stronger dependence on stable recurring revenue streams, which grew by 18% in 2016 when compared to the previous year.

To further secure the future of our business, we have defined a long-term strategy that outlines the pillars of our growth. These are discussed in more detail in the Management & Discussion Analysis section of this Annual Report.

Network Rollout

While the overall size of our Malaysian network footprint is smaller than that of our main competitor, the quality of our fibre network gives us a strong ability to compete and win in the marketplace. We also continue to expand our network – focusing on high-rise homes and commercial buildings in metropolitan areas. From being primarily concentrated in the Klang Valley and Penang, we have expanded our coverage to Malacca and Johor. In 2016 we grew our number of premises passed by 39%. We also look forward to the completion of SKR1M that will enhance connectivity between Peninsular and East Malaysia.

Internationally, FASTER has boosted trans-Pacific capacity for the Group, while the APG has allowed us to respond to the growing data demand from 11 new locations in nine different countries. When completed, the AAE-1 will enable the Group to further grow our international network footprint and cover two-thirds of the planet on our own infrastructure.

Our networks anchor our expansion plans, and put us on the path to realising our vision of a more connected Malaysia and, ultimately, ASEAN.

Customer Satisfaction

With the growing prominence of our brand through marketing efforts, we have seen a large increase in volume in terms of customer enquiries via phone calls, emails and social media. As we become increasingly engaged in the Retail space, responding to these quickly and effectively becomes more important every day.

To this end, we have invested substantially in not only improving the quality and reach of our network and the quality of our products, but also in training and developing our customer-facing employees. We have rolled out campaigns encouraging employees at every level to prioritise and ensure that excellent customer experiences are delivered at every interaction and touch point.

In addition, we have launched customer satisfaction surveys as a means to encourage honest feedback and evaluate how we can do better. We have identified and prioritised areas of development that will go a long way in upholding our brand promise and our commitment to achieve the highest levels of customer satisfaction.

In an increasingly digital world, we also continue to empower our customers with various self-utilisation tools. These provide our customers with the ability to go online to check for TIME coverage areas, review their bills, and much more.

Energy Conservation and Green Initiatives

A key focus for the Group is to use energy more efficiently in our networks, data centres and operations. In this regard, our data centre business takes precedence, being the Group's biggest power consumer. Our initiatives include the introduction of:

- Diesel rotary uninterruptible power supply ("DRUPS") devices that benefit from higher energy efficiency, smaller footprint, use of fewer components, longer technical lifetime (no use of power electronics) and no chemical waste (no batteries involved). Hence, this lowers energy consumption and is environmentally friendly.
- Cold Aisle Containment, which creates a uniform and predictable airflow that eliminates hot spots, ensuring optimal operating efficiencies and hence improves power usage efficiency (PUE).

In addition, we continue to refresh legacy equipment that is less energy-efficient and work closely with other industry stakeholders such as the Malaysia Digital Economy Corporation. As part of the Malaysian data centre industry, we have also been calling on Tenaga Nasional Berhad to re-tariff the electricity classification for data centres.

Community Outreach and Engagement

TIME has long been engaged with local communities through various action-based programmes and outreach activities. In 2016, we continued to serve as a committed and caring corporate citizen. We continuously encourage our employees to take an active stand on social causes and are always looking to support any causes brought forward by our people.

The TIME CherryTree project was established in 2014 to guide the Group's Corporate Social Responsibility ("CSR") activities. It is centred on the four pillars of Social Betterment, Relief & Humanitarian Aid, Community Building and Environment Watch.

Spearheaded by our TIME Troopers – staff volunteers who are ready to lend a helping hand to societal causes – we were involved in various CSR activities in 2016 that included providing financial aid to, or engaging in activities with, the elderly, differently abled and underprivileged, providing meals to the homeless and animal conservation.

The Group also has a long-term commitment towards helping improve the quality of education in several schools in the Klang Valley.

On the sports front, TIME continues to sponsor Team TIME, a group of young and talented triathletes, to show our support towards the development of triathlon as a national sport. This resonates well with the values of resilience, determination and performance that TIME continues to uphold.

Employees and the Workplace

Performance & Reward

Over the years, we have sought to provide a conducive working environment as well as develop a robust talent development strategy, which consists of recruiting, developing, retaining and rewarding our people in the best possible manner.

We place significant emphasis on maintaining a performance driven culture, where employees are assessed based on merit and results – giving full opportunity and incentive for all our employees to excel. We believe that by emphasising performance as the key factor, employees are self-motivated, empowered and driven to deliver their best, knowing that their development and progress within the company is at least partly within their control.

In 2012, we introduced the TIME Performance Share Grant to foster a strong and lasting ownership culture within the Group that aligns employees' interests with the interests of our shareholders. In 2016 alone, 2,694,165 TIME shares were awarded to 406 of our employees – approximately 42% of our workforce – based on job performance and tenure. We take pride in our efforts to enable our employees to directly participate in the Group's growing success and to create a greater sense of ownership. This initiative has also been particularly effective in retaining talent whose services are vital to the operations and continued growth of the Group.

We also perform a rigorous benchmarking exercise on an annual basis to ensure that our employees continue to be remunerated fairly and competitively.

Development & Engagement

Every TIME employee is given 5 Formal Learning Days (FLDs) so that they may leave their day-to-day work obligations to focus on development via training, workshops, conferences and coaching. We also promote personal development by fostering open, two-way communication between management and staff.

In 2016, the Group established a framework to identify the various competencies required to support TIME's growth and the means to develop these competencies. Based on the extensive analyses conducted during the year, we have identified training programmes that will supply the Group with its talent pipeline towards producing the next generation of high-calibre leaders. These include Leadership for Executives, Leadership for Managers, Negotiation Skills, Professional Writing Skills and Personality Profiling, amongst others.

We carried out several activities during the year on the employee engagement front:

- TIME Launchpad: Make a Difference
  Five three-day, two-night sessions conducted in April, May, August, October and November, with a total of 371 employees participating. This programme empowers participants with the tools they need to initiate change within themselves and to enhance their career progression.

- TIME Launchpad: Team Dynamics
  Intervention series for bringing issues to the surface and improving the way in which all divisions across the Group work with each other.

- TIME Launchpad: Building a Preferred Future
  A three-module programme that identifies agents throughout the Group who act as influencers of positive change.

- TIME Townhall
  A quarterly management update and dialogue session that discuss key updates, announcements, performance and other related matters.

Diversity & Inclusiveness

Our Human Resource policies are geared towards encouraging diversity and inclusiveness, work-life balance and respect, all amidst a conducive working culture of openness, transparency, teamwork and initiative.

Diversity starts at the top at TIME. Our multi-ethnic Board composition consists of individuals from varied backgrounds, but with relevant professional experience and competencies. Both genders are represented at the highest level of the Group's decision-making body.

BOARD OF DIRECTORS

ABDUL KADIR MD KASSIM

NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR (CHAIRMAN)

Nationality: Malaysian
Age: 76
Gender: Male
Appointed to the Board: 22 October 2001
Appointed as Chairman: 15 January 2010

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

He sits on the Boards of UEM Group Berhad and is Chairman of Cement Industries of Malaysia Berhad, a wholly owned subsidiary of UEM Group Berhad.

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

He is also a member of the Board of Directors of Danajamin Nasional Berhad and Datuk Yaw Teck Seng Foundation. On 15 February 2016, he was reappointed as trustee of The Renong Group Scholarship Trust Fund.

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

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

ELAKUMARI KANTILAL

NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR

Nationality: Malaysian
Age: 60
Gender: Female
Appointed to the Board: 8 March 2001

Board Committees:
Nomination & Remuneration (Chairman)
Tender (Chairman)
Audit (Member)

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

She currently holds the position of Director of Investments in Khazanah Nasional Berhad ("Khazanah"). She was actively involved in the establishment of Khazanah whilst in the Ministry of Finance. She has been in Khazanah since its inception in 1994, moving from the position of Senior Manager to Director in 2004.

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

Elakumari also serves as a Director on the Board of UEM Edgenta Berhad.

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

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

RONNIE KOK LAI HUAT

SENIOR INDEPENDENT, NON-EXECUTIVE DIRECTOR

Nationality: Malaysian
Age: 62
Gender: Male
Appointed to the Board: 31 January 2008

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

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

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

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

Ronnie also sits on the Board of Cement Industries of Malaysia Berhad.

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

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

HONG KEAN YONG

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Nationality: Malaysian
Age: 54
Gender: Male
Appointed to the Board: 1 September 2012

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

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

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

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

He joined Taylor's Education Group in April 2011 and currently holds the post of Executive Vice President, Strategic Initiatives.

Hong also sits on the Boards of Tune Insurance Malaysia Berhad and Taylor's Education Private Limited.

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

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

MARK GUY DIOGUARDI

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Nationality: Australian
Age: 47
Gender: Male
Appointed to the Board: 17 June 2016

Board Committees:
Tender (Member)

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

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

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

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

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

Mark also sits on an Advisory Board for a private company, Swam UAV in Australia.

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

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

AFZAL ABDUL RAHIM

NON-INDEPENDENT, EXECUTIVE DIRECTOR (CHIEF EXECUTIVE OFFICER)

Nationality: Malaysian
Age: 39
Gender: Male
Appointed to the Board: 7 October 2008

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

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

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

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

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

PATRICK CORSO

NON-INDEPENDENT, EXECUTIVE DIRECTOR

Nationality: Italian
Age: 43
Gender: Male
Appointed to the Board: 26 November 2015

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

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

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

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

He currently sits on the Board of Directors of Megawisra Investments Limited, Megawisra Sdn Bhd, Global Transit International Sdn Bhd and Pulau Kapas Ventures Sdn Bhd.

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

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

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

LEE GUAN HONG

NON-INDEPENDENT, EXECUTIVE DIRECTOR

Nationality: Malaysian
Age: 42
Gender: Male
Appointed to the Board: 9 March 2017

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

He has 20 years of experience in the technology and telecommunications industries, moving up management ranks in the last 18 years.

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

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

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

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

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

LEADERSHIP TEAM

AFZAL ABDUL RAHIM
COMMANDER-IN-CHIEF

Nationality: Malaysian
Age: 39
Gender: Male

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

LEE GUAN HONG
CHIEF EXECUTIVE OFFICER – FIXED LINE

Nationality: Malaysian
Age: 42
Gender: Male

Guan Hong's profile can be found on page 34 of this Annual Report.

SAIFUL HUSNI SAMAK
CHIEF EXECUTIVE OFFICER – GLOBAL NETWORKS

Nationality: Malaysian
Age: 48
Gender: Male

Saiful was appointed as Chief Executive Officer of Global Transit on 14 May 2009. He oversees TIME's international connectivity footprint and has helped the Group grow into a key player in the global bandwidth market. He is backed by more than 20 years of experience in the banking and telecommunications industries. Saiful graduated with an MBA from the University of Southern Cross, Australia and a Degree in Economics and Finance from the University Of Hartford, USA.

CHIEW KOK HIN
CHIEF EXECUTIVE OFFICER – DATA CENTRES

Nationality: Malaysian
Age: 41
Gender: Male

Chiew joined AIMS in 1997 and was appointed as its Chief Executive Officer on 1 January 2010. He spearheads AIMS' strategic development and has been instrumental in its penetration into the enterprise market, and expansion to Cyberjaya and Singapore. He played an integral role in developing the Malaysian Internet Exchange (MyIX), which he also heads as Chairman. Chiew graduated with an MBA from Nottingham Trent University, UK.

CHRISTOPHER WILSON

CHIEF EXECUTIVE OFFICER – ASEAN

Nationality: British
Age: 54
Gender: Male

Chris joined TIME in 2013 and was appointed to his current position on 1 May 2015. He is backed by more than 25 years of experience in the fixed, mobile and subsea telecommunications industries. His regional knowledge is critical in realising TIME's aspiration to expand into new ASEAN markets. His key areas of expertise are strategy, corporate development, product management and sales. Chris is an Electronic Engineering graduate from the University of Southampton, UK. He has post-graduate diplomas in Marketing and Finance.

LONG SHER NENG

CHIEF FINANCIAL OFFICER

Nationality: Malaysian
Age: 43
Gender: Male

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

ANAND VIJAYAN

CHIEF SERVICES OFFICER

Nationality: Malaysian
Age: 42
Gender: Male

Anand joined TIME in 2009 and was appointed Chief Services Officer on 1 October 2010, spearheading TIME's Retail business to exponential growth. He drove TIME's network coverage aggressively throughout the Klang Valley and Penang, and paved the way for ASTRO IPTV to be delivered via TIME's fibre optic network. He has more than 15 years of experience in financial and IT audit, risk and consulting mainly from the Big Four accounting firms. Anand graduated with an MBA from Charles Sturt University, Australia and a Bachelor of Business (Accountancy) from Royal Melbourne Institute of Technology (RMIT).

JULIAN DING
CHIEF INNOVATION OFFICER

Nationality: Malaysian
Age: 54
Gender: Male

Julian was appointed Chief Innovation Officer on 1 July 2011. He leads the Group's innovation projects and activities, and has developed a Group-wide structure that encourages, supports and rewards innovation. He also developed a proactive engagement approach that has built valuable and synergistic linkages withkey regulatory authorities, both domestically and internationally. His experience includes Information Technology and its related regulatory and policy frameworks. Julian graduated with a Masters in Public Policy and Management from Monash University, and is admitted to practice law in Peninsular Malaysia, Singapore, England and Wales.

LEE WENG FAK
CHIEF ENTERPRISE OFFICER

Nationality: Malaysian
Age: 55
Gender: Male

WF Lee joined TIME in 2011 and was appointed Chief Enterprise Officer on 1 May 2014. He has streamlined TIME's Enterprise division into key vertical sectors with a clear focus on customer acquisition and retention, helping contribute to both TIME's top and bottom lines. He has more than 30 years of ICT industry experience in fast-paced and rapidly expanding companies. WF Lee is a Computer Science graduate from the Institute of Data Processing Management (now IMIS), UK.

LOH JENKIM
CHIEF COMMERCIAL OFFICER

Nationality: Malaysian
Age: 45
Gender: Female

Jenkim joined TIME in 2013 and was appointed Chief Commercial Officer on 1 May 2014. She has been instrumental in expanding the Group's portfolio of commercial offerings to the Wholesale segment and in implementing a new suite of commercial schemes, in addition to maximising cross-Group selling. She has more than 20 years of experience ranging from strategic business analysis to financial audit from the Big Four accounting firms and the telecommunications sector. Jenkim is a fellow of the Association of Chartered Certified Accountants.

WAN EZRIN SAZLI WAN ZAHARI

CHIEF PEOPLE OFFICER

Nationality: Malaysian
Age: 39
Gender: Male

Ezrin joined TIME on 5 January 2017 as Chief People Officer to drive cultural and competency growth, as well as, improve talent retention and attraction. His key priorities include the centralisation and streamlining of processes across various businesses – by design, function and behaviour – factors vital for business expansion and future success. He has more than 15 years of work experience and moved up the ranks in People related functions over the last 8 ½ years. Ezrin graduated with a Bachelors of Engineering, Civil Engineering from University College London - UCL, University of London. He is also a certified Myers-Briggs Type Indicator (MBTI) psychometric instrument professional practitioner.

Save as disclosed, none of the members of TIME's Leadership Team have any:-

1. Family relationship with any Director and/or major shareholder;
2. Conflict of interest with the Company; and
3. Conviction for offences within the past 5 years other than traffic offences.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensuring the highest standards of corporate governance in the Group as articulated in the eight (8) principles and recommendations of the Malaysian Code on Corporate Governance 2012 (the "Code") and also continually strives to enhance the effectiveness of the Board by improving the Board of Directors' practices and processes. The Group has adopted significant recommendations of the Code and the Board is continuously reviewing the Group's corporate governance practices and will make appropriate adjustments to reflect its position as a good corporate citizen. The key objective is to adopt the substance behind good corporate governance and not merely the form, with the aim of ensuring Board effectiveness in enhancing shareholders' value.

The Board views corporate governance as synonymous with four key concepts of the Group; namely transparency, integrity and accountability as well as corporate performance. The Group adopts these key concepts in the Group's operations and management and consciously applies the principles and recommendations of the Code and other global standards.

The Board is pleased to provide the following statement which outlines how the Group has applied the principles and recommendations set out in the Code throughout the financial year ended 31 December 2016.

PRINCIPLES STATEMENT

A. Directors

The Board

An effective Board that leads and controls the Group is vital in the stewardship of its direction and operations and ultimately the enhancement of long-term shareholder value. Thus, the Board is responsible for the strategic direction, establishing goals for management and monitoring the achievement of these goals. All Directors are from diverse professional backgrounds with a wide range of business, technical and financial experience. The profile of each Director is presented from pages 27 to 34.

The diversity of the Directors' background is pivotal to provide depth and specific experience and perspective to the leadership of the Group, as needed by the Group's business which is highly regulated and supervised.

In discharging its stewardship, the Board has adopted a formal schedule of matters which include:

- adopting a strategic plan for the Company which involves robust discussion between the Board and Management prior to the adoption of the plan;
- reviewing and monitoring performance against the plan throughout the year;
- overseeing the conduct of the Company's businesses through regular updates by the relevant Board Committees and receiving progress reports from the Management;
- identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- establishing of the Company's succession plan which is tabled and deliberated at the Nomination and Remuneration Committee ("NRC") to ensure a viable succession planning framework for top pivotal positions of the Group;
- overseeing the development and implementation of a shareholder communication for the Company which is embodied in the Group's Corporate Communications Policy; and
- reviewing the adequacy and the integrity of the management information and internal controls system of the Company and Group.

PRINCIPLES STATEMENT (CONTINUED)

A. Directors (continued)

Board Charter

The Board Charter which clearly sets out the role and responsibilities of the Board and the Board Committees as well as the processes and procedures for convening their meetings is accessible on the Company's corporate website. It serves as a reference and primary induction literature providing prospective and existing Board members and Management insight into fiduciary and leadership functions of the Directors.

The Board will review its charter regularly to keep it up to date with changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives.

Additionally, the Board adheres to the Code of Ethics for Directors as prescribed by the Companies Commission of Malaysia.

Board Balance

There were seven (7) Board members in 2016, comprising one (1) Non-Independent Non-Executive Chairman ("Chairman"), three (3) Independent Non-Executive Directors, two (2) Non-Independent Executive Directors and one (1) Non-Independent Non-Executive Director.

The Board's composition at the end of year 2016 is in line with paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The composition of the Board reflects an impressive spectrum of experiences and skills with a mix of legal, financial, technical and business experience which are relevant and vital to the direction and management of the Group. The Board is suitably equipped with members that possess significant experience in the telecommunication industry.

The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and control. The Independent Directors play pivotal roles towards ensuring that the business strategies of the Group and any other matters or agendas discussed are properly and fully deliberated and examined with a view to protect the interests of shareholders and the stakeholders of the Group. They provide independent and impartial views in determining the final decisions taken or endorsed by the Board.

The Board is supportive of the gender boardroom diversity recommended by the Code.

Independence

The Board reviews and determines the independence of Independent Directors in accordance with the criteria stipulated in paragraph 1.01 of the MMLR of Bursa Securities.

None of the Independent Directors' tenure has exceeded a cumulative term of nine (9) years, except for Mr Ronnie Kok Lai Huat, the Senior Independent Director of the Company who completed his 9-year tenure on 31 January 2017. The NRC is satisfied with the judgement, professionalism, objectivity and contribution he has brought to the Board. In this regards, the Board supports and recommends his re-appointment as Senior Independent Non-Executive Director, subject to the shareholders' approval at the Company's forthcoming Annual General Meeting.

PRINCIPLES STATEMENT (CONTINUED)

A. Directors (continued)

Separation of roles and responsibilities between the Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the Chief Executive Officer ("CEO") are separated with clear distinctions between them. The Chairman leads the Board and is responsible to ensure the effective and smooth interaction of the overall Board and individual Directors, both within and outside the Boardroom as well as driving the discussion toward consensus and to achieve closure in every discussion. The CEO is responsible for developing and implementing strategy of the Group, reflecting long term objectives as well as priorities established by the Board. The CEO assumes full responsibility and accountability to the Board for all aspects of the Company operations and performance. He also represents the Company to major customers, employees, suppliers and professional associations.

The Chairman, Encik Abdul Kadir Md Kassim is a Non-Independent, Non-Executive Director. Notwithstanding that the Board does not comprise majority Independent Directors as recommended in the Code, the Independent Directors are able to exercise strong independent judgement and provide balance to the Board with their unbiased and independent views, and advice and judgement to all Board deliberations. The Board, in their assessment, held the view that Encik Abdul Kadir has and continues to play an effective role as Chairman and Director of the Company. He has consistently demonstrated strong commitment and judgement in overseeing the management function, looking after the best interest of all shareholders and facilitating Board meetings to ensure that contributions by all Directors are forthcoming on matters being deliberated and that no particular Board member dominated in any of the discussions. This ensures the balance power and authority within the Board whilst taking cognisance of the interests of minority shareholders and other stakeholders.

Meetings

The Board meets regularly. In addition to the scheduled meetings, the Board also convenes special meetings when urgent and important decisions need to be taken between scheduled meetings. During the financial year ended 31 December 2016, the Board met 7 times.

All meeting dates are determined and fixed yearly in advance so that every director is able to schedule their time effectively. For all the meetings, due notices were given and structured formal agenda and papers relating to the agenda items were forwarded to all the Board members for their perusal prior to and in most cases, at least 3 days before the meeting.

All proceedings of the meetings were properly minuted and filed. The minutes are circulated to each and every Board member for their perusal and comments prior to the confirmation of the minutes at the commencement of the next Board meeting. The members may request for clarification or raise comments on the minutes before they are confirmed.

During the year, the Board deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business directions of the Group and Corporate Governance matters during the financial year. Details of Directors' attendance at Board Meetings held during the financial year ended 31 December 2016 are as follows:

PRINCIPLES STATEMENT (CONTINUED)

A. Directors (continued)

Directors' Attendance			
Director	**Designation**	**Number of meetings attended during the year**	**Percentage**
Abdul Kadir Md Kassim	Non-Independent, Non-Executive Director (Chairman)	7/7	100%
Elakumari Kantilal	Non-Independent, Non-Executive Director	6/7	86%
Ronnie Kok Lai Huat	Senior Independent, Non-Executive Director	7/7	100%
Balasingham A. Namasiwayam (resigned on 18 April 2016 and there were 3 Board meetings held before his resignation)	Independent, Non-Executive Director	2/3	67%
Hong Kean Yong	Independent, Non-Executive Director	6/7*	86%
Afzal Abdul Rahim	Non-Independent, Executive Director (Chief Executive Officer)	7/7	100%
Patrick Corso	Non-Independent, Executive Director	7/7	100%
Mark Guy Dioguardi (appointed on 17 June 2016)	Independent, Non-Executive Director	3/3	100%

* Excludes participation in 1 meeting via teleconference

The Board of Directors delegates certain responsibilities to the Board Committees. All Committees have written terms of reference and operating procedures to ensure a clear division of duties between the Board and Board Committees. The Board is kept informed of all proceedings and deliberations of its Board Committees through minutes of Board Committees' meetings which are tabled at the Board meetings, for notation.

PRINCIPLES STATEMENT (CONTINUED)

A. Directors (continued)

The Board of Directors reviews the terms of reference of its committees periodically to assess its relevance and clarity.

The details of meetings and activities of these Committees are discussed in the following paragraphs.

Supply of Information

Access to Management

The Board has unrestricted access to information required so as to enable it to discharge its duties, as the decision making process is highly contingent on the strength of information furnished. The Board is provided with monthly reports and updated information and briefings on the performance of the Group and the Company prior to every meeting to enable them to make informed decisions. The Board papers include, amongst others, the following details:-

- Business plan and annual operating plan;
- Quarterly performance reports of the Group;
- Major operational and financial issues including risks and audit issues;
- Market share and market responses to the Group's strategies;
- Major investments, acquisitions and disposals of assets;
- Manpower and human resource issues; and
- Minutes of meetings of all the Committees of the Board.

Senior management and key operational managers are informed and made aware of the quality and timeliness required by the Board with respect to the contents, presentation and delivery of Board papers for each Board meeting.

Key matters such as approval of annual and interim results, annual business plans and budget, major investment, financial decisions, key policies, major proposals and announcements are reserved for the Board. These reserved matters are set out in the Group's Discretionary Authority Limits ("DAL"). The DAL also specifies the levels of authority delegated to the Management by the Board. The Management operates within the limits of the DAL which was approved by the Board. Any matter beyond Management limits will be brought to the Board for approval.

Access to External Advice

The Board, whether as a whole or its members in their individual capacity, is free to seek independent professional advice at the Company's expense in the course of fulfilling their responsibilities.

PRINCIPLES STATEMENT (CONTINUED)

A. Directors (continued)

Access to Company Secretary

Every Director also has unhindered access to the advice and services of the Company Secretary who holds a law degree and is licensed by the Companies Commission of Malaysia. Her roles and responsibilities include advising the Board and Management on matters relating to the constitution of companies and facilitating compliance with MMLR of Bursa Securities and other relevant legislations, as well as best practices on governance. The Company Secretary also acts as the Secretary to the Board Committees and subsidiaries' Boards. In addition to her statutory duties, the Company Secretary plays a key role to facilitate communication between the Board and Management.

Director's Training

During the financial year, the Directors attended seminars, forums and briefings conducted by the regulatory authorities, professional bodies and other organisations in order to keep abreast with relevant developments in laws and regulations and the business environment. The training attended by the respective Directors during the financial year are as follows:-

Director	Seminar/Forum/Conference/Training attended	Date
Abdul Kadir Md Kassim	• INSEAD – The Business School for the World – "Strategic Management in Banking Programme"	1 to 11 March 2016
	• Securities Industry Development Corporation – "Advanced Business Management Programme 2016"	9 to 11 May 2016
	• Bursa Malaysia – Board Chairman Series Part 2 "Leadership Excellence from the Chair"	11 August 2016
	• Khazanah Megatrends Forum 2016	26 to 27 September 2016
	• MINDA – "Building High Performance Directors 2.0: Dynamic Board Stewardship (DiBS)"	31 October to 3 November 2016

A. Directors (continued)

Director's Training (continued)

Director	Seminar/Forum/Conference/Training attended	Date
Elakumari Kantilal	• Credit Lyonnais Securities Asia (CLSA) – Chris Wood's Greed & Fear Lunch Presentation	7 March 2016
	• The University of Chicago Booth School of Business – Strategic Business Leadership	14 to 18 March 2016
	• Asian World Summit Sdn Bhd – 8th Annual Corporate Governance Summit	21 March 2016
	• MSWG – "Stewardship Matters – For Long Term Sustainability"	30 March 2016
	• Bursa Malaysia – A sharing session by Korea Exchange of the Konex Market in Korea	12 April 2016
	• Endeavor Global, Inc – The 65th International Selection Panel	27 to 29 July 2016
	• Khazanah Megatrends Forum 2016	26 to 27 September 2016
	• 12th Khazanah Global Lecture by Dame Dr Jane Goodall	31 October 2016
	• GE Community – Reimagine The Future of Entrepreneurs 2016	8 to 9 December 2016
Ronnie Kok Lai Huat	• UEM – The Exchange of Knowledge & Ideas – "Culture and Transformation"	11 October 2016
Hong Kean Yong	• MSWG – "Stewardship Matters – For Long Term Sustainability"	30 to 31 March 2016
Afzal Abdul Rahim	• Khazanah Nasional Berhad – Tea Talk on Model of Divestment	15 April 2016
	• Commonwealth Telecommunications Organisation – Commonwealth Broadband Asia Forum 2016	21 September 2016
	• Petronas Nasional Berhad – Brilliant Minds Culture and Strategy Lab	7 November 2016
Patrick Corso	• Bursatra Sdn Bhd – "Mandatory Accreditation Programme for Directors of Public Listed Companies"	2 to 3 March 2016
Mark Guy Dioguardi	• Bursatra Sdn Bhd – "Mandatory Accreditation Programme for Directors of Public Listed Companies"	7 to 8 September 2016

PRINCIPLES STATEMENT (CONTINUED)

A. Directors (continued)

Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association and MMLR of Bursa Securities, one-third (1/3) of the Directors shall retire by rotation at every Annual General Meeting and all Directors are subject to retirement at an interval of at least once every three (3) years. The Nomination and Remuneration Committee reviews, assesses performance levels and recommends to the Board the re-election of the Directors who are due for retirement at each Annual General Meeting.

With the coming into force of the Companies Act 2016 on 31 January 2017, there is no longer an age limit for directors. Encik Abdul Kadir Md Kassim, who was re-appointed by the shareholders at the 19th Annual General Meeting of the Company held on 2 June 2016 is due to retire at the forthcoming Annual General Meeting. Encik Abdul Kadir Md Kassim has offered himself for re-appointment. Thereafter he shall be subject to retirement by rotation and eligible for re-election every 3 years.

As recommended by the Code, the Board is seeking shareholders' approval at the forthcoming Annual General Meeting for Mr Ronnie Kok Lai Huat to continue as Senior Independent Non-Executive Director of the Company. In relation to this, he has offered himself for re-appointment.

Board Appraisal Process

The Board continues to assess the performance of its members/its Committee under an evaluation framework adopted earlier comprising Board Effectiveness Assessment and Board of Directors' Self/Peer Assessment. These assessments are designed to identify the areas that need to be improved to increase the Board's effectiveness and at the same time maintain the cohesiveness of the Board.

Among key performance indicators employed to evaluate the Board's/Board Committee's current effectiveness are board administration, board accountability, responsibility and conduct whereas the indicators for individual director's assessment include their interactive contributions, underlying of their roles and quality of input.

The Company carries out the assessment process annually and the Board continuously identifies the areas to be addressed and is committed to align its effectiveness towards the recommended best practices.

B. Board Committees

Appointments of Board Committees

The Board has delegated certain responsibilities to the Board Committees and each and every Board Committee has written terms of reference of its own. The Board receives reports from the Board Committees and is regularly updated of their proceedings and deliberations. In cases where the Board Committee has no authority to decide on certain matters, the Board Committees will assess and examine the issue and subsequently provide their recommendations which are highlighted in their respective reports for the Board's endorsements.

B. Board Committees (continued)

Audit Committee

Paragraph 15.09 of the MMLR of Bursa Securities requires an Audit Committee to be established. The Company's Audit Committee comprises three (3) Non-Executive Directors headed by the Senior Independent Non-Executive Director. Further details of its composition, roles and activities during the financial year are set out in pages 55 to 63.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") comprises three (3) members and all of them are Non-Executive Directors. Among them, two (2) are Independent Directors and one (1) is Non-Independent Director.

The NRC held a total of three (3) meetings during the past year. The details are as follows:

Director	Designation	Number of meetings attended during the year
Elakumari Kantilal (Chairman)	Non-Independent, Non-Executive Director	3/3
Ronnie Kok Lai Huat	Senior Independent, Non-Executive Director	3/3
Balasingham A. Namasiwayam*	Independent, Non-Executive Director	1/1
Hong Kean Yong**	Independent, Non-Executive Director	2/2

* Resigned as NRC Member with effect from 18 April 2016
** Appointed as NRC Member with effect from 19 April 2016.

The responsibilities of the NRC are to, inter alia:

- periodically review the framework of policies pertaining to the nomination and remuneration of Directors.
- advise the Board regarding the details and implementation of the framework of policies pertaining to the nomination and remuneration of Directors.
- make the necessary recommendations as specified under the objectives of the NRC.
- assisting the Board in examining the size, structure and composition of the Board, with a view to determining the impact of the number of directors upon its effectiveness.
- assess and monitor vacancy of directors resulting from provisions of Companies Act, 2016, Memorandum and Articles of Association and MMLR of Bursa Securities and recommend appointment of new directors.
- recommend to the Board the criteria, qualifications and experience deemed appropriate for the particular vacancy to be filled with respect to the nomination of new candidates for Board membership.
- review the proposals for the remuneration package of the Directors of the Company.
- review annually the Board's required mix of skills and other qualities, including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report.

PRINCIPLES STATEMENT (CONTINUED)

B. Board Committees (continued)

Nomination and Remuneration Committee (continued)

- recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors and to ensure a statement is made in the Annual Report by the Board on the training attended by Directors during the financial year.
- assist in ensuring that the Company's employees' compensation policies and benefit scheme are generally designed to encourage good performance and discourage poor performance.
- design and implement an evaluation procedure for Executive Directors/MD/CEO.
- review the performance of the Executive Directors/MD/CEO and recommend to the Board on annual increments, bonus and ex-gratia payments for Executive Directors/MD/CEO.
- consider the Senior Management candidates for hire or engagement and the terms of engagement.
- recommend to the Board, the termination/removal of Senior Management if they are ineffective, errant or negligent in discharging their responsibilities.
- review and recommend to the Board, the policy of compensation, benefits package, salary increment and total annual bonus for Senior Management.
- in discharging its duties, the NRC shall at all times be mindful of the provisions of the Malaysian Code on Corporate Governance and all applicable laws, regulations and guidelines.
- consider and recommend to the Board on any general resizing activity.
- review and recommend the Corporate Governance Statement to be published in the Annual Report to the Board.

Throughout the year 2016, the NRC conducted meetings to discharge the following duties:

- Made recommendations to the Board with respect to the Directors who shall retire at the Company's 19th Annual General Meeting.
- Reviewed the required mix of skills, experience and other qualities of Non-Executive Directors.
- Reviewed the results of the Board/Board Committees' Assessment Form for year 2015 on the effectiveness of the Board, Board committees and individual directors.
- Reviewed the 2016 Remuneration Exercise for the Executive Committee members and other direct reports to the Chief Executive Officer.
- Recommended to the Board the payment of 2015 Performance Bonus and payment of 2016 annual increment.
- Recommended to the Board the increase in Directors' fees for existing Directors and to cater for possible appointment of new directors in 2016.
- Reviewed and recommended to the Board for Mr Ronnie Kok Lai Huat to continue to serve as Senior Independent Non-Executive Director of the Company.
- Recommended to the Board the appointment of new Director to the Board.
- Recommended to the Board the appointment of new members to the Tender Committee and Nomination and Remuneration Committee.
- Approved the appointment of Chief People Officer of the Company.
- Recommended the corporate governance statement for publication in the 2016 Annual Report.

PRINCIPLES STATEMENT (CONTINUED)

B. Board Committees (continued)

Nomination and Remuneration Committee (continued)

In carrying out its duties and responsibilities, the NRC has full and unrestricted access to the Company's records, properties and personnel and it may also obtain the advice of external advisors if required. The Directors are paid annual fees and attendance allowance for each Board meeting and Board Committee meeting that they attended.

Any change in the Directors' remuneration will be reviewed by the NRC before it is recommended to the Board.

The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors of the Company. Towards this end, the Board has adopted a Remuneration Policy to provide a formal structure for board remuneration.

During the financial year ended 31 December 2016, the aggregate remuneration of Directors categorised into appropriate components are as follows:

(i) Received from TIME dotCom Berhad

Directors	Fixed Fees (RM)	Allowances (RM)	Benefits -in-Kind (RM)	Salary (RM)	Bonus (RM)	Other Expenses (RM)	Total Amount (RM)
Executive	-	70,342	11,330	1,908,000	480,000	229,162	2,698,834
Non-Executive	715,467*	241,230	1,456	-	-	-	958,153

* Inclusive of the fees paid for sitting in Audit Committee, NRC and Tender Committee.

(ii) Received from TIME Group

The Directors did not receive any remuneration for their directorships in subsidiary companies.

The NRC continues to evaluate the effectiveness of the Board and in this regard it assesses the size and composition of the Board to ensure that the required mix of skills are present in the course of discharging the Board's duties and responsibilities.

Selection and Assessment of Directors

The Company adopted the Policy on Nomination and Assessment Process of Board Members that sets out the process to be undertaken by NRC and Board, with respect to the nomination, assessment and re-election of Board members in accordance with the MMLR of Bursa Securities and the Code.

PRINCIPLES STATEMENT (CONTINUED)

B. Board Committees (continued)

Tender Committee

The Tender Committee ("TC") was established to facilitate the procurement process. Its main objective is to examine the tenders received and ensure that all necessary criteria, specifications and requirements of the Company have been met and complied with.

The TC consists of Elakumari Kantilal (Chairman), Hong Kean Yong and Ronnie Kok Lai Huat. The Board has delegated its authority to the TC to approve up to RM10.0 million for the budgeted transactions for the acquisition/disposal of fixed assets, trade or stock purchase and the award of contracts after taking into consideration various factors such as the list of tenders received, nature of procurement and the technical and commercial evaluation. The TC also keeps track of performance of projects or contracts that it has approved.

During the year, the TC held four (4) meetings.

C. Shareholders

Investors/Shareholders Relations

The Group recognises and acknowledges that the key element of good corporate governance is being transparent and accountable to all stakeholders. It is fundamental for the Group to establish a provision of clear, relevant and comprehensive information readily accessible to all stakeholders at anytime. Acknowledging this fact, the Group maintains a high level of disclosure and communicates regularly and proactively with its stakeholders, particularly to investors and shareholders, through transparent, effective and readily accessible communication channels. Information on the Group's business activities and financial performance are disseminated through press releases, quarterly reports, annual report and the Annual General Meeting in a timely and efficient manner. In addition, the Company's website at http://www.time.com.my provides a broad range of information to the shareholders.

The Company has taken great care and control to ensure that no market sensitive and any other information that is required to be reported or announced to Bursa Securities for public release are disseminated or informed to any party without first making such official report or announcement to ensure equal dissemination and information to all investors. Any information released by the Company totally complies with and strictly adheres to disclosure rules and regulations of the MMLR of Bursa Securities.

The Board has identified Ronnie Kok as the Senior Independent Non-Executive Director to address minority shareholders' issues and to whom minority shareholders' concerns may be conveyed.

Annual Report and Annual General Meetings

The key channel of communication regarding the Group's business activities and financial performance is via the Company's Annual Report. The Annual Report discloses comprehensive details about the Group's business activities and financial performance for the financial year.

PRINCIPLES STATEMENT (CONTINUED)

C. Shareholders (continued)

Annual Report and Annual General Meetings (continued)

The Annual General Meeting is the principal open forum at which shareholders and investors are informed of the current development of the Company. An interactive dialogue is conducted for them to inquire about the Group's activities and prospects as well as communicate their expectations and concerns. Adequate time is allocated for the question and answer sessions between the Directors and the Group's external auditors with the shareholders at the Annual General Meeting held by the Company.

Each item of special business included in the Notice of Annual General Meetings is accompanied by a full explanation of the effects of the proposed resolution.

The Company will conduct its voting by poll on all resolutions at the coming Annual General Meeting.

D. Accountability and Audit

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, the Board aims to present a clear and balanced assessment of the Group's position and prospects. The Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of such financial reporting.

Related Party Transactions

The Company has established appropriate procedures to ensure the Company meets its obligations under the MMLR of Bursa Securities relating to related party transactions.

A list of related parties is disseminated to the Company's various business units to determine the number and type of related party transactions. All related party transactions are presented to the Audit Committee for their notation on a quarterly basis. Interested Director(s) who has/have interest(s) in such transaction(s) abstain(s) from all deliberations and voting on the matter either at the Board level or at the general meeting convened for the purpose of considering the matter.

Directors' Responsibility Statement in respect of the Preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of their results and cash flows for the period then ended.

In preparing the financial statements, the Board has considered and ensured that:
- Applicable approved accounting standards in Malaysia and regulatory requirements have been applied;
- Suitable and appropriate accounting policies have been adopted and applied consistently; and
- Reasonable and prudent judgments and estimates were made.

PRINCIPLES STATEMENT (CONTINUED)

D. Accountability and Audit (continued)

Directors' Responsibility Statement in respect of the Preparation of the Audited Financial Statements (continued)

The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Directors' Responsibility Statement for the Audited Financial Statements of the Company is set out on page 161 of this Annual Report.

Risk Management & Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets, and to discharge their stewardship responsibilities in identifying principal risks and ensuring the implementation of appropriate systems to manage these risks in accordance with the best practices of the Code. The Board and Audit Committee are provided with sufficient information as to the Group's risk profile and Risk Management procedures and Management Information System to ensure that the Group's internal controls and systems are effective.

The Statement on Risk Management & Internal Control furnished on pages 64 to 69 of the Annual Report provides an overview on the state of risk management and internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 58 to 63 of the annual report. It is the Company's practice to invite the external auditors to the Audit Committee meetings where the quarterly financial results are tabled, discussed and reviewed. The external auditors met the Audit Committee without executive Board members present twice in 2016, to discuss the adequacy of controls and any judgmental areas.

The Board places great emphasis on the objectivity and independence of the external auditors and has assigned the Audit Committee to annually assess, review and supervise the performance, suitability and independence of external auditors in providing transparent reports to the shareholders.

A Policy outlining the guidelines and procedures for assessment and review of external auditors was adopted.

The external auditors has confirmed to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (On Professional Ethics, Conduct and Practice).

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 55 to 63 of the annual report.

PRINCIPLES STATEMENT (CONTINUED)

D. Accountability and Audit (continued)

Sustainability

The Board is cognisant of the importance of business sustainability and, in conducting the Group's business, the impact on the environment, social and governance is taken into consideration. This is reflected in its detailed Sustainability Statement which can be found on pages 20 to 26 of this Annual Report.

Whistleblowing Policy

The Group has also adopted a Whistleblowing Policy in relation to suspected or presumed violations of any malpractice or misconduct. The Policy reaffirms the Board's commitment to safeguard those who report in good faith against any form of reprisal.

Compliance statement

The Board is of the view that the Group has taken necessary steps throughout the financial year under review to comply with the principles and recommendations of the Code. The Board will continue to review its governance model to uphold its pledge, commitment and effort to enhance and promote the best practices of corporate governance throughout the Group in its effort to achieve the highest standards of transparency, accountability and above all, integrity. The Board ensures that there is no compromise in the Group's focus on enhancing shareholder value, increasing investor confidence, establishing customer trust and building a competitive and profitable organisation.

The Statement on Corporate Governance is made in accordance with a resolution of the Board on 28 February 2017.

ADDITIONAL COMPLIANCE INFORMATION

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

Save as disclosed below, there were no material contracts entered by the Company and/or its subsidiaries involving shareholders' interest either subsisting as at 31 December 2016 or entered since the end of the previous financial year.

Wayleave and Right of Use Agreement between Projek Lebuhraya Utara-Selatan Berhad ("PLUS") and TT dotCom Sdn Bhd ("TTdC") dated 12 May 2000.

The Agreement grants an exclusive right to TTdC to use the fibre optic telecommunications network and infrastructure installed by PLUS in, on or along the North-South Expressway.

The Agreement shall expire upon the lapse of the concession as granted by the Government of Malaysia to PLUS which is now on 31 December 2038, extended from 30 May 2030, unless renewed by the Government of Malaysia.

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

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees paid or payable to the external auditors for services rendered to the Company and the Group for the financial year ended 31 December 2016 are RM100,000 and RM459,000 respectively.

The amount of non-audit fees paid or payable to the external auditors and corporations affiliated to the auditors' firm, for services rendered to the Company and the Group for the financial year ended 31 December 2016 are RM47,000 and RM30,000 respectively.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Report of the Audit Committee ("the Committee") for the financial year ended 31 December 2016.

COMPOSITION

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

The members of the Committee during the financial year ended 31st December 2016 are as follows:

Director	Designation
Ronnie Kok Lai Huat (Chairman)	Senior Independent Non-Executive Director
Elakumari Kantilal	Non-Independent Non-Executive Director
Balasingham A. Namasiwayam	Independent Non-Executive Director (Resigned with effect from 18th April 2016)
Hong Kean Yong	Independent Non-Executive Director (Appointed with effect from 19th April 2016)

The profiles of the Committee members are contained in the "Board of Directors' Profile" set out on pages 27 to 34.

TERMS OF REFERENCE

The Committee was established on 27 September 2000 to act as a Committee of the Board of Directors, with the terms of reference as set out on pages 58 to 63.

MEETINGS

The Committee convened five (5) meetings during the financial year ended 31 December 2016. The details of attendance are as follows:

Director	Number of meetings attended during the year	Percentage
Ronnie Kok Lai Huat (Chairman)	5/5	100%
Elakumari Kantilal	4/5	80%
Balasingham A. Namasiwayam	2/2	100%
Hong Kean Yong	3/3	100%

MEETINGS (CONTINUED)

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

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

PRINCIPAL ACTIVITIES IN THIS FINANCIAL YEAR

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

(a) Financial Statements

(i) The Committee reviewed the audited statutory financial statements, quarterly financial results of the Group for 2016 and discussed significant issues before recommending them to the Board of Directors for approval prior to the announcement to Bursa Malaysia.

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

(b) Internal Audit

(i) The Group Internal Audit & Compliance Division conducted audit activities as per the 2016 Audit Plan approved by the Committee on 24th November 2015. The Head of Internal Audit & Compliance presented the status of audit plan and audit reports at every AC meeting during the year, for the Committee to review and discuss on the following:

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

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

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

d) Status of completion of Audit Plan 2016.

(ii) The 2016 Audit Plan was reviewed on a quarterly basis or as required, which required inclusion of unplanned audit assignments to be carried out on an ad-hoc basis upon Management's request or arising from corporate significant events. A total of 30 audit assignments were completed in 2016, categorised as follows:

PRINCIPAL ACTIVITIES IN THIS FINANCIAL YEAR (CONTINUED)

(b) Internal Audit (continued)

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

b) Strategic and Operational Audits: Audits of core operations within the Group such as Project Management and Service Delivery, and support services such as Financial and Human Resource Management;

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

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

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

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

(c) Related Party Transactions

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

(d) Risk Management

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

(ii) Statement on Risk Management and Internal Control for inclusion in the 2016 Annual Report.

(e) External Audit

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

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

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

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

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

PRINCIPAL ACTIVITIES IN THIS FINANCIAL YEAR (CONTINUED)

(e) External Audit (continued)

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

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

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

INTERNAL AUDIT FUNCTION

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

The internal audit function is performed in-house, by the Internal Audit Division. The total costs incurred for the internal audit function for the financial year ended 31st December 2016 amounted to RM1,370,340. The internal audit function is guided by its' Audit Charter and reports to the Committee. Its primary role is to assist the Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's system of internal controls.

In 2016, Internal Audit executed a range of audit reviews covering financial, operational, fraud investigation and information systems audit. Other reviews were also performed to ensure that the Group's resources are utilised effectively and efficiently. The Internal Audit reports were issued for the audited division's comments and for their response on the action plans and implementation date. Internal Audit also coordinated the follow up reviews on the resolutions of internal audit issues and reported the status to the Committee.

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

(a) Membership

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

- The Chairman of the Audit Committee shall be an independent non-executive director.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONTINUED)

(a) Membership (continued)

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

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

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

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

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

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

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

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

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

- The terms of office and performance of the Audit Committee must be reviewed by the Board at least once every 3 (three) years.

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

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

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

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONTINUED)

(b) Functions of the Audit Committee

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

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

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

- any changes in or implementation of major accounting policies and practices;
- significant adjustments and unusual events arising from the audit; and
- compliance with accounting standards and other legal requirements.

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

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

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

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

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

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

- review the adequacy of the scope, functions, competency and resources of the internal audit function according to the standards set by recognised professional bodies, and that it has the necessary authority to carry out its work;
- review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function; and

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONTINUED)

(b) Functions of the Audit Committee

- inform itself of resignations of internal audit staff members and provide the resigning staff to submit his/her reasons for resigning.

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

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

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

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

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

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

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

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

(c) Rights of the Audit Committee

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

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONTINUED)

(d) Audit Committee Meetings

- The Audit Committee should meet regularly, at least once in every quarter, with due notices of issues to be discussed and should record its conclusions in discharging its duties and responsibilities. The quorum should comprise a majority of independent directors.

- The Audit Committee shall aim to reach a consensus on issues discussed, failing which a poll shall be taken through a show of hands.

- The Chairman of the Committee should report on each meeting to the Board. Minutes of each meeting should be kept and distributed to each member of the Committee and of the Board. The Secretary to the Committee should be the Company Secretary.

- The Chief Executive Officer ("CEO"), and Chief Financial Officer (or a person of similar capacity), Head of Internal Audit and a representative of the external auditors shall normally be entitled to attend any meeting of the Committee and to make known their views on any matter under consideration by the Committee, or which in their opinion, should be brought to the Committee's attention.

- The Audit Committee must ensure that other directors and employees attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

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

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

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

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

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

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

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONTINUED)

(e) Audit Committee Report

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

- membership of the Audit Committee of which the minimum details are specified in the Listing Requirements;
- the Terms of Reference must be written;
- the number of Audit Committee meetings and details of attendance of each Audit Committee member;
- summary of the activities of the Audit Committee for the year; and
- disclosure of the existence of an internal audit function and its activities, and where such a function does not exist, it should be explained what mechanism was in place for the Audit Committee to discharge its functions effectively.

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

- a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements; and
- a statement about the risk management and internal controls of TdC as a Group (after the same is reviewed by the external auditors and the results thereof reported).

(f) Reporting of Breaches

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

(g) Support

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

DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out the Principles and Recommendation for the Board of a company listed on the Bursa Malaysia Securities Berhad ("Bursa Securities") to establish a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets.

The Board of Directors ("the Board") is committed to establish a sound framework to manage risks and is pleased to provide the following statement in accordance with paragraph 15.26 (b) of the Main Market Listing Requirements, Practice Note 9 issued by Bursa Securities, Statement on Risk Management & Internal Control (Guidelines For Directors of Listed Issuers) and guided by Principle 6 and Recommendation 6.1 of the Code on recognising and managing risks within the Group.

BOARD RESPONSIBILITY

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

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

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

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

CONTROL ENVIRONMENT AND STRUCTURE

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

(a) Control Environment

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

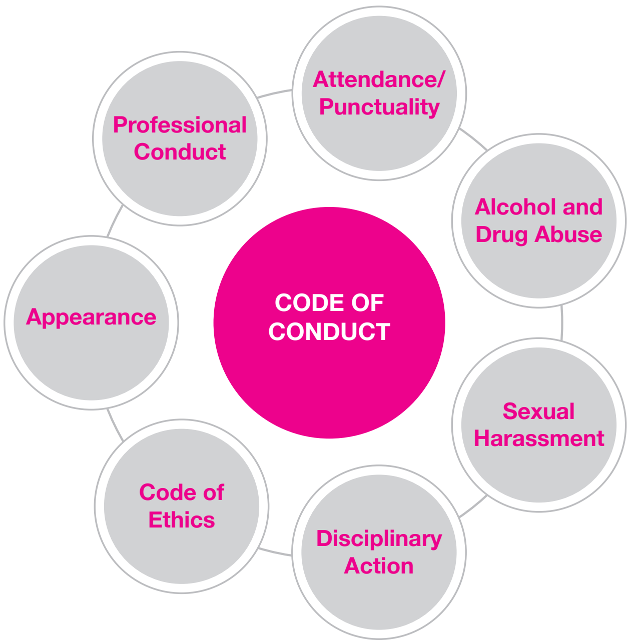
CONTROL ENVIRONMENT AND STRUCTURE (CONTINUED)

(a) Control Environment (continued)

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

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

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



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

CONTROL ENVIRONMENT AND STRUCTURE (CONTINUED)

(a) Control Environment (continued)

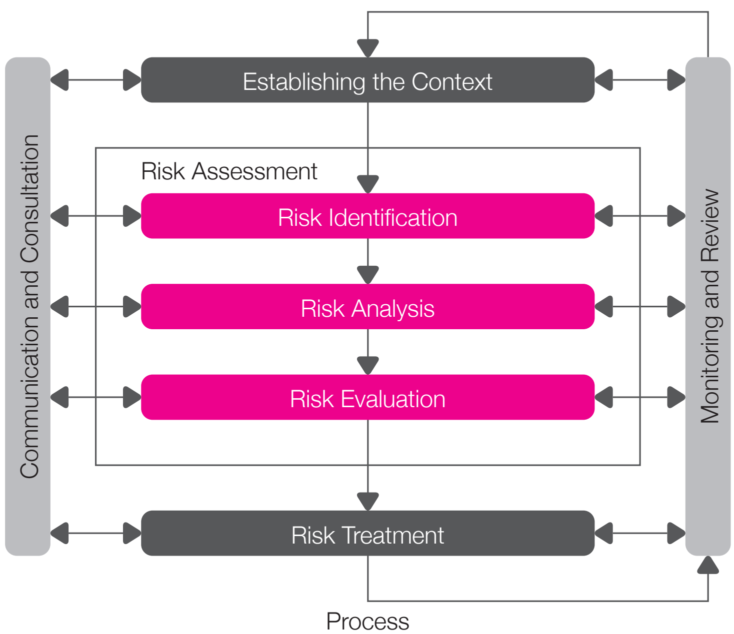
(v) **Policy/Guideline and Procedure for Selection & Recruitment, Termination/Resignation, Performance Appraisal, Learning and Development** are in place to ensure that the desired standard of human resource practices are met in achieving the Group's business objectives. Selection and recruitment is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

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

(b) Risk Assessment

(i) **Risk Management Framework and Risk Management Procedure Manual** has been adopted to guide the Risk Management Secretariat and Divisional Risk Coordinators to identify, analyse and evaluate business and operational risks. The Risk Management Secretariat monitors implementation and updates of action plans and report to the Risk Management Steering Committee ("RMSC").

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



CONTROL ENVIRONMENT AND STRUCTURE (CONTINUED)

(b) Risk Assessment (continued)

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

(iii) **The Risk Management Secretariat** reports to the RMSC to assist it in the undertaking of its functions. The Risk Management Secretariat meets with representatives of all divisions during the Risk Coordinator Meeting every three (3) months to discuss developments pertaining to the enterprise risk and updates the registers accordingly.

(iv) **Designated Risk Coordinators** were tasked with maintaining the risk registers for their operating units and to follow up on action plans to manage and mitigate the risk factors.

(c) Control Activities

(i) **Operational And Accounting Manuals** are in place to provide guidelines and standard operating procedures over the Group's key business processes. In addition, ISO 9001:2008 certifications accorded to Credit Management, Payable & Fixed Assets Management, Customer Billing Management and Treasury Management that were independently certified by SIRIM QAS International for various relevant periods from 2014 until 2018.

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

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

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

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

CONTROL ENVIRONMENT AND STRUCTURE (CONTINUED)

(c) Control Activities (continued)

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

(vi) **Management Meetings** are carried out by the EXCO. The management meetings attended by the senior management at least once a month during the year. The meetings are held to review how business is executed against key strategic objectives/plans and discuss action items, initiatives, key issues and other forward-looking operational subjects in a cross-functional environment.

(d) Monitoring

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

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

(iii) **Regulatory Affairs Department** ensures that compliance requirements are met as outlined through relevant telecommunications laws, its supporting regulations and guidelines as well as requirements as stated in license conditions.

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

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

REVIEW OF THIS STATEMENT

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2016 Annual Report, in line with the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA"), and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

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

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

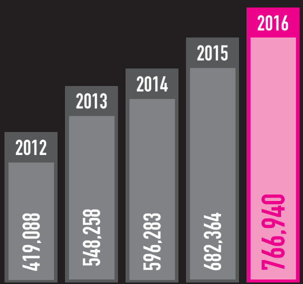
GROUP FINANCIAL HIGHLIGHTS

	2012	2013	2014	2015	2016
Revenue (RM'000)	419,088	548,258	596,283	682,364	766,940
Revenue Growth (Y-o-Y) (%)	34%	31%	9%	14%	12%
Operating Profit (RM'000)	73,512	118,032	143,861	170,649	199,102
Profit After Tax (RM'000)[1]	193,729	291,980	172,402	191,351	249,928
Return on Equity (ROE)[1]	8%	15%	7%	9%	11%
Basic Earnings Per Ordinary Share (sen)[1 2]	35.39	50.95	30.34	33.55	43.33
Total Shareholders' Equity (RM'000)	2,479,844	2,003,629	2,358,408	2,082,547	2,182,893
Total Assets (RM'000)	2,860,147	2,351,825	2,745,349	2,609,940	2,747,300
Net Tangible Assets Per Share (RM)[2]	3.95	3.12	3.74	3.25	3.40
Return on Assets (ROA) (%)[1]	7%	12%	6%	7%	9%

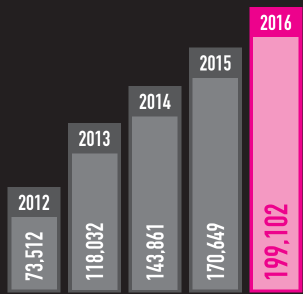
Note 1: For comparison purposes, excludes realisation of fair value gain reclassfied from available-for-sale reserve equity account to profit and loss amounting to RM349,354,000 arising from the partial distribution of quoted equity investments held by the Company in the form of a dividend-in-specie to Shareholders in June 2013, realisation of fair value gain reclassfied from available-for-sale reserve to profit or loss amounting to RM274,024,000 due to disposal of 49,900,000 and 18,829,500 ordinary shares held in DiGi.Com Berhad on 10 April 2015 and 12 May 2015 respectively and realisation of fair value gain reclassified from available-for-sale reserve to profit or loss due to full disposal of shares in DiGi.Com on 20 May 2016 of RM157,390,000.

Note 2: For comparison purposes, the number of shares in the Company prior to May 2012 has been adjusted to reflect a capital reduction of RM0.90 of the initial par value of RM1.00 for each share and share consolidation on the basis of 5 ordinary shares of RM0.10 each in the Company into 1 ordinary share of RM0.50 each in the Company.

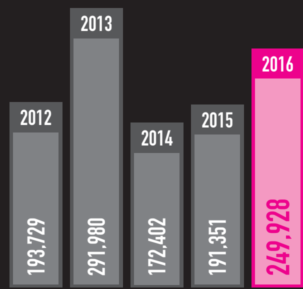
REVENUE (RM'000)



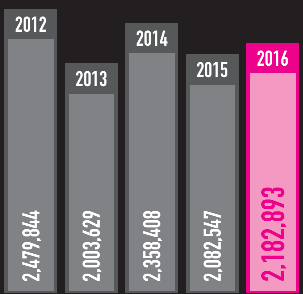
OPERATING PROFIT (RM'000)



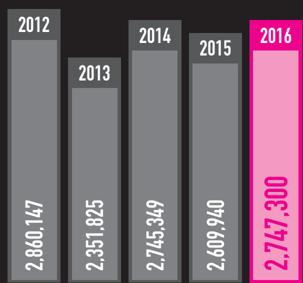
PROFIT AFTER TAX (RM'000)[1]



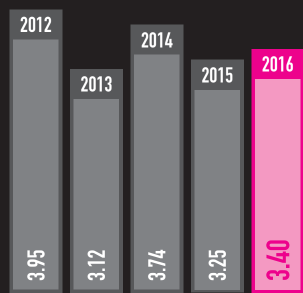
TOTAL SHAREHOLDERS' EQUITY (RM'000)



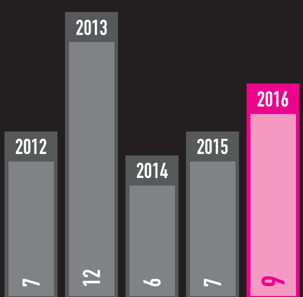
TOTAL ASSETS (RM'000)



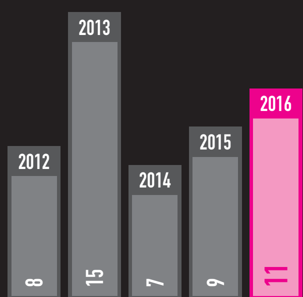
NET TANGIBLE ASSETS PER SHARE (RM) [2]



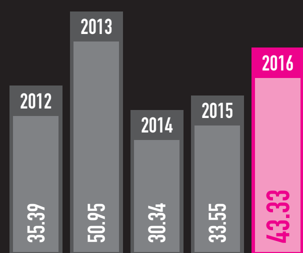
RETURN ON ASSETS (ROA) (%)[1]



RETURN ON EQUITY (ROE)[1]



BASIC EARNINGS PER ORDINARY SHARE (sen)[1 2]

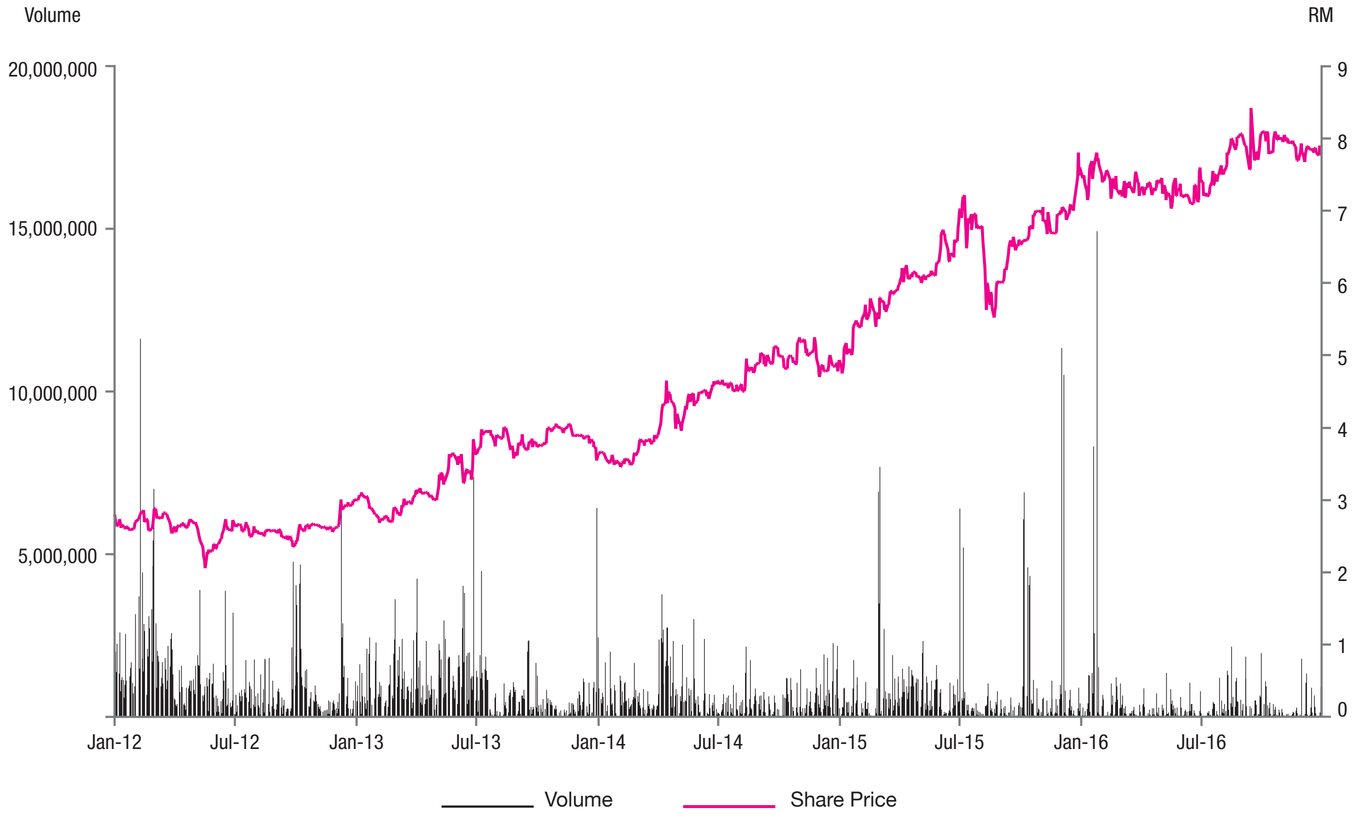


Note 1: For comparison purposes, excludes realisation of fair value gain reclassfied from available-for-sale reserve equity account to profit and loss amounting to RM349,354,000 arising from the partial distribution of quoted equity investments held by the Company in the form of a dividend-in-specie to Shareholders in June 2013, realisation of fair value gain reclassfied from available-for-sale reserve to profit or loss amounting to RM274,024,000 due to disposal of 49,900,000 and 18,829,500 ordinary shares held in DiGi.Com Berhad on 10 April 2015 and 12 May 2015 respectively and realisation of fair value gain reclassified from available-for-sale reserve to profit or loss due to full disposal of shares in DiGi.Com on 20 May 2016 of RM157,390,000.

Note 2: For comparison purposes, the number of shares in the Company prior to May 2012 has been adjusted to reflect a capital reduction of RM0.90 of the initial par value of RM1.00 for each share and share consolidation on the basis of 5 ordinary shares of RM0.10 each in the Company into 1 ordinary share of RM0.50 each in the Company.

5-YEAR SHARE PRICE MOVEMENT

AS AT 31 DECEMBER 2016



FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	407,318	154,603

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company paid:

i) an interim tax exempt (single-tier) dividend of 6.70 sen per ordinary share for the financial year ended 31 December 2015 on 31 March 2016 amounting to approximately RM38.6 million; and

ii) a special interim tax exempt (single-tier) dividend of 13.30 sen per ordinary share for the financial year ended 31 December 2016 on 30 September 2016 amounting to approximately RM76.9 million.

The Directors declared on 28 February 2017, an interim ordinary and a special interim tax exempt (single tier) dividend of 6.60 sen and 10.70 sen per ordinary share respectively for the financial year ended 31 December 2016, which will be paid on 31 March 2017.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Abdul Kadir Md. Kassim (Chairman)
Afzal Abdul Rahim (Chief Executive Officer)
Patrick Corso (Executive Director)
Ronnie Kok Lai Huat
Elakumari Kantilal
Hong Kean Yong
Mark Guy Dioguardi (appointed with effect from 17 June 2016)
Balasingham A. Namasiwayam (resigned with effect from 18 April 2016)

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM0.50 each			
	At 1.1.2016	Bought	Sold	At 31.12.2016
Deemed interest in the Company:				
Afzal Abdul Rahim - own*	192,742,690	–	–	192,742,690
Patrick Corso - own*	192,742,690	–	–	192,742,690
Interest in the Company:				
Ronnie Kok Lai Huat - own	5,000	–	–	5,000

	Number of share options over ordinary shares of RM0.50 each			
	At 1.1.2016	Granted	Exercised	At 31.12.2016
Interest in the Company:				
Afzal Abdul Rahim - own	17,215,907	–	–	17,215,907

* Deemed interested by virtue of their interests held through Pulau Kapas Ventures Sdn. Bhd., Global Transit International Sdn. Bhd., Megawisra Sdn. Bhd., and Megawisra Investments Limited pursuant to Section 6A(4) of the Companies Act, 1965.

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

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

None of the other directors holding office as at 31 December 2016 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up capital of the Company was increased from 575,600,469 to 578,294,634 by exercise of share grant under the way of an issuance of 2,694,165 new ordinary shares of RM0.50 each pursuant to the Company's share grant plan. The new ordinary shares issued shall rank pari passu with the existing ordinary shares of the Company.

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company apart from the granting of share options to the CEO.

SHARE OPTIONS TO THE CHIEF EXECUTIVE OFFICER ("CEO")

At an extraordinary general meeting held on 20 May 2015, the Company's shareholders approved the granting of a share option to Afzal Abdul Rahim, the CEO and Non-Independent Executive Director of the Company to subscribe for up to 17,215,907 new ordinary shares of RM0.50 each in the Company.

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

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

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

(c) The option price of RM5.99 per share was determined based on a discount of 10% to the five days volume weighted average market price of the Company shares immediately preceding the date on which the option was granted by the Company to the CEO. The option price per share was subsequently adjusted to RM5.89 per share with no change made to the number of option shares granted pursuant to a special dividend paid by the Company on 30 September 2016.

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

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

SHARE GRANT PLAN TO EMPLOYEES

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

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

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, other than the realisation of available-for-sale reserve following the disposal of the other investments of the Group and of the Company, the financial performance for the financial year ended 31 December 2016 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG on 27 December 2016), have indicated their willingness to accept re-appointment.

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

....
Afzal Abdul Rahim
Director

....
Elakumari Kantilal
Director

Shah Alam, Selangor

Date: 28 February 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Assets					
Property, plant and equipment	3	1,360,361	1,250,747	8,152	8,233
Intangible assets	4	213,959	213,959	–	–
Investments in subsidiaries	5	–	–	444,645	444,645
Investments in equity-accounted investments	6	111,249	61,036	–	–
Other investments	7	9,247	377,459	–	371,140
Deferred tax assets	8	259,359	212,008	17,600	5,745
Trade and other receivables	9	9,929	10,092	185,957	–
Total non-current assets		1,964,104	2,125,301	656,354	829,763
Tax recoverable		3,715	2,253	–	–
Trade and other receivables	9	264,449	229,133	409,637	429,424
Restricted cash	10	8,733	10,759	1,905	4,001
Cash and cash equivalents	10	506,299	242,494	236,007	32,694
Total current assets		783,196	484,639	647,549	466,119
Total assets		2,747,300	2,609,940	1,303,903	1,295,882
Equity					
Share capital	11	289,147	287,800	289,147	287,800
Reserves	12	1,893,746	1,794,747	1,005,118	1,001,197
Equity attributable to owners of the Company		2,182,893	2,082,547	1,294,265	1,288,997
Liabilities					
Loans and borrowings	13	169,658	101,965	–	–
Trade and other payables	14	49,504	23,078	–	–
Deferred tax liabilities	8	10,209	5,939	–	–
Total non-current liabilities		229,371	130,982	–	–
Loans and borrowings	13	5,799	45,825	–	–
Trade and other payables	14	327,920	349,373	8,786	6,577
Provision for tax		1,317	1,213	852	308
Total current liabilities		335,036	396,411	9,638	6,885
Total liabilities		564,407	527,393	9,638	6,885
Total equity and liabilities		2,747,300	2,609,940	1,303,903	1,295,882

The notes on pages 89 to 160 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	15	766,940	682,364	168,096	257,708
Cost of sales	16	(365,260)	(334,557)	–	–
Gross profit		401,680	347,807	168,096	257,708
Other income		22,981	40,770	296	52,195
Distribution expenses		(15,418)	(18,257)	(321)	(483)
Administrative expenses		(198,353)	(187,080)	(28,058)	(26,580)
Other expenses		(11,788)	(12,591)	–	(51,781)
Results from operating activities		199,102	170,649	140,013	231,059
Income from investments	17	15,293	32,703	11,776	27,781
Realisation of fair value gain/(loss) reclassified from available-for-sale reserve to profit or loss	12.4	157,390	274,024	(6,873)	109,760
Finance costs	18	(5,508)	(6,607)	(152)	–
Share of profit from equity-accounted investments, net of tax		2,140	25	–	–
Profit before tax	19	368,417	470,794	144,764	368,600
Tax expense	20	38,901	(5,419)	9,839	(1,533)
Profit for the year		407,318	465,375	154,603	367,067
Attributable to:					
- owners of the Company		407,318	466,852	154,603	367,067
- non-controlling interests		–	(1,477)	–	–
Profit for the year		407,318	465,375	154,603	367,067

The notes on pages 89 to 160 are an integral part of these financial statements.

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value loss on available-for-sale financial assets		(63,919)	(53,128)	(63,919)	(53,128)
Realisation of fair value (gain)/loss from available-for-sale reserve to profit or loss		(157,390)	(274,024)	6,873	(109,760)
Foreign currency translation differences for foreign operations		6,626	22,766	–	–
Other comprehensive loss, net of tax		(214,683)	(304,386)	(57,046)	(162,888)
Total comprehensive income for the year		192,635	160,989	97,557	204,179
Attributable to:					
- owners of the Company		192,635	162,466	97,557	204,179
- non-controlling interests		–	(1,477)	–	–
Total comprehensive income for the year		192,635	160,989	97,557	204,179
Earnings per ordinary share (sen)	21				
- Basic		70.62	81.24		
- Diluted		70.14	81.11		

The notes on pages 89 to 160 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

Group	Share capital RM'000	Share premium RM'000	Available -for-sale reserve RM'000	Foreign currency translation reserve RM'000	Share grant/ option reserves RM'000	Capital reserve RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total RM'000
	← Non-distributable				→	← Distributable →				
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 to owners of the Company	–	–	–	–	–	–	(455,203)	(455,203)	–	(455,203)
Employee share grant plan/option scheme	–	–	–	–	18,353	–	–	18,353	–	18,353
Issuance of shares pursuant to the share grant plan	868	6,876	–	–	(7,744)	–	–	–	–	–
Profit for the year	–	–	–	–	–	–	466,852	466,852	(1,477)	465,375
Fair value loss of available-for-sale financial asset	–	–	(53,128)	–	–	–	–	(53,128)	–	(53,128)
Realisation of fair value gain from available-for-sale reserve to profit or loss	–	–	(274,024)	–	–	–	–	(274,024)	–	(274,024)
Exchange differences recognised directly in equity	–	–	–	22,766	–	–	–	22,766	–	22,766
Total comprehensive (loss)/income for the year	–	–	(327,152)	22,766	–	–	466,852	162,466	(1,477)	160,989
At 31 December 2015	287,800	854,611	221,309	30,754	15,992	8,760	663,321	2,082,547	–	2,082,547

The notes on pages 89 to 160 are an integral part of these financial statements.

Group	Share capital RM'000	Share premium RM'000	Available -for-sale reserve RM'000	Foreign currency translation reserve RM'000	Share grant/ option reserves RM'000	Capital reserve RM'000	Retained earnings RM'000	Attributable to owners of the Company RM'000	Non- controlling interests RM'000	Total RM'000
	← Non-distributable				*→*	*← Distributable →*				
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 to owners of the Company	–	–	–	–	–	–	(115,478)	(115,478)	–	(115,478)
Employee share grant plan/option scheme	–	–	–	–	23,189	–	–	23,189	–	23,189
Issuance of shares pursuant to the share grant plan	1,347	10,974	–	–	(12,321)	–	–	–	–	–
Profit for the year	–	–	–	–	–	–	407,318	407,318	–	407,318
Fair value loss of available-for-sale financial asset	–	–	(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	–	–	–	6,626	–	–	–	6,626	–	6,626
Total comprehensive (loss)/income for the year	–	–	(221,309)	6,626	–	–	407,318	192,635	–	192,635
At 31 December 2016	289,147	865,585	–	37,380	26,860	8,760	955,161	2,182,893	–	2,182,893

The notes on pages 89 to 160 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	← Non-distributable			→	← Distributable	→	
Company	**Share capital RM'000**	**Share premium RM'000**	**Available-for-sale reserve RM'000**	**Share grant/ option reserves RM'000**	**Capital reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2015	286,932	847,735	219,934	5,383	8,760	152,924	1,521,668
Dividend paid	–	–	–	–	–	(455,203)	(455,203)
Employee share grant plan/option scheme	–	–	–	18,353	–	–	18,353
Issuance of shares pursuant to the share grant plan	868	6,876	–	(7,744)	–	–	–
Profit for the year	–	–	–	–	–	367,067	367,067
Fair value loss of available-for-sale financial asset	–	–	(53,128)	–	–	–	(53,128)
Realisation of fair value gain from available-for-sale reserve to profit or loss	–	–	(109,760)	–	–	–	(109,760)
Total comprehensive (loss)/ income for the year	–	–	(162,888)	–	–	367,067	204,179
At 31 December 2015/ 1 January 2016	287,800	854,611	57,046	15,992	8,760	64,788	1,288,997
Dividend paid	–	–	–	–	–	(115,478)	(115,478)
Employee share grant plan/option scheme	–	–	–	23,189	–	–	23,189
Issuance of shares pursuant to the share grant plan	1,347	10,974	–	(12,321)	–	–	–
Profit for the year	–	–	–	–	–	154,603	154,603
Fair value loss of available-for-sale financial asset	–	–	(63,919)	–	–	–	(63,919)
Realisation of fair value loss from available-for-sale reserve to profit or loss	–	–	6,873	–	–	–	6,873
Total comprehensive (loss)/ income for the year	–	–	(57,046)	–	–	154,603	97,557
At 31 December 2016	289,147	865,585	–	26,860	8,760	103,913	1,294,265

The notes on pages 89 to 160 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash flows from operating activities					
Cash receipts from customers		941,916	766,045	7	7,375
Transfer from/(to) restricted cash		2,026	(726)	2,096	1,359
Cash payments to suppliers		(286,577)	(242,659)	(4,454)	(2,386)
Cash payments to employees and for administrative expenses		(190,370)	(177,264)	(15,739)	(14,794)
Cash receipts from subsidiary companies		–	–	97,958	41,405
Cash generated from operations		466,995	345,396	79,868	32,959
Tax refund		840	–	–	–
Tax paid		(6,380)	(7,380)	(1,472)	(1,504)
Net cash from operating activities		461,455	338,016	78,396	31,455
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(368,960)	(332,959)	–	(15)
Proceeds from disposal of property, plant and equipment		4,557	3,921	–	–
Purchase of other investments		(2,928)	(6,219)	–	–
Investment in equity-accounted investments		(51,858)	(59,780)	–	–
Proceeds from sale on other investments		307,221	423,854	307,221	423,854
Proceeds from sale of equity accounted investment		4,080	–	–	–
Investment income received		16,071	32,828	9,786	27,653
Net cash (used in)/from investing activities		(91,817)	61,645	317,007	451,492

The notes on pages 89 to 160 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash flows from financing activities					
Proceeds from term loans and other borrowings		99,238	60,511	–	–
Advances to subsidiary companies		–	–	(76,442)	(83,774)
Advances to equity accounted investee		(6,198)	–	–	–
Repayment of term loans and borrowings		(75,975)	(74,432)	–	–
Dividend paid		(115,478)	(455,203)	(115,478)	(455,203)
Finance charges paid		(4,297)	(7,010)	(118)	–
Transaction costs paid		(3,304)	–	(150)	–
Net cash used in financing activities		(106,014)	(476,134)	(192,188)	(538,977)
Net increase/(decrease) in cash and cash equivalents		263,624	(76,473)	203,215	(56,030)
Effect of exchange rate fluctuations on cash held		181	11,429	98	1,015
Cash and cash equivalents at 1 January		242,494	307,538	32,694	87,709
Cash and cash equivalents at 31 December	(i)	506,299	242,494	236,007	32,694

(i) Cash and cash equivalents

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

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash and bank balances	117,634	65,638	3,085	647
Deposits placed with licensed banks	397,398	187,615	234,827	36,048
	515,032	253,253	237,912	36,695
Restricted cash	(8,733)	(10,759)	(1,905)	(4,001)
	506,299	242,494	236,007	32,694

(ii) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM362,961,000 (2015: RM340,605,000) and RMNil (2015: RM15,000) respectively.

During the financial year, the Group and the Company paid RM368,960,000 (2015: RM332,959,000) and RMNil (2015: RM15,000) respectively to suppliers for property, plant and equipment that was either acquired in the prior financial years or in the current financial year.

The notes on pages 89 to 160 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates.

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

The financial statements were authorised for issue by the Board of Directors on 28 February 2017.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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

MFRSs and amendments to MFRSs		Effective for annual periods beginning on or after
Amendments to MFRS 107	*Statement of Cash Flows – Disclosure Initiative*	1 January 2017
Amendments to MFRS 12	*Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	1 January 2017
Amendments to MFRS 112	*Income taxes – Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs and amendments to MFRSs		Effective for annual periods beginning on or after
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
Clarifications to MFRS 15	*Revenue from Contracts with Customers*	1 January 2018
IC Interpretation 22	*Foreign Currency Transactions and Advance Consideration*	1 January 2018
MFRS 128	*Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*	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 and the Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2017 for those standards and amendments to standards, where applicable that are effective for annual periods beginning on 1 January 2017;
- from the annual period beginning on 1 January 2018 for those standards and amendments to standards, where applicable that are effective for annual periods beginning on 1 January 2018; and
- from the annual period beginning on 1 January 2019 for those standards and amendments to standards, where applicable that are effective for annual periods beginning on 1 January 2019.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

MFRS 15, Revenue from Contract with Customers

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

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

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

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

MFRS 16, *Leases*

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

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amount recognised in the financial statements other than those disclosed in Note 4 – determination of recoverable amount for goodwill assessment and Note 8 – recognition of deferred tax assets.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Potential voting rights are considered when assessing control only when such rights are substantive.

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

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

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

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

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

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

(iii) Loss of control

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iv) Associates

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

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

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

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

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

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

(v) Joint arrangements

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Joint arrangements (continued)

Joint arrangements are classified and accounted for as follows:

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

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

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Initial recognition and measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

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

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold to maturity.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial assets (continued)

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

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

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

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

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

(iii) Financial guarantee contracts

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

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

(iv) Derecognition

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

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

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

(ii) Subsequent costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

(i) Finance lease

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

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

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

(ii) Operating lease

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

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

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

(f) Intangible assets

Goodwill

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Cash and cash equivalents

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

(h) Impairment

(i) Financial assets

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment (continued)

(ii) Other assets

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

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

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro-rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Cost directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Distribution of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend payable is remeasured at each reporting period and at settlement date, with any changes to the carrying amount of the dividend payable is recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the differences, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share grant and share option granted to the Chief Executive Officer ("CEO") are measured using the Monte Carlo simulation model and Black-Scholes model, respectively. Measurement inputs for share grant include share price on measurement date and expected dividends. For employee share grants issued out of new stock, the share price is further adjusted for effects of dilution. Measurement inputs for the share option to the CEO include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), expected dividend, and the risk-free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the share option is exercised. When the share option is not exercised and lapses, the share-based payment reserves are transferred to retained earnings.

In the financial statements of the Company, the grant by the Company of shares to eligible employees of subsidiaries of the Group is subsequently charged to the subsidiaries and the Company recognises a reduction in its employee expense.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer to those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Revenue and other income

(i) Revenue

Revenue of the Company consists of management fees. Management fees are recognised when services are rendered.

Revenue of the Group consists of gross billings on telecommunications and information technology related services provided net of discounts and gross invoiced value of goods sold net of discounts and returns.

Revenue for billings is recognised when services are rendered or upon delivery of products and when the risk and rewards have passed. Revenue from global bandwidth agreements which provide access to a specified amount of bandwidth or capacity are accounted for accordingly as a sale of goods or rendering of services.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Rental income

Rental income is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Earnings per ordinary share

The Group presents basic and diluted earnings per share for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share based payments to employees, where applicable.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(r) Fair value measurement

The fair value of an asset or liability, except for share based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in absence of a principal market, in the most advantageous market.

For a non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest or best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data wherever possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Building and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Data centre equipment RM'000	Tele communi-cation network RM'000	Total RM'000
Cost										
At 1 January 2015	23,467	7,475	30,741	8,367	12,300	91,027	6,665	77,334	1,852,635	2,110,011
Additions	16,879	–	1,554	227	1	4,490	99	11,145	306,210	340,605
Disposals	(1,483)	–	–	–	–	–	–	–	(1,343)	(2,826)
Write offs	–	–	(34)	(2,588)	–	(3,684)	–	–	(95,213)	(101,519)
Effect of movement in exchange rates	–	–	–	–	–	12	–	30	79,018	79,060
At 31 December 2015/ 1 January 2016	38,863	7,475	32,261	6,006	12,301	91,845	6,764	88,509	2,141,307	2,425,331
Additions	224	–	3,247	243	–	3,694	84	40,546	314,923	362,961
Disposals	–	–	–	–	–	(1)	–	–	(162,039)	(162,040)
Write offs	–	–	(341)	(71)	–	–	–	(5)	(16,914)	(17,331)
Effect of movement in exchange rates	–	–	–	–	–	3	–	5	19,976	19,984
At 31 December 2016	39,087	7,475	35,167	6,178	12,301	95,541	6,848	129,055	2,297,253	2,628,905

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Building and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Data centre equipment RM'000	Tele communi-cation network RM'000	Total RM'000
Depreciation and impairment loss										
At 1 January 2015										
Accumulated depreciation	–	7,121	11,627	6,601	12,271	78,339	4,057	35,876	874,108	1,030,000
Accumulated impairment losses	2,101	–	–	–	–	–	–	–	112,217	114,318
	2,101	7,121	11,627	6,601	12,271	78,339	4,057	35,876	986,325	1,144,318
Depreciation for the year	–	284	4,480	636	14	4,305	1,041	6,667	75,791	93,218
Disposals	–	–	–	–	–	–	–	–	(1,339)	(1,339)
Global bandwidth assets charged out	–	–	–	–	–	–	–	–	21,460	21,460
Impairment write offs	–	–	–	–	–	–	–	–	(42,971)	(42,971)
Write offs	–	–	(10)	(2,570)	–	(1,072)	–	–	(50,455)	(54,107)
Effect of movement in exchange rates	–	–	–	–	–	11	–	2	13,992	14,005
At 31 December 2015/ 1 January 2016										
Accumulated depreciation	–	7,405	16,097	4,667	12,285	81,583	5,098	42,545	933,557	1,103,237
Accumulated impairment losses	2,101	–	–	–	–	–	–	–	69,246	71,347
	2,101	7,405	16,097	4,667	12,285	81,583	5,098	42,545	1,002,803	1,174,584

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Building and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Data centre equipment RM'000	Tele communi-cation network RM'000	Total RM'000
Depreciation and impairment loss (continued)										
Depreciation for the year	–	54	4,708	646	14	3,918	737	8,313	75,072	93,462
Disposals	–	–	–	–	–	–	–	–	(2,228)	(2,228)
Global bandwidth assets charged out	–	–	–	–	–	–	–	–	9,826	9,826
Impairment	–	–	–	–	–	–	–	5,771	–	5,771
Impairment write offs	–	–	–	–	–	–	–	–	(15,469)	(15,469)
Write offs	–	–	(260)	(62)	–	–	–	(1)	(1,125)	(1,448)
Effect of movement in exchange rates	–	–	–	–	–	2	–	2	4,042	4,046
At 31 December 2016										
Accumulated depreciation	–	7,459	20,545	5,251	12,299	85,503	5,835	50,859	1,019,144	1,206,895
Accumulated impairment losses	2,101	–	–	–	–	–	–	5,771	53,777	61,649
	2,101	7,459	20,545	5,251	12,299	85,503	5,835	56,630	1,072,921	1,268,544
Carrying amounts										
At 1 January 2015	21,366	354	19,114	1,766	29	12,688	2,608	41,458	866,310	965,693
At 31 December 2015/ 1 January 2016	36,762	70	16,164	1,339	16	10,262	1,666	45,964	1,138,504	1,250,747
At 31 December 2016	36,986	16	14,622	927	2	10,038	1,013	72,425	1,224,332	1,360,361

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Telecommunication network

	2016 RM'000	2015 RM'000
Network cost:		
Commissioned network	2,055,340	1,686,887
Network-in-progress	241,913	454,420
	2,297,253	2,141,307
Less: Accumulated impairment losses	(53,777)	(69,246)
Less: Accumulated depreciation	(1,019,144)	(933,557)
Net book value	1,224,332	1,138,504

Included in cost of commissioned network are global bandwidth assets with a fixed monetary value of RM107,461,000 (2015: RM96,153,000). The carrying amount for the said global bandwidth assets at the reporting date was RM63,306,000 (2015: RM61,870,000).

3.2 Write offs

During the financial year, the Group wrote off certain items within property, plant and equipment with costs totalling RM17,331,000 (2015: RM101,519,000) of which RM15,469,000 (2015: RM42,971,000) and RM1,448,000 (2015: RM54,107,000) was written off against accumulated impairment losses and accumulated depreciation, respectively. The remaining amount of RM414,000 (2015: RM4,441,000) was charged to statement of profit or loss and other comprehensive income.

3.3 Leasehold land

Included in the carrying amounts of leasehold land are:

	Group	
	2016 RM'000	2015 RM'000
Leasehold land with unexpired lease period of		
- less than 50 years	16	58
- more than 50 years	–	12
	16	70

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.4 Leased plant and equipment

Included in plant and equipment at the end of reporting period were the following assets acquired under leased terms:

	Group	
	2016 RM'000	2015 RM'000
Net carrying amount		
- Telecommunication networks	5,671	9,240

3.5 Buildings and improvements

Included in buildings and improvements in the current financial year was a portion under construction with a cost amounting to RM1,659,000 (2015: RM995,000).

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Building and improve-ments RM'000	Office equipment, furniture and fittings RM'000	Computer systems RM'000	Network -in-progress RM'000	Total RM'000
Cost						
At 1 January 2015	8,113	390	320	8,014	21,557	38,394
Additions	–	13	2	–	–	15
Transfer to a subsidiary	–	–	–	–	(21,557)	(21,557)
At 31 December 2015/ 1 January 2016/ 31 December 2016	8,113	403	322	8,014	–	16,852
Depreciation						
At 1 January 2015	–	206	314	8,014	–	8,534
Depreciation for the year	–	78	7	–	–	85
At 31 December 2015/ 1 January 2016	–	284	321	8,014	–	8,619
Depreciation for the year	–	81	–	–	–	81
At 31 December 2016	–	365	321	8,014	–	8,700
Carrying amounts						
At 1 January 2015	8,113	184	6	–	21,557	29,860
At 31 December 2015	8,113	119	1	–	–	8,233
At 31 December 2016	8,113	38	1	–	–	8,152

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use, with cost amounting to RM749,199,000 (2015: RM724,168,000) and RM8,376,000 (2015: RM8,333,000) respectively.

4. INTANGIBLE ASSETS

Group	Goodwill RM'000
Cost/Carrying amount	
At 1 January 2015/31 December 2015/31 December 2016	213,959

4.1 Impairment testing for cash-generating units containing goodwill

For the purpose of annual impairment testing, goodwill is allocated to the Group's operating units which represent the lowest level within the Group at which the goodwill is monitored for internal management reporting purposes.

The aggregate carrying amounts of goodwill allocated to each cash generating unit are as follows:

	Group	
	2016 RM'000	2015 RM'000
International wholesale and global bandwidth business	102,101	102,101
Data centre business	111,858	111,858
	213,959	213,959

International wholesale and global bandwidth business

The recoverable amount of the international wholesale and global bandwidth business was based on its value in use. The recoverable amount of the business was determined to be higher than its carrying amount.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit. Cash flow projections used in this calculation were based on approved financial plans for five years and were estimated by management based on their best estimates. Cash flows beyond the five-year period were based on useful life of the underlying assets or projected to perpetuity using an estimated growth rate.

Key assumptions used in the value in use calculation for the international wholesale and global bandwidth business during the current financial year include an estimated long term growth rate of 5.00% (2015: 5.00%) and weighted average cost of capital ("WACC") of 8.24% (2015: 9.24%). The basis of determination of the budgeted revenue growth and margins are based on the estimated achievable historical rates and estimated revenue growth and margins for the projected years.

4. INTANGIBLE ASSETS (CONTINUED)

4.1 Impairment testing for cash-generating units containing goodwill (continued)

International wholesale and global bandwidth business (continued)

The values assigned to the key assumptions represent management's assessment of future trends in the international wholesale and global bandwidth business and are based on both external and internal sources (historical data).

A 3% change in the either the estimated long term growth rate or WACC based on a reasonable possible change in these assumptions used will not result in the carrying amount exceeding the recoverable amount.

Data centre business

The recoverable amount of the data centre business was based on its value in use. The recoverable amount of the unit was determined to be higher than its carrying amount.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit. Cash flow projections used in this calculation were based on approved financial plans for five years and were estimated by management based on their best estimates. Cash flows beyond the five-year period were projected to perpetuity using an estimated growth rate.

Key assumptions used in the value in use calculation for the data centre business during the current financial year include an estimated long term growth rate of 5.00% (2015: 5.00%) and WACC of 9.39% (2015: 8.94%). The basis of determination of the budgeted revenue growth and margins are based on the estimated achievable historical rates and estimated revenue growth and margins for the projected years.

The values assigned to the key assumptions represent management's assessment of future trends in the data centre business and are based on both external and internal sources (historical data).

A 3% change in the either the estimated long term growth rate or WACC based on a reasonable possible change in the assumptions used will not result in the carrying amount exceeding the recoverable amount.

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	444,645	444,645

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2016 %	Effective ownership interest 2015 %
TT dotCom Sdn. Bhd. ("TTdC")	Malaysia	Provision of voice, data, video and image communication services through its domestic and international network	100	100
TIME dotNet Bhd. ("TdN")^	Malaysia	Dormant	100	100
Fantastic Fiesta Sdn. Bhd. ^	Malaysia	Dormant	70	70
Planet Tapir Sdn. Bhd.	Malaysia	Investment holding	100	100
TIME dotCom International Sdn. Bhd.	Malaysia	Investment holding	100	100
Global Transit Communications Sdn. Bhd.	Malaysia	Provision of telecommunication and related services	100	100
Global Transit Limited	Malaysia, Labuan	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
Global Transit (Hong Kong) Limited*	Hong Kong	Provision of management services	100	100
Global Transit Singapore Pte. Ltd.*	Singapore	Wholesale of telecommunication equipment and related services	100	100
Global Transit 2 Limited	Malaysia, Labuan	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
Global Transit 3 Limited	Malaysia, Labuan	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
Global Transit 5 Limited	Malaysia, Labuan	Engaged in the business of telecommunication services and trading bandwidth capacity	100	100
The AIMS Asia Group Sdn. Bhd. ("TAAG")^	Malaysia	Dormant	100	100

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2016 %	Effective ownership interest 2015 %
AIMS Cyberjaya Sdn. Bhd.	Malaysia	Provision of value added network services, information services, system integration services, operations of data networks and network based applications for corporations	100	100
AIMS Data Centre 2 Sdn. Bhd.^	Malaysia	Dormant	100	100
AIMS Data Centre Sdn. Bhd.	Malaysia	Provision of value added network services, information services, system integration services, operation of data networks and network based applications for corporations and building management	100	100
AIMS Data Centre Pte. Ltd.*	Singapore	Provision of telecommunication related services	100	100

* Not audited by KPMG.

^ These subsidiaries are in the process of being struck-off from the register of Companies Commission of Malaysia under Section 308(1) of the Companies Act 1965 as at 31 December 2016 and have been consolidated based on unaudited management accounts.

6. INVESTMENTS IN EQUITY-ACCOUNTED INVESTMENTS

	Note	Group 2016 RM'000	Group 2015 RM'000
Unquoted shares at cost outside Malaysia			
Investment in associates	6.1	108,744	57,420
Share of post-acquisition reserves		2,505	1,183
		111,249	58,603
Investment in joint venture	6.2	–	3,591
Share of post-acquisition reserves		–	(1,158)
		–	2,433
		111,249	61,036

6.1 Details of associates are as follows:

Name of entity	Country of incorporation	Nature of relationship	Effective ownership and voting interest 2016 %	Effective ownership and voting interest 2015 %	Financial year end
CMC Telecommunication Infrastructure Corporation ("CMC")+	Vietnam	Provision of telecommunication and related services in Vietnam	45.3	25.4	31 March
KIRZ Co., Ltd+	Thailand	Provision of telecommunication services in Thailand	49.0	49.0	31 December
KIRZ Holdings Co., Ltd+	Thailand	Investment holding	49.0	49.0	31 December

+ The Group's share of profit and loss is based on the latest unaudited financial statements for the period/year ended 31 December 2016.

6. INVESTMENTS IN EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

6.1 Details of associates are as follows: (continued)

The following table summarises the information of the Group's material investments in associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest.

Group Summarised financial information As at 31 December	CMC RM'000	2016 Others RM'000	Total RM'000
Non-current assets	121,955	23,370	145,325
Current assets	115,407	5,644	121,051
Non-current liabilities	(24,724)	(13,151)	(37,875)
Current liabilities	(102,500)	(11,988)	(114,488)
Net assets	110,138	3,875	114,013
Period/Year ended 31 December			
Revenue	187,020	15,233	202,253
Profit/(loss) and comprehensive income/(expense) for the period/year	13,452	(5,598)	7,854
Reconciliation of net assets to carrying amount as at 31 December			
Group's share of net assets	49,859	1,899	51,758
Goodwill	53,529	5,962	59,491
Carrying amount in the statement of financial position	103,388	7,861	111,249
Group's share of results for the year ended 31 December			
Group's share of profit/(loss) and comprehensive income	5,712	(2,743)	2,969
Other information			
Dividend received by the Group	1,647	–	1,647

6. INVESTMENTS IN EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

6.1 Details of associates are as follows: (continued)

Group Summarised financial information As at 31 December	CMC RM'000	2015 Others RM'000	Total RM'000
Non-current assets	95,174	24,177	119,351
Current assets	102,929	5,955	108,884
Non-current liabilities	(25,655)	(14,528)	(40,183)
Current liabilities	(74,718)	(6,307)	(81,025)
Net assets	97,730	9,297	107,027
Period/Year ended 31 December			
Revenue	77,983	4,679	82,662
Profit/(loss) and comprehensive income/(expense) for the period	7,305	(1,367)	5,938
Reconciliation of net assets to carrying amount as at 31 December			
Group's share of net assets	24,831	4,555	29,349
Goodwill	22,979	6,238	29,254
Carrying amount in the statement of financial position	47,810	10,793	58,603
Group's share of results for the year ended 31 December			
Group's share of profit/(loss) and comprehensive income	1,853	(670)	1,183

No dividend has been received by the Group from its investments in associates in the previous financial year.

6.2 Details of the joint venture is as follows:

Name of entity	Country of incorporation	Nature of relationship	Effective ownership and voting interest 2016 %	Effective ownership and voting interest 2015 %	Financial year end
Campana Group Pte. Ltd.+ ("Campana")	Singapore	Dormant	–	25.0	31 December

+ The Group's share of profit or loss in the previous financial year was based on the latest unaudited financial statements for the period ended 31 December 2015.

6. INVESTMENTS IN EQUITY-ACCOUNTED INVESTMENTS (CONTINUED)

6.2 Details of the joint venture is as follows: (continued)

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 RM2,477,000 in the current financial year.

The following table summarises the information of the Group's investment in joint venture in the previous year, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest.

Group **Summarised financial information** **As at 31 December**	**2015** **Total** **RM'000**
Non-current assets	399
Current assets	1,340
Non-current liabilities	(59)
Current liabilities	(635)
Net assets	1,045
Period ended 31 December	
Loss and comprehensive expenses for the period	(4,633)
Reconciliation of net assets to carrying amount as at 31 December	
Group's share of net assets	261
Goodwill	2,172
Carrying amount in the statement of financial position	2,433
Group's share of results for the year ended 31 December	
Group's share of loss and comprehensive income	(1,158)

No dividend has been received by the Group from its investments in the joint venture.

7. OTHER INVESTMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Quoted shares in Malaysia				
At 1 January	371,140	848,122	371,140	848,122
Disposal	(307,221)	(423,854)	(307,221)	(423,854)
Fair value loss of available-for-sale financial assets	(63,919)	(53,128)	(63,919)	(53,128)
At 31 December	–	371,140	–	371,140
Unquoted shares in Malaysia				
At 1 January/31 December	100	100	–	–
Other unquoted investments outside Malaysia				
At 1 January	6,219	–	–	–
Addition	2,928	6,219	–	–
At 31 December	9,147	6,219	–	–
Total unquoted investments	9,247	6,319	–	–
Total other investments	9,247	377,459	–	371,140

The above quoted and unquoted other investments are categorised as available-for-sale financial instruments.

Included in the quoted share balance of the Group and of the Company is RMNil (2015: RM75,487,000) pledged for bank facilities granted to subsidiary companies.

8. DEFERRED TAX ASSETS/(LIABILITIES)

The recognised tax benefit of unabsorbed capital allowances, unutilised tax losses and other deductible temporary difference are based on projected probable future taxable profits. Assumptions about the generation of future taxable profits are dependent on management's projection of future profitability of the entities concerned. These assumptions include estimation of future revenue, profit margins, operating and administrative expenditure and non-amendments of income tax legislation. Actual results could be significantly different from the Directors' estimate of future profitability since anticipated events may not occur as expected and the variation could be material. These judgements and assumptions are subject to significant risks and uncertainties. Hence, there is a possibility that changes in circumstances may impact the extent of the amount of deferred tax assets recognised in the statements of financial position.

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2016 RM'000	Assets 2015 RM'000	Liabilities 2016 RM'000	Liabilities 2015 RM'000	Net 2016 RM'000	Net 2015 RM'000
Property, plant and equipment	–	534	(86,907)	(71,411)	(86,907)	(70,877)
Other deductible/(taxable) temporary difference	17,606	2,322	(179)	(1,964)	17,427	358
Unabsorbed capital allowances	298,868	269,553	–	–	298,868	269,553
Unutilised tax losses	19,762	7,035	–	–	19,762	7,035
Tax assets/(liabilities)	336,236	279,444	(87,086)	(73,375)	249,150	206,069
Set-off of tax	(76,877)	(67,436)	76,877	67,436	–	–
Net tax assets/(liabilities)	259,359	212,008	(10,209)	(5,939)	249,150	206,069

Recognised deferred tax assets and liabilities, net

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Property, plant and equipment	(86,907)	(70,877)	(8)	(5)
Other deductible temporary difference	17,427	358	337	–
Unabsorbed capital allowances	298,868	269,553	–	–
Unutilised tax losses	19,762	7,035	17,271	5,750
Total	249,150	206,069	17,600	5,745

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (gross):

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Property, plant and equipment	3,242	1,759	–	–
Unabsorbed capital allowances	467,738	813,753	–	–
Unutilised investment allowance	65,596	65,596	–	–
Unutilised tax losses	486,904	549,476	2,168	66,701
Total	1,023,480	1,430,584	2,168	66,701

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets (continued)

In 2013, a subsidiary of the Group was granted investment allowance incentive for Last Mile Network Facilities Provider under Section 127(3A) of the Income Tax Act, 1967. The tax incentive is equivalent to 100% on the qualifying capital incurred for broadband infrastructure to provide broadband services for last mile network project for a period of five years of which qualifying expenditure shall be limited to 70% of its statutory income for each year of assessment. The qualifying period ended on 26 April 2015.

The unabsorbed capital allowances, unutilised investment allowance, unutilised tax losses and other deductible temporary difference do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that sufficient future taxable profits will be available against which the Group and/or Company can utilise the benefits therefrom. During the year, the Group and the Company have utilised unabsorbed capital allowances, unutilised tax losses and other deductible temporary differences of RM407,104,000 and RM64,533,000 respectively.

Movement in temporary differences during the year

Group	At 1.1.2015 RM'000	Recognised in profit or loss RM'000	At 31.12.2015/ 1.1.2016 RM'000	Recognised in profit or loss RM'000	At 31.12.2016 RM'000
Property, plant and equipment	(66,710)	(4,167)	(70,877)	(16,030)	(86,907)
Other deductible temporary difference	1,103	(745)	358	17,069	17,427
Unabsorbed capital allowances	263,085	6,468	269,553	29,315	298,868
Unutilised tax losses	7,438	(403)	7,035	12,727	19,762
Total	204,916	1,153	206,069	43,081	249,150
Company					
Property, plant and equipment	(3)	(2)	(5)	(3)	(8)
Other deductible temporary difference	–	–	–	337	337
Unutilised tax losses	5,748	2	5,750	11,521	17,271
Total	5,745	–	5,745	11,855	17,600

9. TRADE AND OTHER RECEIVABLES

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-current					
Non-trade					
Prepayments		9,929	10,092	–	–
Amount due from subsidiaries	9.4	–	–	185,957	–
		9,929	10,092	185,957	–
Current					
Trade					
Trade receivables	9.2	180,886	176,789	–	–
Amount due from related parties	9.2	11,661	12,196	–	–
Deposits		3,809	3,766	–	–
Prepayments		9,082	5,122	–	–
		205,438	197,873	–	–
Less: Allowance for impairment losses	9.3	(6,524)	(4,902)	–	–
		198,914	192,971	–	–
Accrual of global bandwidth revenue	9.1	15,287	6,185	–	–
		214,201	199,156	–	–
Non-trade					
Amount due from subsidiaries	9.4	–	–	405,693	429,020
Amount due from an associate	9.5	6,750	–	–	–
Other receivables		35,254	22,475	3,758	83
Prepayments		7,524	6,682	100	22
Deposits		720	820	86	299
		264,449	229,133	409,637	429,424

Other than for prepayments, the above trade and other receivables are categorised as loans and receivables.

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

9.1 Accrual of global bandwidth revenue

Accrual of global bandwidth revenue relates to the unbilled portion under the global bandwidth contracts entered into by the Group with customers whereby the terms of payment have been mutually agreed to be made over the period of up to 3 years.

9.2 Trade receivables and trade amount due from related parties

The credit period granted for sales/services rendered ranges from 30 to 90 days (2015: 30 to 90 days).

9.3 Allowance for impairment losses

Included in the amount are impairment losses in relation to outstanding balance due from related parties amounting to RM283,000 (2015: RM190,000).

9.4 Amount due from subsidiaries (non-trade)

Included in the amount due from subsidiaries are advances amounting to RM27,998,364 (2015: RM7,509,100) which is unsecured and subject to interest rate 5.65% per annum. The other amounts due from subsidiaries are unsecured and interest free. The balances arise mainly from inter-company advances and expenses paid on behalf.

9.5 Amount due from an associate (non-trade)

The amount due from an associate is unsecured and repayable on demand with an interest rate of 12.5% per annum. The balances arise mainly shareholder advances made during the year.

10. CASH AND CASH EQUIVALENTS

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Cash and bank balances		117,634	65,638	3,085	647
Deposits placed with licensed banks		397,398	187,615	234,827	36,048
		515,032	253,253	237,912	36,695
Restricted cash	10.1	(8,733)	(10,759)	(1,905)	(4,001)
		506,299	242,494	236,007	32,694

10. CASH AND CASH EQUIVALENTS (CONTINUED)

10.1 Restricted cash

Restricted cash are amounts withheld by licensed financial institutions as security for bank facilities granted.

The cash and cash equivalents of the Group and the Company does not include a bank balance amounting to RM12,856,000 (2015: RM10,346,000) held by the Company in trust for consortium members of a submarine cable system to pay the turnkey supplier under the terms of supply contract.

11. SHARE CAPITAL

	Group and Company			
	Amount 2016 RM'000	Number of shares 2016 '000	Amount 2015 RM'000	Number of shares 2015 '000
Authorised:				
Ordinary shares of RM0.50 each	5,000,000	10,000,000	5,000,000	10,000,000
Issued and fully paid:				
At 1 January				
- Ordinary shares of RM0.50 each	287,800	575,600	286,932	573,863
Issuance of new ordinary shares pursuant to the share grant plan	1,347	2,694	868	1,737
At 31 December				
- Ordinary shares of RM0.50 each	289,147	578,294	287,800	575,600

12. RESERVES

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Share premium	12.1	865,585	854,611	865,585	854,611
Capital reserve	12.2	8,760	8,760	8,760	8,760
Foreign currency translation reserve	12.3	37,380	30,754	–	–
Available-for-sale reserve	12.4	–	221,309	–	57,046
Share grant reserve	12.5	18,922	13,678	18,922	13,678
CEO share option reserve	12.6	7,938	2,314	7,938	2,314
Retained earnings		955,161	663,321	103,913	64,788
		1,893,746	1,794,747	1,005,118	1,001,197

12. RESERVES (CONTINUED)

12.1 Share premium

The share premium of the Group and the Company represents premium arising from the issuance of ordinary shares of the Company at an issue price above par value.

12.2 Capital reserve

In May 2012, pursuant to the Company's capital restructuring exercise, the Company set-off RM834,315,000 from the share premium account against accumulated losses of the Company amounting to RM825,555,126. The set-off resulted in the creation of a distributable capital reserve account of RM8,759,874 for the Company.

12.3 Foreign currency translation reserve

The translation reserve comprises cumulative foreign currency differences arising from the translation of the financial statements of foreign operations.

12.4 Available-for-sale reserve

The available-for-sale reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are de-recognised upon sale or impaired.

During the year, the Company disposed 68,729,545 ordinary shares held in DiGi.Com Berhad ("DiGi Shares"). This resulted in the realisation of a fair value gain of RM157,390,000 for the Group and the realisation of a fair value loss of RM6,873,000 for the Company from the available-for-sale reserve to profit and loss.

12.5 Share grant reserve

The share grant reserve represents the cumulative value of share based payments granted to eligible employees of the Group. When shares, pursuant to the share grant, are issued to the eligible employees, the value of such shares are transferred from share grant reserve to share capital and share premium respectively.

12. RESERVES (CONTINUED)

12.5 Share grant reserve (continued)

Details of the share grant plan are as follows:

	Fair value at grant date	Number of ordinary shares of RM0.50 each At 1 January 2016	Granted but not vested during the year	Vested and issued	Adjusted	At 31 December 2016
2013 Awards	RM4.46	834,150	–	(792,300)	(41,850)	–
2014 Awards	RM4.46	1,850,113	–	(927,270)	(54,113)	868,730
2015 Awards	RM4.78	2,986,875	–	(974,595)	(57,052)	1,955,228
2016 Awards	RM7.06	–	3,178,823	–	–	3,178,823
Total		5,671,138	3,178,823	(2,694,165)	(153,015)	6,002,781

The outstanding share grants at the end of the financial year are to be vested on specific dates in the following periods:

(i) The 2014 grant will be vested within the next year in July 2017.

(ii) The 2015 grant will be vested within the next 2 years in July 2017 and July 2018 respectively.

(iii) The 2016 grant will be vested within the next 3 years in July 2017, July 2018 and July 2019 respectively.

The shares granted will be vested only upon the fulfilment of vesting conditions which include achievement of financial performance targets set by the Group and achievement of a minimum grading by the entitled employee in accordance with the performance management system adopted by the Group.

The fair value of the share grant is determined using the Monte Carlo simulation model, taking into consideration terms and conditions under which the shares were granted. The key inputs in the model are as follows:

	Closing market price at grant date	Dilution rate
Granted on 11 August 2014	RM4.50	0.916%
Granted on 2 January 2015	RM4.94	0.514%
Granted on 11 January 2016	RM7.27	0.544%

The Group and the Company had recognised share grant costs in profit or loss totalling to RM17,565,000 (2015: RM16,039,415) and RM6,291,350 (2015: RM5,191,000) respectively.

12. RESERVES (CONTINUED)

12.6 Chief Executive Officer ("CEO") share option reserve

On 21 July 2015, the Company granted an option to the CEO of the Company ("CEO Share Option") to subscribe for up to 17,215,907 new ordinary shares of RM0.50 each in the Company. The option exercise price was fixed at RM5.99, which represented a discount of approximately 9.9% to the 5-day volume weighted average market price of the Company's shares. The option may be exercised by the CEO at any time and from time to time during the 5 year option period up to a maximum of 20% of the total option shares per annual period. Unexercised options may be carried forward to the next period without reducing the maximum exercisable portion in the next period.

No share options were exercised during the financial year.

On 30 September 2016, an adjustment was made to the option exercise price pursuant to a special dividend paid by the Company. The adjustment resulted in a revised option price of RM5.89 per share with no change to the number of option shares granted.

The fair value of services received in return for share options granted is based on fair value of share options granted, measured using Black-Scholes model, with the following inputs:

	Options granted on 21 July 2015
Fair value at grant date	RM1.50
Weighted average share price (adjusted)	RM5.89
Option life	5 years

The Group and the Company had recognised share option costs in profit or loss totalling to RM5,624,000 (2015: RM2,314,000).

13. LOANS AND BORROWINGS

	Note	Group 2016 RM'000	2015 RM'000
Non-current			
Term loans	13.1	169,658	99,715
Finance lease liabilities	13.2	–	2,250
		169,658	101,965
Current			
Term loans	13.1	3,549	41,465
Finance lease liabilities	13.2	2,250	4,360
		5,799	45,825
		175,457	147,790

13.1 Term loans

(i) Term loans amounting to RMNil (2015: RM60,312,000) are secured/covered against:

a) a legal charge over DiGi.Com Berhad ("DiGi") shares held by the Company giving minimum security cover of 1.25 times based on 100% value of the said shares;

b) a legal charge over any other quoted financial assets acceptable to the lender, including but not limited, in all cases to bonus shares, rights shares and other new share or right entitlements;

c) a legal charge over an escrow account to capture all dividends derived from the pledged securities; and

d) a corporate guarantee from the Company.

(ii) USD denominated term loan amounting to RMNil (2015: RM10,788,000) is secured/covered against:

a) a legal charge over all the assets of a subsidiary company;

b) an assignment over a subsidiary company's present and future sales proceeds; and

c) a corporate guarantee by the Company.

13. LOANS AND BORROWINGS (CONTINUED)

13.1 Term loans (continued)

(iii) USD denominated term loan amounting to RM101,519,000 (2015: RM39,830,000) is secured/covered against:

a) a specific legal charge over the land and building held under H.M. 984, PT1277 Mukim Sungai Karang, Kuantan, Pahang which is held by a subsidiary company;

b) a legal charge over all the assets of a subsidiary company;

c) an assignment over a subsidiary company's present and future sales proceeds; and

d) a corporate guarantee by the Company.

(iv) USD denominated term loan amounting to RM42,185,000 (2015: RMNil) is secured/covered against:

a) a legal charge over all the assets of a subsidiary company;

b) an assignment over a subsidiary company's present and future sales proceeds; and

c) a corporate guarantee by the Company.

(v) Term loans amounting to RMNil (2015: RM999,000) is secured/covered against a corporate guarantee by the Company.

(vi) Term loans amounting to RM29,503,000 (2015: RM29,251,000) is secured/covered against:

a) a first legal charge over proceeds received from certain customers made into a collection account sufficient to repay the amount (both interest and principal) due in the next one quarter; and

b) a corporate guarantee by the Company.

13.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum payments	Future minimum lease payments	Interest	Present value of minimum payments
	/-----------------	2016	----------------/	/-----------------	2015	----------------/
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	2,312	62	2,250	4,607	247	4,360
Between one and five years	–	–	–	2,312	62	2,250
	2,312	62	2,250	6,919	309	6,610

14. TRADE AND OTHER PAYABLES

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-current					
Trade					
Deferred income	14.1	36,997	23,078	–	–
Unearned revenue	14.3	12,507	–	–	–
		49,504	23,078	–	–
Current					
Trade					
Trade payables	14.2	56,373	91,361	–	–
Amount due to related parties	14.2	1,934	1,382	–	–
Accrued expenses		44,139	20,362	–	–
Deposit payables		14,478	14,361	–	–
Deferred income	14.1	54,414	110,648	–	–
Unearned revenue	14.3	54,233	35,088	–	–
Payable for Universal Service Provision		45,286	26,988	–	–
Provisions	14.4	7,965	1,682	–	–
		278,822	301,872	–	–
Non-trade					
Other payables		5,005	4,143	841	295
Amount due to a subsidiary	14.5	–	–	2,059	2,124
Accrued expenses		40,981	41,428	5,886	4,158
Provisions	14.4	3,112	1,930	–	–
		327,920	349,373	8,786	6,577

The above trade and other payables are categorised as other financial liabilities except for deferred income, unearned revenue and provisions.

14. TRADE AND OTHER PAYABLES (CONTINUED)

14.1 Deferred income

The deferred income represents the amount received and/or receivable from the pre-sale of a portion of the Group's submarine cable systems prior to their completion. Upon the completion of the said submarine cable systems, the difference between the proceeds from the pre-sale and portion of carrying amount of the submarine cable systems sold will be recognised in profit or loss.

14.2 Trade payables and amounts due to related parties

The average credit period granted to the Group for trade purchases ranges from 30 to 90 days (2015: 30 to 90 days).

14.3 Unearned revenue

Unearned revenue mainly represents prepayment received for services or products that have yet to be rendered or provided.

14.4 Provisions

Provisions relate to obligations arising as a result of past events for certain telecommunication services provided.

14.5 Amount due to a subsidiary (non-trade)

The amount due to a subsidiary is unsecured, interest free and repayable within 60 days upon due. The balance arises mainly from management services rendered by the subsidiary.

15. REVENUE

	2016 RM'000	2015 RM'000
Group		
Data	581,483	524,615
Voice	85,497	76,493
Data Centre	94,732	76,648
Others	5,228	4,608
	766,940	682,364
Company		
Management fee from subsidiary companies	27,096	27,708
Dividend income from a subsidiary	141,000	230,000
	168,096	257,708

16. COST OF SALES

	Group	
	2016 RM'000	2015 RM'000
Interconnect charges	25,128	17,042
Depreciation of property, plant and equipment	83,385	82,458
Dealer commissions	19,552	18,183
Telecommunications maintenance charges	29,009	20,930
Network and leased line charges	59,316	72,628
Fee for wayleave and right of use pertaining to telecommunications facilities	11,545	11,070
Site and customer premises rental	16,682	14,092
Universal service obligation	30,488	24,999
Internet service provider costs	7,496	9,506
Direct installation costs	44,560	23,572
Others	38,099	40,077
	365,260	334,557

17. INCOME FROM INVESTMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income from financial assets that are not at fair value through profit or loss	11,925	11,053	8,408	6,131
Dividend income from quoted shares, in Malaysia	3,368	21,650	3,368	21,650
	15,293	32,703	11,776	27,781

18. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Interest on bank borrowings	4,493	6,020	152	–
- Amortisation of borrowing costs	1,015	587	–	–
	5,508	6,607	152	–

19. PROFIT BEFORE TAX

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before tax is arrived at after charging:				
Personnel expenses				
- Salaries, allowances and others	117,744	111,628	4,229	3,690
- Contributions to Employee Provident Fund	14,438	14,445	516	546
- Share grant expenses	17,565	16,039	6,291	5,191
- Share option expenses	5,624	2,314	5,624	2,314
Depreciation of property, plant and equipment	93,462	93,218	81	85
Rental of:				
- Offices	651	949	–	–
- Equipment	46	15	–	–
- Site and customer premises	16,682	14,092	–	–
Auditors' remuneration				
- Audit fees to KPMG Malaysia	459	466	100	100
- Audit fees to other auditors	23	23	–	–
- Non-audit fees to KPMG Malaysia	47	270	30	270
Write off of property, plant and equipment	414	4,441	–	–
Net impairment/(write-back):				
- Property, plant and equipment	5,771	–	–	–
- Trade receivables	3,178	2,966	–	–
- Construction deposits	348	(1,446)	–	–
- Rental deposits	–	14	–	–
Impairment of investment in subsidiaries	–	–	–	51,781
Amortisation of borrowing costs	1,015	587	–	–
Interest on bank borrowings	4,493	6,020	152	–
and after crediting:				
Bad debts recovered	417	465	–	–
Net gain on foreign exchange	9,292	35,416	296	2,168
Interest income	11,539	11,053	8,408	6,131
Dividend income from quoted shares, in Malaysia	3,368	21,650	3,368	21,650
Interest income from associate	386	–	–	–
Dividend income from a subsidiary	–	–	141,000	230,000
Realisation of fair value gain/(loss) reclassified from available-for-sale reserve to profit or loss	157,390	274,024	(6,873)	109,760
Rental income	198	221	–	–
Net gain from waiver of amounts due to subsidiaries	–	–	–	49,948
Gain on disposal of property, plant and equipment	7,358	2,434	–	–
Gain on disposal of equity-accounted investment	2,477	–	–	–

20. TAX EXPENSE

Recognised in profit or loss

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Tax expense:				
- current year	4,410	6,758	2,016	1,533
- overprovision in prior year	(230)	(186)	–	–
	4,180	6,572	2,016	1,533
Deferred tax				
- arising from current year	54,068	35,607	3,633	3,218
- underprovision in prior year	556	386	–	–
- recognition of previously unrecognised temporary differences	(97,705)	(37,146)	(15,488)	(3,218)
	(43,081)	(1,153)	(11,855)	–
	(38,901)	5,419	(9,839)	1,533

Reconciliation of effective income tax expense:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Profit before tax	368,417	470,794	144,764	368,600
Tax at statutory tax rate of 24% (2015: 25%)	88,420	117,699	34,743	92,150
Effect of lower rate in foreign jurisdictions	(4,736)	(8,451)	–	–
Non-deductible expenses	15,331	13,377	5,552	15,574
Non-taxable income	(40,865)	(80,662)	(34,646)	(102,840)
Changes in legislated tax rate for future periods	–	(1,385)	–	(133)
Deferred tax assets not recognised	328	1,787	–	–
Recognition of previously unrecognised temporary difference	(97,705)	(37,146)	(15,488)	(3,218)
Overprovision of prior year - current tax	(230)	(186)	–	–
Underprovision of prior year - deferred tax	556	386	–	–
Tax expense	(38,901)	5,419	(9,839)	1,533

21. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share was based on the net profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2016	**2015**
Basic earnings per share		
Net profit attributable to owners of the Company (RM'000)	407,318	466,852
Weighted average number of ordinary shares in issue ('000)	576,745	574,672
Basic earnings per ordinary share (sen)	70.62	81.24

The calculation of diluted earnings per ordinary share was based on the net profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2016	**2015**
Diluted earnings per share		
Net profit attributable to owners of the Company - basic (RM'000)	407,318	466,852
Weighted average number of ordinary shares in issue - basic ('000)	576,745	574,672
Effect of CEO share option, if exercised ('000)	3,980	909
Weighted average number of ordinary shares in issue ('000) (diluted)	580,725	575,581
Diluted earnings per ordinary share (sen)	70.14	81.11

22. DIVIDEND PAID

During the financial year, the Company paid an interim tax exempt (single tier) dividend of 6.7 sen per ordinary share for the financial year ended 31 December 2015 on 31 March 2016 amounting to RM38,565,232.

The Company also paid a special interim tax exempt (single tier) dividend of 13.3 sen per ordinary share for the financial year ended 31 December 2016 on 30 September 2016 amounting to RM76,913,186.

23. DIRECTORS' REMUNERATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive directors:				
Emoluments	2,617	5,199	2,617	5,199
Other emoluments and expenses (including CEO share options)	5,694	2,352	5,694	2,352
Non-executive directors:				
Fees	715	819	715	819
Other emoluments and expenses	242	205	242	205
	9,268	8,575	9,268	8,575

The estimated monetary value of benefits-in-kind received and receivable by Directors of TIME dotCom Berhad other than in cash from the Group and the Company amounted to RM13,000 (2015: RM1,500).

Included in Directors' remuneration are amounts totaling RM207,500 (2015: RM184,000) payable to related parties for services rendered by a company in which a non-executive director of the Company is an employee.

The number of Directors of the Company whose current year remuneration fall into the respective bands are as follows:

Range of Remuneration RM	Executive Directors*	Non-executive Directors
50,000 to 100,000	–	2
100,001 to 150,000	–	–
150,001 to 200,000	–	1
200,001 to 250,000	–	3
900,001 to 950,000	1	–
7,350,001 to 7,400,000	1	–

* Including CEO options

None of the Directors in the current year remuneration falls within the range of RM250,001 to RM900,000 and RM950,001 to RM7,350,000.

24. KEY MANAGEMENT PERSONNEL REMUNERATION

The key management personnel remuneration is as follows:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Directors:				
Fees	715	819	715	819
Other short term benefits (including estimated monetary value of benefits-in-kind and CEO share option)	8,566	7,758	8,566	7,758
	9,281	8,577	9,281	8,577
Other key management personnel:				
Employee benefits (including benefits on share grant plan)	20,185	15,413	10,507	7,006
Other key management compensation	305	32	171	18
	20,490	15,445	10,678	7,024

Other key management personnel comprise persons other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the entities within the Group either directly or indirectly.

25. OPERATING SEGMENTS

Operating segments are components in which separate financial information is available that is evaluated by the Chief Executive Officer in deciding how to allocate resources and in assessing performance of the Group. The Group has identified the business of telecommunications as its sole operating segment.

Performance is measured based on revenue derived from the various products sold and consolidated profit before income tax of the Group as included in the internal management reports that are reviewed by the Chief Executive Officer. The Group's segment assets and liabilities, as disclosed in the Group's statement of financial position (as represented by total assets and liabilities), is also reviewed by the Chief Executive Officer. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

25. OPERATING SEGMENTS (CONTINUED)

Information about reportable segment and reconciliation of reportable segment revenue, profit and other material items

	Group	
	2016	**2015**
	RM'000	**RM'000**
Revenue from external customers		
Data	581,483	524,615
Voice	85,497	76,493
Data Centre	94,732	76,648
Others	5,228	4,608
	766,940	682,364
Operating expense		
Depreciation, impairment and amortisation of property, plant and equipment	(93,462)	(93,218)
Other operating expense	(497,357)	(459,267)
Other operating income	22,981	40,770
Profit from operations	199,102	170,649
Income from investments	15,293	32,703
Realisation of fair value gain reclassified from available-for-sale reserve to profit or loss	157,390	274,024
Finance costs	(5,508)	(6,607)
Share of profits from equity-accounted investments, net of tax	2,140	25
Segment profit	368,417	470,794
Additions to property, plant and equipment	362,961	340,605

No reconciliation is performed for revenue from external customers, depreciation, impairment and amortisation of property, plant and equipment, assets and segment profit as there is no difference with the amounts shown in the statements of profit or loss and other comprehensive income.

25. OPERATING SEGMENTS (CONTINUED)

Geographical information

Revenue and non-current assets (excluding financial instruments, equity-accounted investments and deferred tax assets) of the Group by geographical location of entity are as follows:

	Revenue		Non-current assets	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysia	727,997	622,553	1,124,901	1,029,426
Outside Malaysia	38,943	59,811	459,348	445,372
	766,940	682,364	1,584,249	1,474,798

Major customers

There were no significant concentrations on transactions with customers and revenues from transactions with a single external customer (or group of entities known to be under common control which are deemed to be a single customer) that contributed to 10% or more of the Group's revenues.

26. CAPITAL AND OPERATING LEASE COMMITMENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital expenditure commitments				
Property, plant and equipment				
Authorised but not contracted for	23,117	96,245	–	–
Contracted but not provided for	229,054	268,197	–	–
Operating lease commitments – as lessee				
Non-cancellable commitments for rental of office premises, sites and right of use pertaining to telecommunications facilities				
- Payable within 1 year	22,467	20,914		
- Payable within 2 - 3 years	32,655	30,402		
- Payable after 3 years	129,321	141,137		
	184,443	192,453		

On 12 May 2000, the Group entered into an agreement with a highway concessionaire for wayleave and right of use pertaining to telecommunications facilities on the North-South Expressway. The agreement shall terminate upon expiry of the concession agreement signed by the highway concessionaire and government in 31 December 2038.

27. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group, if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also includes key management personnel defined as those persons having authority and responsibility for planning, directing and controlling activities of the Group directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group. Director remuneration and key management personnel remuneration are disclosed in Notes 23 and 24 respectively. The Group has related party relationships with its Directors, key management personnel, related parties in which a substantial shareholder has an interest and companies in which Directors have significant financial interest.

Significant related party transactions

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Subsidiary companies				
Dividend income	–	–	141,000	230,000
Management fees income	–	–	27,096	27,708
Management fees expense	–	–	(2,318)	(2,602)
Waiver of amount due to subsidiaries	–	–	–	49,948
Interest income from subsidiaries	–	–	1,531	336
Related parties				
Revenue from data, voice and other services	62,570	64,689	–	–
Interconnect revenue	6,630	6,715	–	–
Fee for wayleave and right of use of telecommunications facilities	(10,468)	(10,540)	–	–
Interconnect charges	(10,583)	(10,854)	–	–
Leased line and infrastructure costs	(26,296)	(23,620)	(8)	–
Network maintenance	(1,698)	(1,502)	–	–
Training expenses	(281)	(53)	–	–
Project management services	(59)	(10)	–	–
Leasing of transportation services	(702)	(525)	(702)	(525)
Companies in which Directors have significant financial interest				
Revenue from rental, support services and others	28	47	–	–
Professional legal fees	(201)	(153)	(201)	(153)

27. RELATED PARTIES (CONTINUED)

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

The outstanding balances due from and due to the related parties of the Group and the Company are disclosed in Notes 9 and 14 respectively.

28. FINANCIAL INSTRUMENTS

28.1 Net gains or losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on:				
Available-for-sale financial assets:				
- recognised in other comprehensive income	(221,309)	(327,152)	(57,046)	(162,888)
- reclassified from equity to profit or loss	157,390	274,024	(6,873)	109,760
- Dividend income	3,368	21,650	3,368	21,650
	(60,551)	(31,478)	(60,551)	(31,478)
Loans and receivables	8,747	8,087	8,408	6,131
Financial liabilities measured at amortised cost	(5,508)	(6,607)	(152)	–
	(57,312)	(29,998)	(52,295)	(25,347)

28.2 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

28.3 Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meets its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers (including related parties) and deposits with financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiaries, deposits with financial institutions and financial guarantees given to banks for credit facilities granted to subsidiaries.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 Credit risk (continued)

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are required to be performed on all new customers. Depending on the nature of the transaction, the Group may require upfront deposits as collateral.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. The Group also uses ageing analysis to monitor the credit quality of the receivables. For receivables from corporate, wholesale and government sectors, allowance for impairment losses will generally be provided for amounts aged more than 365 days derived based on historical payment trends and patterns unless there is objective evidence to indicate otherwise.

The exposure of credit risk for trade receivables of the Group as at the end of the reporting period by geographical region was:

	Group	
	2016 RM'000	2015 RM'000
Malaysia	129,714	157,771
Outside Malaysia	75,405	36,263
	205,119	194,034

At reporting date, there were no significant concentrations of credit risk.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 Credit risk (continued)

Receivables (continued)

Impairment losses

The ageing of trade receivables (including trade amounts due from related parties and accrual of global bandwidth revenue) as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2016			
Not past due	105,691	(14)	105,677
Past due 1 - 30 days	40,656	(90)	40,566
Past due 31 - 120 days	42,395	(1,303)	41,092
Past due more than 120 days	22,901	(5,117)	17,784
	211,643	(6,524)	205,119
2015			
Not past due	83,795	–	83,795
Past due 1 - 30 days	35,286	–	35,286
Past due 31 - 120 days	54,916	(57)	54,859
Past due more than 120 days	24,939	(4,845)	20,094
	198,936	(4,902)	194,034

The allowance account in respect of the trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The movement in the allowance for impairment losses of trade receivables (including amounts due from related parties) during the financial year were as follows:

	Group	
	2016 RM'000	2015 RM'000
At 1 January	4,902	3,150
Impairment loss written off	(1,556)	(1,214)
Net allowance	3,178	2,966
At 31 December	6,524	4,902

Allowance for impairment losses in relation to outstanding balance due from related parties (other than subsidiaries of the Company) amounted to RM283,000 (2015: RM190,000).

Deposits with financial institutions and other financial assets

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's cash and cash equivalents are deposited with licensed financial institutions.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations in respect of these deposits.

Impairment losses

As at the end of the reporting period, there was no indication that the amounts deposited with licensed financial institutions are not recoverable.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.3 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk of the Company amounts to RM193,100,000 (2015: RM143,763,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries and associates and monitors the results of the subsidiaries/associates regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. Advances are only provided to companies in which the Company has significant influence and/or control. The Company considers such companies as companies associated with lower credit risk.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries/associates are not recoverable.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due.

The Group's exposure to liquidity risk arises principally from its various payables and other applicable contractual obligations and commitments. The Group reviews and strives to maintain a prudent level of cash and cash equivalents and banking facilities to ensure working capital requirements are met.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2016						
Term loans	173,207	2.0% - 5.2%	195,953	11,339	72,630	111,984
Finance lease liabilities	2,250	1.3% - 2.9%	2,312	2,312	–	–
Trade and other payables*	164,967	–	164,967	164,967	–	–
2015						
Term loans	141,180	2.0% - 6.2%	155,881	47,080	46,266	62,535
Finance lease liabilities	6,610	1.3% - 4.0%	6,919	4,607	2,312	–
Trade and other payables*	174,358	–	174,358	174,358	–	–

* The contractual cash flows of trade and other payables exclude deferred income, unearned revenue and provisions.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual cash flows RM'000	Under 1 year RM'000
Company			
2016			
Trade and other payables	8,786	8,786	8,786
2015			
Trade and other payables	6,577	6,577	6,577

There are no contractual interest rates for the above financial liabilities.

28.5 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the functional currencies of its subsidiaries. The currency giving rise to the risk is primarily US Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group has a potential currency risk exposure arising from trade transactions entered with companies where the amounts are denominated in currencies other than Ringgit Malaysia. Exposure to foreign currency risk is monitored on an ongoing basis and where considered necessary, the Group may consider using financial instruments to hedge its foreign currency risk. The Company is not significantly exposed to currency risk.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.5 Market risk (continued)

Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on the carrying amounts as at the end of the reporting period was:

	Denominated in USD 2016 RM'000	Denominated in USD 2015 RM'000
Group		
Trade receivables	106,896	57,325
Cash and cash equivalents	88,565	42,562
Term loans	(143,704)	(50,618)
Trade payables	(55,877)	(34,587)
Net exposure in the statement of financial position	(4,120)	14,682

Currency risk sensitivity analysis

A 1% strengthening of the Ringgit Malaysia against the USD at the end of the reporting period would have increased/decreased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumed that all other variables, in particular interest rates, remained constant and ignored any impact of forecasted sales and purchases.

The analysis is performed on the same basis for 2016, as indicated below:

	Profit or (loss) 2016 RM'000	Profit or (loss) 2015 RM'000
Group		
1% strengthening of RM against USD	41	(147)

A 1% weakening of the Ringgit Malaysia against the above currency at the end of the reporting period would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.5 Market risk (continued)

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed rate instruments				
- Deposits with licensed banks	397,398	187,615	234,827	36,048
- Finance lease liabilities	(2,250)	(6,610)	–	–
- Term loans	(42,185)	–	–	–
Floating rate instruments				
- Term loans	(131,022)	(141,180)	–	–

Interest rate risk sensitivity analysis

(i) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(ii) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.5 Market risk (continued)

Interest rate risk sensitivity analysis (continued)

(ii) Cash flow sensitivity analysis for variable rate instruments (continued)

Group	Profit or (loss) 100bp Increase RM'000	Profit or (loss) 100bp Decrease RM'000
2016		
Floating rate instruments	(1,310)	1,310
2015		
Floating rate instruments	(1,412)	1,412

Equity price risk

Equity price risk arises mainly from the Group's available-for-sale investments in quoted securities.

Risk management objectives, policies and processes for managing the risk

Investments are allowed in liquid securities that are quoted and traded on the local stock exchange or specific business case basis and upon the evaluation and approval by the Board of Directors. The available-for-sale investment in quoted securities represents the consideration received in prior years as a result of the Group's disposal of its 3G spectrum licence to DiGi.Com Berhad. The Group does not transact in any derivative financial instruments.

Equity price risk sensitivity analysis

In the previous financial year, a 1% increase in the quoted price of the Group's existing available-for-sale investment at the end of the reporting period would have increased equity by RM3,711,400. A 1% weakening in quoted price of the Group's existing available-for-sale investment would have had an equal but opposite effect on the Group's equity.

28.6 Fair value information

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

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.6 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	fair value	amount
2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets										
Other unquoted investments	–	–	9,247	9,247	–	–	–	–	9,247	9,247
Financial liabilities										
Term loans	–	–	–	–	–	–	173,207	173,207	173,207	173,207
Finance lease liabilities	–	–	–	–	–	–	2,250	2,250	2,250	2,250
	–	–	–	–	–	–	175,457	175,457	175,457	175,457
2015										
Financial assets										
Investment in quoted shares	371,140	–	–	371,140	–	–	–	–	371,140	371,140
Other unquoted investments	–	–	6,319	6,319	–	–	–	–	6,319	6,319
	371,140	–	6,319	377,459	–	–	–	–	377,459	377,459
Financial liabilities										
Term loans	–	–	–	–	–	–	141,180	141,180	141,180	141,180
Finance lease liabilities	–	–	–	–	–	–	6,610	6,610	6,610	6,610
	–	–	–	–	–	–	147,790	147,790	147,790	147,790

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.6 Fair value information (continued)

Transfers between Level 1 and Level 2 fair values

During the current and previous financial years, there have been no transfers between Level 1 and 2 fair values.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs in the valuation models.

Financial instruments carried at fair value

Type	Description of valuation technique and inputs used
Other unquoted investments	The fair value is based on net asset value provided by the investees.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loans and finance lease liabilities	Discounted cash flows using a rate based on the indicative current market rate of borrowing of the respective Group entities at the reporting date.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The effective interest rates used to discount estimated cash flows, when applicable, are as follows:

	2016	2015
Term loans	2.0% - 5.2%	2.0% - 6.2%
Finance lease liabilities	1.3% - 2.9%	1.3% - 4.0%

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain an optimal capital structure and to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as results from operating activities compared against returns on average invested capital.

The Group also maintains a debt to equity ratio that complies with debt requirements required for its banking facilities.

There were no changes in the Group's approach to capital management during the financial year.

30. SIGNIFICANT EVENTS DURING THE YEAR

(a) During the year, the Group increased its shareholding in CMC Telecommunication Infrastructure Corporation ("CMC Telecom") as follows:

(i) On 29 January 2016, the Group acquired 5,794,800 ordinary shares in CMC Telecom for a cash consideration of VND231.8 billion.

(ii) On 16 February 2016, the Group acquired a further 377,000 ordinary shares representing an additional 1.13% stake in CMC Telecom for a cash consideration of VND13.2 billion.

(iii) On 25 March 2016, the Group acquired an additional 414,824 ordinary shares in CMC Telecom for a cash consideration of VND14.52 billion.

(iv) 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%.

(b) On 29 April 2016, the Group disposed its entire equity stake in Campana Group Pte. Ltd. for a cash consideration of USD999,750. The said disposal resulted in a gain of RM2,477,000 to the Group in the current year.

(c) 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 RM157,390,000. Upon completion of the said disposal, the Group no longer holds any shares in DiGi.

30. SIGNIFICANT EVENTS DURING THE YEAR (CONTINUED)

(d) 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 RM5,419,000 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 therefrom had previously been accounted for as deferred income in the statement of financial position.

(e) The construction of Asia-Pacific Gateway Cable System ("APG") (connecting Malaysia to Hong Kong and Japan) was successfully completed on 28 October 2016.

31. COMPARATIVE FIGURES

Certain comparative figures in the statement of profit or loss and other comprehensive income have been reclassified to conform with current year's presentation as follows:

	Company 2015	
	As restated RM'000	As previously stated RM'000
Revenue	257,708	27,708
Income from investments	27,781	257,781

32. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings:				
- realised	674,426	420,345	84,972	56,960
- unrealised	280,735	242,976	18,941	7,828
	955,161	663,321	103,913	64,788

The determination of realised and unrealised profits or losses is based on the Guidance of 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 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.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 74 to 159 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 32 on page 160 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Afzal Abdul Rahim
Director

Elakumari Kantilal
Director

Shah Alam, Selangor
Date: 28 February 2017

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Long Sher Neng**, the officer primarily responsible for the financial management of TIME dotCom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 74 to 160 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Long Sher Neng, at Shah Alam, in the state of Selangor on 28 February 2017.

Long Sher Neng

Before me:

Zaleha Binti Zaini
License No: B331
Commissioner for Oaths
Shah Alam

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TIME DOTCOM BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TIME dotCom Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes to the financial statements of the Group and of the Company, including a summary of significant accounting policies, as set out on pages 74 to 159.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill

Refer to Note 2 (f) – Significant accounting policy: Intangible assets and Note 4 – Intangible assets.

The key audit matter	How the matter was addressed in our audit
Goodwill recognised in the consolidated statement of financial position arose from the Group's acquisition of International wholesales and global bandwidth business and data centre business in prior years. The Directors performed annual goodwill impairment assessment based on estimated future cash flows for the respective cash generating units. We have identified the impairment assessment of goodwill as a key audit matter because of the significance of the Group's recognised goodwill amounting to RM214 million as at 31 December 2016 and the impairment assessment performed by the Directors involved significant judgement in determining the recoverable amount of goodwill.	We performed the following audit procedures, among others: • We tested the principles and integrity of the Group's discounted cash flow model for each identified cash generating unit ("CGU"). We compared the forecast to Board approved business plans and also compared previous forecasts made to actual results to assess the financial performance of the business and the reliability of management's forecasting. • We used our own valuation specialist to assist us in assessing the reasonableness of the cash flow model and the key assumptions used, in particular, those relating to discount rates and terminal growth rates. To assess the reasonableness of the cash flows model's key assumptions we compared them to externally derived data as well as our own assessments which took into account historical trends and other corroborative evidence available. • We tested the sensitivity of the impairment calculations to changes in key assumptions used by the Directors to evaluate the impact on the recoverable amounts for each CGU. • We also assessed the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive.

Recognition of deferred tax assets

Refer to Note 2 (o) – Significant accounting policy: Income tax and Note 8 – Deferred tax assets/(liabilities).

The key audit matter	How the matter was addressed in our audit
Deferred tax assets recognised by the Group comprised mainly tax benefits of unabsorbed capital allowances. We have identified the recognition of deferred tax assets as a key audit matter because of the significance of the deferred tax assets recognised amounting to RM259 million in the consolidated financial position as at 31 December 2016. In addition, the recognition of these tax benefits relied on forecasting future taxable profits and future reversals of existing taxable temporary differences which are subject to significant judgement and assumptions about future performance.	We performed the following audit procedures, among others: • We tested the controls over the recognition and measurement of deferred tax assets and the key assumptions used in projecting the future taxable profits. • We performed retrospective review of the accuracy of the Group's forecasting process by comparing the recent forecast to actual results. We also compared the key assumptions used by the Group to forecast future profits to external available data and the Group's own historical data and performance. • We also assessed whether the Group's disclosures of recognised deferred tax asset balances appropriately reflect the Group's deferred tax position.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements, being accounts that have been included in the consolidated accounts.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 32 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chua See Guan
Approval Number: 03169/02/2019 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 28 February 2017

STOCKHOLDING ANALYSIS
AS AT 15 MARCH 2017

Authorised Share Capital	: RM5,000,000,000.00
Issued and paid-up Capital	: RM289,147,317
Class of Shares	: Ordinary Shares
No. of Shareholders	: 12,812
Voting Right	: One (1) vote per Ordinary Share

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100	624	17,296	0.00
100 to 1,000	8,473	3,504,192	0.61
1,001 to 10,000	2,985	9,224,990	1.59
10,001 to 100,000	496	15,665,666	2.71
100,001 to less than 5% of issued shares	231	264,258,101	45.70
5% and above of issued shares	3	285,624,389	49.39
Total	12,812	578,294,634	100.00

THIRTY (30) LARGEST SHAREHOLDERS
as at 15 March 2017

	Names	No. of Shares	%
1.	Pulau Kapas Ventures Sdn Bhd	180,774,359	31.26
2.	Khazanah Nasional Berhad	65,298,982	11.29
3.	Kumpulan Wang Persaraan (Diperbadankan)	39,551,048	6.84
4.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for AIA Bhd	18,784,000	3.25
5.	Amsec Nominees (Tempatan) Sdn Bhd - Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	17,390,320	3.01
6.	Maybank Investment Bank Berhad IVT (10)	12,000,000	2.08
7.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB for Megawisra Sdn Bhd (PB)	11,968,331	2.07
8.	Amanahraya Trustees Berhad - Public Smallcap Fund	11,260,260	1.95
9.	Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	10,503,840	1.82

THIRTY (30) LARGEST SHAREHOLDERS AS AT 15 MARCH 2017 (CONTINUED)

	Names	No. of Shares	%
10.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	8,199,700	1.42
11.	Amanahraya Trustees Berhad - Public Ittikal Sequel Fund	6,442,000	1.11
12.	Amanahraya Trustees Berhad - PB Growth Fund	6,249,300	1.08
13.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	4,938,100	0.85
14.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (CIMB PRIN)	4,933,900	0.85
15.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	4,708,980	0.81
16.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AMUNDI)	4,500,000	0.78
17.	Amanahraya Trustees Berhad - PB Islamic Equity Fund	4,301,240	0.74
18.	Citigroup Nominees (Asing) Sdn Bhd - Exempt An for Citibank New York (NORGES BANK 14)	3,657,900	0.63
19.	HSBC Nominees (Asing) Sdn Bhd - BBH And Co Boston for Vanguard Emerging Markets Stock Index Fund	3,622,000	0.63
20.	HSBC Nominees (Asing) Sdn Bhd - Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)	3,574,140	0.62
21.	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (West CLT OD67)	3,517,300	0.61
22.	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (LSF)	3,494,800	0.60
23.	Amanahraya Trustees Berhad - Public Islamic Sector Select Fund	3,460,000	0.60
24.	Indera Permai Sdn Bhd	3,426,020	0.59
25.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for CIMB Islamic Dali Equity Theme Fund	3,398,020	0.59
26.	Amanahraya Trustees Berhad - Public Sector Select Fund	3,245,560	0.56
27.	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (DR)	2,942,600	0.51

THIRTY (30) LARGEST SHAREHOLDERS AS AT 15 MARCH 2017 (CONTINUED)

	Names	No. of Shares	%
28.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (ABERDEEN)	2,821,800	0.49
29.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (ABERDEEN)	2,571,600	0.44
30.	Amanahraya Trustees Berhad - Public Islamic Treasures Growth Fund	2,259,000	0.39
	TOTAL	**453,795,100**	**78.47**

SUBSTANTIAL SHAREHOLDERS
as at 15 March 2017

Names	No. of Shares			
	Direct	%	Indirect	%
Pulau Kapas Ventures Sdn Bhd ("PKV")	180,774,359	31.26	-	-
Khazanah Nasional Berhad	65,298,982	11.29	180,774,359(2)	31.26
Kumpulan Wang Persaraan (Diperbadankan)	46,538,748(1)	8.05	-	-
Global Transit International Sdn Bhd ("GTI")	-	-	180,774,359(3)	31.26
Megawisra Sdn Bhd ("Megawisra")	11,968,331	2.07	180,774,359(4)	31.26
Megawisra Investments Limited ("Megawisra Investments")	-	-	192,742,690(5)	33.33
Afzal Abdul Rahim	-	-	192,742,690(6)	33.33
Patrick Corso	-	-	192,742,690(7)	33.33

Notes:

(1) *Including shares held under Citigroup Nominees (Tempatan) Sdn Bhd.*
(2) *Deemed interested by virtue of its interests held through PKV pursuant to Section 8 of the Companies Act 2016 ("the Act").*
(3) *Deemed interested by virtue of its interests held through PKV pursuant to Section 8 of the Act.*
(4) *Deemed interested by virtue of its interests held through PKV via its shareholdings in GTI pursuant to Section 8 of the Act.*
(5) *Deemed interested by virtue of its interests held through PKV and GTI via its shareholdings in Megawisra pursuant to Section 8 of the Act.*
(6) *Deemed interested by virtue of his interests held through PKV, GTI and Megawisra via his shareholdings in Megawisra Investments pursuant to Section 8 of the Act.*
(7) *Deemed interested by virtue of his interests held through PKV, GTI and Megawisra via his shareholdings in Megawisra Investments pursuant to Section 8 of the Act.*

STATEMENT ON DIRECTORS' INTERESTS IN SHARES

Afzal Abdul Rahim, a Director on the Board of TIME dotCom Berhad, is deemed to have interest in the shares of the Company by virtue of Section 8(4) of the Companies Act 2016 through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd.

Patrick Corso, a Director on the Board of TIME dotCom Berhad, is deemed to have interest in the shares of the Company by virtue of Section 8(4) of the Companies Act 2016 through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd.

Ronnie Kok Lai Huat and Lee Guan Hong, the Directors on the Board of TIME dotCom Berhad, hold 5,000 shares and 375,866 shares in TIME dotCom Berhad respectively.

LIST OF PROPERTIES

HELD AS AT 31 DEC 2016

TT DOTCOM SDN BHD

LOCATION	DESCRIPTION	TENURE	AREA	EXISTING USE	APPROXIMATE AGE (YEARS)		COST (NBV) (RM)	Remarks (Amortisation)
HMS 984 PT 1277 Mukim Sungai Karang Baging Kuantan	Land	Freehold	12,140.6 sq.m	Operation Cable Landing Station	5		4,200,000.00	
Lot no.43 & 54 Glenmarie	Land	Freehold	2.225 acre	Operation site	20		3,687,963.00	
Industrial Park Shah Alam Selangor	Building		8,456.6 sq.m			Cost Depreciation Balance (nbv)	14,717,422.12 14,717,402.12 20.00	
Lot 26 Jln 225 Petaling Jaya 46100 PJ Selangor	Building	Leasehold	1,486.5 sq.m	Operation site	43	Cost Depreciation Balance (nbv)	5,585,840.00 1,564,035.20 4,021,804.80	99 years Expire 11/4/2072
	Land		4,577 sq.m					
Lot 6359 Mukim 1, Daerah Seberang Prai Pulau Pinang	Land	Freehold	2,422.2 sq.m	Operation site	21		1,037,171.46	
Lot P.T.D. 3930 Mukim Tebrau Daerah Johor Bahru, Johor	Land	Freehold	10,940.9 sq.m	Operation site	19	Cost Land impairment Balance (nbv)	4,946,214.00 2,101,214.00 2,845,000.00	
102M, Lengkok Kampung Jawa 2 Miel Industrial Estate	Land	Leasehold	881.2 sq.m	Operation site	35	Cost Amortisation Balance (nbv)	1,007,000.00 1,006,999.00 1.00	60 years from 1981 to 2041
Bayan Lepas Pulau Pinang	Building		668.9 sq.m	Office Building		Cost Depreciation Balance (nbv)	200,000.00 79,999.94 120,000.06	2% Depreciation
Lot 142-A Semambu Industrial Estate Kuantan, Pahang	Land	Leasehold	2.5 acre (10,940.5 sq.m.)	Operation site	36	Cost Amortisation Balance (nbv)	1,535,000.00 1,534,999.00 1.00	66 years from 1980 to 2046
	Building		1,938 sq.m	Office Building		Cost Depreciation Balance (nbv)	1,065,000.00 468,599.98 596,400.02	2% Depreciation
Kg. Sungai Bedaun Daerah Labuan Wilayah Persekutuan	Land	Leasehold	8.0 acre (32,374.9 sq.m)	Operation site	32	Cost Amortisation Balance (nbv)	4,145,000.00 4,144,999.00 1.00	99 years from 1984 to 2082
Labuan	Building		270 sq.m					

TT DOTCOM SDN BHD (CONTINUED)

LOCATION	DESCRIPTION	TENURE	AREA	EXISTING USE	APPROXIMATE AGE (YEARS)		COST (NBV) (RM)	Remarks (Amortisation)
P.T. No 2705 Mukim Ulu Kinta Daerah Ulu Kinta Perak	Land	Leasehold	2,162.2 sq.m	Operation site	40	Cost Amortisation Balance (nbv)	350,000.00 349,999.00 1.00	60 years from 1976 to 2036
Lot 37, Kg. Sungai Bedaun Settlement scheme, Labuan WP Labuan	Land	Leasehold	3.0 acre (12,140.6 sq.m)	Operation site	33	Cost Amortisation Balance (nbv)	80,000.00 79,999.00 1.00	99 years from 1984 to 2082
Lot No. 469, Mukim Batu Burok Kuala Terengganu Terengganu	Land	Leasehold	732.4 sq.m	Operation site	41	Cost Amortisation Balance (nbv)	316,702.92 316,701.92 1.00	99 years 1975-2074
Lot PTD 1474 HS (D) 3432 Mukim Jemaluang Daerah Mersing Johor	Land	Leasehold	1,237 sq.m	Operation site	15	Cost Amortisation Balance (nbv)	41,320.00 24,964.17 16,355.83	60 years 2001-2061
No. Hakmilik 697 Lot 254, Mukim 07 Daerah Seberang Perai Utara Negeri Pulau Pinang	Land	Freehold	3,974.0 sq.m	Operation site Cable Landing Station-AAE1	1	Cost	1,503,852.00	

TIME DOTCOM BERHAD

LOCATION	DESCRIPTION	TENURE	AREA	EXISTING USE	APPROXIMATE AGE (YEARS)	COST (NBV) (RM)	Remarks (Amortisation)
Lot No. 53 Glenmarie Industrial Park Shah Alam Selangor	Land Building	Freehold	4,260 sq.m 3,747 sq.m	Operation site Office Building	5	8,112,848.99	

AIMS CYBERJAYA SDN BHD

LOCATION	DESCRIPTION	TENURE	AREA	EXISTING USE	APPROXIMATE AGE (YEARS)	COST (NBV) (RM)	Remarks (Amortisation)
H.S.(D) 32428 P.T No. 45816 Mukim Dengkil Daerah Sepang Negeri Selangor Darul Ehsan	Land	Freehold	12,684 sq.m	Vacant		15,599,112.38	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting ("AGM") of the Company will be held at Saujana Ballroom, Ground Floor, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 18 May 2017 at 10.00 a.m. for the purpose of transacting the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A.**

As Ordinary Business:-

2. To re-appoint Encik Abdul Kadir Md Kassim, who retires at the conclusion of this 20th Annual General Meeting of the Company, as Non-Independent Non-Executive Director of the Company. **Resolution 1**

3. To re-elect the following Directors retiring in accordance with Article 94 of the Company's Articles of Association and, who being eligible, have offered themselves for re-election:-

   i) Ronnie Kok Lai Huat **Resolution 2**
   ii) Afzal Abdul Rahim **Resolution 3**

4. To re-elect the following Directors retiring in accordance with Article 99 of the Company's Articles of Association and, who being eligible, have offered themselves for re-election:-

   i) Mark Guy Dioguardi **Resolution 4**
   ii) Lee Guan Hong **Resolution 5**

5. To re-appoint Messrs KPMG PLT as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

As Special Business:-

To consider and if thought fit, pass the following Resolutions:-

6. Ordinary Resolution – Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 **Resolution 7**

   "THAT subject always to the Companies Act, 2016 and the Articles of Association of the Company, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting; and FURTHER THAT the Directors be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

7. Ordinary Resolution – Authority for Ronnie Kok Lai Huat to continue in office as Senior Independent Non-Executive Director **Resolution 8**

   "THAT authority be and is hereby given to Ronnie Kok Lai Huat who has served as Senior Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to act as the Senior Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."

8. Ordinary Resolution – Proposed Increase in Directors' Fees **Resolution 9**

   "THAT the aggregate fees payable to the Directors of the Company be hereby increased to an amount not exceeding RM984,000 per annum for the financial year ending 31 December 2017."

9. Ordinary Resolution – Proposed payment of Directors' Benefits to the Non-Executive Directors **Resolution 10**

   "THAT approval be and is hereby given for the payment of Directors' Benefits to the Non-Executive Directors which include meeting attendance allowance, medical and hospitalisation coverage and other claimable benefits incurred from 1 January 2017 until the Company's next Annual General Meeting."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

BY ORDER OF THE BOARD

MISNI ARYANI MUHAMAD (LS 0009413)
Secretary

26 April 2017
Selangor Darul Ehsan

Note A:-

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

Notes:-

1. For the purpose of determining a member who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depository as at 12 May 2017. Only a depositor whose name appears on the Record of Depositors as at 12 May 2017 shall be regarded as a member entitled to attend, speak and vote at the Company's AGM or appoint proxies to attend and/or vote on his/her behalf.

2. A member entitled to attend and vote at the above Meeting of the Company is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.

3. The instrument of proxy shall be in writing and signed by the appointer or by his attorney and in the case of a corporation, either under its common seal or signed by its attorney or officer on behalf of the corporation.

4. A member who holds 1,000 shares or less in the Company is entitled to appoint one (1) proxy whilst a member holding more than 1,000 shares in the Company is entitled to appoint a maximum of two (2) proxies. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of holding to be represented by each proxy is specified.

6. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular Omnibus Account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

7. The instrument appointing a proxy or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office, **Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan** not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting, or in the case of a poll not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Explanatory Note on Special Business:-

Resolution 7

The Ordinary Resolution 7 is proposed for the purpose of granting a renewed general mandate for the allotment of shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016.

There was no issuance of shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was obtained at the 19th AGM held on 2 June 2016 and the said mandate will expire at the conclusion of the forthcoming 20th AGM.

The Ordinary Resolution 7, if passed at the 20th AGM, will give authority to the Directors of the Company to issue and allot shares at any time without convening a general meeting, in order to avoid any delay and cost involved in convening one. The authorisation so granted, is valid from the date of the 20th AGM, and unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

The general mandate if renewed at the 20th AGM, will provide the Company the flexibility to raise funds for funding future investment project(s), working capital and/or acquisition(s).

Resolution 8

The Ordinary Resolution 8 is proposed to authorise the continuity of Ronnie Kok Lai Huat as Senior Independent Non-Executive Director of the Company.

Ronnie Kok Lai Huat has served as Senior Independent Non-Executive Director of the Company for a cumulative term of more than 9 years. The Board has assessed and is of the opinion that Ronnie Kok has satisfied the qualifications of an "Independent Director" as set out in Chapter 1 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). His long tenure has given him indepth knowledge of the business of the Group, the challenges facing it and together with his own personal work experience, he is able to provide valuable contribution to the Group's business. He has shown strong commitment, integrity and always acted professionally in discharging his duties as Senior Independent Non-Executive Director of the Company. He has at all times, exercised due care during his tenure as Senior Independent Non-Executive Director of the Company and carried out his duties in an ethical and businesslike manner, in the best interest of the Company and shareholders.

Resolution 9

The Ordinary Resolution 9 is proposed to cater for possible appointment of new directors in 2017.

The Board recommends that shareholders approve the increase in total annual fees amounting to RM984,000 in order to cater for possible appointment of new directors in 2017.

Resolution 10

The Directors' Benefits comprise the allowances and other emoluments payable to the Non-Executive Directors, details of which are as follows:-

(a) Meeting attendance allowance (per meeting)
- Chairman of the Board and Board Committees – RM3,800
- Member of the Board and Board Committees – RM3,800

(b) Other Benefits
- Medical and hospitalisation coverage and other claimable benefits.

If the proposed Resolution 10 is passed by the shareholders at the 20th AGM, payment of benefits incurred by the Directors from 1 January 2017 until the Company's next AGM will be paid by the Company, as and when incurred.

FORM OF PROXY

TIME DOTCOM BERHAD
(Company No. 413292-P)

No. of shares	CDS Account No.

I/We, ____ Identification/Company No. _______________________
(Name in block letters)

of ____
(Full Address)

being a member/members of **TIME dotCom Berhad** hereby appoint the following person(s):-

Name of Proxy & NRIC	No. of shares to be represented by Proxy
1.	
2.	

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held at **Saujana Ballroom, Ground Floor, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia** on **Thursday, 18 May 2017** at **10.00 a.m.** and at any adjournment thereof.

You may indicate with an **"X"** or **"✓"** in the boxes provided below how you wish your votes to be cast. Please note that the filling of this form is for indicative purposes only and shall not bind the Company or in any way oblige or require the Company to ensure that your proxy shall vote in the manner as indicated by you.

Please take further note that the Company shall accept the vote cast by your proxy as a valid vote whether or not your proxy has acted in accordance with your instructions.

No.	Resolution	For	Against
1	Re-appointment of Abdul Kadir Md Kassim as Director		
2	Re-election of Ronnie Kok Lai Huat as Director		
3	Re-election of Afzal Abdul Rahim as Director		
4	Re-election of Mark Guy Dioguardi as Director		
5	Re-election of Lee Guan Hong as Director		
6	Re-appointment of Messrs KPMG PLT as Auditors		
7	Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016		
8	Authority for Ronnie Kok Lai Huat to continue in office as Senior Independent Non-Executive Director		
9	Proposed Increase in Directors' Fees up to an aggregate amount of RM984,000 for the financial year ending 31 December 2017		
10	Proposed payment of Directors' Benefits to the Non-Executive Directors		

Signed this __________day of ________________ 2017.

____
Signature/Common Seal of Appointer

NOTES :-

1. For the purpose of determining a member who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depository as at 12 May 2017. Only a depositor whose name appears on the Record of Depositors as at 12 May 2017 shall be regarded as a member entitled to attend, speak and vote at the Company's AGM or appoint proxies to attend and/or vote on his/her behalf.
2. A member entitled to attend and vote at the above Meeting of the Company is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company.
3. The instrument of proxy shall be in writing and signed by the appointer or by his attorney and in the case of a corporation, either under its common seal or signed by its attorney or officer on behalf of the corporation.
4. A member who holds 1,000 shares or less in the Company is entitled to appoint one (1) proxy whilst a member holding more than 1,000 shares in the Company is entitled to appoint a maximum of two (2) proxies. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act, 1991, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of holding to be represented by each proxy is specified.
6. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. The appointment of two (2) or more proxies in respect of any particular Omnibus Account shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
7. The instrument appointing a proxy or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting, or in the case of a poll not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

AFFIX
POSTAGE
HERE

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor, Malaysia

GROUP CORPORATE DIRECTORY

TIME

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TT dotCom Sdn Bhd (52371-A)
TIME dotNet Berhad (507273-T)
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Global Transit 2 Limited (LL10521)
Global Transit 3 Limited (LL10761)
Global Transit 5 Limited (LL10766)
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