TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010.

THE FIGURES HAVE NOT BEEN AUDITED.

I. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
Operating revenue	**87,346**	**69,931**	**235,563**	**211,834**
Operating expenses				
- depreciation, impairment and amortisation	(11,788)	(11,040)	(37,610)	(34,418)
- other operating expenses	(65,943)	(51,267)	(173,904)	(174,365)
Other operating income (net)	349	394	1,138	2,562
Profit from operations	**9,964**	**8,018**	**25,187**	**5,613**
Gain/(Loss) on disposal of an investment	-	5,643	-	(17,409)
Payment for voluntary separation scheme	-	(11,664)	-	(11,664)
Investment income	11,023	14,046	37,550	45,112
Finance expenses	(38)	(4,102)	(38)	(19,939)
Profit before income tax	**20,949**	**11,941**	**62,699**	**1,713**
Income tax	-	-	-	(10)
Profit for the period attributable to equity holders of the Company	**20,949**	**11,941**	**62,699**	**1,703**
Other comprehensive income:				
Fair value gain on available-for- sale financial assets	35,750	-	64,350	-
Other comprehensive income for the period	35,750	-	64,350	-
Total comprehensive income for the period attributable to equity holders of the Company	**56,699**	**11,941**	**127,049**	**1,703**
Earning per share				
Basic and diluted (based on 2010: 2,530,775,000 [2009: 2,530,775,000] ordinary shares)	0.83 sen	0.47 sen	2.48 sen	0.07 sen

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at end of current quarter 30/9/2010 RM'000	Audited As at preceding financial year end 31/12/2009 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	29,156	31,950
Telecommunications network	338,610	314,829
Other investment	-	599,500
Available-for-Sale financial assets	668,250	-
	1,036,016	946,279
Current assets		
Receivables, deposits and prepayments	158,374	99,640
Cash and cash equivalents	197,173	173,553
	355,547	273,193
Total assets	1,391,563	1,219,472
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	2,530,775	2,530,775
Share premium	1,570,758	1,570,758
Available-for-Sale reserve	68,750	-
Accumulated losses	(2,973,102)	(3,035,801)
Total equity	1,197,181	1,065,732
Current liabilities		
Payables and accruals	194,382	153,740
	194,382	153,740
Total liabilities	194,382	153,740
Total equity and liabilities	1,391,563	1,219,472
Net assets per share attributable to ordinary equity holders of the Company	RM0.47	RM0.42

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited Nine months to 30/9/2010 RM'000	Unaudited Nine months to 30/9/2009 RM'000
Operating Activities			
Cash receipts from customers		215,269	194,936
Transfer from restricted cash and bank balances		-	58,253
Cash payments to suppliers		(106,803)	(126,516)
Cash payments to employees and for administrative expenses		(43,625)	(56,851)
Net cash generated from operating activities		**64,841**	**69,822**
Investing Activities			
Purchase of property, plant and equipment and telecommunications network		(68,580)	(39,847)
Interest received		2,922	1,399
Dividend received		24,475	13,475
Cash received on disposal of assets held for sale		-	6,643
Net cash used in investing activities		**(41,183)**	**(18,330)**
Financing Activities			
Loans and borrowings		-	6,500
Interest paid		(38)	-
Net cash (used in)/generated from financing activities		**(38)**	**6,500**
Net change in Cash and Cash Equivalents		**23,620**	**57,992**
Cash and Cash Equivalents as at beginning of financial period		173,553	89,648
Cash and Cash Equivalents as at end of financial period	**Note (a)**	**197,173**	**147,640**

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

	30/9/2010	30/9/2009
Bank and cash balances	4,836	4,178
Deposits with licensed banks	192,337	143,462
As per Condensed Consolidated Statement of Cash flows/Condensed Consolidated Statement of Financial Position	**197,173**	**147,640**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months to 30 September 2010 (unaudited)	**←------------------------ Attributable to equity holders of the Company ------------------→**				
		Non-distributable			
	Share Capital	**Share Premium**	**Available- for-Sale reserve**	**Accumulated Losses**	**Total Equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 January 2010 as previously stated	2,530,775	1,570,758	-	(3,035,801)	1,065,732
Adoption of FRS 139	-	-	4,400	-	4,400
Balance as at 1 January 2010 as restated	2,530,775	1,570,758	4,400	(3,035,801)	1,070,132
Profit for the period	-	-	-	62,699	62,699
Fair value gain on available-for-sale financial assets	-	-	64,350	-	64,350
Balance as at 30 September 2010	2,530,775	1,570,758	68,750	(2,973,102)	1,197,181

Nine months to 30 September 2009 (unaudited)	**←------------------------ Attributable to equity holders of the Company ------------------→**				
		Non-distributable			
	Share Capital	**Share Premium**	**Available- for-Sale reserve**	**Accumulated Losses**	**Total Equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Balance as at 1 January 2009	2,530,775	1,570,758	-	(3,068,887)	1,032,646
Profit for the period	-	-	-	1,703	1,703
Balance as at 30 September 2009	2,530,775	1,570,758	-	(3,067,184)	1,034,349

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2009.

V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited interim financial statements have been prepared under the historical cost convention except for available-for-sale financial assets which are stated at fair value. 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, other than as disclosed in Note 2 below, 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").

The interim financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the year ended 31 December 2009.

2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations, with effect from 1 January 2010.

On 1 January 2010, the Group adopted the following FRSs, Amendments to FRSs, Improvements to FRSs (2009) and IC Interpretations which are applicable to its financial statements and are relevant to its operations:

FRS 7 - Financial Instruments: Disclosures
FRS 8 - Operating segments
FRS 101 - Presentation of Financial Statements (Revised)
FRS 123 - Borrowing Costs (Revised)
FRS 139 - Financial Instruments: Recognition and Measurements
Amendment to FRS 1 - First-time Adoption of Financial Reporting Standards
Amendment to FRS 2 - Share-based Payment - Vesting Conditions and Cancellations
Amendment to FRS 7 - Financial Instruments: Disclosures
Amendment to FRS 132 - Financial Instruments: Presentation
Amendment to FRS 139 - Financial Instruments: Recognition and Measurement
IC Interpretation 9 - Reassessment of Embedded Derivatives
IC Interpretation 10 - Interim Financial Reporting and Impairment
IC Interpretation 11 - FRS 2 - Group Treasury Share Transactions
IC Interpretation 14 - FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Improvements to FRSs (2009) FRS 117 – Leases

Other than for the application of FRS 8, FRS 101, FRS 139 and improvements to FRSs (2009) FRS117 – Leases, the application of the above FRSs, Amendments to FRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

(a) FRS 8: Operating Segments (FRS 8)

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

(b) FRS 101: Presentation of Financial Statements (FRS 101)

FRS 101 requires all changes in equity arising from transaction with owners in their capacity as owners to be presented separately from components of comprehensive income. Components of comprehensive income are presented in the Condensed Consolidated Statement of Comprehensive Income. The Consolidated "Balance Sheet" and "Consolidated Cash Flow Statement" have been re-titled "Consolidated Statement of Financial Position' and "Consolidated Statement of Cash Flows" respectively. Comparatives for 2009 have been restated to conform to FRS 101. This standard does not have any impact on the financial position and results of the Group.

2. Significant accounting policies (continued)

(c) FRS 139: Financial Instruments – Recognition and Measurement (FRS 139)

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are initially recognised in the financial statements when and only when, the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. Financial instruments are derecognised when the rights to receive cash flows from the investment have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. The Group determines the classification at the initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

The Group will also assess at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is taken as evidence that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through profit or loss.

Financial assets

Financial assets are classified as financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short-term deposits, receivables and available-for-sale financial assets.

Under FRS 139, available-for-sale financial assets are measured at fair value initially with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is de-recognised, at which time the cumulative gain or loss is recognised in the income statement or if determined to be impaired, at which time the cumulative loss is recognised in the income statement and removed from the available-for-sale reserve.

Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through profit and loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables.

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the statement of financial position as at 1 January 2010.

	Previously stated	Effect of FRS 139	As restated
	RM'000	RM'000	RM'000
Assets			
Other investment	599,500	(599,500)	-
Long term available-for-sale financial assets	-	603,900	603,900
Equity			
Available-for-sale reserve	-	4,400	4,400

The adoption of FRS 139 does not have any significant impact on the profit for the financial period.

(d) Improvements to FRSs (2009) - FRS 117 – Leases

The amendments to FRS 117 clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating leases. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. Impact of the above amendments to the closing balances in the statement of financial position as at 31 December 2009 will be as follows:

	Previously stated	Effect of improvements to FRS 117	As restated
	RM'000	RM'000	RM'000
Assets			
Prepaid land lease payments	2,234	(2,234)	-
Property, plant and equipment	29,716	2,234	31,950

3. Audit report in respect of the 2009 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2009 was not qualified.

4. Seasonal or cyclical factors

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

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

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period and in the corresponding period in 2009 except as disclosed below:

a) Disposal of DiGi.Com Berhad ("DiGi") shares

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
Income Statement	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
Gain/(loss) on disposal of DiGi shares	-	5,643	-	(17,409)
	-	5,643	-	(17,409)

On 15 January 2009, the Group through its subsidiary, Hakikat Pasti Sdn Bhd disposed 22,500,000 shares held in DiGi representing about 2.9% of the then existing issued and paid-up share capital of DiGi. The total cost of investment for the shares disposed was RM484.23 million (equivalent to RM21.52 per DiGi share). On 26 August 2009, the Group again disposed another 27,750,000 DiGi shares, representing about 3.6% of the existing issued and paid-up share capital of DiGi. The total cost of investment for the shares disposed was RM597.22 million (equivalent to RM21.52 per DiGi share).

Since it first held the said shares (i.e. totaling 50,250,000 DiGi shares) in November 2007, the Group has received an aggregate net dividend income of RM111.7 million (or equivalent to about RM2.22 per share) in respect of these shares.

b) Disposal of payphone business

The disposal of the Company's entire equity interest in Time Reach Sdn Bhd to PayComm Sdn Bhd was completed on 15 April 2009. The payphone business was presented as a disposal group held for sale in the first quarter of 2009.

c) *Payment for voluntary separation scheme ("VSS")*

	Individual Quarter		Cumulative Quarter	
	Current year quarter	**Preceding year corresponding quarter**	**Nine months to**	**Nine months to**
Income Statement	**30/9/2010**	**30/9/2009**	**30/9/2010**	**30/9/2009**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Payment for voluntary separation scheme ("VSS")	-	(11,664)	-	(11,664)
	-	(11,664)	-	(11,664)

A VSS was undertaken in August 2009 resulting in the departure of 227 employees of the Group. The VSS exercise was conducted with the intention to provide an exit option for staff members with competency mismatch. This initiative had enabled the Group to inject fresh talents with the right competencies aligned with the business direction of the Group.

6. Material changes in estimates used

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

7. Debt and equity securities

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the nine months period ended 30 September 2010.

8. Dividend

The Group has not declared or paid any dividend during the nine months period ended 30 September 2010 (2009: Nil).

9. Segmental Reporting

Income Statement	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
	RM'000	RM'000	RM'000	RM'000
Operating Revenue				
Voice	19,090	23,026	58,757	68,904
Data	67,366	45,713	174,325	124,378
Payphone*	-	-	-	13,285
Others	890	1,192	2,481	5,267
	87,346	**69,931**	**235,563**	**211,834**
Operating Expenses				
Depreciation, impairment and amortisation	(11,788)	(11,040)	(37,610)	(34,418)
Other operating expenses	(65,943)	(51,267)	(173,904)	(174,365)
Other operating income (net)	349	394	1,138	2,562
Profit from operations	**9,964**	**8,018**	**25,187**	**5,613**
Gain/(Loss) on disposal of investment	-	5,643	-	(17,409)
Payment for voluntary separation scheme	-	(11,664)	-	(11,664)
Investment income	11,023	14,046	37,550	45,112
Finance expenses	(38)	(4,102)	(38)	(19,939)
Profit before income tax	**20,949**	**11,941**	**62,699**	**1,713**
Income tax	-	-	-	(10)
Profit for the period	**20,949**	**11,941**	**62,699**	**1,703**

* *No payphone revenue has been recognized in the nine month period ended 30 September 2010 as the payphone business was disposed with effect from 15 April 2009.*

10. Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment since the financial year ended 31 December 2009.

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 30 September 2010 to the date of this announcement, which would substantially affect the financial results of the Group for the nine months ended 30 September 2010 that have not been reflected in the condensed financial statements.

12. Changes in the composition of the Group

There were no changes in the composition of the Group during the nine months period ended 30 September 2010.

13. Contingent liabilities/assets

There are no changes in the contingent liabilities or contingent assets as at the date of this announcement since the last annual balance sheet date.

14. Capital commitments

	As at 30/9/2010 RM'000
a) Approved and contracted for	64,011
b) Approved but not contracted for:	10,145

15. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/9/2010 RM'000	Preceding year corresponding quarter 30/9/2009 RM'000	Nine months to 30/9/2010 RM'000	Nine months to 30/9/2009 RM'000
Malaysian taxation				
- Current taxation	-	-	-	(10)

There is no tax charge for the current quarter due to the availability of group relief and utilization of unabsorbed tax losses and capital allowances. The tax charge provided for in the preceding year corresponding quarter was in relation to interest income earned during the period.

16. Disposal of unquoted investments and/or properties

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

17. Investments in quoted securities

(a) There were no acquisitions and disposals of any quoted securities in the current quarter.

(b) Particulars of investments in quoted securities are as follows:-

	As at 30/9/2010 RM'000
Quoted Securities in Malaysia:	
- Cost	684,750
- At book value	668,250
- At market value (fair value)	668,250

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

The Company had on 15 November 2010 announced that it had entered into two Memoranda of Agreements with Megawisra Sdn Bhd ("Megawisra") and Global Transit Limited (Labuan)("GTL")'s respective shareholders for the following proposed acquisitions: -

- Proposed acquisition of 100% equity stake in Global Transit Communications Sdn Bhd for a purchase consideration of RM106 million to be fully settled via issuance of approximately 29.86 million new TIME dotCom Berhad ("TdC") shares ("Proposed Acquisition of GTC");

- Proposed acquisition of 100% equity stake in GTL, for a purchase consideration of RM105 million to be settled via issuance of approximately 14.79 million new TdC shares and a cash consideration of RM52.50 million ("Proposed Acquisition of GTL");;

- Proposed acquisition of 100% equity stake in Global Transit (Hong Kong) Limited and Global Transit Singapore Pte Ltd, for a cash consideration of RM1 each ("Proposed Acquisitions of Global Transit Entities"); and

- Proposed acquisitions of AIMS Group which comprises 100% equity stakes in AIMS Data Centre 2 Sdn Bhd, The AIMS Asia Group Sdn Bhd and its subsidiaries and AIMS Cyberjaya Sdn Bhd, for a total purchase consideration of RM128 million to be settled via issuance of approximately 25.24 million new TdC shares and a cash consideration of RM38.40 million ("Proposed Acquisition of AIMS Group").

The Proposed Acquisition of GTC, Proposed Acquisition of GTL, Proposed Acquisitions of Global Transit Entities and Proposed Acquisition of AIMS Group are collectively referred to as the "Proposed Acquisitions".

The Board of Directors of TdC had also on the same day, resolved to undertake the following:

(i) Proposed capital repayment of RM50,615,500 representing RM0.02 per TdC share to the entitled shareholders of TdC ("Proposed Capital Repayment");

(ii) Proposed capital restructuring comprising:

  - Proposed capital reduction of TdC's existing issued and paid-up share capital of RM2,530,775,000 comprising 2,530,775,000 ordinary shares of RM1.00 each in TdC via cancellation of RM0.90 of the par value of TdC pursuant to Section 64 of the Companies Act, 1965 ("Proposed Capital Reduction");

  - Proposed set-off of TdC's share premium account against the accumulated losses of TdC ("Proposed Share Premium Reduction"); and

  - Proposed share consolidation of 2,530,775,000 ordinary shares of RM0.10 each in TdC after the Proposed Capital Reduction into 506,155,000 TdC shares, on the basis of five (5) ordinary shares of RM0.10 each in TdC into one (1) ordinary share of RM0.50 each in TdC ("Proposed Share Consolidation")

  - .

The Proposed Capital Reduction, Proposed Share Premium Reduction and the Proposed Share Consolidation are collectively referred to as the "Proposed Capital Restructuring" while the Proposed Capital Repayment, Proposed Capital Restructuring and Proposed Acquisitions are collectively referred to as the "Proposals".

The Proposals are conditional upon obtaining the following approvals and other condition precedents for the Proposed Acquisitions:

(i) the shareholders' of TdC at an extraordinary general meeting ("EGM") to be convened;
(ii) the High Court of Malaya, for the Proposed Capital Restructuring pursuant to Section 64 of the Act;
(iii) Bursa Securities for the listing and quotation of the securities to be issued pursuant to the Proposed Acquisitions;
(iv) the Securities Commission, for a waiver for Megawisra and its persons acting in concert under Practice Note 2.9.1 of the Code from having to undertake a mandatory general offer on TdC;
(v) the creditors of TdC, if necessary; and
(vi) any other relevant parties / authorities, if required.

The Proposed Capital Repayment, the Proposed Acquisitions and the Proposed Exemption are inter-conditional upon one another and are conditional upon the Proposed Capital Restructuring.

The Proposed Capital Restructuring is not conditional upon the Proposed Capital Repayment, the Proposed Acquisitions and the Proposed Exemption.

As at the date of this announcement, the above approvals are still pending from the respective parties.

19. Loans and Borrowings

The Group has no loans and/or borrowings as at 30 September 2010.

20. Off Balance Sheet financial instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this quarterly report.

21. Material litigation

Arbitration between Esat Sdn Bhd ("Claimant") and TT dotCom Sdn Bhd ("TTDC")

On 10 August 2004, the Company's wholly-owned subsidiary, TTDC issued a Letter of Award to First Ancillary and Terrestrial Solutions Sdn Bhd (now known as ESAT Sdn Bhd) to provide civil and M&E works including maintenance and support services ("Works") for its USP Project in Sabah. The total contract value for the Works is RM9,124,853.40 ("Contract Sum").

TTDC terminated ESAT's contract on 21 November 2007 following several non-performance issues. Resulting from this, an amount of RM742,816.67 was set-off against the total Contract Sum.

ESAT subsequently filed a Notice of Arbitration on 16 December 2008 for an amount of RM1,099,162.71 being outstanding balance of payments from the Contract Sum and for unliquidated damages for wrongful termination of the contract. Hearing for this case commenced in April 2010. At the last hearing date on 8 November 2010, the parties reached an amicable settlement on the subject matter of the arbitration.

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

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

Consolidated revenue for the current quarter of RM87.3 million is RM4.1 million or 5% higher than the consolidated revenue of RM83.2 million recognized in the quarter ended 30 June 2010. The improvement mainly comes from an increase in revenue from the Group's data business which arises mainly due to the Group's entry into the global bandwidth business.

The Group's profit before tax for the current quarter of RM20.9 million was RM2.1 million lower than the consolidated profit before tax recorded in the second quarter of 2010 mainly due to lower margins derived from the Group's global bandwidth business in the current quarter.

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

a) Current Quarter vs. Preceding Year Corresponding Quarter

The Group recorded a consolidated revenue of RM87.3 million in the current quarter as compared to RM69.9 million in the corresponding quarter of the preceding financial year. The improvement in the current quarter is mainly due to higher revenue from the Group's data business offset by a reduction in revenue from voice business.

The Group posted a current quarter consolidated profit before tax of RM20.9 million compared to a consolidated profit before tax of RM11.9 million in the corresponding period in 2009. Excluding the non-operating income and expenses, the Group would have still shown an improvement of RM1.9 million or 24% improvement. The improved results can be attributed to the Group's entry into the global bandwidth business in the current year.

b) Current year-to-date vs. 2009 year-to-date

The Group recorded an improved consolidated revenue for the nine months ended 30 September 2010 of RM235.6 million compared to RM211.8 million in the corresponding year to date of 2009 mainly resulting from the Group's entry into the global bandwidth business. This is despite including revenue from the payphone business which was disposed with effect from 15 April 2009, in the 2009 comparative. Excluding revenue from the payphone business, the Group's revenue would have improved by RM37.0 million or 19% in the current nine months period.

The Group also recorded a sharp increase in its profit before tax from RM1.7 million for nine months ended 30 September 2009 to a profit before tax of RM62.7 million for the same period in 2010. The significant improvement can mainly be attributed to improvement in revenue, cost cutting and de-gearing measures undertaken by the Group. Note also that the Group's results in 2009 were also affected by a loss on disposal of DiGi shares amounting to RM17.4 million and VSS costs of RM11.7 million (2010: RMNil). Please refer to Note 5(a) and Note 5(c) for further details of the loss on disposal of DiGi shares and cost of VSS respectively.

24. Prospects

The Group expects the telecommunications industry to become more competitive and challenging in 2010. To meet these challenges, the Group will focus on expanding coverage in key market segments, strengthening and simplifying its network, offering more complete end-to-end communication solutions, managing its costs to improve operating margins, whilst at the same time aiming to increase its share in each of the Group's addressable market segments.

The Group had entered the global bandwidth business in 2010, offering wholesale services to the industry. The nature of transactions in this business constitutes both one-time and recurring revenues. As such, on a periodic reporting basis, the Group does not expect linear or consistent contributions from this area of business.

Barring any unforeseen circumstances, the results of the Group for the financial year ending 31 December 2010 is expected to remain positive.

25. Profit Forecast and Profit Guarantee

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

26. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
Weighted average number of shares in issue ('000)	2,530,775	2,530,775	2,530,775	2,530,775
Profit for the period attributable to equity holders of the Company (RM'000)	20,949	11,941	62,699	1,703
Basic and diluted earnings per share	0.83 sen	0.47 sen	2.48 sen	0.07 sen

By Order of the Board

MISNI ARYANI MUHAMAD
(LS 0009413)
Secretary

Selangor
25 November 2010