

TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

THE FIGURES HAVE 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	Audited Twelve months to	Audited Twelve months to
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Operating revenue	158,052	149,237	596,283	548,258
Operating expenses				
- depreciation and amortisation of property, plant and equipment	(21,973)	(21,216)	(84,968)	(75,214)
- other operating expenses	(102,010)	(101,086)	(377,102)	(357,816)
Other operating income (net)	<u>8,029</u>	<u>1,755</u>	<u>9,648</u>	<u>2,804</u>
Profit from operations	42,098	28,690	143,861	118,032
Investment income	10,284	9,466	42,699	37,877
Realisation of fair value gain from available-for-sale reserve to profit or loss	36	-	74	349,354
Finance expense	<u>(1,469)</u>	<u>(2,001)</u>	<u>(7,302)</u>	<u>(7,957)</u>
Profit before income tax	50,949	36,155	179,332	497,306
Income tax expense	<u>(1,087)</u>	<u>150,505</u>	<u>(6,930)</u>	<u>144,028</u>
Profit for the period/year	<u>49,862</u>	<u>186,660</u>	<u>172,402</u>	<u>641,334</u>
Attributable to owners of:				
- the Company	50,521	186,660	173,925	641,334
- non-controlling interests	<u>(659)</u>	<u>-</u>	<u>(1,523)</u>	<u>-</u>
Profit for the period/year	<u>49,862</u>	<u>186,660</u>	<u>172,402</u>	<u>641,334</u>
Other comprehensive income:				
Foreign currency translation	5,008	2,988	4,235	4,758
Realisation of fair value gain from available-for-sale reserve to profit or loss	(36)	-	(74)	(349,354)
Fair value gain/(loss) on available-for-sale financial assets	<u>43,994</u>	<u>13,746</u>	<u>166,399</u>	<u>(123,760)</u>
Other comprehensive income for the period/year	<u>48,966</u>	<u>16,734</u>	<u>170,560</u>	<u>(468,356)</u>
Total comprehensive income for the period/year	<u><u>98,828</u></u>	<u><u>203,394</u></u>	<u><u>342,962</u></u>	<u><u>172,978</u></u>
Attributable to:				
- owners of the Company	99,487	203,394	344,485	172,978
- non-controlling interests	<u>(659)</u>	<u>-</u>	<u>(1,523)</u>	<u>-</u>
Total comprehensive income for the period/year	<u><u>98,828</u></u>	<u><u>203,394</u></u>	<u><u>342,962</u></u>	<u><u>172,978</u></u>
Earnings per share				
Basic and diluted (based on weighted average number of ordinary shares)	<u>8.81 sen</u>	<u>32.57 sen</u>	<u>30.34 sen</u>	<u>111.91 sen</u>

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 2013.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited As at 31/12/2014	Audited As at 31/12/2013
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	965,693	811,923
Deferred tax assets	210,599	212,764
Available-for-sale financial assets	848,222	681,897
Intangible assets	213,959	213,959
Trade and other receivables	10,564	10,862
	<u>2,249,037</u>	<u>1,931,405</u>
Current assets		
Trade and other receivables	177,758	157,220
Tax recoverable	983	366
Restricted cash	10,033	34,917
Deposits, cash and bank balances	307,538	227,917
	<u>496,312</u>	<u>420,420</u>
Total assets	<u>2,745,349</u>	<u>2,351,825</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	286,932	286,547
Reserves	2,069,999	1,717,082
	<u>2,356,931</u>	<u>2,003,629</u>
Non-controlling interests	1,477	-
Total equity	<u>2,358,408</u>	<u>2,003,629</u>
Non-current liabilities		
Deferred tax liabilities	5,683	5,469
Loans and borrowings	88,494	130,477
Deferred income	21,852	-
	<u>116,029</u>	<u>135,946</u>
Current liabilities		
Trade and other payables	218,431	176,364
Loans and borrowings	51,731	35,260
Provision for tax	750	626
	<u>270,912</u>	<u>212,250</u>
Total liabilities	<u>386,941</u>	<u>348,196</u>
Total equity and liabilities	<u>2,745,349</u>	<u>2,351,825</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM4.11</u>	<u>RM3.50</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited Twelve months to 31/12/2014 RM'000	Audited Twelve months to 31/12/2013 RM'000
Operating Activities		
Cash receipts from customers	628,129	540,941
Transfer from/(to) restricted cash and bank balances	24,884	(12,257)
Cash payments to suppliers	(184,070)	(232,095)
Cash payments to employees and for administrative expenses	(172,977)	(147,476)
Cash generated from operations	295,966	149,113
Tax paid	(5,605)	(6,523)
Tax refund	560	1,250
Net cash generated from operating activities	290,921	143,840
Investing Activities		
Purchase of property, plant and equipment	(221,779)	(177,411)
Proceeds from disposal of property, plant and equipment	191	157
Proceeds from other investments	286	-
Investment income received	42,392	37,802
Net cash used in investing activities	(178,910)	(139,452)
Financing Activities		
Proceeds from term loans and other borrowings	22,105	64,755
Repayment of term loans and other borrowings	(45,224)	(51,547)
Repayment of finance lease liabilities	(3,037)	(3,782)
Finance charges paid	(7,264)	(7,530)
Transactions costs paid	(1,429)	(2,479)
Net cash used in financing activities	(34,849)	(583)
Net change in Cash and Cash Equivalents	77,162	3,805
Effect of exchange rate fluctuations on cash held	2,459	267
Cash and Cash Equivalents as at beginning of financial year	227,917	223,845
Cash and Cash Equivalents as at end of financial year	Note (a) 307,538	227,917
Note:		
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash and bank balances	91,035	74,086
Deposits with licensed banks	226,536	188,748
	317,571	262,834
Restricted cash	(10,033)	(34,917)
	307,538	227,917

Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←----- Attributable to owners of the Company -----→							←----- Distributable-----→	Non-controlling interests	Total Equity
	Share Capital	Share Premium	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Share Grant Reserves	Capital Reserve	Retained Earnings			
Twelve months to 31 December 2014 (audited)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2014	286,547	844,686	382,136	3,753	-	8,760	477,747	2,003,629	-	2,003,629
Sale of subsidiary shares to non-controlling interests	-	-	-	-	-	-	-	-	3,000	3,000
Employee share grant plan	-	-	-	-	8,817	-	-	8,817	-	8,817
Issuance of shares pursuant to the share grant plan	385	3,049	-	-	(3,434)	-	-	-	-	-
Profit/(loss) for the year	-	-	-	-	-	-	173,925	173,925	(1,523)	172,402
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	(74)	-	-	-	-	(74)	-	(74)
Fair value gain on available-for-sale financial assets	-	-	166,399	-	-	-	-	166,399	-	166,399
Exchange differences recognised directly in equity	-	-	-	4,235	-	-	-	4,235	-	4,235
Total comprehensive income/(expense) for the year	-	-	166,325	4,235	-	-	173,925	344,485	(1,523)	342,962
Balance as at 31 December 2014	286,932	847,735	548,461	7,988	5,383	8,760	651,672	2,356,931	1,477	2,358,408

	←----- Attributable to owners of the Company -----→							←----- Distributable-----→	Total Equity
	Share Capital	Share Premium	Available-for-Sale Reserve	Foreign Currency Translation Reserve	Capital Reserve	Retained Earnings			
Twelve months to 31 December 2013 (audited)	RM'000	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		
Dividend-in-specie paid	-	-	-	-	-	(649,193)	(649,193)		
Profit for the year	-	-	-	-	-	641,334	641,334		
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	(349,354)	-	-	-	(349,354)		
Fair value loss on available-for-sale financial assets	-	-	(123,760)	-	-	-	(123,760)		
Exchange differences recognised directly in equity	-	-	-	4,758	-	-	4,758		
Total comprehensive income/(expense) for the year	-	-	(473,114)	4,758	-	641,334	172,978		
Balance as at 31 December 2013	286,547	844,686	382,136	3,753	8,760	477,747	2,003,629		

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 2013.

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V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

The 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"). The interim financial statements also comply 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 2013. 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 2013.

2. Significant accounting policies

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2013, except for the adoption of the following amendments to MFRSs and IC Interpretation:

Description		Effective for annual periods beginning on or after
Amendments to MFRS 10	<i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12	<i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127	<i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132	<i>Financial Instrument: Presentation - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136	<i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139	<i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21	<i>Levies</i>	1 January 2014

The adoption of the above amendments and IC Interpretation did not have any material financial impact to the financial statements of the Group.

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2. Significant accounting policies (continued)

At the date of this report, the following standards, amendments and improvements were issued but not yet effective and have not been adopted by the Group:

Description	<i>Effective for annual periods beginning on or after</i>
MFRS 14	1 January 2016
MFRS 15	1 January 2017
MFRS 9	1 January 2018
Amendments to MFRS 119	1 July 2014
Amendments to MFRS 10 and MFRS 128	1 January 2016
Amendments to MFRS 10, MFRS12 and MFR 128	1 January 2016
Amendments to MFRS 11	1 January 2016
Amendments to MFRS 101	1 January 2016
Amendments to MFRS 116 and MFRS 138	1 January 2016
Amendments to MFRS 116 and MFRS 141	1 January 2016
Amendments to MFRS 127	1 January 2016
<i>Annual Improvements to MFRSs, 2010 – 2012 cycle</i>	1 July 2014
<i>Annual Improvements to MFRSs, 2011 – 2013 cycle</i>	1 July 2014
<i>Annual Improvements to MFRSs, 2012 – 2014 cycle</i>	1 January 2016

The Group will adopt the above standards, amendments and improvements when they became effective in the respective financial periods. These standards, amendments and improvements are not expected to have any material financial impact to the financial statements of the Group, except for MFRS 9, Financial Instruments and MFRS 15, Revenue from Contracts with Customers. The Group is currently assessing the impact of adopting MFRS 9 and MFRS 15 respectively.

3. Audit report in respect of the 2013 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2013 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

Other than those items disclosed below, there were no other 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 corresponding period in 2013:

- i) The realisation of available-for-sale reserve amounting to RM349,354,000 arising from the partial distribution of quoted equity investments held by the Company in the form of a dividend-in-specie to its shareholders in June 2013;
- ii) One-off reversal of provision of RM11,000,000 made pursuant to the resolution of a dispute with a supplier; and
- iii) Deferred income of RM21,852,000 arising from the pre-sale of a portion of the Group's submarine cable systems during the financial period. The Group had pre-sold a portion of its submarine cable systems prior to their completion. The amount received and/or receivable from the pre-sale will be recorded as a deferred income in the Consolidated Statement of Financial Position until the said submarine cable systems are completed when the difference between the proceeds from the pre-sale and portion of carrying amount sold will be recognised in profit or loss.

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.

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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 current quarter ended 31 December 2014 other than the issuance of 770,200 ordinary shares of RM0.50 each in the Company on 5 November 2014 to eligible employees under the Annual Restricted Share Plan and Annual Performance Share Plan portion of the Company's share grant plan. The closing price on vesting date was RM5.19 per share.

The Company had on 28 June 2012 established a Share Grant Plan ("SGP") to the eligible employees of the Group. The SGP will be valid for eight years or such longer period not exceeding ten years. The vesting of the shares granted under the SGP are subject to the Group achieving certain financial targets and upon the eligible employees meeting the minimum grading criteria in accordance with the performance management system adopted by the Group. Each share grant offered is expected to be vested over an approximately three-year period commencing from the respective share grant date.

Depending on the level of achievement of the performance targets and other vesting criteria as may be determined by the Scheme Committee for the Group's Long Term Incentive Plan, the actual number of shares that will eventually be vested to the eligible employees may vary accordingly.

8. Dividend

The Company did not pay any dividend during the current quarter ended 31 December 2014.

The Directors of the Company have declared an interim tax exempt (single-tier) dividend of 5.60 sen per ordinary share in respect of the financial year ended 31 December 2014. The said dividend will be paid on 31 March 2015.

9. Operating segments

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Group	RM'000	RM'000	RM'000	RM'000
Operating Revenue				
Voice	17,949	16,963	71,389	74,836
Data	122,449	114,659	457,160	411,602
Data Centre	17,208	16,549	64,762	58,713
Others	446	1,066	2,972	3,107
	158,052	149,237	596,283	548,258
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment	(21,973)	(21,216)	(84,968)	(75,214)
Other operating expenses	(102,010)	(101,086)	(377,102)	(357,816)
Other operating income (net)	8,029	1,755	9,648	2,804
Profit from operations	42,098	28,690	143,861	118,032
Investment income	10,284	9,466	42,699	37,877
Realisation of fair value gain from available- for-sale reserve to profit or loss	36	-	74	349,354
Finance expense	(1,469)	(2,001)	(7,302)	(7,957)
Profit before income tax	50,949	36,155	179,332	497,306

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9. Operating segments (continued)

Geographical location of the entity:

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Operating Revenue				
Within Malaysia	143,500	136,970	550,531	526,150
Outside Malaysia	14,552	12,267	45,752	22,108
	158,052	149,237	596,283	548,258

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 2013.

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

On 21 January 2015, the Company acquired the entire issued and paid-up share capital of a shelf company known as TIME dotCom International Sdn. Bhd. (formerly known as Integrasi Intelek Sdn Bhd) ("TIME International"). TIME International has an authorised share capital of RM400,000 comprising 400,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM2.00 each comprising 2 ordinary shares of RM1.00 each. The principal activity of TIME International is investment holding.

In the opinion of the Directors, saved as disclosed above, there are no other items, transactions or events of a material and unusual nature which have arisen since 31 December 2014 to 19 February 2015 (being the latest practicable date) which has a substantially effect on the financial results of the Group.

12. Changes in the composition of the Group during the financial year ended 31 December 2014

- (a) On 29 January 2014, the Company acquired the entire issued and paid-up share capital of a shelf company known as Fantastic Fiesta Sdn Bhd ("FFSB"). The paid-up share capital of FFSB at the time of acquisition was RM2.00 comprising 2 ordinary shares of RM1.00 each.
- (b) On 27 February 2014, the Company, FFSB and Planet Tapir Sdn Bhd (another wholly-owned subsidiary of the Company) entered into an Asset Purchase Agreement and Shareholders' Agreement which would, inter-alia, reduce the Group's stake in FFSB to 70% in exchange for net assets worth RM3,000,000 to be injected into FFSB by a third party. FFSB, in turn, will allot issued and paid-up share capital to the said third party in two equal tranches of RM1,500,000 each. The said injection of net assets and first tranche of allotment was completed in the quarter period ended 31 March 2014. The second tranche of allotment was completed on 3 November 2014.
- (c) TIME dotCom Berhad ("the Company") announced on 3 April 2014 that Information Edge Sdn Bhd ("IESB"), a wholly-owned dormant subsidiary of the Company, has been struck off the register pursuant to Section 308(4) of the Companies Act, 1965 and has accordingly been dissolved.
- (d) On 4 April 2014, the Company incorporated a new wholly-owned subsidiary in Labuan, Federal Territory, Malaysia known as Global Transit 2 Limited ("GT2"). The issued and paid-up share capital of GT2 is USD2.00 comprising 2 ordinary shares of USD1.00 each. The principal activity of GT2 is provision of telecommunication services.
- (e) The Company announced on 15 April 2014 that Hakikat Pasti Sdn Bhd ("HPSB"), a wholly-owned dormant subsidiary of the Company, has been struck off the register pursuant to Section 308(4) of the Companies Act, 1965 and has accordingly been dissolved.
- (f) On 10 June 2014, the Company incorporated a new wholly-owned subsidiary in Labuan, Federal Territory, Malaysia known as Global Transit 3 Limited ("GT3"). The issued and paid-up share capital of GT3 is USD2.00 comprising 2 ordinary shares of USD1.00 each. The principal activity of GT3 is provision of telecommunication services.
- (g) On 11 June 2014, the Company incorporated a new wholly-owned subsidiary in Labuan, Federal Territory, Malaysia known as Global Transit 5 Limited ("GT5"). The issued and paid-up share capital of GT5 is USD2.00 comprising 2 ordinary shares of USD1.00 each. The principal activity of GT5 is provision of telecommunication services.

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13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2013.

14. Capital commitments

**As at
31/12/2014**

RM'000

Property, plant and equipment

a) Approved and contracted but not provided for in the financial statements	398,927
b) Approved but not contracted for	93,235

15. Income tax

The income tax expense for the Group in the current quarter and financial year ended 31 December 2014 was made up as follows:

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current year	665	1,482	4,814	5,510
- (Over)/under provision in prior years	-	-	(263)	285
	665	1,482	4,551	5,795
Deferred tax:				
- Current year	41,639	19,223	43,596	21,387
- Recognition of prior year unrecognised deferred tax assets	(41,217)	(171,210)	(41,217)	(171,210)
	422	(151,987)	2,379	(149,823)
Total	1,087	(150,505)	6,930	(144,028)

The effective tax rates of the Group for the current and preceding year corresponding quarters and financial year-to-date are lower than the statutory tax rate of 25% principally due to 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.

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16. Investment in quoted securities

- a) During the quarter ended 31 March 2014, the Company received quoted securities as settlement-in-kind for debts owed to the Group. The amount of quoted securities received were valued at RM212,213 at the point of receipt.

The quoted securities were subsequently disposed for a fair value gain from the disposal of RM73,823 during the year.

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

	As at 31/12/2014
	RM'000
Quoted Securities in Malaysia:	
- Cost	342,273
- At book value	848,122
- At market value (fair value)	848,122

17. Status of corporate proposals announced but not completed as at the latest practicable date

There are no corporate proposals, which have been announced but not completed as at 19 February 2015, being the latest practicable date.

18. Loans and Borrowings

The loans and borrowings as at 31 December 2014 are as follows:

	Amount repayable in one year or on demand	Amount repayable after one year	Total
	RM'000	RM'000	RM'000
Finance lease liabilities in RM - secured	1,507	-	1,507
Loans and borrowings			
- Denominated in RM - secured	29,858	59,366	89,224
- Denominated in RM - unsecured	2,985	999	3,984
- Denominated in USD - secured	17,381	28,129	45,510
	51,731	88,494	140,225

19. Off Balance Sheet financial instruments

The cash and cash equivalents of the Group, as at 31 December 2014, do not include a bank balance amounting to RM8,304,000 (31.12.2013: RM8,476,000) held by the Group in trust for consortium members of a submarine cable system to pay the supplier under the terms of supply contract.

Other than above, the Group does not have any off balance sheet financial instruments as at the date of this quarterly report.

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20. Material litigation

Material litigation since the date of the last audited financial statements of the Group up to 19 February 2015, being the latest practicable date, is as follows:

Former employees of TIME Reach Sdn. Bhd (“Plaintiffs”) vs TIME dotCom Berhad (“the Company”)

On 2 July 2014, the Company’s solicitor was served with a Writ of Summons and Statement of Claim from the former employees of TIME Reach Sdn. Bhd (“TRSB”) claiming damages for termination of their employment in TRSB. TRSB, since 15 April 2009, was no longer a subsidiary of the Company, as the Company had completely disposed off TRSB to PayComm Sdn Bhd (“PayComm”). There were no dismissals or terminations of the Plaintiffs’ employment with TRSB on 15 April 2009. The plaintiffs were claiming, inter-alia, for the following:

- (i) general damages, amounting to RM22,223,996.85 as at 15 April 2009, but which is subject to proof and determination by the Court;
- (ii) termination benefits as at 15 April 2009;
- (iii) aggravated and exemplary damages;
- (iv) interest of 4% per annum calculated from the date of judgment until the date of full settlement;
- (v) cost of this action; and
- (vi) further or other relief as the Court deems fit and proper.

The Board considers the above claim to be unfounded and frivolous.

On 5 December 2014, the Company announced that the Plaintiffs have withdrawn their Writ of Summons and the Statement of Claim. Accordingly, the Ipoh High Court has ordered the Writ of Summons and the Statement of Claim be struck out.

21. Comparison between the current quarter (“Q4 2014”) and the immediate preceding quarter (“Q3 2014”)

The Group registered a consolidated revenue in the current quarter of RM158.1 million, which is 5.0% or RM7.5 million higher when compared to the consolidated revenue reported in the immediate preceding quarter of RM150.6 million. The higher revenue posted is mainly attributable to the higher data revenue generated from higher global bandwidth sales and non-recurring contracts recorded in the quarter. Turnover from data centre sales was also up by RM0.8 million while revenue from voice business was maintained at RM17.9 million.

The Group recorded a profit before income tax of RM50.9 million in Q4 2014. Included in the Group’s profit before income tax in the immediate preceding quarter was a one-off reversal of provision of RM11.0 million made pursuant to the settlement of a dispute with a supplier. Excluding this, the Group would have recorded an increase in profit before income tax of RM10.6 million or 26.3% against Q3 2014 adjusted profit before income tax of RM40.3 million. The improvement is driven mainly by the higher global bandwidth sales and revenue from non-recurring contracts as well as a foreign exchange gain of RM8.8 million despite lower dividend income from quoted equity investment and higher depreciation charges.

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

(a) Current quarter (“Q4 2014”) versus preceding year corresponding quarter (“Q4 2013”)

The Group reported a consolidated revenue in the current quarter of RM158.1 million which is an increase of RM8.9 million or 6.0% from the consolidated revenue of RM149.2 million recorded in Q4 2013. The higher Group consolidated revenue was supported by revenue growth registered in all product categories driven primarily by strong data revenue from the increase in global bandwidth sales and non-recurring contracts. Positive growth in both data centre and voice businesses also contributed to the increase in consolidated revenue in Q4 2014.

The Group recorded a profit before income tax in Q4 2014 of RM50.9 million which was up by RM14.7 million or 40.6% against profit before tax of RM36.2 million reported in Q4 2013. The higher profit before income tax can be attributed to the following:

- i) Higher turnover from global bandwidth sales and income from non-recurring contracts in the current quarter compared to the preceding year corresponding quarter;
- ii) Higher foreign exchange gain of RM8.8 million (Q4 2013: RM0.7 million);
- iii) Higher dividend income from quoted equity investment of RM8.5 million (Q4 2013: RM7.8 million);
- iv) Lower allowance made on construction and rental deposits and interest expense by RM1.4 million and RM0.5 million respectively; and
- v) Net reversal of doubtful debts of RM0.5 million in the current quarter against allowance for doubtful debts of RM0.4 million made in Q4 2013;

offset by the higher depreciation charges in Q4 2014 when compared to Q4 2013.

(b) Financial year ended 31 December 2014 (“FY 2014”) versus financial year ended 31 December 2013 (“FY 2013”)

The Group’s consolidated revenue in FY 2014 of RM596.3 million was higher by 8.8% or RM48.0 million when compared against the consolidated revenue of RM548.3 million recorded in FY 2013. The overall improvement in the consolidated revenue in FY 2014 was driven principally by the solid growth in the data revenue which alone contributed RM45.6 million to the overall increase in consolidated revenue in FY 2014. The growth in data revenue was supported by high demand for global bandwidth capacity on the Group’s Trans-Pacific submarine infrastructure. Data centre business grew 10.3% in FY 2014, contributing an additional revenue of RM6.1 million to the Group. Revenues from the voice business was, however, slower due to lower voice traffic from interconnect sales.

The Group concluded FY 2014 with a profit before income tax of RM179.3 million. Included in the FY 2013 profit before income tax was RM349.4 million arising from the realisation on fair value gain from available-for-sale reserve which arose due to a partial distribution of quoted equity investments held by the Company in June 2013. Excluding the realisation of fair value gain from available-for-sale reserve, the Group’s adjusted profit before income tax would have grown by RM31.3 million or 21.2% against the adjusted profit before income tax of RM147.9 million recorded in FY 2013. The higher profit before income tax can be attributed to the following:

- i) Higher revenue generated from global bandwidth sales;
- ii) One-off reversal of a RM11.0 million provision made pursuant to the settlement of a dispute with a supplier;
- iii) Higher foreign exchange gain of RM7.3 million (FY 2013: RM1.0 million) due to appreciation of US dollar against Ringgit Malaysia;
- iv) Lower allowance made on construction and rental deposits and interest expense by RM1.4 million and RM0.9 million respectively when compared against FY2013;
- v) Higher dividend income from quoted equity investment of RM35.5 million (FY 2013: RM31.8 million); and
- vi) Lower allowance for doubtful debts of RM0.4 million against RM1.0 million made in FY 2013;

offset by higher depreciation charges in FY 2014 when compared to FY 2013.

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23. Profit before income tax

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after (charging)/crediting:				
Depreciation and amortisation of property, plant and equipment	(21,973)	(21,216)	(84,968)	(75,214)
Write off of property, plant and equipment	(487)	(475)	(487)	(680)
Allowance for outstanding construction deposits	(210)	(1,542)	(210)	(1,542)
Allowance for outstanding rental deposits	(29)	(101)	(29)	(101)
Amortisation of borrowing costs	(108)	(85)	(617)	(333)
Interest expense	(1,361)	(1,916)	(6,685)	(7,624)
Reversal of provision made pursuant to the dispute settlement with a supplier	-	-	11,000	-
Interest income from short term deposits	1,762	1,631	7,234	6,119
Dividend income from quoted equity investment	8,522	7,835	35,465	31,758
Realisation of fair value gain from available-for-sale reserve to profit or loss	36	-	74	349,354
Rental income	49	49	191	218
Bad debt recovered	24	1	585	231
Net gain on foreign exchange	8,830	696	7,341	1,019
Net reversal/(allowance) for doubtful debts	453	(445)	(393)	(973)
Net gain on disposal of property, plant and equipment	-	62	186	135

There was no impairment of quoted and unquoted securities, investments, properties and/or derivatives included in the results for the current quarter and preceding year corresponding quarter.

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24. Prospects

The Group expects 2015 to bring expansion and growth opportunities to both the domestic and regional fronts. The Group will look into growing inorganically by tapping opportunities within the telecommunications and its related sectors within Malaysia and also in the ASEAN region. The above may include strategic acquisitions, partnerships and/or joint ventures with other parties, with particular emphasis on regional wholesale bandwidth, international submarine cable and data centre businesses.

The Group will also intensify its efforts to gain market share domestically and to deliver its customers a good and uninterrupted network experience, improve its product and solution offerings, enhance operational and cost efficiencies throughout the Group, while further expanding and strengthening its underlying fibre network and coverage footprints. Demand for higher speed bandwidth services and fibre connectivity requirements by local mobile operators for their network modernization and LTE network rollout is expected to continue in 2015. The demand from mobile operators is expected to provide an avenue for additional data revenue to the Group.

The Group has several investments in submarine cable systems that are currently being constructed including a stake in Asia-Pacific Gateway Cable System (APG) (connecting Malaysia to Korea and Japan expected to be completed in 2016), Asia-Africa-Europe 1 Cable System (AAE-1) (connecting Asia, Africa, Europe and the Middle East via Malaysia expected to be completed in 2017) and FASTER Cable System (connecting Japan to the United States, expected to be completed in 2016). These cable systems, combined with the Group's existing and operational Unity Cable System (connecting Japan and the United States) will further enhance the Group's global network footprint and connectivity.

Some of the abovementioned initiatives are capital intensive and may result in some margin compression for the Group in 2015. The said initiatives are, however, necessary to ensure continued revenue growth in the future and are expected to benefit the Group in the longer term. Pre-completion sales for some of the Group's submarine cable investments should help the Group monetize and accelerate returns on its investments. The Group will also embark on some capital management initiatives in order to maintain an optimal capital structure as well as to further strengthen investor and market confidence during the coming year.

The results of the Group for 2015 are expected to remain satisfactory.

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 ("EPS")

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Profit for the period/year attributable to owners of the Company (RM'000)	50,521	186,660	173,925	641,334
Weighted average number of shares in issue ('000)	573,556	573,093	573,214	573,093
Basic and diluted earnings per share	8.81 sen	32.57 sen	30.34 sen	111.91 sen

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

The breakdown of retained earnings 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 31/12/2014 RM'000	As at 31/12/2013 RM'000
Total retained earnings of the Group		
- Realised	440,396	270,164
- Unrealised	211,276	207,583
Total retained earnings	651,672	477,747

The determination of realised and unrealised profits 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 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
26 February 2015