

TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 30/9/2015	Preceding year corresponding quarter 30/9/2014	Nine months to 30/9/2015	Nine months to 30/9/2014
	RM'000	RM'000	RM'000	RM'000
Operating revenue	173,368	150,607	508,844	438,231
Operating expenses				
- depreciation and amortisation of property, plant and equipment	(23,813)	(21,292)	(69,437)	(62,995)
- other operating expenses	(114,431)	(87,233)	(337,410)	(275,092)
Other operating income (net)	19,115	296	35,801	1,619
Profit from operations	54,239	42,378	137,798	101,763
Investment income	6,706	10,752	27,461	32,415
Realisation of fair value gain reclassified from available-for-sale reserve to profit or loss	-	-	274,024	38
Finance expense	(1,693)	(1,855)	(4,957)	(5,833)
Share of results on equity-accounted investments	429	-	(105)	-
Profit before income tax	59,681	51,275	434,221	128,383
Income tax expense	(1,398)	(1,721)	(5,404)	(5,843)
Profit for the period	58,283	49,554	428,817	122,540
Attributable to owners of:				
- the Company	59,035	49,988	431,048	123,404
- non-controlling interests	(752)	(434)	(2,231)	(864)
Profit for the period	58,283	49,554	428,817	122,540
Other comprehensive income/(loss):				
Foreign currency translation	13,379	287	19,925	(773)
Fair value gain/(loss) on available-for-sale financial assets	13,059	16,488	(42,818)	122,405
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	(274,024)	(38)
Other comprehensive income/(loss) for the period	26,438	16,775	(296,917)	121,594
Total comprehensive income for the period	84,721	66,329	131,900	244,134
Attributable to owners of:				
- the Company	85,473	66,763	134,131	244,998
- non-controlling interests	(752)	(434)	(2,231)	(864)
Total comprehensive income for the period	84,721	66,329	131,900	244,134
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	10.26 sen	8.72 sen	75.05 sen	21.53 sen
- Diluted	10.24 sen	8.72 sen	75.00 sen	21.53 sen

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 2014.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/9/2015 RM'000	Audited As at 31/12/2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,158,453	965,693
Deferred tax assets	210,752	210,599
Equity-accounted investments	56,204	-
Other investments	387,769	848,222
Intangible assets	213,959	213,959
Trade and other receivables	10,205	10,564
	<u>2,037,342</u>	<u>2,249,037</u>
Current assets		
Trade and other receivables	245,265	177,758
Tax recoverable	1,804	983
Restricted cash	11,411	10,033
Deposits, cash and bank balances	252,153	307,538
	<u>510,633</u>	<u>496,312</u>
Total assets	<u>2,547,975</u>	<u>2,745,349</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	287,800	286,932
Reserves	1,758,005	2,069,999
Attributable to owners of the Company	2,045,805	2,356,931
Non-controlling interests	(754)	1,477
Total equity	<u>2,045,051</u>	<u>2,358,408</u>
Non-current liabilities		
Deferred tax liabilities	5,970	5,683
Loans and borrowings	102,201	88,494
Deferred income	93,690	21,852
	<u>201,861</u>	<u>116,029</u>
Current liabilities		
Trade and other payables	246,238	218,431
Loans and borrowings	51,878	51,731
Provision for tax	2,947	750
	<u>301,063</u>	<u>270,912</u>
Total liabilities	<u>502,924</u>	<u>386,941</u>
Total equity and liabilities	<u>2,547,975</u>	<u>2,745,349</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM3.55</u>	<u>RM4.11</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 2014.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 30/9/2015 RM'000	Unaudited Nine months to 30/9/2014 RM'000
Operating Activities		
Cash receipts from customers	542,079	452,336
Transfer (to)/from restricted cash and bank balances	(1,378)	23,834
Cash payments to suppliers	(165,559)	(147,953)
Cash payments to employees and for administrative expenses	(136,510)	(134,531)
Cash generated from operations	238,632	193,686
Tax paid	(3,897)	(4,354)
Tax refund	-	159
Net cash generated from operating activities	234,735	189,491
Investing Activities		
Purchase of property, plant and equipment	(222,845)	(183,783)
Proceeds from disposal of property, plant and equipment	3,910	191
Proceeds from sale of other investments	423,854	145
Purchase of other investments	(6,220)	-
Deposit for an equity accounted investment	(3,215)	-
Investment in equity accounted investments	(55,613)	-
Investment income received	27,314	32,007
Net cash generated from/(used in) investing activities	167,185	(151,440)
Financing Activities		
Proceeds from term loans and other borrowings	60,511	1,246
Repayment of term loans and other borrowings	(61,965)	(41,919)
Repayment of finance lease liabilities	(4,928)	(2,653)
Finance charges paid	(5,058)	(5,845)
Dividend paid	(455,202)	-
Net cash used in financing activities	(466,642)	(49,171)
Net change in Cash and Cash Equivalents	(64,722)	(11,120)
Effect of exchange rate fluctuations on cash held	9,337	(160)
Cash and Cash Equivalents as at beginning of financial period	307,538	227,917
Cash and Cash Equivalents as at end of financial period	Note (a) 252,153	216,637
Note:		
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash and bank balances	68,429	51,025
Deposits with licensed banks	195,135	176,695
	263,564	227,720
Restricted cash	(11,411)	(11,083)
	252,153	216,637

Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months to 30 September 2015 (unaudited)	←----- Attributable to owners of the Company -----→									
	←----- Non-distributable -----→					←----- Distributable -----→				
	Share Capital	Share Premium	Available- for-Sale Reserve	Foreign Currency Translation Reserve	Share Grant/ ESOS*Opti on Reserves	Capital Reserve	Retained Earnings	Attributable to owners of the Company	Non- controlling interests	Total Equity
RM'000	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 2015	286,932	847,735	548,461	7,988	5,383	8,760	651,672	2,356,931	1,477	2,358,408
Dividend paid	-	-	-	-	-	-	(455,202)	(455,202)	-	(455,202)
Employee share grant plan/option scheme	-	-	-	-	9,945	-	-	9,945	-	9,945
Issuance of shares pursuant to share grant plan	868	6,876	-	-	(7,744)	-	-	-	-	-
Profit/(loss) for the period	-	-	-	-	-	-	431,048	431,048	(2,231)	428,817
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	(274,024)	-	-	-	-	(274,024)	-	(274,024)
Fair value loss on available- for-sale financial assets	-	-	(42,818)	-	-	-	-	(42,818)	-	(42,818)
Exchange differences recognised directly in equity	-	-	-	19,925	-	-	-	19,925	-	19,925
Total comprehensive (expense)/income for the period	-	-	(316,842)	19,925	-	-	431,048	134,131	(2,231)	131,900
Balance as at 30 September 2015	287,800	854,611	231,619	27,913	7,584	8,760	627,518	2,045,805	(754)	2,045,051

Nine months to 30 September 2014 (unaudited)	←----- Attributable to owners of the Company -----→									
	←----- Non-distributable -----→					←----- Distributable -----→				
	Share Capital	Share Premium	Available- for-Sale Reserve	Foreign Currency Translation Reserve	Share Grant Reserves	Capital Reserve	Retained Earnings	Attributable to owners of the Company	Non- controlling interests	Total Equity
RM'000	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	-	-	-	-	-	-	-	-	1,500	1,500
Employee share grant plan	-	-	-	-	3,892	-	-	3,892	-	3,892
Profit/(loss) for the period	-	-	-	-	-	-	123,404	123,404	(864)	122,540
Realisation of fair value gain from available-for-sale financial assets to profit or loss	-	-	(38)	-	-	-	-	(38)	-	(38)
Fair value gain on available- for-sale financial assets	-	-	122,405	-	-	-	-	122,405	-	122,405
Exchange differences recognised directly in equity	-	-	-	(773)	-	-	-	(773)	-	(773)
Total comprehensive income/(expense) for the period	-	-	122,367	(773)	-	-	123,404	244,998	(864)	244,134
Balance as at 30 September 2014	286,547	844,686	504,503	2,980	3,892	8,760	601,151	2,252,519	636	2,253,155

*ESOS denotes Employee Share Option Scheme.



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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 2014.

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V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

The interim financial statements are 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 2014. 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 2014.

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 2014, except for the adoption of the following amendments and annual improvements to MFRSs with a date of initial application of 1 January 2015:

Description

Amendments to MFRS 119 *Employee Benefits - Defined Benefit Plans: Employee Contributions*
Annual Improvements to MFRSs, 2010 – 2012 cycle
Annual Improvements to MFRSs, 2011 – 2013 cycle

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	Effective for annual periods beginning on or after
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 10 and MFRS 128 <i>Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to MFRS 10, MFRS12 and MFRS 128 <i>Consolidated Financial Statements, Disclosures of Interests in Other Entities and Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 11 <i>Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 101 <i>Presentation of Financial Statements – Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Property, Plant and Equipment and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Property, Plant and Equipment and Agriculture – Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Separate Financial Statements – Equity Method in Separate Financial Statements</i>	1 January 2016
Annual Improvements to MFRSs, 2012 – 2014 cycle	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 on 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 both MFRS 9 and MFRS 15.

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3. Audit report in respect of the 2014 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2014 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 nine month period other than the realisation of available-for-sales reserve amounting to approximately RM274.0 million arising from the disposals of a quoted equity investment held by the Company. The disposals comprising 49,900,000 ordinary shares of DiGi.Com Berhad ("DiGi Shares") at a price of RM6.23 per share and 18,829,500 DiGi shares at a price of RM6.00 per share were completed on 10 April 2015 and 12 May 2015 respectively via private placements to eligible third party institutional/sophisticated investors. Total gross proceeds received from the said disposal amounted to approximately RM423.9 million and were satisfied entirely in cash.

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

On 14 July 2015, TIME dotCom Berhad vested and issued 1,736,878 ordinary shares of RM0.50 each in the Company to eligible employees under the Annual Restricted Share Plan and Annual Performance Share Plan portion of the Company's Share Grant Plan ("SGP"). The closing share price on vesting date was RM6.60 per share. The vesting of the shares under the SGP were 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.

On 21 July 2015, the Company granted an option to Afzal Abdul Rahim (Chief Executive Officer or "CEO") of the Company to subscribe for up to 17,215,907 new ordinary shares of RM0.50 each in TIME dotCom Berhad ("ESOS"). The option exercise price was fixed at RM5.99, which represented a discount of approximately 9.9% to the 5-day volume weighted average market price of the Company's shares. The option may be exercised by the CEO at any time and from time to time during the 5 year option period up to a maximum of 20% of the total option shares per annual period. Unexercised options may be carried forward to the next period without reducing the maximum exercisable portion in the next period.

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 quarter ended 30 September 2015.

8. Dividend

The Group paid an interim tax exempt (single tier) dividend of 5.60 sen per ordinary share in respect of the financial year ended 31 December 2014 on 31 March 2015.

The Group has also paid a special interim tax exempt (single tier) dividend of 73.50 sen per ordinary share for the financial year ending 31 December 2015 on 29 July 2015.

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9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	RM'000	RM'000	RM'000	RM'000
Operating Revenue				
Voice	20,105	17,963	57,212	53,440
Data	131,483	115,511	391,096	334,711
Data Centre	20,521	16,398	56,888	47,554
Others	1,259	735	3,648	2,526
	173,368	150,607	508,844	438,231
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment	(23,813)	(21,292)	(69,437)	(62,995)
Other operating expenses	(114,431)	(87,233)	(337,410)	(275,092)
Other operating income (net)	19,115	296	35,801	1,619
Profit from operations	54,239	42,378	137,798	101,763
Investment income	6,706	10,752	27,461	32,415
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	274,024	38
Finance expense	(1,693)	(1,855)	(4,957)	(5,833)
Share of results on equity-accounted investment	429	-	(105)	-
Profit before income tax	59,681	51,275	434,221	128,383
Geographical locations				
Operating Revenue				
Within Malaysia	160,946	139,313	462,324	407,031
Outside Malaysia	12,422	11,294	46,520	31,200
	173,368	150,607	508,844	438,231

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 2014.

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

On 3 October 2015, the Group completed its subscription of a 45.62% stake in KIRZ Holdings Co., Ltd for THB25,784,726. Subsequently, on 15 October 2015, the Group purchased a further 0.17% stake in KIRZ Holdings Co., Ltd. The Group paid THB100,000 for the additional stake in KIRZ Holdings Co., Ltd. The principal activity of KIRZ Holdings Co., Ltd is that of an investment holding company incorporated in Thailand.

In the opinion of the Directors, there are no other items, transactions or events of a material and unusual nature which have arisen since 30 September 2015 to 19 November 2015 (being the latest practicable date) that have a substantially effect on the financial results of the Group.

12. Changes in the composition of the Group during the nine month period ended 30 September 2015

- a) 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.
- b) During the period, the Group acquired a 25.0% stake in Campana Group Pte. Ltd. ("Campana") for USD1.0 million. Campana is a newly set-up company that is registered in Singapore, whose business is intended to be that of a telecommunications provider.
- c) On 1 July 2015, the Group completed its subscription of a 25.37% stake in CMC Telecommunication Infrastructure Corporation ("CMC Telecom") for VND 255.0 billion. CMC Telecom is one of Vietnam's largest telecommunications service providers and provides broadband services for businesses and home users.
- d) On 18 September 2015, the Group completed its subscription of a 49.0% stake in KIRZ Co., Ltd for THB54,215,274. KIRZ Co., Ltd is a telecommunications provider in Thailand.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2014.

14. Capital commitments

	As at 30/9/2015 RM'000
Property, plant and equipment	
a) Approved and contracted but not provided for in the financial statements	375,189
b) Approved but not contracted for	62,798

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15. Income tax

The income tax expense for the Group for current quarter and financial period ended 30 September 2015 was made up as follows:

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current year	1,599	1,242	5,575	4,149
- Over provision in prior years	(136)	(260)	(304)	(263)
	<u>1,463</u>	<u>982</u>	<u>5,271</u>	<u>3,886</u>
Deferred tax:				
- Origination and reversal of temporary differences	(65)	739	133	1,957
Total	<u><u>1,398</u></u>	<u><u>1,721</u></u>	<u><u>5,404</u></u>	<u><u>5,843</u></u>

The effective tax rate 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 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. Investments in quoted securities

- a. There were no acquisitions or disposals of any quoted securities other than the disposals of 49,900,000 DiGi shares at a price of RM6.23 per share and 18,829,500 DiGi shares at a price of RM6.00 per share via private placement exercises to eligible third party institutional/sophisticated investors. The said disposals were completed on 10 April 2015 and 12 May 2015 respectively (see Note 5). Following the said disposals of DiGi shares held, the Group realised a fair value gain from available-for-sale reserve to profit and loss of RM274.0 million.
- b. Particulars of investments in quoted securities are as follows:-

	As at 30/9/2015 RM'000
Quoted Securities in Malaysia:	
- Cost	171,137
- At book value	381,449
- At market value (fair value)	<u><u>381,449</u></u>

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

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

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18. Loans and Borrowings

The loans and borrowings as at 30 September 2015 are as follows:

	Amount repayable in one year or on demand RM'000	Amount repayable after one year RM'000	Total RM'000
<u>Non-secured:</u>			
Loans and borrowings			
- Denominated in RM	1,747	-	1,747
<u>Secured:</u>			
Finance lease liabilities in RM	4,634	3,358	7,992
Loans and borrowings			
- Denominated in RM	29,646	59,815	89,461
- Denominated in USD	15,851	39,028	54,879
	51,878	102,201	154,079

19. Off Balance Sheet financial instruments

The cash and cash equivalents of the Group, as at 30 September 2015, do not include a bank balance amounting to RM6,035,000 (31.12.2014: RM8,304,000) 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 as stated above, the Group does not have any off balance sheet financial instruments as at the date of this quarterly report.

20. Material litigation

The Company and its subsidiaries have no outstanding material litigation as at 19 November 2015, being the latest practicable date.

21. Comparison between the current quarter ("Q3 2015") and the immediate preceding quarter ("Q2 2015")

The Group recorded a consolidated revenue in the current quarter of RM173.4 million, which is 5.9% higher when compared against the Q2 2015 consolidated revenue of RM163.8 million. The higher revenue was mainly attributed to better overall sales performance from all core product segments within the Group in the current quarter. The higher non-recurring revenues from global bandwidth sales and non-recurring contracts totaling RM12.6 million in Q3 2015 also helped to contribute to the improved overall revenue in the current quarter (Q2 2015: RM11.0 million).

The Group reported a consolidated pre-tax profit of RM317.0 million in Q2 2015. The said consolidated pre-tax profit in the previous quarter included the realisation of a fair value gain from available-for-sale reserve to profit and loss of RM274.0 million which arose from the disposals of a portion of quoted equity investment held by the Company. Excluding the said realisation of fair value gain from the previous quarter results, the Group's comparable pre-tax profit in the current quarter of RM59.7 million would have shown an increase of RM16.7 million or 38.8% against the adjusted pre-tax profit in the previous quarter of RM43.0 million. The increase in consolidated pre-tax profit in Q3 2015 against the adjusted pre-tax profit in Q2 2015 can be attributed mainly to the following:

- a) Higher margins derived from non-recurring revenue from global bandwidth sales and non-recurring contracts in the current quarter;
- b) Higher net gain on foreign exchange of RM19.0 million in Q3 2015 against the net gain of RM3.9 million in the previous quarter due to the further weakening of Ringgit Malaysia against the US Dollar;
- c) Share of profit from equity accounted investments of RM0.4 million as compared with share of loss of RM0.5 million in Q2 2015; offset by

a gain on compulsory land acquisition of RM2.4 million in Q2 2015 and lower interest income on short-term deposits of RM2.7 million (Q2 2015: RM4.6 million).

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

(a) Current quarter (“Q3 2015”) versus preceding year corresponding quarter (“Q3 2014”)

The Group recorded a consolidated revenue of RM173.4 million in Q3 2015. The Group's consolidated revenue for Q3 2015 increased by RM22.8 million or 15.1% from the RM150.6 million reported in Q3 2014 due to higher revenues recorded in all the Group's core product segments. Data revenues grew 13.8% in Q3 2015 when compared to Q3 2014 despite the lower global bandwidth sales and income from non-recurring contracts of RM12.6 million in the current quarter (Q3 2014: RM13.6 million). Data centre and voice revenues had also shown similar improvements in the current quarter with growth rates of 25.1% and 11.9% recorded respectively when compared against Q3 2014.

The Group also posted a corresponding RM8.4 million or 16.4% increase in its current quarter consolidated profit before tax when compared to the consolidated profit before tax of RM51.3 million in the corresponding period in 2014. The higher profit before tax can be mainly attributed to higher overall revenues and a net gain on foreign exchange of RM19.0 million. This is, however, offset by lower higher depreciation charges and lower dividend income in the current quarter and a one-off reversal of a RM11.0 million provision made pursuant to the settlement of a dispute with supplier recorded in Q3 2014.

(b) Nine months period ended 30 September 2015 (“9M 2015”) versus nine months period ended 30 September 2014 (“9M 2014”)

The Group reported a 16.1% increase in consolidated revenue in 9M 2015 when compared against the RM438.2 million recorded in 9M 2014. The increase can be attributed to higher revenue recorded in all core product segments, led by revenues generated from data and data centre sales. The higher revenue from global bandwidth sales and non-recurring contracts amounting to RM55.2 million during the current nine month period also helped contribute to the higher overall data revenues in 9M 2015 (9M 2014: RM34.6 million).

The Group reported a consolidated pre-tax profit of RM434.2 million for 9M 2015. Excluding the realisation of fair value gain from available-for-sale reserve to profit and loss of RM274.0 million arising from the disposals of a portion of quoted equity investment held and the corresponding lower dividend income derived thereafter of RM18.1 million (9M 2014: RM26.9 million), the Group would have reported an adjusted consolidated profit before tax of RM142.1 million in 9M 2015, which is an increase of 40.0% or RM40.6 million, as compared to the similarly adjusted 9M 2014 consolidated profit before tax of only RM101.5 million. The improvement in the Group's results in 9M 2015 is mainly attributable to the following:

- a) Higher data revenue underpinned by the stronger revenue contribution from global bandwidth sales and non-recurring contracts;
- b) Net gain on foreign exchange of RM31.8 million in 9M 2015 against a net loss of foreign exchange of RM1.5 million in 9M 2014;
- c) Gain on disposal of land pursuant to a compulsory land acquisition by the government of approximately RM2.4 million (9M 2014: RM Nil);
- d) Higher income on short term deposits of RM9.3 million (9M 2014: RM5.6 million);

offset by higher depreciation costs incurred in 9M 2015 of RM6.4 million, lower dividend income in 9M 2015 and the reversal of provision made pursuant to the dispute settlement with a supplier of RM11.0 million in 9M 2014.

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23. Profit before income tax

Group	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	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	(23,813)	(21,292)	(69,437)	(62,995)
Amortisation of borrowing costs	(166)	(203)	(429)	(509)
Interest expense	(1,527)	(1,652)	(4,528)	(5,324)
Reversal of provision made pursuant to the dispute settlement with a supplier	-	11,000	-	11,000
Interest income from short term deposits	2,651	1,953	9,316	5,472
Dividend income from quoted equity investment in Malaysia	4,055	8,799	18,145	26,943
Realisation of fair value gain from available-for-sale reserve to profit or loss	-	-	274,024	38
Rental income	49	48	167	142
Bad debt recovered	20	192	354	561
Net gain/(loss) on foreign exchange	18,991	(149)	31,814	(1,489)
Net allowance for doubtful debts	(1,005)	(130)	(2,117)	(846)
Net (loss)/gain on disposal of property, plant and equipment	(1)	-	2,426	186
Write off of property, plant and equipment	(4)	-	(66)	-

Other than as disclosed above, there were no other gains/losses on disposal or 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 is excited about expansion and growth opportunities on both the domestic and regional fronts. The Group continues to look at growing inorganically by exploring opportunities within the telecommunications and related sectors in Malaysia as well as in countries within 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.

At home, the Group will continue to 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 and enhance operational and cost efficiencies throughout the Group, while further expanding and strengthening its underlying fibre network and coverage footprints.

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 and expected to be completed in 2016), Asia-Africa-Europe 1 Cable System (AAE-1) (connecting Asia, Africa, Europe and the Middle East via Malaysia and expected to be completed in 2017) and FASTER Cable System (connecting Japan to the United States and expected to be completed in 2016). These cable systems, combined with the Group's existing and operational Unity Cable System (connecting Japan to 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 when completed. 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 monetise and accelerate returns on its investments.

The results of the Group for remainder of 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 30/9/2015	Preceding year corresponding quarter 30/9/2014	Nine months to 30/9/2015	Nine months to 30/9/2014
Weighted average number of shares in issue ('000)	575,336	573,093	574,360	573,093
Profit for the period attributable to owners of the Company (RM'000)	59,035	49,988	431,048	123,404
Basic EPS	10.26 sen	8.72 sen	75.05 sen	21.53 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	575,336	573,093	574,360	573,093
Effect of employee share options	1,048	-	353	-
Weighted average number of shares in issue ('000) (Diluted)	576,384	573,093	574,713	573,093
Profit for the period attributable to owners of the Company (RM'000)	59,035	49,988	431,048	123,404
Diluted EPS	10.24 sen	8.72 sen	75.00 sen	21.53 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 Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	As at 30/9/2015 RM'000	As at 31/12/2014 RM'000
Total retained earnings of the Group		
- Realised	391,407	440,396
- Unrealised	236,111	211,276
Total retained earnings	627,518	651,672

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 November 2015