ASTRO MALAYSIA HOLDINGS BERHAD

(932533-V) (Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

The Board of Directors of Astro Malaysia Holdings Berhad ("AMH" or "the Company") presents the following unaudited condensed consolidated financial statements for the fourth quarter ended 31 January 2018 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

		INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Note	QUARTER ENDED 31/1/2018	QUARTER ENDED 31/1/2017		YEAR ENDED 31/1/2018	YEAR ENDED 31/1/2017	
		RM'm	RM'm	%	RM'm	RM'm	%
Revenue		1,388.3	1,397.4	-1	5,530.8	5,612.6	-1
Cost of sales		(849.3)	(847.1)		(3,269.9)	(3,461.1)	
Gross profit		539.0	550.3	-2	2,260.9	2,151.5	+5
Other operating income		8.5	5.5		20.4	17.6	
Marketing and distribution costs		(142.0)	(135.7)		(507.5)	(493.5)	
Administrative expenses		(194.8)	(146.5)		(633.8)	(580.5)	
Profit from operations		210.7	273.6	-23	1,140.0	1,095.1	+4
Finance income		114.8	5.6		171.5	35.3	
Finance costs		(66.1)	(90.6)		(236.7)	(271.6)	
Share of post-tax results from investments accounted for using the equity method		(0.9)	(0.8)		(1.6)	1.8	
Impairment of investment accounted for using the equity method		-	-		-	(15.1)	
Profit before tax	17	258.5	187.8	+38	1,073.2	845.5	+27
Tax expense	18	(77.9)	(44.8)		(309.2)	(228.5)	
Profit for the financial year		180.6	143.0	+26	764.0	617.0	+24
Attributable to:							
Equity holders of the Company		181.9	145.1	+25	770.7	623.7	+24
Non-controlling interests		(1.3)	(2.1)		(6.7)	(6.7)	
		180.6	143.0	+26	764.0	617.0	+24
Earnings per share attributable to equity holders of the Company (RM):							
- Basic	26	0.035	0.028		0.148	0.120	
- Diluted	26	0.035	0.028		0.148	0.120	

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/1/2018	QUARTER ENDED 31/1/2017	YEAR ENDED 31/1/2018	YEAR ENDED 31/1/2017
	RM'm	RM'm	RM'm	RM'm
Profit for the financial year	180.6	143.0	764.0	617.0
Other comprehensive (loss)/income:				
Items that will be reclassified subsequently to profit or loss:				
- Net change in cash flow hedge	(57.3)	66.9	(138.7)	69.2
- Net change in available-for-sale financial assets	(0.5)	0.5	(0.4)	0.3
Foreign currency translation	5.5	(0.7)	9.4	0.7
Taxation	15.7	(18.1)	35.3	(18.1)
Other comprehensive (loss)/income, net of tax	(36.6)	48.6	(94.4)	52.1
Total comprehensive income for the financial year	144.0	191.6	669.6	669.1
Attributable to:				
Equity holders of the Company	145.3	193.7	676.3	675.8
Non-controlling interests	(1.3)	(2.1)	(6.7)	(6.7)
	144.0	191.6	669.6	669.1

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	AS AT 31/1/2018 Unaudited RM'm	AS AT 31/1/2017 Audited RM'm
Non-current assets			
Property, plant and equipment		2,400.8	1,817.9
Investments in associates		0.7	2.1
Investments in joint ventures		2.0	2.2
Other investment		4.1	-
Receivables and prepayments	21	136.1	300.2
Deferred tax assets		106.9	119.5
Derivative financial instruments	20	116.9	272.4
Intangible assets		2,039.3	2,044.6
		4,806.8	4,558.9
Current assets			
Inventories		19.7	20.4
Other investment		728.4	275.4
Receivables and prepayments	21	1,011.5	858.5
Derivative financial instruments	20	45.7	175.4
Tax recoverable		2.2	1.0
Cash and bank balances		233.6	376.3
		2,041.1	1,707.0
Total assets		6,847.9	6,265.9
Current liabilities			
Payables	22	1,652.5	1,626.6
Derivative financial instruments	20	88.6	4.3
Borrowings	19	645.8	629.3
Tax liabilities		16.8	20.0
		2,403.7	2,280.2
Net current liabilities		(362.6)	(573.2)
Non-current liabilities			
Payables	22	389.5	490.0
Derivative financial instruments	20	2.7	8.1
Borrowings	19	3,319.4	2,776.3
Deferred tax liabilities		79.3	81.5
		3,790.9	3,355.9
Total liabilities		6,194.6	5,636.1
Net assets		653.3	629.8

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	AS AT 31/1/2018 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		13.0	3.6
Capital reorganisation reserve		(5,470.2)	(5,470.2)
Hedging reserve		(49.2)	54.2
Fair value reserve		(0.4)	-
Share scheme reserve		10.4	25.0
Accumulated losses		(576.9)	(705.0)
		653.6	623.4
Non-controlling interests		(0.3)	6.4
Total equity		653.3	629.8

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
Year ended 31/1/2018	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 year	-	-	-	-	-	-	770.7	770.7	(6.7)	764.0
Other comprehensive income/(loss) for the financial year	-	9.4	-	(103.4)	(0.4)	-	-	(94.4)	-	(94.4)
Total comprehensive income/(loss) for the financial year	-	9.4	-	(103.4)	(0.4)	-	770.7	676.3	(6.7)	669.6
Ordinary shares dividends	-	-	-	-	-	-	(651.3)	(651.3)	-	(651.3)
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	-	-	-	-	-	8.4	-	8.4	-	8.4
Transactions with owners	11.1	-	-	-	-	(14.6)	(642.6)	(646.1)	-	(646.1)
At 31/1/2018	6,726.9^	13.0	(5,470.2)	(49.2)	(0.4)	10.4	(576.9)	653.6	(0.3)	653.3

^ 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 January 2018 is 5,213,883,600.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

	Attributable to equity holders of the Company											
Year ended 31/1/2017	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 year	-	-	-	-	-	-	-	-	623.7	623.7	(6.7)	617.0
Other comprehensive income/(loss) for the financial year	-	-	0.7	-	-	51.1	0.3	-	-	52.1	-	52.1
Total comprehensive income/(loss) for the financial year	-	-	0.7	-	-	51.1	0.3	-	623.7	675.8	(6.7)	669.1
Ordinary shares dividends	-	-	-	-	-	-	-	-	(663.8)	(663.8)	-	(663.8)
Cash settlement of share options	-	-	-	-	-	-	-	(3.1)	-	(3.1)	-	(3.1)
Transfer of lapsed share options	-	-	-	-	-	-	-	(4.6)	4.6	-	-	-
Share grant exercised	0.5	11.5	-	-	-	-	-	(12.0)	-	-	-	-
Share-based payment transaction	-	-	-	-	-	-	-	13.8	-	13.8	-	13.8
Transactions with owners	0.5	11.5	-	-	-	-	-	(5.9)	(659.2)	(653.1)	-	(653.1)
Transition to no-par value regime on 31 January 2017^	6,194.8	(6,194.8)	-	(0.0)@	-	-	-	-	-	-	-	-
At 31/1/2017	6,715.8	-	3.6	-	(5,470.2)	54.2	-	25.0	(705.0)	623.4	6.4	629.8

@ Denotes RM677.50

^ 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.

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

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED 31/1/2018	YEAR ENDED 31/1/2017
CASH FLOWS FROM OPERATING ACTIVITIES	**RM'm**	**RM'm**
Profit before tax	1,073.2	845.5
Adjustments for:		
Non-cash items^	1,048.1	1,304.5
Interest expense	209.9	200.8
Interest income	(27.3)	(35.3)
Operating cash flows before changes in working capital	2,303.9	2,315.5
Changes in working capital	(28.8)	(142.9)
Cash flows from operations	2,275.1	2,172.6
Income tax paid	(267.9)	(302.3)
Interest received	8.9	17.9
Net cash flows generated from operating activities	2,016.1	1,888.2
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment and intangibles	0.2	0.8
Purchase of property, plant and equipment and intangibles	(653.1)	(656.3)
(Purchase)/Disposal of unit trusts	(438.4)	82.9
Maturities/(placements) of fixed deposits	113.0	(44.2)
Maturities of bonds	5.0	40.0
Other investment	(4.1)	-
Interest received on advances to an associate	-	2.6
Repayment received on advances to an associate	-	28.9
Proceeds from disposal of investment in an associate	-	15.8
Investment in associate	-	(3.3)
Net cash flows used in investing activities	(977.4)	(532.8)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(651.3)	(663.8)
Interest paid	(98.9)	(122.6)
Payment for set-top boxes	(270.5)	(346.1)
Payment of finance lease liabilities	(214.0)	(152.7)
Net drawdown/(repayment) of borrowings	156.9	(374.5)
Net cash flows used in financing activities	(1,077.8)	(1,659.7)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(39.1)	(304.3)
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	9.4	0.8
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	263.3	566.8
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR#	233.6	263.3

^ 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 year ended 31 January 2018, the Group acquired set-top boxes by means of vendor financing of RM199.9m (31 January 2017: RM163.4m) and transponders by means of finance lease of RM806.2m (31 January 2017: Nil), the Group had repaid RM270.5m (31 January 2017: RM346.1m) in relation to vendor financing for set-top boxes and RM214.0m (31 January 2017: RM152.7m) in relation to finance lease for transponders.

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)

1 BASIS OF PREPARATION (continued)

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

- Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures (effective from 1 January 2019)
- Amendments to MFRS 9 Prepayment Features with Negative Compensation (effective from1 January 2019)
- Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement (effective from 1 January 2019)
- Annual improvements to MFRS Standards 2015-2017 cycle (effective from 1 January 2019)

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"), whilst investment in equity instruments shall be measured at fair value while classification and measurement of financial liabilities have been retained as FVTPL and amortised cost. For impairment, MFRS 9 introduces an expected-loss impairment model which will require more timely recognition of expected credit losses ("ECL") 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.

The Group has reviewed its financial assets and liabilities and is expecting the following impact from adoption of MFRS 9 on 1 February 2018:

(i) Accounting for investment in unit trusts - Investments in unit trust do not meet the criteria to be classified either as at FVOCI or at amortised cost and will have to be reclassified to financial assets at FVTPL. Related fair value losses will have to be transferred from the available-for-sale financial assets reserve to retained earnings on 1 February 2018.

(ii) The new impairment model requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under MFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts. This new impairment model will have an impact on Group's financial results given the Group's significant financial assets balances at each reporting date.

(iii) The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

The Group will apply the new rules retrospectively from 1 February 2018, with the practical expedients permitted under the standard. Comparatives for financial year ended 31 January 2018 will not be restated. MFRS 9 is to be applied retrospectively but comparatives are not required to be restated.

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.

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

1 BASIS OF PREPARATION (continued)

MFRS 15 Revenue from Contracts with Customers (continued)

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 customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has assessed the effects of applying MFRS 15 on the Group's financial statements and has identified the following areas that will be affected:

(i) Accounting for certain costs incurred in fulfilling a contract – in financial year ended 31 January 2018, the Group expensed sales commissions related to acquisition of customers, as they did not qualify for recognition as an asset under any of the other accounting standards. However, the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered. They will therefore be eligible for capitalisation under MFRS 15 and recognised as a contract asset as of 1 February 2018.

(ii) Accounting for non-subscription based set-top boxes – in financial year ended 31 January 2018, the Group recognised revenue in the period the set-top boxes are delivered as ownership is transferred to the customer upon delivery under MFRS 118. However, upon application of the five-step process under MFRS 15, sales of non-subscription based set top boxes is not a distinct performance obligation as consumers can only benefit from the usage of the set top boxes by viewing the channels transmitted by the Group over the life of the set top boxes. Consequently, the revenue and cost attributed by sale of non-subscription based set top boxes will be recognised over the obligated period of the set top boxes instead of it being recognised upon delivery.

(iii) Presentation of contract assets and contract liabilities in the balance sheet – MFRS 15 requires separate presentation of contract assets and contract liabilities in the balance sheet. This will result in some reclassification as of 1 February 2018 in relation to contract assets and contract liabilities.

The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 February 2018 and that comparatives will not be restated.

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 year ended 31 January 2018.

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 year ended 31 January 2018.

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 twelve-month ended 31 January 2018.

(a) On 9 June 2017, a wholly-owned subsidiary of the Company, MEASAT Broadcast Network Systems Sdn Bhd (‘MBNS”) 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. MBNS intends to utilise the proceeds for the following purposes:
   (i) financing MBNS’s cost relating to the production, purchase and licensing of content/ programme/ channels;
   (ii) financing MBNS’s purchase of set-top boxes, including the settlement of vendor financing;
   (iii) capital expenditure of MBNS 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.

(b) 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.

(c) On 13 December 2017, MBNS has accepted Synthetic Foreign Currency Loan facility (“Facility”) amounting to USD150 million (equivalent to RM613 million) from Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad (“BTMU”). The facility has a tenure of 4 years 11 months from the date of first drawdown, MBNS intends to utilise the proceeds for the following purposes:
   (i) finance MBNS’s costs relating to the production, purchase and licensing of content, programme or channels;
   (ii) finance MBNS’s purchase of set-top boxes, including the settlement of vendor financing;
   (iii) capital expenditure of MBNS including asset acquisition for broadcast and transmission and acquisition of software and platforms;

   On 29 December 2017, MBNS had drawdown first tranche of the Facility amounting RM306.4 million in nominal value maturing on 29 November 2022 at interest rate of 4.8% per annum. The interest is payable quarterly.

6 DIVIDENDS PAID

During the financial year ended 31 January 2018, the following dividend payments were made:

In respect of the financial year ended 31 January 2017:	RM’m
Fourth interim single-tier dividend of 3.0 sen per ordinary share, declared on 28 March 2017 and paid on 27 April 2017	156.3
Final single-tier dividend of 0.5 sen per ordinary share, approved by shareholders at the Annual General Meeting on 15 June 2017 and paid on 14 July 2017	26.0
	182.3

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

6 DIVIDENDS PAID (continued)

In respect of the financial year ended 31 January 2018:	RM'm
First interim single-tier dividend of 3.0 sen per ordinary share, declared on 14 June 2017 and paid on 14 July 2017	156.3
Second interim single-tier dividend of 3.0 sen per ordinary share, declared on 14 September 2017 and paid on 13 October 2017	156.3
Third interim single-tier dividend of 3.0 sen per ordinary share, declared on 6 December 2017 and paid on 5 January 2018	156.4
	469.0

Refer to Note 25 for dividends declared during financial year ended 31 January 2018.

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)

Year ended 31/1/2018	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	4,916.0	323.2	290.0	-	1.6	-	5,530.8
Interest income	18.9	3.9	0.8	1.0	72.6	(69.9)	27.3
Interest expense	(197.6)	(0.1)	(0.1)	(1.9)	(80.1)	69.9	(209.9)
Depreciation and amortisation	(1,086.7)	(5.3)	(7.2)	(0.1)	(4.6)	33.3	(1.070.6)
Share of post-tax results from investments accounted for using the equity method	(1.6)	-	-	-	-	-	(1.6)
Segment profit/(loss) – Profit/(loss) before tax	940.8	175.4	(15.3)	(0.4)	(47.7)	20.4	1,073.2

As at 31/1/2018	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	5,533.1	1,258.6	54.2	24.8	461.1	(590.8)	6,741.0
Segment liabilities	4,695.2	184.9	83.1	12.6	1,793.0	(670.3)	6,098.5

Year ended 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
External revenue	5,022.1	327.7	261.1	-	1.7	-	5,612.6
Interest income	21.2	3.6	1.3	3.0	90.6	(84.4)	35.3
Interest expense	(180.4)	(0.2)	-	(4.0)	(100.6)	84.4	(200.8)
Depreciation and amortisation	(1,109.8)	(5.4)	(5.1)	-	(6.8)	35.3	(1,091.8)
Share of post-tax results from investments accounted for using the equity method	(1.2)	-	-	3.0	-	-	1.8
Impairment of investments accounted for using the equity method	-	-	-	(15.1)	-	-	(15.1)
Segment profit/(loss) – Profit/(loss) before tax	702.2	196.4	(20.1)	14.9	(83.3)	35.4	845.5

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 31/1/2018	**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	1,219.2	83.7	85.0	-	0.4	-	1,388.3
Interest income	5.9	0.8	0.2	0.1	15.7	(15.3)	7.4
Interest expense	(52.3)	-	(0.1)	(0.4)	(16.8)	15.3	(54.3)
Depreciation and amortisation	(288.0)	(1.1)	(3.1)	-	(0.8)	9.4	(283.6)
Share of post-tax results from investments accounted for using the equity method	(0.9)	-	-	-	-	-	(0.9)
Segment profit/(loss) – Profit/(loss) before tax	215.8	48.3	(3.2)	7.2	(21.2)	11.6	258.5

Quarter ended 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**
External revenue	1,250.4	86.0	60.5	-	0.5	-	1,397.4
Interest income	4.8	0.9	0.3	0.6	20.8	(21.8)	5.6
Interest expense	(43.6)	(0.1)	-	(1.0)	(23.1)	21.8	(46.0)
Depreciation and amortisation	(271.0)	(1.3)	(1.3)	-	(1.5)	9.5	(265.6)
Share of post-tax results from investments accounted for using the equity method	(0.9)	-	-	0.1	-	-	(0.8)
Segment profit/(loss) – Profit/(loss) before tax	130.6	57.1	(7.7)	16.0	(51.9)	43.7	187.8

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 fourth quarter ended 31 January 2018.

9 INDEMNITY, GUARANTEES AND CONTINGENT ASSETS

a. Indemnity and guarantees

Details of the indemnity and guarantees of the Group as at 31 January 2018, for which no provision has been made in the interim financial statements, are as set out below:

	Group	
	31/1/2018	**31/1/2017**
	RM'm	**RM'm**
Indemnity given to financial institutions in respect of bank guarantees issued (unsecured):		
- Programme rights vendors[1]	139.1	125.5
- Others[2]	8.2	7.5
Other indemnities:		
- Guarantee to programme rights vendor provided by AMH[1]	706.0	949.6
	853.3	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 January 2018 (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 year:

	31/1/2018			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*	113.7	60.3	174.0	2,326.2	84.8	2,411.0
Software	17.5	123.6	141.1	79.1	96.4	175.5
Film library and programme rights	544.2	883.5	1,427.7	1,065.4	742.6	1,808.0
	675.4	1,067.4	1,742.8	3,470.7	923.8	4,394.5

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 23.95% 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 year ended 31/1/2018 RM'm	Transaction for the year ended 31/1/2017 RM'm	Balances due from/(to) as at 31/1/2018* RM'm	Balances due from/(to) as at 31/1/2017* RM'm	Commitments as at 31/1/2018 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)	6.9	8.3	1.6	2.2	-	-
- Kristal-Astro Sdn. Bhd. (Programme services and right sales, technical support, smartcard rental, and sales of set-top boxes and accessories)	19.2	21.9	32.1	28.2	-	-
- MEASAT Satellite Systems Sdn. Bhd. (Compensation for T11)	-	-	-	4.5	-	-
- ASTRO Overseas Limited (Management fees)	1.6	2.2	-	3.5	-	-
(ii) Purchases of goods and services						
- UTSB Management Sdn. Bhd. (Personnel, strategic and other consultancy and support services)	13.4	12.8	(1.1)	(1.1)	-	-
- Maxis Broadband Sdn. Bhd. (Telecommunication services)	91.7	88.6	(12.2)	(13.7)	-	-
- MISAL (Deposit paid on transponder lease)	-	-	54.2	52.2	-	1,325.0
- MSS (Transponder lease)	-	-	-	-	-	736.9
- Sun TV Network Limited (Programme broadcast rights)	39.3	38.8	(11.7)	(13.3)	-	-
- Celestial Movie Channel Limited (Programme broadcast rights)	22.9	22.6	(2.5)	(2.4)	-	-

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

11 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

	Transaction for the year ended 31/1/2018 RM'm	Transaction for the year ended 31/1/2017 RM'm	Balances due from/(to) as at 31/1/2018* RM'm	Balances due from/(to) as at 31/1/2017* RM'm	Commitments as at 31/1/2018 RM'm	Commitments as at 31/1/2017 RM'm
(ii) Purchases of goods and services (continued)						
- Tiger Gate Entertainment Limited (Programming rights)	13.0	15.9	(2.0)	(3.5)	-	-
- GS Home Shopping Inc. (Development of software system, purchase of retail products)	1.9	5.4	(0.1)	(0.9)	-	-
(iii) Key management personnel compensation						
- Salaries, bonus and allowances and other staff related costs	32.5	27.5				
- Directors fees	2.1	2.2				
- Defined contribution plans	4.9	4.1				
- Shared-based payments	6.6	5.6				

* Balances are stated at gross

(iv) Government-related entities

Khazanah Nasional Berhad ("KNB") is deemed interested in 20.67% 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 pursuant to 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 pursuant to the Minister of Finance, (Incorporation) Act, 1957 ("MoF Inc.") and 1,000,000 Redeemable Cumulative Convertible Preference Shares are owned by GovCo Holdings Berhad (wholly-owned by 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 year ended 31 January 2018, management estimates that the aggregate amounts of the Group significant transactions with KNB Group are at 2.3% 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.

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

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 January 2018 approximated their fair values except as set out below:

Assets/(Liabilities) measured at amortised cost:

	Carrying amount RM'm	Level 1 RM'm	Level 2 RM'm	Level 3 RM'm
31 January 2018				
Borrowings – finance lease liabilities	(1,618.7)	-	(1,682.7)	-
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:

Recurring fair value measurements	Carrying amount RM'm	Level 1 RM'm	Level 2 RM'm	Level 3 RM'm
31 January 2018				
Other investment – preference shares in unquoted company	4.1	-	4.1	-
Other investment- investment in unit trusts	728.4	728.4	-	-
Forward foreign currency exchange contracts – cash flow hedges	(86.2)	-	(86.2)	-
Foreign currency options	1.6	-	1.6	-
Interest rate swaps – cash flow hedges	(3.7)	-	(3.7)	-
Cross-currency interest rate swaps – cash flow hedges	159.6	-	159.6	-
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 year, 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 (Fourth Quarter FY18) against the corresponding quarter (Fourth Quarter FY17):

All amounts in RM'm unless otherwise stated

	Financial Highlights			**Key Operating Indicators**	
	QUARTER ENDED 31/1/2018	**QUARTER ENDED 31/1/2017**	**%**	**QUARTER ENDED 31/1/2018**	**QUARTER ENDED 31/1/2017**
Consolidated Performance					
Total revenue	1,388.3	1,397.4	-1		
EBITDA[1]	391.1	444.3	-12		
EBITDA margin (%)	28.2	31.8	-4		
Profit from operations	210.7	273.6	-23		
Profit before tax	258.5	187.8	+38		
Net profit	180.6	143.0	+26		
Profit attributable to ordinary equity holders of the Company	181.9	145.1	+25		
(i) Television					
Subscription revenue	1,028.0	1,093.7	-6		
Advertising revenue	112.3	95.2	+18		
Other revenue	78.9	61.5	+28		
Total revenue	1,219.2	1,250.4	-2		
EBITDA[1]	342.3	377.5	-9		
EBITDA margin (%)	28.1	30.2	-2		
Profit before tax	215.8	130.6	+65		
Pay-TV residential ARPU[2](RM)				99.9	100.4

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 (Fourth Quarter FY18) against the corresponding quarter (Fourth Quarter FY17) (continued):

	All amounts in RM'm unless otherwise stated				
	Financial Highlights			**Key Operating Indicators**	
	QUARTER ENDED 31/1/2018	**QUARTER ENDED 31/1/2017**	**%**	**QUARTER ENDED 31/1/2018**	**QUARTER ENDED 31/1/2017**
(ii) Radio					
Revenue	83.7	86.0	-3		
EBITDA[1]	48.6	57.5	-15		
EBITDA margin (%)	58.1	66.9	-9		
Profit before tax	48.3	57.1	-15		
Listeners ('mil)				16.5[3]	15.6[4]
(iii) Home-shopping					
Revenue	85.0	60.5	+40		
EBITDA[1]	(0.2)	(6.6)	+97		
EBITDA margin (%)	(0.2)	(10.9)	+11		
Loss before tax	3.2	7.7	+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.

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 (Fourth Quarter FY18) against the corresponding quarter (Fourth Quarter FY17) (continued):

Consolidated Performance

Revenue

Revenue for the current quarter of RM1,388.3m was lower by RM9.1m or 0.7% against corresponding quarter of RM1,397.4m. This was mainly due to a decrease in subscription revenue, offset by higher merchandise sales, advertising and production revenue. The decrease in subscription revenue was mainly due to lower package take-up. The increase in merchandise sales was due to increase in number of products sold which was mainly driven by the tactical campaigns executed for the current quarter. The increase in advertising revenue was due to higher spending for year-end festive celebration.

EBITDA margin

EBITDA margin decreased by 3.6% against corresponding quarter mainly due to higher cost of merchandise sales, higher selling and distribution expenses and higher professional and consultancy fees, as a percentage of revenue.

Net Profit

Net profit increased by RM37.6m or 26.3% compared with the corresponding quarter due to 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. The increase was offset with decrease in EBITDA and higher tax expenses.

Television

Revenue for the current quarter of RM1,219.2m was lower by RM31.2m or 2.5% against corresponding quarter of RM1,250.4m. This was mainly due to a decrease in subscription revenue and offset by increase in advertising, set-up fees revenue and production revenue. The decrease in subscription revenue was mainly due to lower package take-up. The increase in advertising revenue was due to higher spending for year-end festive celebration.

Television EBITDA decreased by RM35.2m or 9.3% against corresponding quarter mainly due to decrease in revenue as highlighted above.

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 (Fourth Quarter FY18) against the corresponding quarter (Fourth Quarter FY17) (continued):

Consolidated Performance (continued)

Radio

Radio's revenue for the current quarter of RM83.7m was lower by RM2.3m or 2.7% compared with the corresponding quarter of RM86.0m. The lower revenue performance was due to an unfavorable operating environment leading to lower client advertising spending.

Radio EBITDA for the current quarter of RM48.6m, decreased by RM8.9m or 15.5% 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 RM85.0m was higher by RM24.5m compared with the corresponding quarter of RM60.5m. 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 RM6.4m or 97.0% against corresponding quarter, primarily due to the increase in revenue as highlighted above.

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 (Fourth Quarter FY18) against the preceding quarter (Third Quarter FY18):

	All amounts in RM'm unless otherwise stated				
	Financial Highlights			**Key Operating Indicators**	
	QUARTER ENDED 31/1/2018	**QUARTER ENDED 31/10/2017**	**%**	**QUARTER ENDED 31/1/2018**	**QUARTER ENDED 31/10/2017**
Consolidated Performance					
Total revenue	1,388.3	1,396.7	-1		
EBITDA[1]	391.1	417.5	-6		
EBITDA margin (%)	28.2	29.9	-2		
Profit from operations	210.7	247.2	-15		
Profit before tax	258.5	206.0	+25		
Net profit	180.6	145.9	+24		
Profit attributable to ordinary equity holders of the Company	181.9	146.6	+24		
(i) Television					
Subscription revenue	1,028.0	1,043.1	-1		
Advertising revenue	112.3	95.8	+17		
Other revenue	78.9	106.3	-26		
Total revenue	1,219.2	1,245.2	-2		
EBITDA[1]	342.3	376.6	-9		
EBITDA margin (%)	28.1	30.2	-2		
Profit before tax	215.8	169.9	+27		
Pay-TV residential ARPU[2](RM)				99.9	100.7
(ii) Radio					
Revenue	83.7	79.3	+6		
EBITDA[1]	48.6	44.0	+10		
EBITDA margin (%)	58.1	55.5	+3		
Profit before tax	48.3	43.6	+11		
Listeners ('mil)				16.5[3]	16.5[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 (Fourth Quarter FY18) against the preceding quarter (Third Quarter FY18) (continued):

All amounts in RM'm unless otherwise stated

	Financial Highlights			Key Operating Indicators	
	QUARTER ENDED 31/1/2018	**QUARTER ENDED 31/10/2017**	**%**	**QUARTER ENDED 31/1/2018**	**QUARTER ENDED 31/10/2017**
(iii) Home-shopping					
Revenue	85.0	72.7	+17		
EBITDA[1]	(0.2)	(1.6)	+88		
EBITDA margin (%)	(0.2)	(2.2)	+2		
Loss before tax	3.2	2.8	-14		

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.

13 ANALYSIS OF PERFORMANCE (continued)

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

Consolidated Performance

Revenue

Revenue for the current quarter of RM1,388.3m was lower by RM8.4m or 0.6% against preceding quarter of RM1,396.7m. This was mainly due to decrease in subscription and production revenue, offset by increase in advertising and merchandise sales. The decrease in subscription revenue was mainly due to lower package take-up. The increase in advertising revenue was due to year-end festive season in the current quarter.

EBITDA margin

EBITDA margin decreased by 1.7% against the preceding quarter mainly due to higher impairment of receivables, higher professional and consultancy fees and selling and distribution expenses as a percentage of revenue.

Net Profit

Net profit increased by RM34.7m or 23.8% to RM180.6m during the quarter. The increase was mainly due to 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. The increase was offset with decrease in EBITDA and higher tax expenses.

Television

Revenue for the current quarter of RM1,219.2m was lower by RM26.0m or 2.1% against preceding quarter of RM1,245.2m. This was mainly due to decrease in subscription, production revenue and sales of programming rights. The decrease in subscription revenue was mainly due to lower package take-up. The decrease was offset by an increase in advertising revenue. The increase in advertising revenue was due to year-end festive season in the current quarter.

EBITDA decreased by RM34.3m or 9.1% against the preceding quarter due to lower revenue, as highlighted above.

Radio

Radio's revenue for the current quarter of RM83.7m was higher by RM4.4m or 5.5% compared with the preceding quarter of RM79.3m. The higher revenue performance for the quarter benefited from the year-end holidays and festive celebration.

The higher revenue resulted in higher EBITDA of RM48.6m was higher by RM4.6m or 10.5% compared with the preceding quarter of RM44.0m.

Home-shopping

Home-shopping's revenue for the current quarter of RM85.0m was higher by RM12.3m or 16.9% compared with the preceding quarter of RM72.7m. 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 improved by RM1.4m or 87.5% 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 year (YTD January 2018) against the corresponding year (YTD January 2017):

	All amounts in RM'm unless otherwise stated				
	Financial Highlights			**Key Operating Indicators**	
	YEAR ENDED 31/1/2018	**YEAR ENDED 31/1/2017**	**%**	**YEAR ENDED 31/1/2018**	**YEAR ENDED 31/1/2017**
Consolidated Performance					
Total revenue	5,530.8	5,612.6	-1		
EBITDA[1]	1,819.8	1,816.5	+0		
EBITDA margin (%)	32.9	32.4	+1		
Profit from operations	1,140.0	1,095.1	+4		
Profit before tax	1,073.2	845.5	+27		
Net profit	764.0	617.0	+24		
Profit attributable to ordinary equity holders of the Company	770.7	623.7	+24		
(i) Television					
Subscription revenue	4,199.4	4,354.5	-4		
Advertising revenue	398.9	377.5	+6		
Other revenue	317.7	290.1	+10		
Total revenue	4,916.0	5,022.1	-2		
EBITDA[1]	1,660.7	1,626.8	+2		
EBITDA margin (%)	33.8	32.4	+1		
Profit before tax	940.8	702.2	+34		
Pay-TV residential ARPU[2](RM)				99.9	100.4
(ii) Radio					
Revenue	323.2	327.7	-1		
EBITDA[1]	176.9	198.3	-11		
EBITDA margin (%)	54.7	60.5	-6		
Profit before tax	175.4	196.4	-11		
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 year (YTD January 2018) against the corresponding year (YTD January 2017) (continued):

All amounts in RM'm unless otherwise stated

	Financial Highlights			Key Operating Indicators	
	YEAR ENDED 31/1/2018	**YEAR ENDED 31/1/2017**	**%**	**YEAR ENDED 31/1/2018**	**YEAR ENDED 31/1/2017**
(iii) Home-shopping					
Revenue	290.0	261.1	+11		
EBITDA[1]	(8.8)	(16.2)	+46		
EBITDA margin (%)	(3.0)	(6.2)	+3		
Loss before tax	15.3	20.1	+24		

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 year (YTD January 2018) against the corresponding year (YTD January 2017) (continued):

Consolidated Performance

Revenue

Revenue for the current year of RM5,530.8m was lower by RM81.8m or 1.5% against corresponding year of RM5,612.6m. This was mainly due to a decrease in subscription and licensing revenue, offset by increase in production revenue, advertising revenue and merchandise sales. 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 0.5% 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 RM147.0m or 23.8% to RM764.0m during the financial year. The increase was mainly due to an increase in EBITDA, impairment of investment in associate of RM15.1m in corresponding year 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 year of RM4,916.0m was lower by RM106.1m or 2.1% against corresponding year of RM5,022.1m. 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 RM33.9m or 2.1% against the corresponding year due to decrease in content costs. The increase was offset by lower revenue, as highlighted above and higher professional and consultancy fees.

Radio

Radio’s revenue for the current year of RM323.2m was lower by RM4.5m or 1.4% compared with the corresponding year of RM327.7m due to the unfavorable operating environment leading to lower advertising spend.

The lower revenue with higher operating cost had impacted the EBITDA to decrease by RM21.4m or 10.8% compared with the corresponding year of RM198.3m.

Home-shopping

Home-shopping’s revenue for the current year of RM290.0m was higher by RM28.9m compared with the corresponding year of RM261.1m, which was due to increase in number of products sold driven by the tactical campaigns executed for the current period.

Home-shopping EBITDA improved by RM7.4m or 45.7% against corresponding year, which was mainly due to higher revenue as highlighted above.

13 ANALYSIS OF PERFORMANCE (continued)

(d) Balance sheet review

Asset

As at 31 January 2018, the Group had total assets of RM6,847.9m against RM6,265.9m as at 31 January 2017, an increase of RM582.0m or 9.3%.

Total non-current assets of RM4,806.8m was higher by RM247.9m as compared to 31 January 2017. This was mainly due to increase in property, plant and equipment by RM582.9m mainly arising from additional transponder lease of RM806.2m and set-top boxes of RM200.0m, offset by depreciation charged of RM523.5m. This increase was offset by lower receivables and prepayments of RM164.1m and decrease in derivative financial assets of RM155.5m mainly due to decrease in cross-currency interest rate swaps ("CCIRS") of RM147.8m.

Total current assets of RM2,041.1m was higher by RM334.1m as compared to 31 January 2017. This was mainly due to increase in receivables and prepayment by RM153.0m arising from reclassification from non-current asset and increase in other investment by RM453.0m from investment in unit trust. The increase was offset by decrease in cash and bank balances by RM142.7m 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 decrease in CCIRS and 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 January 2018, the Group had total liabilities of RM6,194.6m against RM5,636.1m as at 31 January 2017, an increase of RM558.5 or 9.9%.

Total current liabilities increased by RM123.5m, 5.4% to RM2,403.7m as at 31 January 2018, primarily arising from increase in derivative financial instruments by RM84.3m, payables by RM25.9m and borrowings by RM16.5m. The increase in derivative financial instruments arising from less favourable forward foreign currency exchange contracts.

Total non-current liabilities increased by RM435.0m, 13.0% to RM3,790.9m as at 31 January 2018. The increase was mainly from increase in borrowings by RM543.1m due to additional transponder lease liabilities of RM806.2m, issuance of Unrated Medium-Term Notes of RM300.0m and drawdown of Synthetic Foreign Currency Loan of RM306.4m, 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 2019

In response to evolving landscapes, customer needs and competition, the Group is re-positioning its business with emphasis towards personalisation, mobility, interactivity and customer engagement, 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 content 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, followed by the signing of joint venture agreement on 8 February 2018. 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 facilitate engagement with consumers across all demographics, which will continue to drive diversification of our revenue base through adex and commerce. In extending our reach to millennials, the Group launched Tamago, a regional live streaming platform in December 2017 focused on user generated content.

The next financial year will have a few major sporting events and in line with previous sporting years, we expect content costs to increase. We continue to be the home for sports enthusiasts and judiciously manage these content costs by applying our conservative hedging policy, whilst relentlessly optimising other costs to serve our customers.

On the basis of the above, the Board believes the Group will continue to 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 31/1/2018	QUARTER ENDED 31/1/2017	YEAR ENDED 31/1/2018	YEAR ENDED 31/1/2017
	RM'm	RM'm	RM'm	RM'm
Amortisation of intangible assets	146.9	134.9	547.1	525.4
Depreciation of property, plant and equipment	136.7	130.6	523.5	566.3
Impairment of film library and program rights	5.7	-	10.1	-
Impairment of receivables	40.7	40.1	123.6	125.2
Impairment of investments accounted for using the equity method	-	-	-	15.1
Finance income:				
- Interest income	(1.5)	(3.8)	(7.3)	(25.2)
- Unit trust dividend income	(5.9)	(1.8)	(20.0)	(10.1)
- Unrealised foreign exchange gains	(213.5)	-	(368.8)	-
- Fair value loss on derivative recycled to income statement arising from foreign exchange risk	106.1	-	224.6	-
	(114.8)	(5.6)	(171.5)	(35.3)
Finance costs:				
- Bank borrowings	20.5	19.7	82.7	91.2
- Finance lease liabilities	25.0	17.0	90.8	68.8
- Vendor financing	7.0	6.9	27.0	30.9
- Unrealised foreign exchange losses	-	61.5	-	57.9
- Realised foreign exchange losses	3.6	0.8	4.5	4.6
- Fair value loss/(gain) on derivative recycled to income statement arising from:				
- Interest rate risk	5.8	7.6	20.1	26.5
- Foreign exchange risk	2.4	(25.3)	2.2	(18.2)
- Others	1.8	2.4	9.4	9.9
	66.1	90.6	236.7	271.6

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 31/1/2018	QUARTER ENDED 31/1/2017	YEAR ENDED 31/1/2018	YEAR ENDED 31/1/2017
	RM'm	RM'm	RM'm	RM'm
Current tax	38.5	64.3	263.5	250.8
Deferred tax	39.4	(19.5)	45.7	(22.3)
	77.9	44.8	309.2	228.5

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 31/1/2018	QUARTER ENDED 31/1/2017	YEAR ENDED 31/1/2018	YEAR ENDED 31/1/2017
	RM'm	RM'm	RM'm	RM'm
Profit before taxation	258.5	187.8	1,073.2	845.5
Tax at Malaysian corporate tax rate of 24%	62.0	45.1	257.6	202.9
Tax effect of:				
Unrecognised deferred tax asset	8.0	4.3	18.7	12.5
Utilisation of previously unrecognised deferred tax asseet	-	(8.0)	-	(8.0)
Others (including expenses not deductible for tax purposes and income not subject to tax)	7.9	3.4	32.9	21.1
Taxation charge	77.9	44.8	309.2	228.5

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 January 2018	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)]	195.8	310.2	482.4	750.0	678.2	1,060.2
Less: Debt issuance costs	(0.2)	(3.3)	-	(3.7)	(0.2)	(7.0)
Term loans, net of debt issuance costs	195.6	306.9	482.4	746.3	678.0	1,053.2
Synthetic Foreign Currency Loan[(b)]	-	1.3	-	306.4	-	307.7
Unrated Medium Term Note[(c)]	-	7.6	-	300.0	-	307.6
Finance lease						
-Lease of transponders[(d)]	53.3	78.0	1,133.2	349.6	1,186.5	427.6
-Lease of equipment and software[(e)]	-	3.1	-	1.5	-	4.6
	53.3	81.1	1,133.2	351.1	1,186.5	432.2
	248.9	396.9	1,615.6	1,703.8	1,864.5	2,100.7

As at 31 January 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)]	222.7	312.8	767.2	1,050.0	989.9	1,362.8
Less: Debt issuance costs	(1.5)	(4.2)	(0.8)	(7.0)	(2.3)	(11.2)
Term loans, net of debt issuance costs	221.2	308.6	766.4	1,043.0	987.6	1,351.6
Finance lease						
-Lease of transponders[(d)]	23.9	72.0	534.8	427.6	558.7	499.6
-Lease of equipment and software[(e)]	-	3.6	-	4.5	-	8.1
	23.9	75.6	534.8	432.1	558.7	507.7
	245.1	384.2	1,301.2	1,475.1	1,546.3	1,859.3

Note:

(a) USD Term loan with notional amount USD173.3m had been swapped into RM at an average exchange and fixed interest rate of USD/RM3.0189 (31 January 2017: USD/RM3.0189) and 4.19% (inclusive of margin of 1%) (31 January 2017: 4.19% (inclusive of margin of 1%)). RM Term loan with notional amount RM787.5m had been swapped into a fixed instrument at an average fixed rate of 4.15% (exclude margin of 1.0%) (31 January 2017: 4.15% (exclude margin of 1.0%)) and RM Term loan with notional amount RM262.5m 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 drawdown of synthetic foreign currency loan on 29 December 2017 amounting RM306.4 million in nominal value, maturing on 29 November 2022 at interest rate of 4.8% per annum.

(c) 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.

19 GROUP BORROWINGS AND DEBT SECURITIES (continued)

Note (continued):

(d) 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.

The effective interest rate of the finance lease as at 31 January 2018 is 6.2% (31 January 2017: 6.2%), 4.6% (31 January 2017: 4.6%), 12.5% (31 January 2017: 12.5%) and 5.6% (31 January 2017: 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, USD7.6m had been swapped into RM at an average exchange of USD/RM4.2907 and USD175.9m relating to lease rental, payment due beyond 12 months remains unhedged. During the year, repayment of total finance lease liabilities is as disclosed in cash flow statement.

(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 January 2018 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	47.6	0.2	-
- 1 to 3 years	35.4	1.4	-
- More than 3 years	-	-	-
	83.0	1.6	-
Forward foreign currency exchange contracts (“FX Contracts”)			
- Less than 1 year	1,331.2	-	(86.2)
- 1 to 3 years	-	-	-
- More than 3 years	-	-	-
	1,331.2	-	(86.2)
Interest rate swaps (“IRS”)			
- Less than 1 year	390.0	0.2	(2.4)
- 1 to 3 years	816.0	1.2	(2.2)
- More than 3 years	112.5	-	(0.5)
	1,318.5	1.4	(5.1)

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

20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Disclosure of derivatives (continued)

Types of derivatives (continued)	Contract/ Notional Amount	Fair Value Assets	Fair Value Liabilities
	RM'm	RM'm	RM'm
Cross-currency interest rate swaps ("CCIRS")			
- Less than 1 year	231.7	45.3	-
- 1 to 3 years	298.9	91.4	-
- More than 3 years	74.7	22.9	-
	605.3	159.6	-

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 and FX options 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 and CCIRS, the fair values were obtained from the counterparty banks.

As at 31 January 2018, the Group recognised net total derivative financial assets of RM71.3m, a decrease of RM364.1m from the previous financial year ended 31 January 2017, on re-measuring the fair values of the derivative financial instruments. The corresponding decrease of RM364.9m has been included in equity in the hedging reserve and remaining RM0.8m 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 3 years. As at 31 January 2018, the notional principal amounts of the outstanding forward foreign currency exchange contracts were RM1,331.2m (31 January 2017: RM971.0m) and foreign currency options were USD21.3m (31 January 2017: USD34.5m).

20 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

Interest rate swaps

Interest rate swaps are used to achieve an appropriate interest rate exposure within the Group. The Group entered into interest rate swaps to hedge the cash flow risk in relation to the floating interest rate of a bank loan, as disclosed in Note 19 with notional principal amounts of RM787.5m (31 January 2017: RM1,012.5m) and vendor financing, as disclosed in Note 22 with notional principal amounts of RM475.2m and USD14.3m (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 3.69% p.a. (31 January 2017: 3.74% p.a.) and 1.80% p.a. (31 January 2017: 1.89% p.a.) respectively.

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 USD173.3m (31 January 2017: USD222.8m) for bank loan and vendor financing of USD21.3m (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 4.52% 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/RM3.8670 (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 January 2018 as follows:

	Current to 90 days RM'm	Over 90 days RM'm	Total RM'm
Neither past due nor impaired	356.2	-	356.2
Past due but not impaired	94.1	19.0	113.1
Past due and impaired	-	57.4	57.4
	450.3	76.4	526.7

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.

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 year ranged between 2.2% p.a. and 4.9% p.a. (31 January 2017: 1.9% p.a. and 4.6% p.a.).

As at 31 January 2018, the vendor financing included in payables is RM710.1m (31 January 2017: RM801.1m), comprising current portion of RM320.6m (31 January 2017: RM311.1m) and non-current portion of RM389.5m (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 January 2018 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 31/1/2018	**As at 31/1/2017**
	RM'm	**RM'm**
Deposits with licensed banks	48.5	44.1
Receivables	16.0	36.9
Payables	(632.7)	(846.1)
Borrowings	(1,864.5)	(1,546.3)

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

24 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.

25 DIVIDENDS

(a) The Board of Directors has declared a fourth interim single-tier dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 January 2018 amounting to approximately RM156,416,508, to be paid on 27 April 2018. The entitlement date for the dividend payment is 12 April 2018.

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 12 April 2018 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.

The Board of Directors also recommended for shareholders' approval at the forthcoming Annual General Meeting a final single-tier dividend of 0.5 sen per ordinary share in respect of the financial year ended 31 January 2018, to be paid on a date to be determine.

(b) The total dividends declared for the financial year ended 31 January 2018 is 6.0 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 January 2017: 6.00 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).

26 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share at 31 January 2018 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 January 2018 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 January 2018:

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	QUARTER ENDED 31/1/2018	**QUARTER ENDED 31/1/2017**	**YEAR ENDED 31/1/2018**	**YEAR ENDED 31/1/2017**
Profit attributable to the equity holders of the Company (RM'm)	181.9	145.1	770.7	623.7
(i) Basic EPS				
Weighted average number of issued ordinary shares ('m)	5,213.9	5,209.5	5,210.8	5,206.3
Basic earnings per share (RM)	0.035	0.028	0.148	0.120
(ii) Diluted EPS				
Weighted average number of issued ordinary shares ('m)	5,213.9	5,209.5	5,210.8	5,206.3
Effect of dilution:				
Grant of share awards under the management share scheme ('m)	4.2	8.8	4.2	9.0
	5,218.1	5,218.3	5,215.0	5,215.3
Diluted earnings per share (RM)	0.035	0.028	0.148	0.120

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

27. MATERIAL EVENTS SUBSEQUENT TO END OF THE FINANCIAL YEAR

(a) 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 ("GMK") to form a joint venture company.

Subsequently on 8 February 2018, ADSB has entered into a conditional joint venture agreement with GMK and GMK's wholly-owned subsidiary Karangkraf Digital 360 Sdn Bhd ("KK360"), in respect of a joint venture for the creation and monetisation of content verticals in Malaysia and the Nusantara region ("JVA").

Pursuant to the JVA, ADSB's total subscription consideration for its 51% interest in KK360 is RM100,000,104 ("investment amount") to be paid in tranches. The investment amount is subject to a reduction in the event the 15 active intellectual properties ("IP") are not able to be registered by KK360 under the identified trademark classes by the 5th anniversary from Closing and/or whether there is any IP infringement claim in respect of any of the IP.

ADSB's cash surplus entitlement on winding-up or dividend entitlement, regardless whether there is a reduction of investment or otherwise:

(a) is lower than 51% if KK360 is wound-up or the dividend is distributed prior to 5th Closing anniversary; or

(b) is 51% if KK360 is wound-up or the dividend is distributed after 5th Closing anniversary.

The investment by ADSB into KK360 is conditional upon all the conditions precedent ("CPs") being fulfilled. If the CPs have not been fulfilled or waived within 4 months from 6 December 2017 or such other mutually agreed date ("Cut-Off Date"), the Parties shall mutually agree to either (a) extend the Cut-Off Date; or (b) waive all or any of the unfulfilled CPs; or (c) terminate the JVA.

All other terms and conditions of the Proposed Joint Venture remain substantially unchanged from the Term Sheet that was executed on 6 December 2017.

Upon completion of the JVA, KK360 will become an indirectly-owned subsidiary of the Company.

(b) On 28 February 2018, MBNS had drawdown second tranche of the Facility amounting RM306.4 million in nominal value maturing on 29 November 2022 at interest rate of 4.8% per annum. The interest is payable quarterly.

Other than the above, there were no material subsequent events during the period from the end of the quarter review to 28 March 2018.

BY ORDER OF THE BOARD

LIEW WEI YEE SHARON
(License No. LS0007908)

Company Secretary
28 March 2018