# ASTRO MALAYSIA HOLDINGS BERHAD

(932533-V) (Incorporated in Malaysia)

## QUARTERLY REPORT FOR THE
## FINANCIAL PERIOD ENDED 31 OCTOBER 2017

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

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 2017

## QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 2017

The Board of Directors of Astro Malaysia Holdings Berhad ("AMH" or "the Company") presents the following unaudited condensed consolidated financial statements for the third quarter ended 31 October 2017 which should be read in conjunction with the audited financial statements for the financial year ended 31 January 2017 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Note | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTER | | |
|---|---|---|---|---|---|---|---|
| | | **QUARTER ENDED 31/10/2017** | **QUARTER ENDED 31/10/2016** | | **PERIOD ENDED 31/10/2017** | **PERIOD ENDED 31/10/2016** | |
| | | **RM'm** | **RM'm** | % | **RM'm** | **RM'm** | % |
| **Revenue** | | 1,396.7 | 1,424.1 | -2 | 4,142.5 | 4,215.2 | -2 |
| Cost of sales | | (879.6) | (883.4) | | (2,420.6) | (2,614.0) | |
| **Gross profit** | | 517.1 | 540.7 | -4 | 1,721.9 | 1,601.2 | +8 |
| **Other operating income** | | 3.2 | 4.1 | | 11.9 | 12.1 | |
| Marketing and distribution costs | | (122.0) | (120.1) | | (365.5) | (357.8) | |
| Administrative expenses | | (151.1) | (132.9) | | (439.0) | (434.0) | |
| **Profit from operations** | | 247.2 | 291.8 | -15 | 929.3 | 821.5 | +13 |
| Finance income | | 24.4 | 9.3 | | 56.7 | 29.7 | |
| Finance costs | | (65.2) | (77.1) | | (170.6) | (181.0) | |
| Share of post-tax results from investments accounted for using the equity method | | (0.4) | (0.1) | | (0.7) | 2.6 | |
| Impairment of investment accounted for using the equity method | | - | (15.1) | | - | (15.1) | |
| **Profit before tax** | 17 | 206.0 | 208.8 | -1 | 814.7 | 657.7 | +24 |
| Tax expense | 18 | (60.1) | (60.1) | | (231.3) | (183.7) | |
| **Profit for the financial period** | | 145.9 | 148.7 | -2 | 583.4 | 474.0 | +23 |
| **Attributable to:** | | | | | | | |
| Equity holders of the Company | | 146.6 | 151.0 | -3 | 588.8 | 478.6 | +23 |
| Non-controlling interests | | (0.7) | (2.3) | | (5.4) | (4.6) | |
| | | 145.9 | 148.7 | -2 | 583.4 | 474.0 | +23 |
| Earnings per share attributable to equity holders of the Company (RM): | | | | | | | |
| - Basic | 27 | 0.028 | 0.029 | | 0.113 | 0.092 | |
| - Diluted | 27 | 0.028 | 0.029 | | 0.113 | 0.092 | |

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(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 2017

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | QUARTER ENDED 31/10/2017 | QUARTER ENDED 31/10/2016 | PERIOD ENDED 31/10/2017 | PERIOD ENDED 31/10/2016 |
| | RM'm | RM'm | RM'm | RM'm |
| **Profit for the financial period** | 145.9 | 148.7 | 583.4 | 474.0 |
| **Other comprehensive (loss)/income:** | | | | |
| Items that will be reclassified subsequently to profit or loss: | | | | |
| - Net change in cash flow hedge | (6.9) | 41.0 | (81.4) | 2.3 |
| - Net change in available-for-sale financial assets | (0.2) | (0.5) | 0.1 | (0.2) |
| Foreign currency translation | 0.6 | (0.3) | 3.9 | 1.4 |
| Taxation | 2.2 | - | 19.6 | - |
| Other comprehensive (loss)/income, net of tax | (4.3) | 40.2 | (57.8) | 3.5 |
| **Total comprehensive income for the financial period** | 141.6 | 188.9 | 525.6 | 477.5 |
| **Attributable to:** | | | | |
| Equity holders of the Company | 142.3 | 191.2 | 531.0 | 482.1 |
| Non-controlling interests | (0.7) | (2.3) | (5.4) | (4.6) |
| | 141.6 | 188.9 | 525.6 | 477.5 |

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 2017

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | AS AT 31/10/2017 Unaudited RM'm | AS AT 31/1/2017 Audited RM'm |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | 2,436.4 | 1,817.9 |
| Investments in associates | | 1.5 | 2.1 |
| Investments in joint ventures | | 2.1 | 2.2 |
| Receivables and prepayments | 21 | 97.7 | 300.2 |
| Deferred tax assets | | 132.3 | 119.5 |
| Derivative financial instruments | 20 | 194.7 | 272.4 |
| Intangible assets | | 2,024.7 | 2,044.6 |
| | | 4,889.4 | 4,558.9 |
| **Current assets** | | | |
| Inventories | | 22.5 | 20.4 |
| Other investment | | 708.5 | 275.4 |
| Receivables and prepayments | 21 | 939.5 | 858.5 |
| Derivative financial instruments | 20 | 62.7 | 175.4 |
| Tax recoverable | | 2.2 | 1.0 |
| Cash and bank balances | | 265.8 | 376.3 |
| | | 2,001.2 | 1,707.0 |
| **Total assets** | | 6,890.6 | 6,265.9 |
| **Current liabilities** | | | |
| Payables | 22 | 1,484.3 | 1,626.6 |
| Derivative financial instruments | 20 | 15.8 | 4.3 |
| Borrowings | 19 | 665.6 | 629.3 |
| Tax liabilities | | 65.5 | 20.0 |
| | | 2,231.2 | 2,280.2 |
| **Net current liabilities** | | (230.0) | (573.2) |
| **Non-current liabilities** | | | |
| Payables | 22 | 468.1 | 490.0 |
| Derivative financial instruments | 20 | 5.5 | 8.1 |
| Borrowings | 19 | 3,440.2 | 2,776.3 |
| Deferred tax liabilities | | 81.0 | 81.5 |
| | | 3,994.8 | 3,355.9 |
| **Total liabilities** | | 6,226.0 | 5,636.1 |
| **Net assets** | | 664.6 | 629.8 |

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | AS AT 31/10/2017 Unaudited RM'm | AS AT 31/1/2017 Audited RM'm |
|---|---|---|---|
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | | 6,726.9 | 6,715.8 |
| Exchange reserve | | 7.5 | 3.6 |
| Capital reorganisation reserve | | (5,470.2) | (5,470.2) |
| Hedging reserve | | (7.6) | 54.2 |
| Fair value reserve | | 0.1 | - |
| Share scheme reserve | | 9.3 | 25.0 |
| Accumulated losses | | (602.4) | (705.0) |
| | | 663.6 | 623.4 |
| Non-controlling interests | | 1.0 | 6.4 |
| **Total equity** | | 664.6 | 629.8 |

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 OCTOBER 2017

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Period ended 31/10/2017** | Share capital | Exchange reserve | Capital reorganisation reserve | Hedging reserve | Fair value reserve | Share scheme reserve | Accumulated losses | Total | Non-controlling interests | Total |
| | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm |
| At 1/2/2017 | 6,715.8^ | 3.6 | (5,470.2) | 54.2 | - | 25.0 | (705.0) | 623.4 | 6.4 | 629.8 |
| Profit/(loss) for the financial period | - | - | - | - | - | - | 588.8 | 588.8 | (5.4) | 583.4 |
| Other comprehensive income/(loss) for the financial period | - | 3.9 | - | (61.8) | 0.1 | - | - | (57.8) | - | (57.8) |
| **Total comprehensive income/(loss) for the financial period** | - | 3.9 | - | (61.8) | 0.1 | - | 588.8 | 531.0 | (5.4) | 525.6 |
| Ordinary shares dividends | - | - | - | - | - | - | (494.9) | (494.9) | - | (494.9) |
| Cash settlement of share options | - | - | - | - | - | (3.2) | - | (3.2) | - | (3.2) |
| Transfer of lapsed share options | - | - | - | - | - | (8.7) | 8.7 | - | - | - |
| Share grant exercised | 11.1 | - | - | - | - | (11.1) | - | - | - | - |
| Share-based payment transaction | - | - | - | - | - | 7.3 | - | 7.3 | - | 7.3 |
| **Transactions with owners** | 11.1 | - | - | - | - | (15.7) | (486.2) | (490.8) | - | (490.8) |
| At 31/10/2017 | 6,726.9^ | 7.5 | (5,470.2) | (7.6) | 0.1 | 9.3 | (602.4) | 663.6 | 1.0 | 664.6 |

^ The Companies Act 2016 (the "Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and capital redemption reserves become part of the Company's share capital. Notwithstanding, the Company may within 24 months from 31 January 2017, use the amount standing to the credit of its share premium account of RM6,194,751,323.61 for purposes as set out in Sections 618 (3) and the capital redemption reserve of RM677.50 for the bonus issue pursuant to Section 618(4) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. The number of ordinary shares issued and fully paid up as at 31 October 2017 is 5,213,883,600.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

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

@ Denotes RM677.50

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | PERIOD ENDED 31/10/2017 | PERIOD ENDED 31/10/2016 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | **RM'm** | **RM'm** |
| **Profit before tax** | 814.7 | 657.7 |
| Adjustments for: | | |
| Non-cash items^ | 816.6 | 949.7 |
| Interest expense | 155.6 | 154.8 |
| Interest income | (19.9) | (29.7) |
| **Operating cash flows before changes in working capital** | 1,767.0 | 1,732.5 |
| Changes in working capital | (14.6) | (138.7) |
| **Cash flows from operations** | 1,752.4 | 1,593.8 |
| Income tax paid | (180.7) | (211.9) |
| Interest received | 4.3 | 15.7 |
| **Net cash flows generated from operating activities** | 1,576.0 | 1,397.6 |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from disposal of property, plant and equipment and intangibles | 0.1 | 1.1 |
| Purchase of property, plant and equipment and intangibles | (420.7) | (399.1) |
| Purchase of unit trusts | (424.0) | (7.6) |
| Maturities/(placements) of fixed deposits | 95.0 | (61.9) |
| Maturities of bonds | 5.0 | 10.0 |
| Investment in associate | - | (3.4) |
| **Net cash flows used in investing activities** | (744.6) | (460.9) |
| | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividends paid | (494.9) | (507.5) |
| Interest paid | (69.6) | (80.7) |
| Payment for set-top boxes | (204.5) | (217.9) |
| Payment of finance lease liabilities | (156.9) | (113.2) |
| Net drawdown/(repayment) of borrowings | 75.3 | (149.8) |
| **Net cash flows used in financing activities** | (850.6) | (1,069.1) |
| | | |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | (19.2) | (132.4) |
| **EFFECTS OF FOREIGN EXCHANGE RATE CHANGES** | 3.8 | 1.5 |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD** | 263.3 | 566.8 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD#** | 247.9 | 435.9 |

^ Non-cash items mainly represent amortisation of intangible assets and depreciation of property, plant and equipment as disclosed in Note 17.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**

# The difference between the cash and cash equivalents and cash and bank balances represent deposits with banks that have maturity periods of more than 3 months.

Material Non-Cash Transaction

During the financial period ended 31 October 2017, the Group acquired set-top boxes by means of vendor financing of RM163.4m (31 October 2016: RM108.4m) and transponders by means of finance lease of RM806.2m (31 October 2016: Nil), the Group had repaid RM204.5m (31 October 2016: RM217.9m) in relation to vendor financing for set-top boxes and RM156.9m (31 October 2016: RM113.2m) in relation to finance lease for transponders, both capitalised in prior financial years.

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

### 1 BASIS OF PREPARATION

The unaudited quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting", Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities Listing Requirements") and should be read in conjunction with the audited financial statements for the financial year ended 31 January 2017.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 January 2017.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 February 2017 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Amendments to MFRS 107 Disclosure Initiative (effective from 1 January 2017)
- Amendments to MFRS 112 Recognition of Deferred Tax Asset for Unrealised Losses (effective from 1 January 2017)
- Amendments to MFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2017)

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

The Group has not early adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") as these are effective for the financial periods beginning on or after 1 February 2018:

- MFRS 9 Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities (effective from 1 January 2018)
- MFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)
- MFRS 16 Leases (effective from 1 January 2019)
- Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions (effective from 1 January 2018)
- Amendments to MFRS 128 Investments in Associates and Joint Ventures (effective from 1 January 2018)
- Amendments to MFRS 140 Transfers of Investment Property (effective from 1 January 2018)
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective from 1 January 2018)
- IC Interpretation 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019)
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date yet to be determined by Malaysian Accounting Standards Board)

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

## 1 BASIS OF PREPARATION (continued)

The initial application of the aforementioned accounting standards and amendments to published standards are not expected to have any material impacts to the financial statements of the Group, except as mentioned below:

**MFRS 9 Financial Instruments**

This complete version of MFRS 9 replaces all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The approach for classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held of which financial assets such as investment in debt instruments can be classified into three categories; amortised costs, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"), equity instrument shall be measured at fair value while classification and measurement of financial liabilities have been retained: FVTPL and amortised cost. For impairment, MFRS 9 introduces an expected-loss impairment model which will require more timely recognition of expected credit losses to reflect changes of credit risk of financial instruments. For hedge accounting, the general hedge accounting requirements have been simplified for hedge effectiveness testing and permit hedge accounting to be applied to a greater variety of hedging instruments and risks. MFRS 9 is to be applied retrospectively but comparatives are not required to be restated.

The Group is currently assessing the financial impact of adopting MFRS 9.

**MFRS 15 Revenue from Contracts with Customers**

MFRS 15 replaces MFRS 118 Revenue and MFRS 111 Construction contracts and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group is currently assessing the financial impact of adopting MFRS 15.

## 2 SEASONAL/CYCLICAL FACTORS

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

## 3 UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the financial period ended 31 October 2017.

## 4 MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the financial period ended 31 October 2017.

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

## 5 DEBT AND EQUITY SECURITIES

Save for below items, there were no other issuance, repurchase and repayment of debt and equity securities during the nine-month ended 31 October 2017.

On 9 June 2017, a wholly-owned subsidiary of the Company, MEASAT Broadcast Network Systems Sdn Bhd ("MBNS" or the "Issuer") has established an Unrated Medium Term Notes ("MTNs") Programme of up to RM3.0 billion in nominal value ("MTN Programme"). The MTN Programme has a tenure of 15 years from the date of the first issuance of MTNs under the MTN Programme. MBNS intends to utilise the proceeds for the following purposes:
(i) financing the Issuer's cost relating to the production, purchase and licensing of content/ programme/ channels;
(ii) financing the Issuer's purchase of set-top boxes, including the settlement of vendor financing;
(iii) capital expenditure of the Issuer including asset acquisition for broadcast and transmission and acquisition of software and platforms;
(iv) refinancing of any maturing MTNs issued under the MTN Programme; and/or
(v) on-lending (at a mutually agreed interest) to Astro Malaysia Holdings Berhad and its subsidiaries.

On 10 August 2017, MBNS issued the first series of MTNs amounting RM300.0 million in nominal value, for a tenure of 5 years at coupon rate of 5.3% per annum. The coupon is payable semi-annually.

On 19 October 2017, the Company issued and allotted 4,361,400 new ordinary shares, to eligible executive or eligible employees, pursuant to the terms of the Offer Letter dated 11 October 2012, 19 October 2015 and 19 October 2016 respectively, in accordance with the By-laws of the Management Share Scheme of the Company.

## 6 DIVIDENDS PAID

During the financial period ended 31 October 2017, the following dividend payments were made:

(i) fourth interim single-tier dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 January 2017 amounting to RM156,285,666.00 was paid on 27 April 2017;
(ii) final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 January 2017 amounting to RM26,047,612.09 was paid on 14 July 2017;
(iii) first interim single-tier dividend of 3.0 sen per ordinary share in respect of the financial year ending 31 January 2018 amounting to RM156,285,666.00 was paid on 14 July 2017.
(iv) second interim single-tier dividend of 3.0 sen per ordinary share in respect of the financial year ending 31 January 2018 amounting to RM156,285,666.00 was paid on 13 October 2017.

Refer to Note 26 for dividends declared for the third quarter ended 31 October 2017.

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

## 7 SEGMENT RESULTS AND REPORTING

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

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

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

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

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

**Segment assets**

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

**Segment liabilities**

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

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

## 7 SEGMENT RESULTS AND REPORTING (continued)

| **Period ended 31/10/2017** | **Television** | **Radio** | **Home-shopping** | **Others** | **Corporate Function** | **Elimination** | **Total** |
|---|---|---|---|---|---|---|---|
| | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** |
| External revenue | 3,696.8 | 239.5 | 205.0 | - | 1.2 | - | 4,142.5 |
| Interest income | 13.0 | 3.1 | 0.6 | 0.9 | 56.9 | (54.6) | 19.9 |
| Interest expense | (145.3) | (0.1) | - | (1.5) | (63.3) | 54.6 | (155.6) |
| Depreciation and amortisation | (798.7) | (4.2) | (4.1) | (0.1) | (3.8) | 23.9 | (787.0) |
| Share of post-tax results from investments accounted for using the equity method | (0.7) | - | - | - | - | - | (0.7) |
| Segment profit/(loss) – Profit/(loss) before tax | 725.0 | 127.1 | (12.1) | (7.6) | (26.5) | 8.8 | 814.7 |

| **As at 31/10/2017** | **Television** | **Radio** | **Home-shopping** | **Others** | **Corporate Function** | **Elimination** | **Total** |
|---|---|---|---|---|---|---|---|
| | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** |
| Segment assets | 5,878.0 | 1,459.1 | 58.8 | 17.4 | 407.4 | (1,062.4) | 6,758.3 |
| Segment liabilities | 4,621.9 | 356.2 | 84.5 | 16.9 | 2,106.0 | (1,106.0) | 6,079.5 |

| **Period ended 31/10/2016** | **Television** | **Radio** | **Home-shopping** | **Others** | **Corporate Function** | **Elimination** | **Total** |
|---|---|---|---|---|---|---|---|
| | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** |
| External revenue | 3,771.7 | 241.7 | 200.6 | - | 1.2 | - | 4,215.2 |
| Interest income | 16.4 | 2.7 | 1.0 | 2.4 | 69.8 | (62.6) | 29.7 |
| Interest expense | (136.8) | (0.1) | - | (3.0) | (77.5) | 62.6 | (154.8) |
| Depreciation and amortisation | (838.8) | (4.1) | (3.8) | - | (5.3) | 25.8 | (826.2) |
| Share of post-tax results from investments accounted for using the equity method | (0.3) | - | - | 2.9 | - | - | 2.6 |
| Impairment of investments accounted for using the equity method | - | - | - | (15.1) | - | - | (15.1) |
| Segment profit/(loss) – Profit/(loss) before tax | 571.6 | 139.3 | (12.4) | (1.1) | (31.4) | (8.3) | 657.7 |

| **As at 31/1/2017** | **Television** | **Radio** | **Home-shopping** | **Others** | **Corporate Function** | **Elimination** | **Total** |
|---|---|---|---|---|---|---|---|
| | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** |
| Segment assets | 4,911.9 | 1,840.6 | 57.7 | 68.7 | 535.1 | (1,267.6) | 6,146.4 |
| Segment liabilities | 3,620.3 | 763.2 | 60.2 | 9.3 | 2,389.3 | (1,307.7) | 5,534.6 |

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

## 7 SEGMENT RESULTS AND REPORTING (continued)

| Quarter ended 31/10/2017 | Television RM'm | Radio RM'm | Home-shopping RM'm | Others RM'm | Corporate Function RM'm | Elimination RM'm | Total RM'm |
|---|---|---|---|---|---|---|---|
| External revenue | 1,245.2 | 79.3 | 72.7 | (0.9) | 0.4 | - | 1,396.7 |
| Interest income | 4.7 | 1.0 | 0.2 | 0.2 | 17.8 | (16.6) | 7.3 |
| Interest expense | (56.0) | (0.1) | - | 0.5 | (21.4) | 16.6 | (60.4) |
| Depreciation and amortisation | (275.0) | (1.4) | (1.4) | (0.1) | (1.0) | 9.6 | (269.3) |
| Share of post-tax results from investments accounted for using the equity method | (0.4) | - | - | - | - | - | (0.4) |
| Segment profit/(loss) – Profit/(loss) before tax | 169.9 | 43.6 | (2.8) | (0.4) | (10.1) | 5.8 | 206.0 |

| Quarter ended 31/10/2016 | Television RM'm | Radio RM'm | Home-shopping RM'm | Others RM'm | Corporate Function RM'm | Elimination RM'm | Total RM'm |
|---|---|---|---|---|---|---|---|
| External revenue | 1,278.4 | 83.2 | 62.4 | - | 0.1 | - | 1,424.1 |
| Interest income | 5.8 | 1.0 | 0.3 | 0.8 | 22.3 | (20.9) | 9.3 |
| Interest expense | (44.3) | - | - | (1.0) | (26.5) | 20.9 | (50.9) |
| Depreciation and amortisation | (273.0) | (1.4) | (1.1) | - | (1.6) | 8.3 | (268.8) |
| Share of post-tax results from investments accounted for using the equity method | (0.2) | - | - | 0.1 | - | - | (0.1) |
| Impairment of investments accounted for using the equity method | - | - | - | (15.1) | - | - | (15.1) |
| Segment profit/(loss) – Profit/(loss) before tax | 191.4 | 49.9 | (6.7) | (2.1) | (8.7) | (15.0) | 208.8 |

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

## 8 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the third quarter ended 31 October 2017.

## 9 INDEMNITY, GUARANTEES AND CONTINGENT ASSETS

### a. Indemnity and guarantees

Details of the indemnity and guarantees of the Group as at 31 October 2017, for which no provision has been made in the interim financial statements, are as set out below:

| | Group | |
|---|---|---|
| | **31/10/2017** | **31/1/2017** |
| | **RM'm** | **RM'm** |
| Indemnity given to financial institutions in respect of bank guarantees issued (unsecured): | | |
| - Programme rights vendors[1] | 146.4 | 125.5 |
| - Others[2] | 8.4 | 7.5 |
| Other indemnities: | | |
| - Guarantee to programme rights vendor provided by AMH[1] | 766.3 | 949.6 |
| | 921.1 | 1,082.6 |

Notes:
[1] Included as part of the programming commitments for programme rights as set out in Note 10.
[2] Consist of bank guarantees issued mainly to Royal Malaysian Customs, utility companies and other statutory bodies.

### b. Contingent assets

There were no significant contingent assets as at 31 October 2017 (31 January 2017: Nil).

## 10 COMMITMENTS

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

| | 31/10/2017 | | | 31/1/2017 | | |
|---|---|---|---|---|---|---|
| | **Approved and contracted for** | **Approved and not contracted for** | **Total** | **Approved and contracted for** | **Approved and not contracted for** | **Total** |
| | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** | **RM'm** |
| Property, plant and equipment* | 145.9 | 76.5 | 222.4 | 2,326.2 | 84.8 | 2,411.0 |
| Software | 35.6 | 158.8 | 194.4 | 79.1 | 96.4 | 175.5 |
| Film library and programme rights | 827.3 | 347.0 | 1,174.3 | 1,065.4 | 742.6 | 1,808.0 |
| | 1,008.8 | 582.3 | 1,591.1 | 3,470.7 | 923.8 | 4,394.5 |

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

**10 COMMITMENTS (continued)**

***** Included in approved and contracted for is the supply of transponder capacity with MEASAT International (South Asia) Ltd. ("MISAL") and MEASAT Satellite Systems Sdn. Bhd. ("MSS"), both related parties, on MEASAT-3B and MEASAT-3C satellites, of RM NIL (31 January 2017: RM1,325.0m) and RM NIL (31 January 2017: RM736.9m) respectively. MISAL and MSS are both subsidiaries of a company in which, a substantial shareholder, Ananda Krishnan Tatparanandam ("TAK") has a 99.999% direct equity interest.

**11 SIGNIFICANT RELATED PARTY DISCLOSURES**

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

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

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

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

| **Related Parties** | **Relationship** |
|---|---|
| Maxis Mobile Services Sdn. Bhd. | Subsidiary of a joint venture of UTSB |
| Maxis Broadband Sdn. Bhd. | Subsidiary of a joint venture of UTSB |
| ASTRO Overseas Limited ("AOL") | Subsidiary of Astro Holdings Sdn Bhd ("AHSB"), a company jointly controlled by UTSB and Khazanah Nasional Berhad, pursuant to a shareholders' agreement in relation to AHSB |
| UTSB Management Sdn. Bhd. | Subsidiary of UTSB |
| Kristal-Astro Sdn. Bhd. | Associate of the Company |
| Celestial Movie Channel Limited | Associate of AOL |
| Sun TV Network Limited | Joint venture partner of AOL |
| Tiger Gate Entertainment Limited | Associate of AOL |
| MISAL | Subsidiary of a company in which TAK has a 99.999% direct equity interest |
| MSS | Subsidiary of a company in which TAK has a 99.999% direct equity interest |
| GS Home Shopping Inc. | Major shareholder of Astro GS Shop Sdn. Bhd., a 60% owned subsidiary of the Company |

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

## 11 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

| | Transaction for the period ended 31/10/2017 RM'm | Transaction for the period ended 31/10/2016 RM'm | Balances due from/(to) as at 31/10/2017* RM'm | Balances due from/(to) as at 31/1/2017* RM'm | Commitments as at 31/10/2017 RM'm | Commitments as at 31/1/2017 RM'm |
|---|---|---|---|---|---|---|
| (i) Sales of goods and services | | | | | | |
| - Maxis Mobile Services Sdn. Bhd. (Multimedia, interactive and airtime sales) | 5.3 | 6.7 | 1.8 | 2.2 | - | - |
| - Kristal-Astro Sdn. Bhd. (Programme services and right sales, technical support, smartcard rental, and sales of set-top boxes and accessories) | 15.1 | 21.8 | 29.4 | 28.2 | - | - |
| - MEASAT Satellite Systems Sdn. Bhd. (Compensation for T11) | - | - | - | 4.5 | - | - |
| - ASTRO Overseas Limited (Management fees) | 1.2 | 1.7 | - | 3.5 | - | - |
| (ii) Purchases of goods and services | | | | | | |
| - UTSB Management Sdn. Bhd. (Personnel, strategic and other consultancy and support services) | 10.1 | 9.6 | (3.4) | (1.1) | - | - |
| - Maxis Broadband Sdn. Bhd. (Telecommunication services) | 69.4 | 66.1 | (9.5) | (13.7) | - | - |
| - MISAL (Deposit paid on transponder lease) | - | - | 53.7 | 52.2 | - | 1,325.0 |
| - MSS (Transponder lease) | - | - | - | - | - | 736.9 |
| - Sun TV Network Limited (Programme broadcast rights) | 29.8 | 28.3 | (12.2) | (13.3) | - | - |
| - Celestial Movie Channel Limited (Programme broadcast rights) | 17.5 | 16.6 | (4.3) | (2.4) | - | - |

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

## 11 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

| | Transaction for the period ended 31/10/2017 RM'm | Transaction for the period ended 31/10/2016 RM'm | Balances due from/(to) as at 31/10/2017* RM'm | Balances due from/(to) as at 31/1/2017* RM'm | Commitments as at 31/10/2017 RM'm | Commitments as at 31/1/2017 RM'm |
|---|---|---|---|---|---|---|
| (ii) Purchases of goods and services (continued) | | | | | | |
| - Tiger Gate Entertainment Limited (Programming rights) | 10.3 | 11.6 | (2.9) | (3.5) | - | - |
| - GS Home Shopping Inc. (Development of software system, purchase of retail products) | 0.4 | 3.7 | (0.1) | (0.9) | - | - |
| (iii) Key management personnel compensation | | | | | | |
| - Salaries, bonus and allowances and other staff related costs | 28.0 | 26.5 | | | | |
| - Directors fees | 1.6 | 1.4 | | | | |
| - Defined contribution plans | 3.9 | 3.5 | | | | |
| - Shared-based payments | 4.4 | 3.9 | | | | |

* Balances are stated at gross

(iv) Government-related entities

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

The Group has been granted a waiver from compliance with Chapters 10.08 and 10.09 of the Listing Requirements (Related Party Transaction) in respect of related party transactions with KNB Group. All the transactions entered into by the Group with KNB Group are conducted in the ordinary course of the Group's business on negotiated terms.

For the financial period ended 31 October 2017, management estimates that the aggregate amounts of the Group significant transactions with KNB Group are at 2.5% of its total administrative expenses and nil of its total revenue.

## 12 FAIR VALUE MEASUREMENTS

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

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

## 12 FAIR VALUE MEASUREMENTS (continued)

### (a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group as at 31 October 2017 approximated their fair values except as set out below:

Assets/(Liabilities) measured at amortised cost:

| | Carrying amount | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| 31 October 2017 | RM'm | RM'm | RM'm | RM'm |
| Borrowings – finance lease liabilities | (1,753.4) | - | (1,820.9) | - |
| 31 January 2017 | | | | |
| Other investments - bonds | 5.0 | - | 5.0 | - |
| Borrowings – finance lease liabilities | (1,066.4) | - | (1,126.3) | - |

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

### (b) Financial instruments carried at fair value

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

Assets/(Liabilities) measured at fair value:

| | Carrying amount | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Recurring fair value measurements | RM'm | RM'm | RM'm | RM'm |
| 31 October 2017 | | | | |
| Other investment- investment in unit trusts | 708.5 | 708.5 | - | - |
| Forward foreign currency exchange contracts – cash flow hedges | (11.5) | - | (11.5) | - |
| Foreign currency options | 4.3 | - | 4.3 | - |
| Interest rate swaps – cash flow hedges | (8.3) | - | (8.3) | - |
| Cross-currency interest rate swaps – cash flow hedges | 251.6 | - | 251.6 | - |
| 31 January 2017 | | | | |
| Other investment- investment in unit trusts | 270.4 | 270.4 | - | - |
| Forward foreign currency exchange contracts – cash flow hedges | 64.2 | - | 64.2 | - |
| Foreign currency option | 10.5 | - | 10.5 | - |
| Interest rate swaps – cash flow hedges | (11.3) | - | (11.3) | - |
| Cross-currency interest rate swaps – cash flow hedges | 372.0 | - | 372.0 | - |

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

## 12 FAIR VALUE MEASUREMENTS (continued)

### (b) Financial instruments carried at fair value (continued)

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

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

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

## 13 ANALYSIS OF PERFORMANCE

(a) Performance of the current quarter (Third Quarter FY18) against the corresponding quarter (Third Quarter FY17):

*All amounts in RM'm unless otherwise stated*

| | Financial Highlights | | | Key Operating Indicators | |
|---|---|---|---|---|---|
| | QUARTER ENDED 31/10/2017 | QUARTER ENDED 31/10/2016 | % | QUARTER ENDED 31/10/2017 | QUARTER ENDED 31/10/2016 |
| **Consolidated Performance** | | | | | |
| Total revenue | 1,396.7 | 1,424.1 | -2 | | |
| EBITDA[1] | 417.5 | 469.0 | -11 | | |
| EBITDA margin (%) | 29.9 | 32.9 | -3 | | |
| Profit from operations | 247.2 | 291.8 | -15 | | |
| Profit before tax | 206.0 | 208.8 | -1 | | |
| Net profit | 145.9 | 148.7 | -2 | | |
| Profit attributable to ordinary equity holders of the Company | 146.6 | 151.0 | -3 | | |
| **(i) Television** | | | | | |
| Subscription revenue | 1,043.1 | 1,089.6 | -4 | | |
| Advertising revenue | 95.8 | 104.5 | -8 | | |
| Other revenue | 106.3 | 84.3 | +26 | | |
| Total revenue | 1,245.2 | 1,278.4 | -3 | | |
| EBITDA[1] | 376.6 | 428.8 | -12 | | |
| EBITDA margin (%) | 30.2 | 33.5 | -3 | | |
| Profit before tax | 169.9 | 191.4 | -11 | | |
| Pay-TV residential ARPU[2] (RM) | | | | 100.7 | 99.9 |

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

**13 ANALYSIS OF PERFORMANCE (continued)**

(a) Performance of the current quarter (Third Quarter FY18) against the corresponding quarter (Third Quarter FY17) (continued):

| | ***All amounts in RM'm unless otherwise stated*** | | | | |
|---|---|---|---|---|---|
| | **Financial Highlights** | | | **Key Operating Indicators** | |
| | **QUARTER ENDED 31/10/2017** | **QUARTER ENDED 31/10/2016** | **%** | **QUARTER ENDED 31/10/2017** | **QUARTER ENDED 31/10/2016** |
| **(ii) Radio** | | | | | |
| Revenue | 79.3 | 83.2 | -5 | | |
| EBITDA[1] | 44.0 | 50.4 | -13 | | |
| EBITDA margin (%) | 55.5 | 60.6 | -5 | | |
| Profit before tax | 43.6 | 49.9 | -13 | | |
| Listeners ('mil) | | | | 16.5[3] | 15.6[4] |
| **(iii) Home-shopping** | | | | | |
| Revenue | 72.7 | 62.4 | +17 | | |
| EBITDA[1] | (1.6) | (5.9) | +73 | | |
| EBITDA margin (%) | (2.2) | (9.5) | +7 | | |
| Loss before tax | 2.8 | 6.7 | +58 | | |

Notes:

1. Earnings before interest, tax, depreciation and amortisation ("EBITDA") represent profit/(loss) before net finance costs, tax, impairment, write-off and depreciation of property, plant and equipment and amortisation of intangible assets such as software (but excluding amortisation of film library and program rights which are expensed as part of cost of sales), impairment of investments and share of post-tax results from investments accounted for using the equity method.
2. Average Revenue Per User ("ARPU") is the monthly average revenue per residential subscriber. ARPU is calculated by dividing the total subscription revenue derived from residential subscribers over the last twelve months with average number of residential subscribers over the same period.
3. Based on the Radio Listenership Survey by GFK dated 28 September 2017 for Peninsular Malaysia and 13 September 2017 for East Malaysia.
4. Based on the Radio Listenership Survey by GFK dated 5 October 2016 for Peninsular Malaysia.

**13 ANALYSIS OF PERFORMANCE (continued)**

(a) Performance of the current quarter (Third Quarter FY18) against the corresponding quarter (Third Quarter FY17) (continued):

**Consolidated Performance**

**Revenue**

Revenue for the current quarter of RM1,396.7m was lower by RM27.4m or 1.9% against corresponding quarter of RM1,424.1m. This was mainly due to a decrease in subscription, advertising and licensing revenue, offset by higher production revenue. The decrease in subscription revenue was mainly due to lower package take-up. The decrease in advertising revenue was due to subdued advertising market. The decrease in licensing revenue was due to loss of content recovery for sports channel.

**EBITDA margin**

EBITDA margin decreased by 3.0% against corresponding quarter mainly due to higher license, copyright and loyalty fees, higher selling and distribution expenses and higher telecommunication cost, as a percentage of revenue.

**Net Profit**

Net profit decreased by RM2.8m or 1.9% compared with the corresponding quarter due to decrease in EBITDA. The decrease was offset with impairment of investment in associate of RM15.1m in the corresponding quarter and lower net finance costs. Lower net finance cost was due to favorable unrealised forex gain arising from unhedged non-current balance sheet liabilities comprising, finance lease liabilities and vendor financing.

**Television**

Revenue for the current quarter of RM1,245.2m was lower by RM33.2m or 2.6% against corresponding quarter of RM1,278.4m. This was mainly due to a decrease in subscription, advertising and licensing revenue, and offset by increase in production revenue. The decrease in subscription revenue was mainly due to lower package take-up. The decrease in advertising revenue was due to subdued advertising market. The decrease in licensing revenue was due to loss of content recovery for sports channel.

Television EBITDA decreased by RM52.2m or 12.2% against corresponding quarter mainly due to decrease in revenue as highlighted above, higher telecommunication costs, lower other operating income mainly from insurance claims in the corresponding quarter.

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

**13 ANALYSIS OF PERFORMANCE (continued)**

(a) Performance of the current quarter (Third Quarter FY18) against the corresponding quarter (Third Quarter FY17) (continued):

**Consolidated Performance (continued)**

**Radio**

Radio's revenue for the current quarter of RM79.3m was lower by RM3.9m or 4.7% compared with the corresponding quarter of RM83.2m. The lower revenue performance was due to an unfavorable operating environment leading to lower client advertising spending.

Radio EBITDA for the current quarter of RM44.0m, decreased by RM6.4m or 12.7% against the corresponding quarter, due to higher operating cost incurred for the business expansion.

**Home-shopping**

Home-shopping's revenue for the current quarter of RM72.7m was higher by RM10.3m compared with the corresponding quarter of RM62.4m. The higher revenue performance was due to increase in number of products sold which was mainly driven by the tactical campaigns executed for the current quarter.

Home-shopping EBITDA recorded an improvement of RM4.3m or 72.9% against corresponding quarter, primarily due to the increase in revenue as highlighted above, offset by costs for the Singapore operations.

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

**13 ANALYSIS OF PERFORMANCE (continued)**

(b) Performance of the current quarter (Third Quarter FY18) against the preceding quarter (Second Quarter FY18):

| | *All amounts in RM'm unless otherwise stated* | | | | |
|---|---|---|---|---|---|
| | **Financial Highlights** | | | **Key Operating Indicators** | |
| | **QUARTER ENDED 31/10/2017** | **QUARTER ENDED 31/7/2017** | **%** | **QUARTER ENDED 31/10/2017** | **QUARTER ENDED 31/7/2017** |
| **Consolidated Performance** | | | | | |
| Total revenue | 1,396.7 | 1,419.7 | -2 | | |
| EBITDA[1] | 417.5 | 550.8 | -24 | | |
| EBITDA margin (%) | 29.9 | 38.8 | -9 | | |
| Profit from operations | 247.2 | 381.6 | -35 | | |
| Profit before tax | 206.0 | 339.2 | -39 | | |
| Net profit | 145.9 | 245.1 | -40 | | |
| Profit attributable to ordinary equity holders of the Company | 146.6 | 246.3 | -40 | | |
| **(i) Television** | | | | | |
| Subscription revenue | 1,043.1 | 1,063.4 | -2 | | |
| Advertising revenue | 95.8 | 119.6 | -20 | | |
| Other revenue | 106.3 | 76.5 | +39 | | |
| Total revenue | 1,245.2 | 1,259.5 | -1 | | |
| EBITDA[1] | 376.6 | 512.1 | -27 | | |
| EBITDA margin (%) | 30.2 | 40.7 | -11 | | |
| Profit before tax | 169.9 | 310.4 | -45 | | |
| Pay-TV residential ARPU[2](RM) | | | | 100.7 | 100.8 |
| **(ii) Radio** | | | | | |
| Revenue | 79.3 | 88.7 | -11 | | |
| EBITDA[1] | 44.0 | 47.9 | -8 | | |
| EBITDA margin (%) | 55.5 | 54.0 | +2 | | |
| Profit before tax | 43.6 | 48.1 | -9 | | |
| Listeners ('mil) | | | | 16.5[3] | 16.1[4] |

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

## 13 ANALYSIS OF PERFORMANCE (continued)

(b) Performance of the current quarter (Third Quarter FY18) against the preceding quarter (Second Quarter FY18) (continued):

***All amounts in RM'm unless otherwise stated***

| | **Financial Highlights** | | | **Key Operating Indicators** | |
|---|---|---|---|---|---|
| | **QUARTER ENDED 31/10/2017** | **QUARTER ENDED 31/7/2017** | **%** | **QUARTER ENDED 31/10/2017** | **QUARTER ENDED 31/7/2017** |
| **(iii) Home-shopping** | | | | | |
| Revenue | 72.7 | 70.3 | +3 | | |
| EBITDA[1] | (1.6) | (2.0) | +20 | | |
| EBITDA margin (%) | (2.2) | (2.8) | +1 | | |
| Loss before tax | 2.8 | 3.2 | +13 | | |

Notes:

1. Earnings before interest, tax, depreciation and amortisation ("EBITDA") represent profit/(loss) before net finance costs, tax, impairment, write-off and depreciation of property, plant and equipment and amortisation of intangible assets such as software (but excluding amortisation of film library and program rights which are expensed as part of cost of sales), impairment of investments and share of post-tax results from investments accounted for using the equity method.
2. Average Revenue Per User ("ARPU") is the monthly average revenue per residential subscriber. ARPU is calculated by dividing the total subscription revenue derived from residential subscribers over the last twelve months with average number of residential subscribers over the same period.
3. Based on the Radio Listenership Survey by GFK dated 28 September 2017 for Peninsular Malaysia and 13 September 2017 for East Malaysia .
4. Based on the Radio Listenership Survey by GFK dated 6 June 2017 for Peninsular Malaysia and 19 September 2016 for East Malaysia.

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

**13 ANALYSIS OF PERFORMANCE (continued)**

(b) Performance of the current quarter (Third Quarter FY18) against the preceding quarter (Second Quarter FY18) (continued):

**<u>Consolidated Performance</u>**

**Revenue**

Revenue for the current quarter of RM1,396.7m was lower by RM23.0m or 1.6% against preceding quarter of RM1,419.7m. This was mainly due to decrease in subscription and advertising revenue. The decrease in subscription revenue was mainly due to lower package take-up. The decrease in advertising revenue was due to festive season in preceding quarter. The decrease was offset by an increase in production revenue, sales of programming rights and merchandise sales.

**EBITDA margin**

EBITDA margin decreased by 8.9% against the preceding quarter mainly due to higher content costs as a percentage of revenue.

**Net Profit**

Net profit decreased by RM99.2m or 40.5% to RM145.9m during the quarter. The decrease was mainly due to a decrease in EBITDA, offset by lower tax expenses.

**<u>Television</u>**

Revenue for the current quarter of RM1,245.2m was lower by RM14.3m or 1.1% against preceding quarter of RM1,259.5m. This was mainly due to decrease in subscription and advertising revenue. The decrease in subscription revenue was mainly due to lower package take-up. The decrease in advertising revenue was due to festive season in preceding quarter. The decrease was offset by an increase in production revenue and sales of programming rights.

EBITDA decreased by RM135.5m or 26.5% against the preceding quarter due to lower revenue, as highlighted above, higher content costs and higher telecommunication expenses. The decrease was offset by lower impairment of receivables.

**<u>Radio</u>**

Radio’s revenue for the current quarter of RM79.3m was lower by RM9.4m or 10.6% compared with the preceding quarter of RM88.7m. The lower revenue performance for the quarter was due to lower client advertising spending as the preceding quarter had benefited from festive celebrations.

The lower revenue resulted in lower EBITDA of RM44.0m, a decrease of RM3.9m or 8.1% compared with the preceding quarter of RM47.9m

**<u>Home-shopping</u>**

Home-shopping’s revenue for the current quarter of RM72.7m was higher by RM2.4m compared with the preceding quarter of RM70.3m. The higher revenue performance was due to increase in number of products sold.

Home-shopping EBITDA improved by RM0.4m or 20.0% against preceding quarter, which was mainly due to higher revenue as highlighted above.

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

## 13 ANALYSIS OF PERFORMANCE (continued)

(c) Performance of the current period (YTD October 2017) against the corresponding period (YTD October 2016):

*All amounts in RM'm unless otherwise stated*

| | Financial Highlights | | | Key Operating Indicators | |
|---|---|---|---|---|---|
| | PERIOD ENDED 31/10/2017 | PERIOD ENDED 31/10/2016 | % | PERIOD ENDED 31/10/2017 | PERIOD ENDED 31/10/2016 |
| **Consolidated Performance** | | | | | |
| Total revenue | 4,142.5 | 4,215.2 | -2 | | |
| EBITDA[1] | 1,428.7 | 1,372.2 | +4 | | |
| EBITDA margin (%) | 34.5 | 32.6 | +2 | | |
| Profit from operations | 929.3 | 821.5 | +13 | | |
| Profit before tax | 814.7 | 657.7 | +24 | | |
| Net profit | 583.4 | 474.0 | +23 | | |
| Profit attributable to ordinary equity holders of the Company | 588.8 | 478.6 | +23 | | |
| **(i) Television** | | | | | |
| Subscription revenue | 3,171.4 | 3,260.8 | -3 | | |
| Advertising revenue | 286.6 | 282.3 | +2 | | |
| Other revenue | 238.8 | 228.6 | +5 | | |
| Total revenue | 3,696.8 | 3,771.7 | -2 | | |
| EBITDA[1] | 1,318.4 | 1,249.3 | +6 | | |
| EBITDA margin (%) | 35.7 | 33.1 | +3 | | |
| Profit before tax | 725.0 | 571.6 | +27 | | |
| Pay-TV residential ARPU[2](RM) | | | | 100.7 | 99.9 |
| **(ii) Radio** | | | | | |
| Revenue | 239.5 | 241.7 | -1 | | |
| EBITDA[1] | 128.3 | 140.8 | -9 | | |
| EBITDA margin (%) | 53.6 | 58.3 | -5 | | |
| Profit before tax | 127.1 | 139.3 | -9 | | |
| Listeners ('mil) | | | | 16.5[3] | 15.6[4] |

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

**13 ANALYSIS OF PERFORMANCE (continued)**

(c) Performance of the current period (YTD October 2017) against the corresponding period (YTD October 2016) (continued):

| | Financial Highlights | | | Key Operating Indicators | |
|---|---|---|---|---|---|
| *All amounts in RM'm unless otherwise stated* | **PERIOD ENDED 31/10/2017** | **PERIOD ENDED 31/10/2016** | **%** | **PERIOD ENDED 31/10/2017** | **PERIOD ENDED 31/10/2016** |
| **(iii) Home-shopping** | | | | | |
| Revenue | 205.0 | 200.6 | +2 | | |
| EBITDA[1] | (8.6) | (9.6) | +10 | | |
| EBITDA margin (%) | (4.2) | (4.8) | +1 | | |
| Loss before tax | 12.1 | 12.4 | +2 | | |

Notes:

1. Earnings before interest, tax, depreciation and amortisation ("EBITDA") represent profit/(loss) before net finance costs, tax, impairment, write-off and depreciation of property, plant and equipment and amortisation of intangible assets such as software (but excluding amortisation of film library and program rights which are expensed as part of cost of sales), impairment of investments and share of post-tax results from investments accounted for using the equity method.
2. Average Revenue Per User ("ARPU") is the monthly average revenue per residential subscriber. ARPU is calculated by dividing the total subscription revenue derived from residential subscribers over the last twelve months with average number of residential subscribers over the same period.
3. Based on the Radio Listenership Survey by GFK dated 28 September 2017 for Peninsular Malaysia and 13 September 2017 for East Malaysia.
4. Based on the Radio Listenership Survey by GFK dated 5 October 2016 for Peninsular Malaysia.

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

## 13 ANALYSIS OF PERFORMANCE (continued)

(c) Performance of the current period (YTD October 2017) against the corresponding period (YTD October 2016) (continued):

**Consolidated Performance**

**Revenue**

Revenue for the current period of RM4,142.5m was lower by RM72.7m or 1.7% against corresponding period of RM4,215.2m. This was mainly due to a decrease in subscription and licensing revenue, offset by increase in production revenue. The decrease in subscription revenue was mainly due to lower package take-up. The decrease in licensing revenue was due to loss of content recovery for sports channel.

**EBITDA margin**

EBITDA margin increased by 1.9% against the corresponding period mainly due to higher operational efficiency contributed by lower content costs and lower cost to serve.

**Net Profit**

Net profit increased by RM109.4m or 23.1% to RM583.4m during the period. The increase was mainly due to an increase in EBITDA and decrease in net finance costs, offset by higher tax expense. Lower net finance cost was due to favorable unrealised forex gain arising from unhedged non-current balance sheet liabilities comprising, finance lease liabilities and vendor financing.

**Television**

Revenue for the current period of RM3,696.8m was lower by RM74.9m or 2.0% against corresponding period of RM3,771.7m. This was mainly due to a decrease in subscription and licensing revenue, offset by higher production revenue. The decrease in subscription revenue was mainly due to lower package take-up. The decrease in licensing revenue was due to loss of content recovery for sports channel.

EBITDA increased by RM69.1m or 5.5% against the corresponding period due to decrease in content costs. The increase was offset by lower revenue, as highlighted above, higher telecommunication expenses and professional fees.

**Radio**

Radio's revenue for the current period of RM239.5m was lower by RM2.2m or 0.9% compared with the corresponding period of RM241.7m due to unfavorable operating environment leading to lower client advertising spend.

The lower revenue with higher operating cost had impacted the EBITDA to decrease by RM12.5m or 8.9% compared with the corresponding period of RM140.8m.

**Home-shopping**

Home-shopping's revenue for the current period of RM205.0m was higher by RM4.4m compared with the corresponding period of RM200.6m, which was due to increase in number of products sold.

Home-shopping EBITDA improved by RM1.0m or 10.4% against corresponding period, which was mainly due to higher revenue as highlighted above.

## 13 ANALYSIS OF PERFORMANCE (continued)

(d) Balance sheet review

**Asset**

As at 31 October 2017, the Group had total assets of RM6,890.6m against RM6,265.9m as at 31 January 2017, an increase of RM624.7m or 10.0%.

Total non-current assets of RM4,889.4m was higher by RM330.5m as compared to 31 January 2017. This was mainly due to increase in property, plant and equipment by RM618.5m mainly arising from additional transponder lease of RM806.2m and set-top boxes of RM163.4m, offset by depreciation charged of RM386.8m. This increase was offset by lower receivables and prepayments of RM202.5m and decrease in derivative financial assets of RM77.7m mainly due to decrease in cross-currency interest rate swaps ("CCIRS") of RM71.7m, which were reclassified to current asset.

Total current assets of RM2,001.2m was higher by RM294.2m as compared to 31 January 2017. This was mainly due to increase in receivables and prepayment by RM81.0m arising from reclassification from non-current asset and increase in other investment by RM433.1m from investment in unit trust. The increase was offset by decrease in cash and bank balances by RM110.5m mainly due to dividend payment, repayment of borrowings and finance lease liabilities and purchase of property, plant and equipment, offset by increase in cash flow from operating activities. The decrease in derivative financial assets is due to RM48.7m decrease in CCIRS and RM63.6m decrease in forward foreign currency exchange contracts ("FX contracts"). Decrease in CCIRS was due to repayment of term loan amounting USD24.8m and vendor financing of USD32.0m while decrease in FX contracts was due to less favourable forward.

**Liabilities**

As at 31 October 2017, the Group had total liabilities of RM6,226.0m against RM5,636.1m as at 31 January 2017, an increase of RM589.9 or 10.5%.

Total current liabilities decreased by RM49.0m, 2.1% to RM2,231.2m as at 31 October 2017, primarily arising from decrease in payables by RM142.3m, partially offset by an increase in tax liabilities by RM45.5m and borrowings by RM36.3m. The decrease in payables was mainly due to decrease in trade payables from vendor financing and program provider fees. The increase in borrowings was due to reclassification from non-current liabilities offset by repayment of RM and USD term loans amounting RM150.0m and USD24.8m respectively and finance lease liabilities of RM156.9m during the period.

Total non-current liabilities increased by RM638.9m, 19.0% to RM3,994.8m as at 31 October 2017. The increase was mainly from increase in borrowings by RM663.9m due to additional transponder lease liabilities of RM806.2m and issuance of Unrated Medium-Term Notes of RM300.0m, offset by reclassification of current portion of transponder lease liabilities and term loans.

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

## 14 PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 JANUARY 2018

The Group is cautiously optimistic for the rest of the financial year, despite relatively subdued consumer sentiment. As the Group's operating environment is facing disruption, the Group is re-positioning its business with emphasis towards personalisation, mobility and interactivity with customers, focusing on executing its key strategies on:

(1) digitalising our legacy business via investments in technology to accelerate our digital transformation, launching OTT streaming services in Astro Go and Njoi Now, and providing differentiated products, services and content;
(2) rapidly scaling our digital ventures via our e-commerce platform, Go Shop and our regional OTT streaming service, Tribe; and
(3) deepening strength in verticals and building a robust innovation pipeline via collaborative partnerships with leading content players to drive revenue growth.

On 6 December 2017, Astro entered into a binding term sheet with Grup Majalah Karangkraf Sdn Bhd to form a new joint venture company. It is expected that this investment would extend Astro's regional presence amongst the Malay-language audience online and augment monetisation of content IPs across multiple platforms, leveraging on video production, digital and e-commerce, as well as expanding reach across the Nusantara region.

Our combined TV viewership, radio listenership and digital users are uniquely placed to assist advertisers to engage with consumers across all demographics, which will continue to drive monetisation and Adex performance. In extending our reach to a new generation of listeners, the Group has launched two new radio brands targeting tech-savvy, mobile and socially connected listeners in October 2017.

We continue to actively manage our key operating expenses, particularly content costs which are substantially USD denominated, and optimising our cost to serve.

On the basis of the above, the Board believes the Group will remain cash generative and will focus on investing in our growth strategy.

## 15 PROFIT FORECAST OR PROFIT GUARANTEE

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

## 16 QUALIFICATION OF PRECEDING AUDITED ANNUAL FINANCIAL STATEMENTS

There was no qualification to the preceding audited annual financial statements for the financial year ended 31 January 2017.

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

## 17 PROFIT BEFORE TAX

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

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | QUARTER ENDED 31/10/2017 | QUARTER ENDED 31/10/2016 | PERIOD ENDED 31/10/2017 | PERIOD ENDED 31/10/2016 |
| | RM'm | RM'm | RM'm | RM'm |
| Amortisation of intangible assets | 133.8 | 130.4 | 400.2 | 390.5 |
| Depreciation of property, plant and equipment | 135.5 | 138.4 | 386.8 | 435.7 |
| Impairment of film library and program rights | - | - | 4.4 | - |
| Impairment of receivables | 17.4 | 18.5 | 82.9 | 85.1 |
| Finance income: | | | | |
| - Interest income | (1.3) | (6.1) | (5.8) | (21.4) |
| - Unit trust dividend income | (6.0) | (3.2) | (14.1) | (8.3) |
| - Unrealised foreign exchange gains | (33.3) | - | (155.3) | - |
| - Fair value loss on derivative recycled to income statement arising from foreign exchange risk | 16.2 | - | 118.5 | - |
| | (24.4) | (9.3) | (56.7) | (29.7) |
| Finance costs: | | | | |
| - Bank borrowings | 23.7 | 24.6 | 62.2 | 71.5 |
| - Finance lease liabilities | 26.7 | 16.9 | 65.8 | 51.8 |
| - Vendor financing | 6.8 | 7.2 | 20.0 | 24.0 |
| - Unrealised foreign exchange losses/(gain) | - | 54.8 | - | (3.6) |
| - Realised foreign exchange losses | 0.3 | 1.2 | 0.9 | 3.8 |
| - Fair value loss/(gain) on derivative recycled to income statement arising from: | | | | |
| - Interest rate risk | 3.3 | 5.2 | 14.3 | 18.9 |
| - Foreign exchange risk | 1.2 | (35.0) | (0.2) | 7.1 |
| - Others | 3.2 | 2.2 | 7.6 | 7.5 |
| | 65.2 | 77.1 | 170.6 | 181.0 |

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

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

## 18 TAXATION

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | QUARTER ENDED 31/10/2017 | QUARTER ENDED 31/10/2016 | PERIOD ENDED 31/10/2017 | PERIOD ENDED 31/10/2016 |
| | RM'm | RM'm | RM'm | RM'm |
| Current tax | 57.2 | 62.1 | 225.0 | 186.5 |
| Deferred tax | 2.9 | (2.0) | 6.3 | (2.8) |
| | 60.1 | 60.1 | 231.3 | 183.7 |

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

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | QUARTER ENDED 31/10/2017 | QUARTER ENDED 31/10/2016 | PERIOD ENDED 31/10/2017 | PERIOD ENDED 31/10/2016 |
| | RM'm | RM'm | RM'm | RM'm |
| Profit before taxation | 206.0 | 208.8 | 814.7 | 657.7 |
| Tax at Malaysian corporate tax rate of 24% | 49.4 | 50.1 | 195.5 | 157.8 |
| Tax effect of: | | | | |
| Unrecognised deferred tax asset | 3.4 | 4.0 | 10.8 | 8.2 |
| Others (including expenses not deductible for tax purposes and income not subject to tax) | 7.3 | 6.0 | 25.0 | 17.7 |
| Taxation charge | 60.1 | 60.1 | 231.3 | 183.7 |

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

## 19 GROUP BORROWINGS AND DEBT SECURITIES

The amount of Group borrowings and debt securities are as follows:

| **As at 31 October 2017** | **Current** | | **Non-current** | | **Total** | |
|---|---|---|---|---|---|---|
| **Unsecured:** | **USD Denominated RM'm** | **RM Denominated RM'm** | **USD Denominated RM'm** | **RM Denominated RM'm** | **USD Denominated RM'm** | **RM Denominated RM'm** |
| Term loans [(a)] | 217.6 | 311.4 | 628.4 | 900.0 | 846.0 | 1,211.4 |
| Less: Debt issuance costs | (0.7) | (3.5) | - | (4.4) | (0.7) | (7.9) |
| Term loans, net of debt issuance costs | 216.9 | 307.9 | 628.4 | 895.6 | 845.3 | 1,203.5 |
| Unrated Medium Term Note[(b)] | - | 3.6 | - | 300.0 | - | 303.6 |
| Finance lease | | | | | | |
| -Lease of transponders[(c)] | 57.1 | 76.4 | 1,244.7 | 369.7 | 1,301.8 | 446.1 |
| -Lease of equipment and software[(d)] | - | 3.7 | - | 1.8 | - | 5.5 |
| | 57.1 | 80.1 | 1,244.7 | 371.5 | 1,301.8 | 451.6 |
| | 274.0 | 391.6 | 1,873.1 | 1,567.1 | 2,147.1 | 1,958.7 |

| **As at 31 October 2016** | **Current** | | **Non-current** | | **Total** | |
|---|---|---|---|---|---|---|
| **Unsecured:** | **USD Denominated RM'm** | **RM Denominated RM'm** | **USD Denominated RM'm** | **RM Denominated RM'm** | **USD Denominated RM'm** | **RM Denominated RM'm** |
| Term loans[(a)] | 215.7 | 315.5 | 830.1 | 1,200.0 | 1,045.8 | 1,515.5 |
| Less: Debt issuance costs | (1.5) | (4.4) | (1.4) | (7.9) | (2.9) | (12.3) |
| Term loans, net of debt issuance costs | 214.2 | 311.1 | 828.7 | 1,192.1 | 1,042.9 | 1,503.2 |
| Finance lease | | | | | | |
| -Lease of transponders[(c)] | 20.8 | 70.8 | 512.5 | 446.1 | 533.3 | 516.9 |
| -Lease of equipment and software[(d)] | - | 2.2 | - | 1.5 | - | 3.7 |
| | 20.8 | 73.0 | 512.5 | 447.6 | 533.3 | 520.6 |
| | 235.0 | 384.1 | 1,341.2 | 1,639.7 | 1,576.2 | 2,023.8 |

Note:

(a) USD Term loan with notional amount USD198.0m had been swapped into RM at an average exchange and fixed interest rate of USD/RM3.0189 (31 October 2016: USD/RM3.0189) and 4.19% (inclusive of margin of 1%) (31 October 2016: 4.19% (inclusive of margin of 1%)). RM Term loan with notional amount RM900.0m had been swapped into a fixed instrument at an average fixed rate of 4.15% (exclude margin of 1.0%) (31 October 2016: 4.15% (exclude margin of 1.0%)) and RM Term loan with notional amount RM300.0m remains unhedged, with average interest rates of 4.83% (inclusive of margin of 1%) per annum. The decrease in Term loan arises from repayment of principal amount for USD Term Loan and RM Term Loan of USD49.5m and RM300.0m respectively.

(b) First series of issuance of Unrated Medium-Term Notes on 10 August 2017 amounting RM300.0 million in nominal value, for a tenure of 5 years at coupon rate of 5.3% per annum.

(c) Lease of transponders on the MEASAT 3 satellite ("M3"), MEASAT 3 T11 ("M3-T11") satellite, MEASAT 3A satellite ("M3A") from the lessor, MEASAT Satellite Systems Sdn. Bhd.("MSS"), a related party and MEASAT 3B satellite ("M3B") from the lessor, MEASAT International (South Asia) Ltd, a related party. The liabilities for M3, M3-T11 and M3A are denominated in RM, while M3B is denominated in USD.

**19 GROUP BORROWINGS AND DEBT SECURITIES (continued)**

Note (continued):

(d) The effective interest rate of the finance lease as at 31 October 2017 is 6.2% (31 October 2016: 6.2%), 4.6% (31 October 2016: 4.6%), 12.5% (31 October 2016: 12.5%) and 5.6% (31 October 2016: 5.6%) per annum for M3, M3-T11, M3a and M3b respectively.

The increase is due to additional lease of MEASAT 3B satellite ("M3B") from the lessor, MEASAT International (South Asia) Ltd on June 2017 amounting USD189.0m with effective interest rate of 5.6% per annum. For the additional lease of M3B, USD5.6m had been swapped into RM at an average exchange of USD/RM4.2907 and USD179.8m relating to lease rental, payment due beyond 12 months remains unhedged. During the period, repayment was made amounting USD3.6m.

(e) HP lease for servers' hardware, software and testing environment hardware.

**20 DERIVATIVE FINANCIAL INSTRUMENTS**

**(a) Disclosure of derivatives**

Details of derivative financial instruments outstanding as at 31 October 2017 are set out below:

| **Types of derivatives** | **Contract/ Notional Amount** | **Fair Value Assets** | **Fair Value Liabilities** |
|---|---|---|---|
| | **RM'm** | **RM'm** | **RM'm** |
| Forward currency options ("FX Options") | | | |
| - Less than 1 year | 51.4 | 0.4 | - |
| - 1 to 3 years | 50.9 | 3.3 | - |
| - More than 3 years | - | 0.6 | - |
| | 102.3 | 4.3 | - |
| Forward foreign currency exchange contracts ("FX Contracts") | | | |
| - Less than 1 year | 1,086.2 | 1.1 | (12.6) |
| - 1 to 3 years | - | - | - |
| - More than 3 years | - | - | - |
| | 1,086.2 | 1.1 | (12.6) |
| Interest rate swaps ("IRS") | | | |
| - Less than 1 year | 398.6 | - | (3.2) |
| - 1 to 3 years | 852.9 | 0.4 | (3.8) |
| - More than 3 years | 225.0 | - | (1.7) |
| | 1,476.5 | 0.4 | (8.7) |
| Cross-currency interest rate swaps ("CCIRS") | | | |
| - Less than 1 year | 158.2 | 61.2 | - |
| - 1 to 3 years | 378.6 | 129.1 | - |
| - More than 3 years | 149.4 | 61.3 | - |
| | 686.2 | 251.6 | - |

## 20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

### (a) Disclosure of derivatives (continued)

There have been no changes since the end of the previous financial year ended 31 January 2017 in respect of the following:

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

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

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

As at 31 October 2017, the Group recognised net total derivative financial assets of RM236.1m, a decrease of RM199.3m from the previous financial year ended 31 January 2017, on re-measuring the fair values of the derivative financial instruments. The corresponding decrease of RM198.6m has been included in equity in the hedging reserve and remaining RM0.7m were net accrued interest.

<u>Forward foreign currency exchange contracts and foreign currency options</u>

Forward foreign currency exchange contracts and foreign currency options are used to manage the foreign currency exposures arising from the Group's payables denominated in currencies other than the functional currencies of the Group. The forward foreign currency exchange contracts have maturities of less than one year after the balance sheet date, while foreign currency options were entered into for a period of up to 6 years. As at 31 October 2017, the notional principal amounts of the outstanding forward foreign currency exchange contracts were RM1,086.2m (31 January 2017: RM971.0m) and foreign currency options were USD24.2m (31 January 2017: USD34.5m).

<u>Interest rate swaps</u>

Interest rate swaps are used to achieve an appropriate interest rate exposure within the Group. The Group entered into interest rate swaps to hedge the cash flow risk in relation to the floating interest rate of a bank loan, as disclosed in Note 19 with notional principal amounts of RM900.0m (31 January 2017: RM1,012.5m) and vendor financing, as disclosed in Note 22 with notional principal amounts of RM496.9m and USD18.8m (31 January 2017: RM397.2m and USD18.8m).

The interest rate swaps for bank loan were entered for entire term of bank loan with an average fixed swap rate of 4.15% p.a. (31 January 2017: 4.15% p.a.).

The Ringgit and USD dollar interest rate swaps for vendor financing were entered into for a period of up to 3 years with an average fixed swap rate of 3.70% p.a. (31 January 2017: 3.74% p.a.) and 1.89% p.a. (31 January 2017: 1.89% p.a.) respectively.

## 20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

Cross-currency interest rate swaps

To mitigate financial risks arising from adverse fluctuations in interest and exchange rates, the Group entered into cross-currency interest rate swaps with notional principal amounts of USD198.0m (31 January 2017: USD222.8m) for bank loan and vendor financing of USD23.1m (31 January 2017: USD55.1m).

The cross-currency interest rate swap for bank loan was entered for entire term of bank loan and had an average fixed swap rate and exchange rate of 4.19% p.a. (inclusive of interest margin of 1% p.a.) (31 January 2017: 4.19% p.a. (inclusive of interest margin of 1% p.a.)) and USD/RM3.0189 (31 January 2017: USD/RM3.0189) respectively.

The cross-currency interest rate swap for vendor financing was entered up to a period of 3 years and had an average fixed swap rate and exchange rate of 4.48% p.a. (inclusive of interest margin of 1.0% p.a.) (31 January 2017: 4.36% p.a. (inclusive of interest margin of 1.0% p.a.) and USD/RM3.8234 (31 January 2017: USD/RM3.4855).

## 21 RECEIVABLES AND PREPAYMENTS

Receivables and prepayments include trade receivables. Trade receivables including amounts owing from related party are generally granted credit term ranging from 0 to 60 days. Ageing analysis of trade receivables of the Group as at 31 October 2017 as follows:

| | Current to 90 days RM'm | Over 90 days RM'm | Total RM'm |
|---|---|---|---|
| Neither past due nor impaired | 325.7 | - | 325.7 |
| Past due but not impaired | 92.6 | 36.2 | 128.8 |
| Past due and impaired | - | 42.9 | 42.9 |
| | 418.3 | 79.1 | 497.4 |

The above trade receivables are past due but not impaired as based on past collection trends, management believes that these balances are recoverable. Impairment of receivables has been made by considering the impact of the historical collection trend, credit terms, payment term and credit assessment towards the outstanding amount due.

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

## 22 PAYABLES

Included in payables are credit terms granted by vendors that generally range from 0 to 90 days (31 January 2017: 0 to 90 days). Vendors of set-top boxes and outdoor units have adopted an extended payment term of 36 months ("vendor financing") on Usance Letter of Credit Payable at Sight ("ULCP") and Promissory Notes ("PN") basis to the Group.

The effective interest rates at the end of the financial period ranged between 2.2% p.a. and 4.6% p.a. (31 January 2017: 1.9% p.a. and 4.6% p.a.).

As at 31 October 2017, the vendor financing included in payables is RM753.4m (31 January 2017: RM801.1m), comprising current portion of RM285.3m (31 January 2017: RM311.1m) and non-current portion of RM468.1m (31 January 2017: RM490.0m).

## 23 FOREIGN EXCHANGE RISK

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities. The currency giving rise to this risk is primarily USD.

The Group hedges its foreign currency denominated trade payables. The Group uses forward foreign currency exchange contracts and foreign currency options to hedge its foreign currency risk. Most of the forward foreign currency exchange contracts have maturities of less than one year after the end of the balance sheet date. Where necessary, the forward foreign currency exchange contracts are rolled over at maturity. The Group has also entered into Cross-Currency Interest Rate Swaps ("CCIRS") to mitigate financial risks arising from adverse fluctuations in interest and exchange rates.

The notional principal amount and maturity profiles of forward foreign currency exchange contracts outstanding as at 31 October 2017 and CCIRS are set out in Note 20.

The currency exposure of financial assets and financial liabilities of the Group that are denominated in USD are set out below:

| | **As at 31/10/2017** | **As at 31/01/2017** |
|---|---|---|
| | **RM'm** | **RM'm** |
| Deposits with licensed banks | 34.1 | 44.1 |
| Receivables | 50.2 | 48.7 |
| Payables | (596.8) | (846.1) |
| Borrowings | (2,147.9) | (1,548.6) |

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

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

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

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

| **Group** | **As at 31/10/2017** | **As at 31/1/2017** |
|---|---|---|
| | **RM'm** | **RM'm** |
| Total (accumulated losses)/retained profits of the Company and its subsidiaries: | | |
| - Realised | (269.1) | (246.2) |
| - Unrealised[N1] | 29.6 | (83.2) |
| | (239.5) | (329.4) |
| Total retained profits from associates and joint ventures: | | |
| - Realised | 1.8 | 2.5 |
| - Unrealised | - | - |
| | (237.7) | (326.9) |
| Less: Consolidation adjustments | (364.7) | (378.1) |
| Total accumulated losses as per consolidated balance sheets | (602.4) | (705.0) |

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

## 25 CHANGES IN MATERIAL LITIGATION

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

## 26 DIVIDENDS

(a) The Board of Directors has declared a third interim single-tier dividend of 3.0 sen per ordinary share in respect of the financial year ending 31 January 2018 amounting to approximately RM156,416,508, to be paid on 5 January 2018. The entitlement date for the dividend payment is 21 December 2017.

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

(i) shares transferred to the depositor's securities account before 4.00 pm on 21 December 2017 in respect of transfers; and
(ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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

## 26 DIVIDENDS (continued)

(b) The total dividends declared for the financial period ended 31 October 2017 is 3.0 sen per share, based on 5,213,883,600 ordinary shares and 6.00 sen per share, based on 5,209,522,200 ordinary shares (31 October 2016: 3.00 sen per share, based on 5,209,522,200 ordinary shares and 6.00 sen per share, based on 5,205,015,600 ordinary shares).

## 27 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share at 31 October 2017 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding.

The calculation of diluted earnings per ordinary shares at 31 October 2017 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share as at 31 October 2017:

| | **INDIVIDUAL QUARTER** | | **CUMULATIVE QUARTER** | |
|---|---|---|---|---|
| | **QUARTER ENDED 31/10/2017** | **QUARTER ENDED 31/10/2016** | **PERIOD ENDED 31/10/2017** | **PERIOD ENDED 31/10/2016** |
| Profit attributable to the equity holders of the Company (RM'm) | 146.6 | 151.0 | 588.8 | 478.6 |
| **(i) Basic EPS** | | | | |
| Weighted average number of issued ordinary shares ('m) | 5,210.1 | 5,205.7 | 5,209.7 | 5,205.2 |
| Basic earnings per share (RM) | 0.028 | 0.029 | 0.113 | 0.092 |

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

**27 EARNINGS PER SHARE (continued)**

**(ii) Diluted EPS**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | QUARTER ENDED 31/10/2017 | QUARTER ENDED 31/10/2016 | PERIOD ENDED 31/10/2017 | PERIOD ENDED 31/10/2016 |
| Weighted average number of issued ordinary shares ('m) | 5,210.1 | 5,205.7 | 5,209.7 | 5,205.2 |
| Effect of dilution: | | | | |
| Grant of share awards under the management share scheme ('m) | 3.8 | 8.1 | 3.8 | 8.1 |
| | 5,213.9 | 5,213.8 | 5,213.5 | 5,213.3 |
| Diluted earnings per share (RM) | 0.028 | 0.029 | 0.113 | 0.092 |

**28. MATERIAL EVENTS SUBSEQUENT TO END OF THE FINANCIAL PERIOD**

On 6 December 2017, a wholly-owned subsidiary of the Company, Astro Digital Sdn Bhd ("ADSB") has entered into a binding term sheet with Grup Majalah Karangkraf Sdn Bhd to form a joint venture company ("JV Co").

Other than the above, there were no material subsequent events during the period from the end of the quarter review to 6 December 2017.

**BY ORDER OF THE BOARD**

**LIEW WEI YEE SHARON**
(License No. LS0007908)

Company Secretary
6 December 2017