



TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2009.

THE FIGURES HAVE NOT BEEN AUDITED.

I. CONDENSED CONSOLIDATED INCOME STATEMENT

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--------------------------------------|--|-------------------------------|-------------------------------|
| | Current year quarter 30/6/2009 | Preceding year corresponding quarter 30/6/2008 | Six months to 30/6/2009 | Six months to 30/6/2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 1. (a) Operating revenue | 67,898 | 71,248 | 141,903 | 137,289 |
| (b) Operating expenses | | | | |
| - depreciation, impairment and amortisation | (11,913) | (41,335) | (23,378) | (82,148) |
| - other operating expenses | (56,465) | (72,559) | (123,098) | (139,696) |
| (c) Other operating income (net) | 838 | 2,372 | 2,168 | 4,881 |
| (d) Profit / (loss) from operations | 358 | (40,274) | (2,405) | (79,674) |
| (e) Gain / (loss) on disposal of asset | - | 616,985 | (23,052) | 616,985 |
| (f) Investment income | 30,016 | 47,155 | 31,066 | 48,235 |
| (g) Finance expenses | (5,920) | (21,803) | (15,837) | (39,460) |
| (k) Profit / (loss) before income tax | 24,454 | 602,063 | (10,228) | 546,086 |
| (l) Income tax | - | (90) | (10) | (195) |
| (m) Profit / (loss) for the period | 24,454 | 601,973 | (10,238) | 545,891 |
| Attributable to: | | | | |
| (n) Equity holders of the Company | 24,454 | 601,973 | (10,238) | 545,891 |
| 2. Earning / (loss) per share based on 1(n) above | | | | |
| (a) Basic (based on 2009: 2,530,775,000 [2008: 2,530,775,000] ordinary shares) | 0.97 sen | 23.79 sen | (0.40 sen) | 21.57 sen |

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.



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II. CONDENSED CONSOLIDATED BALANCE SHEET

| | Unaudited As at end of current quarter 30/6/2009 RM'000 | Audited As at preceding financial year end 31/12/2008 RM'000 |
|---|--|---|
| ASSETS | | |
| 1. Non-current assets | | |
| Property, plant & equipment | 33,525 | 30,664 |
| Prepaid land lease payments | 2,547 | 2,609 |
| Telecommunications network | 299,961 | 297,471 |
| Other Investment | 599,500 | 1,196,722 |
| | 935,533 | 1,527,466 |
| 2. Current assets | | |
| Receivables, deposits and prepayments | 99,106 | 135,532 |
| Cash and cash equivalents | 114,253 | 138,595 |
| | 213,359 | 274,127 |
| 3. Assets of disposal group classified as held for sale | 597,222 | 504,670 |
| Total assets | 1,746,114 | 2,306,263 |
| EQUITY AND LIABILITIES | | |
| 4. Equity attributable to equity holders of the Company | | |
| Share capital | 2,530,775 | 2,530,775 |
| Share premium | 1,570,758 | 1,570,758 |
| Accumulated losses | (3,079,125) | (3,068,887) |
| Total equity | 1,022,408 | 1,032,646 |
| 5. Non-current liabilities | | |
| Loans and borrowings | - | 613,410 |
| | - | 613,410 |
| 6. Current liabilities | | |
| Payables and accruals | 163,631 | 142,171 |
| Loans and borrowings | 560,075 | 505,900 |
| | 723,706 | 648,071 |
| 7. Liabilities of disposal group classified as held for sale | - | 12,136 |
| Total liabilities | 723,706 | 1,273,617 |
| Total equity and liabilities | 1,746,114 | 2,306,263 |
| 8. Net assets per share attributable to ordinary equity holders of the Company | RM 0.40 | RM 0.41 |

The condensed Consolidated Balance Sheet should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.



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III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Unaudited Six months to 30/6/2009 | Unaudited Six months to 30/06/2008 |
|--|--|---|
| | RM'000 | RM'000 |
| Operating Activities | | |
| Cash receipts from customers | 134,800 | 147,165 |
| Lifted irrevocable bank guarantee | - | 50,000 |
| Cash payments to suppliers | (77,150) | (92,119) |
| Cash payments to employees and for administrative expenses | (30,894) | (42,936) |
| Cash generated from operations | 26,756 | 62,110 |
| Taxes paid | - | (389) |
| Net cash generated from operating activities | 26,756 | 61,721 |
| Investing Activities | | |
| Purchase of property, plant and equipment and telecommunications network | (29,212) | (33,854) |
| Purchase of property, plant and equipment for USP Project | - | (89) |
| Cash received on disposal of subsidiary | 6,643 | |
| Interest received | 956 | 1,267 |
| Net cash used in investing activities | (21,613) | (32,676) |
| Net change in Cash and Cash Equivalents | 5,143 | 29,045 |
| Cash and Cash Equivalents as at beginning of financial period | 89,648 | 92,172 |
| Cash and Cash Equivalents as at end of financial period | 94,791 | 121,217 |

The condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.



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IV. CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

| | Unaudited Six months to 30/6/2009 | Unaudited Six months to 30/06/2008 |
|--|--|---|
| | RM'000 | RM'000 |
| (a) Cash and Cash Equivalents comprise the following amounts: | | |
| Bank and cash balances | 3,548 | 5,896 |
| Deposits with licensed banks | 91,243 | 115,321 |
| As per Condensed Consolidated Cash flow | 94,791 | 121,217 |
| Restricted deposit | 19,462 | 45,126 |
| As per Condensed Consolidated Balance Sheet | 114,253 | 166,343 |

The condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.



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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

| | ← Attributable to equity holders of the Company → | | | |
|--|---|------------------|--------------------|------------------|
| | Share Capital | Share Premium | Accumulated Losses | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Six months to 30 Jun 2009 (unaudited) | | | | |
| Balance as at 1 January 2009 | 2,530,775 | 1,570,758 | (3,068,887) | 1,032,646 |
| Loss for the period | - | - | (10,238) | (10,238) |
| Balance as at 30 June 2009 | <u>2,530,775</u> | <u>1,570,758</u> | <u>(3,079,125)</u> | <u>1,022,408</u> |

| | ← Attributable to equity holders of the Company → | | | |
|---|---|------------------|--------------------|------------------|
| | Share Capital | Share Premium | Accumulated Losses | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Six months to 30 June 2008 (unaudited) | | | | |
| Balance as at 1 January 2008 | 2,530,775 | 1,570,758 | (2,119,257) | 1,982,276 |
| Profit for the period | - | - | 545,891 | 545,891 |
| Balance as at 30 June 2008 | <u>2,530,775</u> | <u>1,570,758</u> | <u>(1,573,366)</u> | <u>2,528,167</u> |

The condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.

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V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

The notes to the condensed Financial Statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2008.

1. Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

2. Audit report in respect of the 2008 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2008 was not qualified.

3. Seasonal or cyclical factors

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

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

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

| | Individual Quarter | | Cumulative Quarter | |
|---|-------------------------|---|--------------------|------------------|
| | Current year quarter | Preceding year corresponding quarter | Six months to | Six months to |
| Income Statement | 30/6/2009 | 30/6/2008 | 30/6/2009 | 30/6/2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loss on disposal of DiGi shares (note 15) | - | - | (23,052) | - |
| Gain from transfer of 3G spectrum to DiGi Telecom | - | 616,985 | - | 616,985 |
| | <u>-</u> | <u>616,985</u> | <u>(23,052)</u> | <u>616,985</u> |

5. Material changes in estimates used

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

6. Debt and equity securities

The Group did not undertake any issuance of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 June 2009.

7. Dividend

The Directors do not recommend the payment of an interim dividend for the current financial period ended 30 June 2009 (2008: Nil).

8. Segment information for the current financial period

No segment analysis is prepared as the Group is principally engaged in the telecommunications industry business in Malaysia.



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

There were no changes in estimates of amounts reported in prior interim period of the current financial period or prior financial years that have a material effect in the current period except as stated below.

Disposal of long term investment

On 26 August 2009, the Groups through its subsidiary, Hakikat Pasti Sdn Bhd ("HPSB") has disposed a total of 27,750,000 DiGi Shares ("Disposal Shares"), representing about 3.6% of the existing issued and paid-up share capital of DiGi. The total cost of investment for the Disposal Shares was RM597.22 million or equivalent to RM21.52 per DiGi Share. Since it first held the Disposal Shares (i.e. the 27,750,000 DiGi Shares) in November 2007, the Group has received an aggregate net dividend income of RM68.3 million (or equivalent to about RM2.46 per share) in respect of these shares.

10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinued operations except as disclosed below;

Disposal of Time Reach Sdn Bhd

The disposal of the Company's entire equity interest in TIME Reach Sdn Bhd ("TRSB") to PayComm Sdn Bhd which was announced in the fourth quarter of 2008 has been completed on 15 April 2009 for a cash consideration of RM8,300,000.

11. Disposal group asset held for sales

Other investment held by the Group through its subsidiary i.e. Hakikat Pasti Sdn. Bhd. ("HPSB") is classified as held for sale pending the disposal of 27,750,000 DiGi shares with carrying amount of RM597.22 million which has been stated at lower of cost and market value.

The major classes of disposal group asset and liabilities held for sale are as follows:

| | As at 30/6/2009 RM'000 | As at 30/6/2008 RM'000 |
|---|------------------------------|------------------------------|
| Assets: | | |
| Asset held for sale by HPSB | 597,222 | - |
| Asset of disposal group classified as held or sales | <u>597,222</u> | <u>-</u> |

12. Contingent liabilities

There are no changes in the contingent liabilities as at the date of this announcement.

13. Capital commitments

There are no other material capital commitments except as disclosed below:

| | RM'000 |
|--|---------------|
| a) Approved and contracted for: | |
| Purchase and construction of telecommunications infrastructure | 28,059 |
| b) Approved but not contracted for: | |
| Purchase and construction of telecommunications infrastructure and license | 20,535 |

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14. Income tax

| | Individual Quarter | | Cumulative Quarter | |
|--------------------|-------------------------|---|--------------------|------------------|
| | Current year quarter | Preceding year corresponding quarter | Six months to | Six months to |
| | 30/6/2009 | 30/6/2008 | 30/6/2009 | 30/6/2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian taxation | | | | |
| - Current taxation | - | (90) | (10) | (195) |

Tax expense was provided for interest income earned during the period.

15. Disposal of unquoted/quoted investments and/or properties

There were no disposals of unquoted investments and/or properties in the current quarter.

16. Acquisitions and disposals of quoted securities

There were no acquisitions and disposals of quoted securities in the current quarter.

17. Investments in quoted securities

Total investments in quoted securities are as follows:-

| | |
|---|-----------------|
| | RM'000 |
| Other Investment at Cost | 684,750 |
| Less: Provision for diminution in value | <u>(85,250)</u> |
| Total Investment | <u>599,500</u> |
| | |
| Other Investment at market value | <u>610,500</u> |

All DiGi shares are pledged as security for the loans (Note 20).

18. Status of corporate proposals announced but not completed as at the date of this announcement

There are no corporate proposals announced but not completed as at the date of this announcement.



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19. Post Balance Sheet event

There are no post balance sheet event announced except as follows:-

On 26 August 2009, the Group through its subsidiary, Hakikat Pasti Sdn Bhd disposed of a total of 27,750,000 DiGi Shares ("Disposal Shares"), representing about 3.6% of the issued and paid-up share capital of DiGi as at 18 August 2009, via a private placement exercise for a total cash consideration of RM604.95 million or at the price of RM21.80 per DiGi Share. The Disposal was effected via direct business transactions under the rules and regulations of Bursa Malaysia Securities Berhad ("Bursa Securities").

Prior to the Disposal, TdC and its subsidiaries ("TdC Group") held in aggregate 55.25 million DiGi Shares, representing 7.1% of the issued and paid-up share capital of DiGi as at 18 August 2009, out of which 27.75 million were held by Hakikat Pasti and the remaining 27.50 million by TT dotCom Sdn Bhd, another wholly-owned subsidiary of TdC. Following the Disposal, the aggregate shareholdings of the TdC Group had reduced to 27.50 million DiGi Shares, representing about 3.5% equity interest in DiGi.

Earlier this year, as announced on 15 January 2009, Hakikat Pasti disposed of a total of 22,500,000 DiGi Shares through a book-building exercise for a total cash consideration of RM463.50 million ("First Disposal").

The sale consideration and original cost of investment

The sale price of RM21.80 per DiGi Share was determined on a willing buyer-willing seller basis through a private placement exercise and represents a discount of 0.9% to the 5-day volume weighted average market price of DiGi Shares up to and including 25 August 2009 of RM22.00.

The original cost of investment for the Disposal Shares was RM597.22 million or equivalent to RM21.52 per DiGi Share.

Since it first held the Disposal Shares (i.e. the 27,750,000 DiGi Shares placed out under the Disposal) in November 2007, the TdC Group has received an aggregate net dividend income of RM68.27 million (or equivalent to about RM2.46 per share) in respect of these shares.

Rationale for the disposal

Market conditions have improved recently, as evidenced by the performance of the FTSE Bursa Malaysia KLCI Index, which has been recording an uptrend since its 52-week low of 829.41 points on 29 October 2008 to 1,171.09 points on 25 August 2009. Furthermore, the price performance of DiGi Shares have improved much from their 52-week low of RM17.32 on 31 October 2008 to RM21.98 on 25 August 2009.

Given the current improved market conditions and DiGi Share price, and in line with its prudent debt management practices, the Company has decided to fully settle the borrowings of the TdC Group which were taken to finance its investments in securities. The Disposal will enable the TdC Group to raise funds to achieve this objective.

The net proceeds from the Disposal of RM602.6 million will be utilised to repay the bank borrowings of the TdC Group estimated at RM552.7 million and the remaining balance will be utilised for working capital purposes.

20. Loans and Borrowings

Group borrowings as at 30 June 2009 are as follows.

| | Loans and borrowings |
|--------------------------|-----------------------------|
| Secured Bank Loan | RM'000 |
| As at 1 January 2009 | 1,119,310 |
| Loan repayment | <u>(559,235)</u> |
| As at 30 June 2009 | <u>560,075</u> |

The bank loans are secured over all the DiGi Shares as per note 17 and an escrow account is created to capture dividends from the pledged securities.

21. Off Balance Sheet financial instruments

There are no financial instruments with off-balance sheet risks as at the date of this announcement.

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22. Material litigation

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement.

23. Comparison between the current quarter and the immediate preceding quarter

Revenue for the current quarter of RM67.9 million has decreased by 8.2% as compared to the immediate preceding quarter of RM74.0 million. The decrease was mainly due to lower voice revenue by RM8.0 million due the disposal of payphone business in the second quarter 2009. The decrease however was mitigated by the increase in data, managed services and internet revenue by RM5.7 million.

Profit after tax for the current quarter was RM24.5 million as compared to loss of RM34.7 million in the immediate preceding quarter. The increase in profit after tax was mainly due to lower other operating expenses as well as higher investment income received mainly from dividend income in the current quarter.

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

Revenue for the current quarter and year to date under review was RM67.9 million and RM141.9 million respectively as compared to RM71.2 million and RM137.3 million respectively in the corresponding quarter and year 2008. The decrease in current quarter was mainly due to lower voice revenue by RM16.6 million mainly due to the disposal of payphone business in the second quarter 2009. The increase in the year to date revenue was mainly due to the increase in data, managed services and internet revenue.

The Group posted current quarter profit after tax of RM24.5 million but registered a year to date loss of RM10.2 million as compared to profit of RM602.0 million and RM545.9 million previously. The decrease in profit after tax was due to one off gain on transfer of 3G spectrum of RM617.0 million in the corresponding period in 2008. Without the gain on transfer, profit after tax for the current quarter has improved by RM40.5 million while year to date loss after tax has also improved by RM60.9 million. The improvement in profit after tax (without the gain on transfer) was mainly due lower depreciation and other operating expenses.

25. Economic profit / (loss) statement

| | Individual Quarter | | Cumulative Quarter | |
|--|---|---|--|--|
| | Current year quarter 30/6/2009 RM'000 | Preceding year corresponding quarter 30/6/2008 RM'000 | Six months to 30/6/2009 RM'000 | Six months to 30/6/2008 RM'000 |
| <u>Net operating profit / (loss) after tax ("NOPLAT") computation:</u> | | | | |
| Profit / (loss) before interest and tax ("PLBIT") | 29,292 | 4,373 | 22,501 | (36,703) |
| Adjusted tax | - | - | - | - |
| a) NOPLAT | 29,292 | 4,373 | 22,501 | (36,703) |
| <u>Economic charge computation:</u> | | | | |
| Average invested capital (Note 1) | 1,538,561 | 3,292,864 | 1,672,839 | 3,130,469 |
| Weighted average cost of capital ("WACC") (%) (Note 2) | 9.0% | 7.6% | 9.0% | 7.6% |
| b) Economic charge | 34,618 | 62,564 | 75,278 | 118,958 |
| c) Economic loss (a – b) | (5,326) | (58,191) | (52,777) | (155,661) |

The Economic Profit statement is as prescribed under the GLC Transformation Program, and is disclosed on a voluntary basis.

Economic profit is a measure of value created by a business during a single period reflecting how much return a business makes over its cost of capital. For the current quarter ended 30 June 2009, economic loss has reduced by RM52.9 million to RM5.3 million from RM58.2 million. The improvement in Economic loss was due to the improvement in NOPLAT recorded in year 2009, lower average invested capital albeit higher weighted average cost of capital (WACC).

Note 1: Average invested capital consists of average operating working capital, average net property, plant and equipment and average net other operating assets.

Note 2: WACC is calculated as weighted average cost of debts and equity taking into account the market capitalisation as at end of year.



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26. Prospects

Given the economic uncertainty, the Group expects growth in demand for telecommunications services to further ease in the closing months of 2009. During the period under review, the Group has managed to reduce its operating cost, and subsequently increased its operating margins. Notwithstanding the easing conditions, the trend in improving margin is expected to continue.

27. Profit forecast

No commentary is made on any variance between actual profit from forecast profit, as it does not apply to the Group.

28. Loss Earning per share

| | Individual Quarter | | Cumulative Quarter | |
|---|-------------------------|---|--------------------|------------------|
| | Current year quarter | Preceding year corresponding quarter | Six months to | Six months to |
| | 30/6/2009 | 30/6/2008 | 30/6/2009 | 30/6/2008 |
| Weighted average number of shares in issue (RM'000) | 2,530,775 | 2,530,775 | 2,530,775 | 2,530,775 |
| Profit / (loss) for the year (RM'000) | 24,454 | 601,973 | (10,238) | 545,891 |
| Basic Earning / (loss) per share | 0.97 sen | 23.79 sen | (0.40 sen) | 21.57 sen |

The diluted earnings per share is not shown as it is not applicable to the Group.

By Order of the Board

Kuala Lumpur
27 August 2009

MISNI ARYANI MUHAMAD
(LS 0009413)
Secretary