

TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	RM'000	RM'000	RM'000	RM'000
Operating revenue	133,011	81,260	133,011	81,260
Operating expenses				
- depreciation, impairment and amortisation of property, plant and equipment	(17,478)	(13,257)	(17,478)	(13,257)
- other operating expenses	(84,603)	(58,513)	(84,603)	(58,513)
Other operating income (net)	477	751	477	751
Profit from operations	31,407	10,241	31,407	10,241
Investment income	8,269	19,388	8,269	19,388
Finance expense	(1,790)	-	(1,790)	-
Profit before income tax	37,886	29,629	37,886	29,629
Income tax expense	(1,802)	(377)	(1,802)	(377)
Profit for the period attributable to owners of the Company	36,084	29,252	36,084	29,252
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation	1,019	-	1,019	-
Fair value (loss)/gain on available-for-sale financial assets	(181,500)	49,500	(181,500)	49,500
Other comprehensive (expense)/income for the period	(180,481)	49,500	(180,481)	49,500
Total comprehensive (expense)/income for the period attributable to owners of the Company	(144,397)	78,752	(144,397)	78,752

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	RM'000	RM'000 (Adjusted)*	RM'000	RM'000 (Adjusted)*
Earnings per share				
Basic and diluted (based on weighted average number of ordinary shares)	6.30 sen	5.78 sen	6.30 sen	5.78 sen

* Please see Note 27 for further details of the adjustment.

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	As at end of	As at preceding
	current quarter	financial year
	31/3/2013	ended
	RM'000	31/12/2012
		RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	734,696	717,215
Deferred tax assets	60,617	61,140
Available-for-sale financial assets	1,273,350	1,454,850
Intangible assets	213,959	213,959
Trade and other receivables	11,202	11,315
	2,293,824	2,458,479
Current assets		
Trade and other receivables	194,590	154,278
Tax recoverable	1,845	885
Restricted cash	23,817	22,660
Deposit, cash and bank balances	195,745	223,845
	415,997	401,668
Total assets	2,709,821	2,860,147
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	286,547	286,547
Reserves	2,048,900	2,193,297
Total equity	2,335,447	2,479,844
Non-current liabilities		
Deferred tax liabilities	3,968	3,668
Loan and borrowings	140,138	143,000
Trade payables	-	377
	144,106	147,045
Current liabilities		
Trade and other payables	216,568	221,104
Loan and borrowings	12,958	11,532
Provision for tax	742	622
	230,268	233,258
Total liabilities	374,374	380,303
Total equity and liabilities	2,709,821	2,860,147
Net assets per share attributable to ordinary owners of the Company	RM4.08	RM4.33

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/3/2013 RM'000	Unaudited Three months to 31/3/2012 RM'000
Operating Activities		
Cash receipts from customers	106,986	74,010
Transfer to restricted cash and bank balances	(1,070)	(1,252)
Cash payments to suppliers	(65,398)	(43,647)
Cash payments to employees and for administrative expenses	(27,624)	(15,520)
Cash generated from operations	12,894	13,591
Tax paid	(1,816)	(204)
Tax refund	15	788
Net cash generated from operating activities	11,093	14,175
Investing Activities		
Purchase of property, plant and equipment	(43,924)	(37,921)
Investment income received	8,177	18,836
Proceeds from disposal of property, plant and equipment	5	-
Net cash used in investing activities	(35,742)	(19,085)
Financing Activities		
Transaction costs	(54)	-
Repayment of loan	(1,688)	-
Finance charges paid	(1,800)	-
Net cash used in financing activities	(3,542)	-
Net change in Cash and Cash Equivalents	(28,191)	(4,910)
Effect of exchange rate fluctuations on cash held	91	-
Cash and Cash Equivalents as at beginning of financial period	223,845	217,442
Cash and Cash Equivalents as at end of financial period	Note (a) 195,745	212,532
Note:		
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash and bank balances	39,842	49,331
Deposits with licensed banks	179,720	181,537
	219,562	230,868
Restricted cash	(23,817)	(18,336)
	195,745	212,532

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2012.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←----- Attributable to owners of the Company -----→						
	←----- Non-distributable -----→			←----- Distributable -----→			
	Share Capital	Share Premium	Available- for-Sale Reserve	Foreign Currency Translation Reserve	Capital Reserve	Retained Earnings	Total Equity
Three months to 31 March 2013 (unaudited)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2013	286,547	844,686	855,250	(1,005)	8,760	485,606	2,479,844
Exchange differences recognised directly in equity	-	-	-	1,019	-	-	1,019
Profit for the period	-	-	-	-	-	36,084	36,084
Fair value loss on available-for- sale financial assets	-	-	(181,500)	-	-	-	(181,500)
Total comprehensive (expense)/ income for the period	-	-	(181,500)	1,019	-	36,084	(144,397)
Balance as at 31 March 2013	286,547	844,686	673,750	14	8,760	521,690	2,335,447

	←----- Attributable to owners of the Company -----→				
	←----- Non-distributable -----→				
	Share Capital	Share Premium	Available- for- Sale Reserve	Accumulated Losses	Total Equity
Three months to 31 March 2012 (unaudited)	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2012	2,530,775	1,570,758	467,500	(2,811,376)	1,757,657
Profit for the period	-	-	-	29,252	29,252
Fair value gain on available-for-sale financial assets	-	-	49,500	-	49,500
Total comprehensive income for the period	-	-	49,500	29,252	78,752
Balance as at 31 March 2012	2,530,775	1,570,758	517,000	(2,782,124)	1,836,409

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 2012.

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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of Preparation

The unaudited interim financial statements have been prepared in accordance with *MFRS 134: Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). This quarterly consolidated financial statements also complies with *IAS 34: Interim Financial Reporting* issued by the International Accounting Standards Board (IASB).

The interim financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 December 2012. 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 2012.

2. Significant accounting policies

As at the date of authorization of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs, Amendments to MFRSs and IC Interpretations		<i>Effective for annual periods beginning on or after</i>
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
Amendments to MFRS 7	Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 12 and MFRS 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements for Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014

The Group plans to apply the abovementioned MFRSs (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 2012 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2012 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.

6. Material changes in estimates used

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

7. Debt and equity securities

The Group did not undertake any 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 quarter ended 31 March 2013.

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8. Dividend

The Company has not paid any dividend in the current quarter ended 31 March 2013 (2012: Nil).

The Company is proposing a special dividend-in-specie of up to 137,542,414 ordinary shares it currently holds in DiGi.Com Berhad (“DiGi shares”) to its shareholders. The proposed special dividend-in-specie is subject to the sufficiency of distributable reserves in the Company after having obtained the necessary approvals required for the proposed special dividend-in-specie. Barring any unforeseen circumstances and subject to the required approvals, the proposed special dividend-in-specie is expected to be completed in June 2013.

9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	RM'000	RM'000	RM'000	RM'000
Operating Revenue				
Voice	17,515	18,207	17,515	18,207
Data	100,227	61,954	100,227	61,954
Data Centre	13,705	-	13,705	-
Others	1,564	1,099	1,564	1,099
	133,011	81,260	133,011	81,260
Operating Expenses:				
Depreciation, impairment and amortisation of property, plant and equipment	(17,478)	(13,257)	(17,478)	(13,257)
Other operating expenses	(84,603)	(58,513)	(84,603)	(58,513)
Other operating income (net)	477	751	477	751
Profit from operations	31,407	10,241	31,407	10,241
Investment income	8,269	19,388	8,269	19,388
Finance expense	(1,790)	-	(1,790)	-
Profit before tax	37,886	29,629	37,886	29,629
Geographical locations				
Operating Revenue				
Within Malaysia	128,479	81,260	128,479	81,260
Outside Malaysia	4,532	-	4,532	-
	133,011	81,260	133,011	81,260

10. Valuation of Property, Plant and Equipment

There were no material changes to the valuation of property, plant and equipment since the financial year ended 31 December 2012.

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

In the opinion of the Directors, there were no items, transactions or events of a material and unusual nature which have arisen since 31 March 2013 to the date of this announcement, which would substantially affect the financial results of the Group for the three months ended 31 March 2013 that have not been reflected in the condensed financial statements.

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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 2013.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2012.

14. Capital commitments

	As at 31/3/2013 RM'000
a) Approved and contracted but not provided for in the financial statements	<u>216,648</u>
b) Approved but not contracted for	<u>41,911</u>

15. Income tax

The taxation charge for the Group for current quarter and financial period ended 31 March 2013 was made up as follows:

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
Group	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current year	980	377	980	377
Deferred tax:				
- Current year	822	-	822	-
Total	<u>1,802</u>	<u>377</u>	<u>1,802</u>	<u>377</u>

The effective tax rate of the Group for the current and previous corresponding quarter and financial year-to-date was lower than the statutory tax rate of 25% principally due to certain non-taxable income and utilisation of unabsorbed capital allowances and tax losses available to the Group. The lower effective tax rate is also due to the lower tax rates prevailing in some of the jurisdictions/countries in which the Group operates.

16. Disposal of unquoted investments and/or properties

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

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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 31/3/2013 RM'000
Quoted Securities in Malaysia:	
- Cost	684,750
- At book value	1,273,250
- At market value (fair value)	1,273,250

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

Other than the proposed special dividend-in-specie of up to 137,542,414 DiGi shares (as disclosed in Note 8), there were no other corporate proposals announced but not completed in the interval from the date of the last report and the date of this announcement.

19. Loans and Borrowings

The loans and borrowings as at 31 March 2013 are as follows:

	Amount repayable in one year	Amount repayable after one year	Total
31 March 2013	RM'000	RM'000	RM'000
<u>Secured:</u>			
Finance lease liabilities in RM	3,590	2,062	5,652
Loans and borrowings			
- Denominated in RM	-	109,746	109,746
- Denominated in USD	9,368	28,330	37,698
	12,958	140,138	153,096

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20. Off Balance Sheet financial instruments

As at date of statement of financial position, the cash and cash equivalents of the Group does not include a bank balance amounting to RM334,000 (31.12.2012: RM2,500,000) held by the Group in trust for consortium members of the Asia Pacific Gateway submarine cable project to pay the supplier under the terms of supply contract.

Other than above, 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 RM133.0 million was RM11.2 million or 9% higher than the consolidated revenue of RM121.8 million recognised in the quarter ended 31 December 2012. The increase was mainly due to higher contribution from data revenue of RM12.0 million in the current quarter, which included revenue from a one-time non-recurring contract worth approximately RM17.0 million of which RM8.5 million was recognised in the current quarter. Data revenues were also higher in the current quarter due to increased global bandwidth sales and take-up from Astro IPTV subscribers.

The Group's profit before tax for the current quarter of RM37.9 million was RM13.6 million lower than the consolidated profit before tax recorded in the fourth quarter of 2012 of RM51.5 million. The lower consolidated profit before tax could be attributed to lower dividend income from the Group's investments in quoted securities during the quarter. Profit from operations during the quarter was, however, higher at RM31.4 million due to increased data revenue as mentioned above and the RM3.5 million expense for the Special Restricted Share Plan granted to certain employees in the previous quarter.

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

Revenue grew by RM51.7 million or 64% from RM81.3 million as recorded in the first quarter of 2012 to RM133.0 million in the current quarter. The improvement in the current quarter was mainly due to new revenue contribution of RM28.2 million from the Group's acquisitions (which were completed in May 2012) and higher data revenue from the Group's existing business (including the one-time revenue recognised from a mobile operator for RM8.5 million). Voice revenue was however RM0.7 million lower in the current quarter due to lower international interconnect traffic and lower usage due to the number of public holidays during the quarter.

The Group posted a current quarter consolidated profit before tax of RM37.9 million, which was an increase of RM8.3 million or 28% compared to the consolidated profit before tax of RM29.6 million in the corresponding period in 2012. The increase was mainly due to profit attributable to the acquisitions of RM5.8 million and higher revenue from the Group's existing businesses despite higher depreciation charge on additional capital expenditure incurred on the Group's network expansion, increased finance expenses on borrowings and lower dividend income.

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24. Profit before income tax

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after (charging)/crediting:				
Depreciation of property, plant and equipment	(17,478)	(13,257)	(17,478)	(13,257)
Interest expense	(1,790)	-	(1,790)	-
Interest income from short term deposits	1,394	1,513	1,394	1,513
Dividend income from quoted shares in Malaysia	6,875	17,875	6,875	17,875
Rental income	53	42	53	42
Bad debt recovered	123	52	123	52
Net gain on foreign exchange	283	545	283	545
Net (allowance)/reversal of allowance for doubtful debt	(687)	152	(687)	152
Net gain on disposal of property, plant and equipment	5	-	5	-

There were no gains/losses on disposal or impairment of quoted and unquoted securities, investments and/or derivatives included in the results for the current quarter and preceding year corresponding quarter.

25. Prospects

The Group will continue its efforts to increase market share in 2013 by improving its product and solution offerings, enhancing operational and cost efficiencies throughout the Group while further expanding and strengthening its network and coverage footprints. Demand for higher speed bandwidth services and fibre connectivity requirements by mobile operators for their network modernization and LTE network rollout are expected to provide avenues for additional data revenue to the Group in 2013.

The Group will also leverage on the growth of its data centre and global bandwidth businesses in 2013, which will be the first year that both businesses are fully integrated into the Group. In addition to organic growth, the Group will seek out new growth opportunities with an emphasis on regional wholesale bandwidth, international submarine cable systems and data centre markets, particularly in the ASEAN region.

Coverage and network expansion into the small-to-medium enterprise and consumer space via the Group's Fibre-to-the-Office ("FTTO") and Fibre-to-the-Home ("FTTH") initiatives and partnership with Astro may require higher costs for initial set up and deployment. Further, new data centre and other potential expansion initiatives may in the initial stage also result in some margin compression whilst revenue growth is expected to be progressive. The said initiatives are, however, expected to benefit the Group in the longer term.

26. Profit Forecast and Profit Guarantee

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

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27. Earnings per share ("EPS")

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/3/2013	Preceding year corresponding quarter 31/3/2012 (Adjusted)*	Three months to 31/3/2013	Three months to 31/3/2012 (Adjusted)*
Weighted average number of ordinary shares in issue ('000)*	573,093	506,155	573,093	506,155
Profit for the period attributable to owners of the Company (RM'000)	36,084	29,252	36,084	29,252
Basic and diluted earnings per share	6.30 sen	5.78 sen	6.30 sen	5.78 sen

* For comparison purposes, the weighted average number of shares in the Company for the preceding year corresponding quarter and three months ended 31 March 2012 have been adjusted to reflect:

- i. The capital reduction of RM0.90 of the initial par value of RM1.00 for each TdC share; and
- ii. Share consolidation of 2,530,775,000 ordinary shares of RM0.10 each in TdC (after the abovementioned capital reduction) into 506,155,000 TdC shares on the basis of 5 ordinary shares of RM0.10 each in TdC into 1 ordinary share of RM0.50 each in TdC.

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

The breakdown of retained profits or losses of the Group as at the reporting date, into realised and unrealised profits, as disclosed pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	As at 31/3/2013 RM'000	As at 31/12/2012 RM'000
Total retained earnings/(accumulated losses) of the Group		
- Realised	465,649	428,030
- Unrealised	56,041	57,576
Total retained earnings/(accumulated losses)	521,690	485,606

The determination of realised and unrealised profits or losses is based on the Guidance on 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 the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses 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
16 May 2013