TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011.

THE FIGURES HAVE NOT BEEN AUDITED.

I. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2011	31/3/2010	31/3/2011	31/3/2010
	RM'000	RM'000	RM'000	RM'000
Operating revenue	**70,060**	**65,040**	**70,060**	**65,040**
Operating expenses				
- depreciation, impairment and amortisation of property, plant and equipment and telecommunications network	(13,143)	(12,768)	(13,143)	(12,768)
- other operating expenses	(47,505)	(49,523)	(47,505)	(49,523)
Other operating income (net)	45	241	45	241
Profit from operations	**9,457**	**2,990**	**9,457**	**2,990**
Investment income	13,426	15,778	13,426	15,778
Profit for the period attributable to owners of the Company *	**22,883**	**18,768**	**22,883**	**18,768**
Other comprehensive income:				
Fair value gain on available-for-sale financial assets	110,000	17,050	110,000	17,050
Other comprehensive income for the period	110,000	17,050	110,000	17,050
Total comprehensive income for the period attributable to owners of the Company	**132,883**	**35,818**	**132,883**	**35,818**
Earnings per share				
Basic and diluted (based on 2011: 2,530,775,000 [2010: 2,530,775,000] ordinary shares)	0.90 sen	0.74 sen	0.90 sen	0.74 sen

* There is no tax charge in the current and preceding year corresponding quarter due to availability of group relief and utilisation of unabsorbed tax losses and capital allowances.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at end of current quarter 31/3/2011 RM'000	Audited As at preceding financial year ended 31/12/2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,338	28,160
Telecommunications network	371,545	349,548
Deferred tax assets	18,504	18,504
Available-for-sale financial assets	786,500	676,500
Trade receivables*	16,321	19,706
	1,221,208	1,092,418
Current assets		
Trade and other receivables	155,626	142,821
Tax recoverable	833	833
Restricted cash	1,200	-
Deposit, cash and bank balances	220,247	199,661
	377,906	343,315
Total assets	1,599,114	1,435,733
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	2,530,775	2,530,775
Share premium	1,570,758	1,570,758
Available-for-sale reserve	187,000	77,000
Accumulated losses	(2,905,847)	(2,928,730)
Total equity	1,382,686	1,249,803
Non-current liabilities		
Trade payables**	4,259	4,259
	4,259	4,259
Current liabilities		
Trade and other payables	212,169	181,671
	212,169	181,671
Total liabilities	216,428	185,930
Total equity and liabilities	1,599,114	1,435,733
Net assets per share attributable to ordinary owners of the Company	RM0.55	RM0.49

* Non-current trade receivables relate to accrued income for certain long term global bandwidth contracts entered into by the Group whereby the payment terms have been mutually agreed to be made by the customer over a period of up to 3 years.

** Non-current trade payables relate to accrued expenses for certain long term global bandwidth contracts entered into by the Group whereby the payment terms have been mutually agreed to be made over a period of up to 3 years.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited Three months to 31/3/2011 RM'000	Unaudited Three months to 31/3/2010 RM'000
Operating Activities			
Cash receipts from customers		76,126	67,614
Transfer to restricted cash and bank balances		(1,200)	-
Cash payments to suppliers		(43,914)	(29,620)
Cash payments to employees and for administrative expenses		(13,912)	(16,805)
Net cash generated from operating activities		**17,100**	**21,189**
Investing Activities			
Purchase of property, plant and equipment and telecommunications network		(10,066)	(20,800)
Investment income received		13,552	931
Net cash generated from/(used in) investing activities		**3,486**	**(19,869)**
Net change in Cash and Cash Equivalents		**20,586**	**1,320**
Cash and Cash Equivalents as at beginning of financial period		199,661	173,553
Cash and Cash Equivalents as at end of financial period	**Note (a)**	**220,247**	**174,873**

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

Bank and cash balances	9,447	2,123
Deposits with licensed banks	210,800	172,750
As per Condensed Consolidated Statement of Cash flows	**220,247**	**174,873**
Restricted cash	1,200	-
As per Condensed Consolidated Statement of Financial Position	**221,447**	**174,873**

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2010.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←----------------- Attributable to owners of the Company --------------→				
	Non-distributable				
Three months to 31 March 2011 (unaudited)	**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 2011	2,530,775	1,570,758	77,000	(2,928,730)	1,249,803
Profit for the period	-	-	-	22,883	22,883
Fair value gain on available-for-sale financial assets	-	-	110,000	-	110,000
Total comprehensive income for the period	-	-	110,000	22,883	132,883
Balance as at 31 March 2011	**2,530,775**	**1,570,758**	**187,000**	**(2,905,847)**	**1,382,686**

	←---------------- Attributable to owners of the Company ---------------→				
	Non-distributable				
Three months to 31 March 2010 (unaudited)	**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	2,530,775	1,570,758	4,400	(3,035,801)	1,070,132
Profit for the period	-	-	-	18,768	18,768
Fair value gain on available-for-sale financial assets	-	-	17,050	-	17,050
Total comprehensive income for the period	-	-	17,050	18,768	35,818
Balance as at 31 March 2010	**2,530,775**	**1,570,758**	**21,450**	**(3,017,033)**	**1,105,950**

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 2010.

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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 and other financial assets which are stated at fair value on initial recognition. 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 2010. 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 2010.

2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statement for the year ended 31 December 2010, except for the adoption of new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations, with effect from 1 January 2011.

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs, Improvements to FRSs (2010) and IC Interpretations which are applicable to its financial statements and are relevant to its operations:

FRS 1 - First-time Adoption of Financial Reporting Standards (revised)
FRS 3 - Business Combinations (revised)
FRS 127 - Consolidated and Separate Financial Statements (revised)
Amendments to FRS 1 - First-time Adoption of Financial Reporting Standards:
(a) Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
(b) Additional Exemptions for First-time Adopters
Amendments to FRS 2 - Share-based Payment:
(a) Group Cash-settled Share Based Payment Transactions
Amendments to FRS 5 - Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7 - Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
Amendments to FRS 132 - Financial Instruments: Presentation
Amendments to FRS 138 - Intangible Assets
Amendments to IC Interpretation 9 - Reassessment of Embedded Derivatives
Improvements to FRSs (2010)
IC Interpretation 4 - Determining whether an Arrangement contains a Lease
IC Interpretation 12 - Service Concession Agreements
IC Interpretation 16 - Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 - Distribution of Non-cash Assets to Owners
IC Interpretation 18 - Transfers of Assets from Customers

Other than for the application of FRS 3 (revised), the application of the above FRSs, Amendments to FRSs, Improvements to FRSs (2010) and IC Interpretations did not and/or are not expected to result in any significant changes in the accounting policies and presentation of the financial results of the Group.

(a) FRS 3 (revised) – Business Combinations

FRS 3 (revised) incorporates the following changes that are likely to be relevant to the Group's operations.

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

FRS 3 (revised), which is mandatory for the Group's 2011 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods consolidated financial statements.

The Group has not applied the following new/revised accounting standards (including the consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group:

FRS/Interpretations	***Effective for annual periods beginning on or after***
Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
FRS 124, *Related Party Disclosures* (revised)	1 January 2012
IC Interpretation 15, *Agreements for the Construction of Real Estate*	1 January 2012

The Group plans to apply the abovementioned FRSs (and its consequential amendments) and Interpretations in the respective annual periods based on their effective dates and applicability.

The initial application of the above applicable standards (and its consequential amendments) and interpretations, is not expected to have any material impact on the financial statements of the Group.

3. Audit report in respect of the 2010 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2010 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 2010 other than the reduction of scheduled wayleave payments to Project Lebuhraya Utara-Selatan Berhad ("PLUS") as disclosed in Note 22.

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 current financial period ended 31 March 2011.

8. Dividend

The Group has not declared or paid any dividend during the current financial period ended 31 March 2011 (2010: Nil).

9. Segmental Reporting

Group	Individual Quarter Current year quarter 31/3/2011 RM'000	Individual Quarter Preceding year corresponding quarter 31/3/2010 RM'000	Cumulative Quarter Three months to 31/3/2011 RM'000	Cumulative Quarter Three months to 31/3/2010 RM'000
Operating Revenue				
Voice	18,414	19,831	18,414	19,831
Data	51,139	43,952	51,139	43,952
Others	507	1,257	507	1,257
	70,060	**65,040**	**70,060**	**65,040**
Operating Expenses				
Depreciation, impairment and amortisation of property, plant and equipment and telecommunications network	(13,143)	(12,768)	(13,143)	(12,768)
Other operating expenses	(47,505)	(49,523)	(47,505)	(49,523)
Other operating income (net)	45	241	45	241
Profit from operations	**9,457**	**2,990**	**9,457**	**2,990**
Investment income	13,426	15,778	13,426	15,778
Profit before income tax	**22,883**	**18,768**	**22,883**	**18,768**

10. Valuation of Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment since the financial year ended 31 December 2010.

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 March 2011 to the date of this announcement, which would substantially affect the financial results of the Group for the three months ended 31 March 2011 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 three months period ended 31 March 2011. Please refer to Note 18 for status of corporate proposals announced but not completed as at the date of this announcement.

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 31/3/2011 RM'000
Telecommunications network	
a) Approved and contracted but not provided for in the interim financial statements	71,925
b) Approved but not contracted for	9,057
Property	
a) Approved and contracted but not provided for in the interim financial statements	7,020

15. Income tax

There is no tax charge for the current and the preceding quarters due to the availability of group relief and utilisation of unabsorbed tax losses and capital allowances.

As at 31 December 2010, the Group recognised RM18,504,000 deferred tax assets arising principally from unabsorbed capital allowance available to the Group less temporary differences in respect of excess of capital allowance over book depreciation. The deferred tax asset has been recognised to the extent that it is probable that future taxable profits will be available to offset the temporarily differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

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 31/3/2011 RM'000
Quoted Securities in Malaysia:	
- Cost	684,750
- At book value	786,500
- At market value (fair value)	786,500

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 for the following proposals:

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

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

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

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

(iv) Proposed acquisition 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 (collectively defined as "AIMS Group"), for a total purchase consideration of RM128 million to be settled through issuance of approximately 25.24 million new TdC shares and a cash consideration of RM38.40 million ("Proposed Acquisition of AIMS Group").

GTC, GTL, Global Transit Entities and AIMS Group are collectively referred to as "Acquiree Companies" while 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 Company also announced on the same day that it had resolved to undertake the following proposals:

(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 each TdC ordinary shares 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 Acquisitions, Proposed Capital Repayment and Proposed Capital Restructuring are collectively referred to as the "Proposals".

Subsequently, the Company announced, on 6 December 2010, that it had entered into four (4) conditional sale and purchase agreements (referred to as "SPAs") with the following parties:

(i) Pulau Kapas Ventures Sdn. Bhd. ("PKV"), for the Proposed Acquisition of GTC;

(ii) Megawisra Sdn. Bhd. ("Megawisra"), Halfmoon Bay Capital Limited, Accurate Gain Profits Limited, Continuum Capital Sdn. Bhd. and Nicholas Lim Ping (collectively referred as "GTL Vendors"), for the Proposed Acquisition of GTL;

(iii) Global Transit International Sdn. Bhd., for the Proposed Acquisitions of the Global Transit Entities; and

(iv) Megawisra, the Proposed Acquisition of AIMS Group

for their respective equity interests in the Acquiree Companies.

On 24 February 2011, the Company announced that, with respect to the SPAs:

(i) the Company, PKV and Megawisra (in respect of the Proposed Acquisition of GTC and Proposed Acquisition of AIMS Group respectively) had mutually agreed that the time period for such mutual agreement to revise the purchase consideration is now fixed to expire on 21 March 2011, as opposed to a twenty (20) business day period from the completion of the Company's due diligence exercise on the Acquiree Companies as originally provided in the respective SPAs; and

(ii) the Company, PKV, Megawisra and Nicholas Lim Ping (in respect of the Proposed Acquisition of GTC, the Proposed Acquisition of GTL and the Proposed Acquisition of AIMS Group) have mutually agreed that the time period within which TdC is to confirm in writing to the respective vendors whether or not TdC is satisfied with the results of the due diligence exercise on the Acquiree Companies is on or before 21 March 2011, as opposed to the ten (10) business day period after the completion of the said due diligence exercise as originally provided in the respective SPAs.

On 15 March 2011, the Company announced that pursuant to the completion of the due diligence exercise undertaken on the Acquiree Companies, an independent valuation undertaken by PwC Capital Sdn. Bhd. for and only for the non-interested directors of TdC and by letters of agreement dated 14 March 2011 which are supplemental to the respective SPAs between TdC and PKV, the GTL Vendors and Megawisra, the transacting parties have mutually agreed to revise the purchase consideration as follows:

(i) the Proposed Acquisition of GTC will be for a purchase consideration of RM102 million, to be fully settled through the issuance of 28,732,394 new TdC shares;

(ii) the Proposed Acquisition of GTL will be for a purchase consideration of RM101 million, to be fully settled via the issuance of 17,070,421 new TdC shares and a cash payment of approximately RM40.4 million;

(iii) the Proposed Acquisition of the AIMS Group will be for a purchase consideration of RM119 million to be fully settled via the issuance of 20,112,676 new TdC shares and a cash payment of approximately RM47.6 million.

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

On 24 March 2011, the Company had announced that it, had on the same date, received a letter from Megawisra stating that pursuant to a consultation with the Securities Commission of Malaysia ("SC"), it was concluded that Khazanah National Berhad ("KNB") and Global Transit International Sdn. Bhd. ("GTI") are persons acting in concert ("PAC") for the purposes of the Proposed Acquisitions.

Accordingly, Megawisra and/or its PAC will not trigger a mandatory general offer obligation under the Malaysian Code of Take-overs and Mergers 2010 ("Code") based on the following:

(i) before the completion of the Proposed Acquisitions, Megawisra and its PAC collectively hold more than fifty (50%) percent of the voting shares in our Company;

(ii) after the completion of the Proposed Acquisitions, Megawisra and its PAC will continue to collectively hold more than fifty (50%) percent of the voting shares in our Company; and

(iii) the Proposed Acquisitions do not result in Megawisra and each of its PAC to individually hold more than thirty three (33%) percent of the voting shares in our Company.

Following the above, Megawisra and its PAC will not be applying for a waiver from having to undertake a general offer on the remaining TdC shares not held in our Company after the Proposed Acquisitions, under Paragraph 16 Practice Note 9 of the Code.

For the avoidance of doubt, the Proposed Acquisitions are still conditional upon the grant by the SC for a dispensation or waiver of the condition pursuant to the SC's letter dated 30 September 2008 that states that GTI will not trigger a mandatory offer obligation in TdC in connection with PKV's acquisition of 30.04% voting shares in TdC from KNB and the exercise of the call option or put option provided that GTI's effective equity interest in TdC through their shareholding in PKV remains below 20% ("Proposed Dispensation").

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 Repayment and Proposed Capital Restructuring pursuant to Section 64 of the Companies Act 1965;
(iii) Bursa Securities for the listing and quotation of the securities to be issued pursuant to the Proposed Acquisitions;
(iv) the Securities Commission, for the Proposed Dispensation;
(v) the creditors of TdC, if necessary; and
(vi) any other relevant parties / authorities, if required.

The Proposed Capital Repayment and the Proposed Acquisitions are inter-conditional upon one another and are conditional upon the Proposed Capital Restructuring and proposed amendment to TdC's Memorandum of Association. The Proposed Capital Restructuring is conditional upon the proposed amendment to TdC's Memorandum of Association. The Proposed Capital Restructuring is not conditional upon the Proposed Capital Repayment or the Proposed Acquisitions.

The Proposed Acquisitions will enable the Group to enter the fast growing hosting and co-location businesses to supplement its existing revenue streams.

At the date of this report, the above approvals are still pending from the respective parties.

19. Loans and Borrowings

The Group has no loans and/or borrowings as at 31 March 2011.

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

The Company and its subsidiaries have no outstanding material litigation 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 RM70.1 million is RM15.4 million or 18% lower than the consolidated revenue of RM85.5 million recognised in the quarter ended 31 December 2010. The reduction mainly arising from global bandwidth sales recognised in the immediately preceding quarter. Global bandwidth is a non-recurring business and no sales were recorded in the current quarter.

The Group's profit before tax for the current quarter of RM22.9 million was RM3.3 million lower than the consolidated profit before tax recorded in the fourth quarter of 2010 of RM26.2 million mainly due to lower dividend income received from the investment in quoted securities in the current quarter and lower revenue. Nevertheless, profit before tax margin has improved from 31% in fourth quarter of 2010 to 33% in current quarter mainly due to reduction in wayleave fees. During the current quarter, the Group had negotiated a revision of the wayleave fee payment with PLUS and both parties agreed to revise the 2010's wayleave fee from RM17.6 million to RM14.1 million resulting a reduction of RM3.5 million, which was adjusted in this quarter. The revised payment schedule agreed will also lower the 2011 wayleave fee to PLUS from RM18.5 million to RM10.1 million. The annual sum of RM10.1 million will remain until 2026 after which the annual payment will further reduce to RM4.2 million per annum till 31 December 2038. Prior to this, the Group would have incurred RM18.5 million for the calendar year 2011 with an incremental amount of 5% compounded annually up to the calendar year 2014. Thereafter, the annual sum would be adjusted to RM4.2 million until the expiry of the agreement. The revised payment schedule was agreed upon after taking into consideration both PLUS's and the Group's future cash flows and commitments.

23. Review of performance for the current quarter against preceding year corresponding quarter

Revenue grew by RM5.1 million or 8% from RM65.0 million as recorded in the first quarter of 2010 to RM70.1 million in the current quarter. The improvement in the current quarter is mainly due to higher revenue from the Group's data business offset by a reduction in voice revenue.

The Group posted a current quarter consolidated profit before tax of RM22.9 million, which is an increase of RM4.1 million or 22% compared to the consolidated profit before tax of RM18.8 million in the corresponding period in 2010. The improved results would be attributed mainly to higher revenue, improved margins and lower wayleave fees (as mentioned in Note 22 above) despite having lower dividend income from its available-for-sale financial asset.

24. Prospects

2011 is expected to be a challenging year for the Group. 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 TdC and Astro collaboration agreement, signed in March 2010 is expected to extend the Group's reach in the consumer market while at the same time expand the Group's network coverage to include prime residential areas in key cities.

In addition, the Group had also together with 23 other parties recently formed a consortium under the name of Konsortium Rangkaian Serantau Sdn. Bhd. The consortium was formed in support of the government's initiative under the Economic Transformation Programme for the purpose of implementing one of the entry point projects ("EPPs") entitled "Regional Network" to lower the costs of IP transit and domestic bandwidths through the aggregation of the demand of bandwidth capacity of all the consortium members (as a form of buying power) to secure lower prices from suppliers. This is expected to eventually translate to better terms for the Group's internet access and broadband customers.

The Group had entered the global bandwidth business in 2010, offering wholesale services to the industry. The Group expects this business to continue in 2011. 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 2011 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	Three months to	Three months to
	31/3/2011	31/3/2010	31/3/2011	31/3/2010
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 owners of the Company (RM'000)	22,883	18,768	22,883	18,768
Basic and diluted earnings per share	0.90 sen	0.74 sen	0.90 sen	0.74 sen

27. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the accumulated losses of the Group as at 31 March 2011 are as follows:

	As at 31/3/2011
	RM'000
Total accumulated losses of the Group	
- Realised	(2,921,535)
- Unrealised	15,688
Total accumulated losses	(2,905,847)
	==========

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

By Order of the Board

MISNI ARYANI MUHAMAD
(LS 0009413)
Secretary

Selangor
30 May 2011