GOING REGIONAL

ANNUAL REPORT 2012

TIME™

GOING REGIONAL

TIME has taken a great leap forward with a series of strategic acquisitions, transforming into an Asian-Pacific telecommunications player to be reckoned with. We have come a long way from our early days as a domestic player in Malaysia, but our journey is not over yet. Join us as we build on our foundations in Malaysia and beyond to propel TIME to the next stage of growth.

CONTENTS

performance INDICATORS

REVENUE OF RM

419.1

MILLION FYE'12

UP 34% FROM RM313.9M IN FYE'11

EBITDA OF RM

137.7

MILLION FYE'12

UP 11% FROM RM124.5M IN FYE'11

PROFIT BEFORE TAX OF RM

157.0

MILLION FYE'12

UP 32% FROM RM119.0M IN FYE'11

EARNINGS PER SHARE (EPS) RM

↑ **0.12**

FROM RM0.23 IN FYE'11 TO RM0.35 IN FYE'12

NET ASSETS PER SHARE RM

↑ **0.86**

FROM RM3.47 IN FYE'11 TO RM4.33 IN FYE'12

SHAREHOLDERS' EQUITY RM

↑ **722.1** M

FROM RM1,757.7M IN FYE'11 TO RM2,479.8M IN FYE'12

CORPORATE INFORMATION

BOARD OF DIRECTORS

Abdul Kadir Md Kassim
Non-Independent,
Non-Executive Director (Chairman)

Elakumari Kantilal
Non-Independent, Non-Executive Director

Ronnie Kok Lai Huat
Senior Independent, Non-Executive Director

Balasingham A. Namasiwayam
Independent, Non-Executive Director

Hong Kean Yong
Independent, Non-Executive Director

Afzal Abdul Rahim
Non-Independent, Executive Director
(Chief Executive Officer)

Rossana Annizah Ahmad Rashid @ Mohd Rashidi
Non-Independent, Executive Director
(Deputy Chief Executive Officer)

AUDIT COMMITTEE

Ronnie Kok Lai Huat (Chairman)
Elakumari Kantilal
Balasingham A. Namasiwayam

NOMINATION AND REMUNERATION COMMITTEE

Elakumari Kantilal (Chairman)
Ronnie Kok Lai Huat
Balasingham A. Namasiwayam

BOARD TENDER COMMITTEE

Balasingham A. Namasiwayam (Chairman)
Elakumari Kantilal
Hong Kean Yong

COMPANY SECRETARY

Misni Aryani Muhamad (LS 0009413)

REGISTERED OFFICE

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WEBSITE

www.time.com.my

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Level 6, Symphony House
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Malaysia
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Helpdesk : +60-3-7849 0777

AUDITORS

Messrs KPMG
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor Darul Ehsan
Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

our COMPANY

TIME dotCom Berhad (TIME) is a data-centric telecommunications and solutions provider based in Malaysia, with a business reach across the Asia-Pacific region. With fixed-line telecommunications, submarine cable and data centre businesses, TIME has been breaking ground since starting out in 1996.

TIME's core business focuses on providing best-in-class backhaul and wholesale bandwidth to leading local, regional and global operators in Malaysia and the Asia-Pacific region. The Group delivers extensive fibre optic-based telecommunications solutions, including private leased lines and dedicated Internet services to large corporations, government organisations and enterprises that demand state-of-the-art, always-on connectivity.

In Malaysia, TIME has made considerable headway in the consumer segment, with the country's first 100% fibre-optic broadband service. With speeds of up to 100Mbps, TIME's service, currently the fastest in the country, has been effectively supporting some of the industry's biggest names with innovative solutions.

TIME's Malaysian business is anchored by its Cross Peninsular Cable System (CPCS™), a 9,000 kilometre-long advanced fibre optic network that traverses Thailand through Singapore. Designed as a fully meshed network, the CPCS™ is the most robust trans-border terrestrial system ever built. Following extensive upgrades in 2012, TIME is today, the only provider in Malaysia to have a next-generation, 100% IP|MPLS network.

Regionally, TIME's network extends beyond Malaysian shores via its investment in the Global Transit Group of Companies (GT). GT's global footprint includes Singapore, Hong Kong, Japan and the US, and strategic investments in submarine cable systems. These include the highly-sought Unity Cable System connecting Japan and the US, and the Asia-Pacific Gateway (APG), a 10,000 kilometre-long international fibre optic cable system linking Malaysia to Japan and South Korea. The APG is expected to be completed at the end of 2014.

The Group's data centre business is spearheaded by the AIMS Group of Companies (AIMS), one of the region's most inter-connected sites. Located strategically in the Malaysian capital's central business district, AIMS is an award-winning, carrier-neutral facility. AIMS is already home to all of Malaysia's telecommunications providers and approximately 200 service providers, making AIMS a premier choice for discerning customers.

The industry has recognised TIME's push for service and technological excellence. In 2012, TIME was accorded the prestigious Metro Ethernet Forum (MEF) certification, making the Group one of 47 international firms to win recognition for the performance, interoperability and reliability of its network. TIME's compliance with global standards ensures that it is able to link up to any other telecommunications network in the world.

TIME's domestic fibre optic network, combined with GT's regional nodes for wholesale bandwidth and ownership in several submarine cable systems, as well as AIMS' data centre business, offers customers a complete land and subsea fibre optic network and value-added services that tap fast-growing ASEAN demand for reliable bandwidth.

TIME dotCom Berhad

MALAYSIA FIXED LINE

- TT dotCom Sdn Bhd 100%
- TIME dotNet Berhad 100%
- Hakikat Pasti Sdn Bhd 100%
- Planet Tapir Sdn Bhd (formerly known as TIMESat Sdn Bhd) 100%

GLOBAL BANDWIDTH

- Global Transit Communications Sdn Bhd 100%
- Global Transit Limited 100%
- Global Transit Singapore Pte Ltd 100%
- Global Transit (Hong Kong) Limited 100%

DATA CENTRE

- The AIMS Asia Group Sdn Bhd 100%
- AIMS Data Centre 2 Sdn Bhd 100%
- AIMS Cyberjaya Sdn Bhd 100%

the NEXT CHAPTER

Dear Shareholders,

With aspirations to go regional and grow our market share domestically, the TIME Group scored a fourth straight year of profits. The year 2012 was one of record profits for the Group, driven by strategic acquisitions, partnerships and network developments.

Today, the Group is significantly different from when we listed in 2001. With the acquisitions of the AIMS and Global Transit (GT) Group of Companies in 2012, we have streamlined our operations and built up three engines of revenue and growth. With this as a strong base, we are well-positioned to take on 2013.

industry OVERVIEW

Going abroad while staying close to home.

There is a strong case to be made for TIME going abroad. The Asian Development Bank estimates that countries within the Asia-Pacific region will spend some USD8 trillion on infrastructure needs in the current decade, with ICT accounting for approximately a tenth of that spend.

Asia-Pacific accounts for 55% of the world's population but only 27.5% of the residents have Internet access. This relative under-penetration, coupled with the region's expanding economies and state-led liberalisation of the telecommunications sector, emphasises the potential for further long-term growth in high-speed broadband markets.

TIME is a key part of the Asia-Pacific growth story. With our involvement in international submarine cable systems (such as Unity and APG) and the acquisitions of the AIMS and GT Group of Companies that provide high-margin data centres and international points of presence (PoPs), this fact is no longer lost on our customers, suppliers and investors.

However, TIME has not forgotten its Malaysian home market, which has turned out to be one of the most vibrant in the region. The government's USD444 billion Economic Transformation Programme is gaining traction, generating investment projects ranging from oil and gas to healthcare, all of which, in turn, require reliable high-speed telecommunications services.

The government plays a vital role in driving Malaysia's telco market. Its policy to push for 75% of households to have broadband by 2015 has started to bear fruit with 66.7% already wired in the third quarter of 2012, attracting competition in the wireless broadband segment and in the supply of infrastructure.

Ultimately, this boils down to quality of service, which TIME is well-placed to deliver, with the rollout of new submarine cable systems, creative marketing and out-of-the-box product development aimed at meeting customer demands.

financial RESULTS

Our revenues rose 34% to RM419.1 million in 2012 from RM313.9 million a year ago. Our plans to grow regional bandwidth sales and enter into the data centre business bore fruit with the completion of the acquisitions, thus fostering continued regional growth, alongside our domestic fixed-line business that continues to grow from strength to strength.

Earnings before interest, taxes, depreciation and amortisation climbed 11% to RM137.7 million in 2012 from RM124.5 million in 2011.

Over the course of 2012, we registered double-digit growth across all our market segments, accounting for our record profits. For the full financial year, revenue from the Enterprise segment grew by 40%, while the Wholesale segment expanded by 31%. In the SME & Consumer segment, revenue grew by 10%.

With the completion of their acquisitions on 17 May 2012, the AIMS and GT Group of Companies contributed RM65.7 million or 16% of the Group's revenue for the financial year.

As a result, our financial standing has improved. As at 31 December 2012, our cash and cash equivalents position has grown to RM223.8 million from RM217.4 million in 2011.

operational HIGHLIGHTS

We achieved many notable successes in 2012 by staying ahead of the curve with new products, finding ways of being more efficient and integrating acquisitions from an early stage. Some of these achievements include:

- Becoming the first to offer 100Mbps packages to households and offices across Malaysia.
- Expanding our reach at home and overseas with data centres and international PoPs via the AIMS and GT Group of Companies.
- Updating our Malaysian fibre networks as well as investing and building international submarine cable systems to tap regional broadband growth.
- Using IT to unlock TIME's value by automating workflow processes and speeding up customer service.

corporate DEVELOPMENTS

We took a step forward in becoming a regional player. On 3 July 2012, TIME entered into a consortium to construct and maintain a new submarine cable system, the Asia-Pacific Gateway (APG) linking Malaysia to Korea and Japan. The APG will provide fibre connectivity to eight countries in the Asia-Pacific region to meet rising demands in data whilst completing our existing networks. The cable system is expected to be operational by the end of 2014.

To oversee our ever-expanding operations, we appointed Rossana Annizah Rashidi as Deputy Chief Executive Officer of the Group on 1 October 2012. Rossana brings with her 23 years of experience in the telco and financial sectors.

To reward our shareholders, we had on 7 December 2012, proposed a dividend-in-specie of up to 137.5 million shares in DiGi.Com Berhad (DiGi) which we expect to complete by the middle of 2013.

outlook and PROSPECTS

The Group is optimistic of its prospects in the year ahead.

Efforts to increase market share will be enhanced by improving our product and solution offerings, seeking operational and cost efficiencies throughout the Group and further expanding and strengthening our network and coverage.

Data revenues should be augmented from burgeoning nationwide and regional demand for higher speed bandwidth services and fibre connectivity requirements by mobile operators for their network modernisation and LTE network rollout efforts.

TIME may also count on additional revenue streams from the growth of its data centre and global bandwidth businesses in 2013, the first year that earnings from both businesses are fully integrated into the Group.

Regional expansion is also expected to be a key theme. We will seek out new growth opportunities with an emphasis on regional wholesale bandwidth, international submarine cable systems and data centre markets, focusing particularly on the ASEAN region.

Our initial forays into the small-to-medium enterprise and consumer segments will be further realised via the Group's Fibre-to-the-Office ("FTTO") and Fibre-to-the-Home ("FTTH") initiatives and partnership with Astro.

changes in BOARD COMPOSITION

Hong Kean Yong joined the TIME Board on 1 September 2012 and Rossana Annizah Rashidi on 1 October 2012, making it seven members in total, on our Board.

ACKNOWLEDGEMENTS

Our growth aspirations are now a reality, thanks to our team at TIME.

On behalf of the Board, I would like to thank everyone in TIME for being team-players on this exciting journey.

Our gratitude goes to the Government and the regulatory authorities for helping make our industry a vibrant and exciting one.

Partners, you have helped take us abroad and strengthen our core home markets.

To our shareholders, we would not have made it this far without your support and belief in us.

Most of all, we thank our customers for believing in us and supporting our vision.

Abdul Kadir Md Kassim
Chairman

going to NEW FRONTIERS

Dear Shareholders,

I am proud to say that we have achieved a fourth straight year of double-digit percentage growth in earnings, having attained a consistency in our core domestic business and successfully begun our maiden foray into regional markets.

For our financial year 2012, we grew EBITDA earnings by 11% to RM137.7 million on the back of an increase in revenue of 34% to RM419.1 million.

Pretax profits rose by 32% to RM157.0 million, while basic earnings per share rose to 35 sen, a 12 sen increase from the previous year.

As we continue our journey into 2013, TIME aims to hit more business milestones by

- Riding a wave of strong global demand for Internet and data services;
- Capturing demand through regional and domestic network expansion and data centres; and
- Retaining customers through value-added products and first-rate customer service.

To achieve this, our strategy in the years to come will focus on:

going REGIONAL

Our acquisitions of the AIMS and Global Transit (GT) Group of Companies were immediately earnings accretive during the year. These companies kicked in an additional RM16.3 million in profit before tax for our enlarged Group in 2012.

Our 10% stake in the Unity submarine cable system (data connectivity between Japan and the U.S.) gave us the track record and industry recognition to undertake similar projects. Consequently, we were invited to participate in a consortium to construct and maintain the Asia-Pacific Gateway undersea cable system, which will provide connectivity to eight countries in the region, while also connecting Malaysia to Korea and Japan.

GT has ventured into partnerships in Southeast Asia and bagged orders for multiple bulk capacity to boost its already booming wholesale Internet business.

TIME has also made headway into the data centre business, thanks to AIMS, which further expanded into a new site in Cyberjaya in 2012.

These were significant milestones for us and we plan to build on these over the course of the year, fully aware that ASEAN is only at the beginning of what we see as a long-term upswing in data and broadband needs.

Given our strength at home and the headway we have made overseas, we are very confident of improving the returns to our shareholders.

unlocking VALUE

Our regional foray would not have been possible without a strong foundation at home. To further strengthen our reputation as technology leaders, we upgraded our domestic trunk network, the Cross Peninsular Cable System (CPCS™) far in excess of conventional specifications. This has enabled us to better meet the rigorous demands of our Wholesale customers in the shape of local and international telecommunications firms.

We pulled more fibre across the country by boosting the number of our fibre Metropolitan Area Networks, enabling more customers to enjoy the full benefits of a superfast, seamless connection.

And we struck a successful collaboration with Astro IPTV, bringing a triple-play solution of cable, connectivity and voice into thousands of homes in the Klang Valley. This deal is now in its second year of execution.

Today, we have reached more than 100,000 premises in Malaysia. From our core urban centre networks, we are branching out to townships and in turn, increasingly reaching out to the residential market.

We further view the advent of 4G/LTE in the mobile telecommunications sector to be an opportunity for our business. In fact, we continue to provide backhaul access to 4G/LTE players with our resilient fibre infrastructure, making us comfortable business bedfellows.

value-adding PRODUCTS

We added value wherever possible, making TIME a strongly persuasive solution in both the enterprise and consumer segments of the market. We developed high-value products across our key Wholesale, Enterprise and SME & Consumer segments and we backed this up with intuitive customer service and competitive prices.

Our Wholesale customers are benefiting from our local and global networks and strong emphasis on carrier-neutral data centres. The same applies to our Enterprise customers in the financial services industry, corporate and government sectors. We met them, understood their business needs and came up with innovative solutions tailored to their needs, while offering customised managed services.

The year 2012 was a momentous one for our SME & Consumer end of the market. I am pleased to say that we are increasingly becoming recognised as the fastest and most resilient fixed broadband provider in the country.

Fibre optic connections for the home and office doubled over the course of the year, led no doubt by our first-in-Malaysia launch of speeds of 100Mbps.

PEOPLE FIRST, always

We are nothing without our people, who are our biggest asset in the Company.

To set in place a long-term leadership programme and to recognise the contributions of our best and brightest, we kick-started our Developing People Managers, a Group-wide initiative to groom the next generation of leaders and take our Company to greater heights.

We granted shares in our Company to those who contributed to the current successes of the Group and moving forward, we will reward those who exceed their targets; adding a valuable layer of financial reward to the equation.

With Gen-Y comprising a bigger percentage of our workforce, we know we need to move with the times. As such, we also emphasised the importance of casual and flexible work arrangements to help our staff strike an appropriate work-life balance.

In recognising the shifting patterns of how people work together, we initiated extensive renovations and refurbishments within our premises. This gave all staff a lift in terms of morale, while also resulting in a discernible lift in productivity.

building a BRAND

Thanks to years of concerted marketing campaigns, our TIME brand has become much more recognisable among Malaysian consumers.

Customers have acknowledged our efforts to constantly enhance our core products such as Data, Internet and Voice by adding new features, repackaging and bundling new services.

For example, products such as our 100Mbps packages for the home and the office gave us a cachet few could match. The innovation and technical superiority of these products were in turn backed by technically savvy customer service that stood head and shoulders above the rest.

satisfying CUSTOMERS

While customer satisfaction with our products and services hit new heights in 2012, the need to go the extra mile remains paramount.

We are taking a proactive view in assisting our top clientele. Our team analyses network issues for each customer and builds in support for any problems or gaps they encounter, going a long way to ensure peace of mind for our customers, clearly differentiating us from the competition.

We need to take it a step further.

What's in store for THE YEAR AHEAD?

We are ready to embark on the next stage of solid growth, both at home and in the region.

It will be an exciting journey ahead, as we ramp up local and regional network coverage, products and services.

To our shareholders, we appreciate your support as we strive to become the leading Asia-Pacific data and Internet service provider.

And to my team at TIME, we have beaten all expectations and I thank you for this.

Exciting and busy times are ahead of us.

With gratitude,

Afzal Abdul Rahim

Chief Executive Officer

PUSHING PERFORMANCE in every way possible

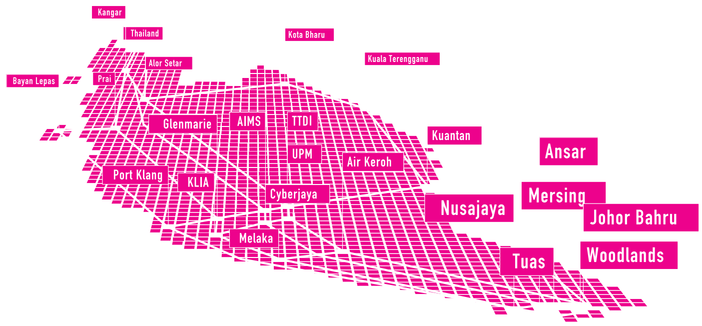
In 2012, we solidified our position as the leading enterprise Internet and data services provider in Asia-Pacific and Malaysia, catering for the region's booming Internet demand.

Our strategic acquisitions have delivered more sales and profits. We pulled more fibre across Malaysia and went more regional in our focus.

As we grow bigger, we will respond more quickly with innovative products to suit a spectrum of customers – from the home consumer to big foreign telcos and large corporations.

All this would not be possible without developing technology leaders amongst our staff of over 900 people to deliver the best they can at all times.

building on EXCELLENCE



Constant enhancement of our core network.

Our Cross Peninsular Cable System (CPCS™) is the backbone of our Malaysian business; it is crucial we keep our fibre optic network resilient to cater to new technological developments and market demand.

We performed key network upgrades in 2012. The most significant was the upgrade to a 100% Internet Protocol|Multi-Protocol Label Switching (IP|MPLS) based platform, which allows us to provide 100% service level guarantees for our growing segment of Enterprise customers.

We also deployed the latest Internet Protocol Version 6 (IPv6) to address the depletion of IP addresses in an earlier version and meet regulatory requirements. To further boost the quality and reliability of our Voice services, we completely migrated to Sonus soft switches in 2012.

The security of our fibre network is of utmost importance to the business and as such, we have deployed a more rigorous monitoring system.

Our pursuit of excellence in the area of fibre-optic development did not go unrecognised. In 2012, we received The Best Telco Operator Performance Award from the Penang Development Corporation (PDC Telco services Sdn Bhd) at their inaugural annual appreciation dinner.

Our push to boost the quality of our fibre network was matched by our move to expand our presence across Malaysia. We pulled our fibre to Johor and East Malaysia, reaching more urban areas. Indeed, cities remain a focus, with us establishing three more Metropolitan Area Networks – Bukit Jalil, Nusajaya and Cyberjaya.

These additions bring our total number of fibre Metropolitan Area Networks to 12.

With our fibre network reaching over 100,000 premises across Malaysia and our linkup to international subsea network cable systems managed by our subsidiaries, we are in a stronger position to provide flexible packages to our customers.

We have started this year by taking on the 4G/LTE onslaught by offering backhaul access and fibre infrastructure to mobile telcos. We also successfully obtained MEF certification for our network during the year, building up TIME's technical credibility nationwide.

first-rate CUSTOMER SERVICE

A TIME customer can always expect on-time activations, on-the-ball technical assistance and first-rate customer support.

Here's why:

1. We developed a one-stop online catalogue to track service requests, billing and work orders.

   Result: Faster response times.

2. We improved workflow processes without increasing staff numbers.

   Result: Existing team manages 200% more cases.

3. We carefully analysed customer network issues to build in solutions and proactively update customers when issues arise.

   Result: Customer peace of mind.

product and service ENHANCEMENTS

We are staying competitive regionally, moving ahead of the curve and 'attaining par' with international service providers.

TIME's initiatives dovetail with exponential Asia-Pacific demand for data and the resultant downward pressure on bandwidth prices. Price, service and quality are now of paramount importance to our future.

We are seen as a one-stop solution for our Wholesale and Enterprise customers seeking IT solutions and infrastructure. From working with partners, expanding our network locally and internationally, to building up data centres, cloud computing and disaster recovery systems, we are clearly becoming more competitive.

We have raised our game in Malaysia's SME and consumer segments following the launch of our 100Mbps package. This has borne fruit – broadband take-up for TIME solutions doubled in 2012 from the year before.

going GLOBAL

Leveraging on acquisitions for big global wins.

One of our subsidiary groups, the Global Transit (GT) Group of Companies is scoring big wins in the wholesale business, in addition to bringing down costs and building up technological know-how and credibility for the Group.

With a stake in co-owning and operating submarine cable networks regionally, such as the Trans-Pacific Unity cable system and the Asia-Pacific Gateway, our now-enlarged Group is in an excellent position to offer customers a complete land and undersea fibre network to capture high-growth Asian bandwidth demand.

Our new subsidiaries have been generating solid earnings for the Group, winning jobs from global telcos and setting up points of presence (PoPs) in Southeast Asia. With such successes in hand, we are going to make a greater push overseas in 2013 and the years to come.

Our regional bandwidth expansion works in tandem with our other subsidiary group, The AIMS Group of Companies (AIMS), offering data centre and managed services. Our big wins in 2012 include offering disaster and recovery facilities for a top Malaysian petroleum company, and several foreign telcos.

In the coming years, we will expand our data centre and managed service propositions to the oil and gas, education and financial services sectors. We will assist our customers in their plans to expand their businesses, getting involved in and providing excellent data recovery services as part of our plans to provide a wholesome spectrum of services.

Throughout this journey, we will remain carrier-neutral as opposed to being carrier-specific, to provide our customers a variety of options when they shop around for telcos to host their servers. In short, we empower our customers to make the choices they need to best drive their businesses.

business OVERVIEW

We have consistently grown our Data revenues and diversified with data centres and managed services, offering existing and new customers the best service at prices they simply can't refuse.

REVENUE BREAKDOWN IN 2012

73%	18%	8%
DATA	VOICE	DATA CENTRE

* 1% other services

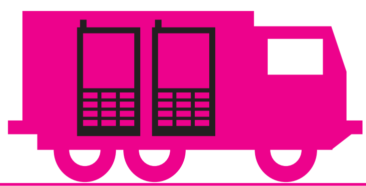
Data services jumped 31% from 2011 as our highest revenue driver as Asia-Pacific demand for high-speed broadband took off. Also, our data centre kicked in new revenues – a first time for the Group and is set to grow in parallel with our Wholesale and Enterprise customers' needs for IT solutions.

WHOLESALE WINS

Our Wholesale segment, the backbone of our business, has delivered strong growth over the past four years.

In 2012, we were on a roll, winning major deals from customers ranging from local to global network operators.

Our proposition is simple – we are providing a more cost-effective, reliable network to transfer data from our customers to neighbouring countries and connect their domestic nodes to their own customers. Coupled with this, we provide data centres and disaster recovery. All these are backed by strong customer and technical support.



GOING SERIOUSLY ENTERPRISE

Streamlining the Enterprise division into Corporate, Government and Financial Services Institutions has gained traction in revenue expansion across divisions.

We achieved this by going after big customers such as Malaysia's top 30 companies, expanding our reach, tapping growing corporate and government budgets for IT and providing data centres and managed services to address the specific challenges in each of these sectors.

By refocusing our Enterprise business, we succeeded in meeting a customer objective: faster response times brought about by proactive account management teams.

100
Mbps

SME & CONSUMER GROWTH

Our SME & Consumer business revenue grew by 10% in 2012 as Malaysians shopped around for the best broadband packages.

As the first telco to offer 100Mbps broadband in Malaysia, we sit in an enviable position: at the cutting-edge of technology in the country.

Malaysia's broadband story is very much intertwined with our corporate story: we have wired thousands of private home and office premises and in the coming years, we plan to continuously expand our reach.

We are making this happen through our TIME brand, which provides 100% fibre optic to Malaysians.

BRINGING ASTRO BEYOND

We have completed our second year of partnership with Astro, bringing together 100% fibre and Astro content to provide IPTV and high-speed Internet access.

We have been encouraged by the healthy take-up of the Astro B.yond IPTV service. Together with Astro, we have raised our game by bundling cable offerings with high-speed Internet at competitive prices.

We are looking to expand Astro B.yond IPTV coverage throughout Klang Valley by reaching out to commercial outlets and hotels and this will continue to be a key growth area in the Consumer segment in 2013.

internal DEVELOPMENTS

IT UNLOCKS VALUE

We are using technology to streamline business processes throughout TIME so our staff can unlock significant, long-lasting value.

Making customer relationships hassle-free and revenue enhancing is a key priority. Our IT Division has introduced a variety of paperless systems and online portals to make it easy to manage orders, service activation and incidents. The result: fast-thinking customer support and technical teams make for happier customers.

We have made great headway in improving TIME's ability to manage the supply chain. We deployed a new system that integrates the key cogs of our business – from budget spending and profitability tracking to supplier relationship management portals and automated online reporting. More importantly, the IT Division team has automated the credit collection process to improve billing and revenue collection.

With Information Technology at the heart of our business, we have also embarked on disaster recovery and business continuity programmes in 2012, which go far in assuring our customers and investors that it's business as usual in any scenario.

In the future, we aim to build on our successes. We plan to upgrade our fraud management, bill and revenue assurance systems and help TIME stay on top in a challenging, customer service-oriented market. In 2013, we move to the next phase of our business continuity and disaster recovery programmes.

DEVELOPING PEOPLE

TIME won the Bronze Award for the Employer of Choice category in the Malaysia HR Awards in 2012.

Our employees also gave us a satisfaction rating of 75.9%.

Here's why:

Our emphasis on a great work-life balance has drawn in more Gen-Y workers. Providing flexible work arrangements, creating dynamic and casual work environments and going all-out to reward talent remains at the heart of our business.

People are our number one resource. We provide comprehensive on-boarding programmes to help new hires hit the ground running and we develop People Managers to bring out the best in their staff. And any career in TIME always involves in-house and customised training – initiatives we plan to maintain as the Company grows bigger.

SOCIAL RESPONSIBILITY

Going for Corporate Social Responsibility (CSR) from within and outside the Company.

Our staff come first.

Always.

We introduced the TIME Flyers Awards to reward the children of our employees who have excelled in public exams and handed out back-to-school assistance packages as we view good education as a top priority.

Beyond TIME, we are making good progress with our CSR initiatives.

Our staff have set up TIME Troopers, our very own group of volunteers, ever ready to help out noble causes.

Our troopers joined hands with a Non-Profit Organisation called Reach-Out Malaysia to distribute food to the homeless in Kuala Lumpur, in their first ever project in 2012. Another TIME CSR endeavour involved extending our annual contribution to a shelter home in Kuala Lumpur.

As always, our CSR initiatives will aim to continuously help our wider community wherever and whenever possible.

board of directors' PROFILES

ABDUL KADIR MD KASSIM

NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR (CHAIRMAN)

Abdul Kadir Md Kassim, a Malaysian, aged 72, was appointed to the Board of TIME on 22 October 2001 and as Chairman on 15 January 2010.

Abdul Kadir holds a Bachelor of Laws (Honours) degree from the University of Singapore and is the Managing Partner of Messrs Kadir, Andri & Partners.

Abdul Kadir sits on the Boards of UEM Group Berhad and is Chairman of UEM Builders Berhad and Cement Industries of Malaysia Berhad.

Abdul Kadir serves as Chairman of the Exchange Committee of Labuan International Financial Exchange Inc, as Chairman of Federation of Investment Managers Malaysia, is a member of the Investment Panel of Lembaga Tabung Haji and the Corporate Debt Restructuring Committee.

He is also a member of the Board of Directors of Danajamin Nasional Berhad and Datuk Yaw Teck Seng Foundation. On 15 February 2012, he was appointed as trustee of The Renong Group Scholarship Trust Fund.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholder nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

ELAKUMARI KANTILAL

NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR

Elakumari Kantilal, a Malaysian, aged 56, was appointed to the Board of TIME on 8 March 2001. She is the Chairman of the Nomination and Remuneration Committee. She is also a member of the Audit Committee and the Board Tender Committee.

Elakumari currently holds the position of Director of Investments in Khazanah Nasional Berhad ("Khazanah"). She was actively involved in the establishment of Khazanah whilst in the Ministry of Finance. She has been in Khazanah since its inception in 1994 moving from the position of Senior Manager to Director in 2004. She started her career in the government sector in 1981 and held various positions within the sector namely in the Accountant General's Office, Ministry of Agriculture and Ministry of Finance. She was involved in the monitoring and restructuring of companies, including debts of non performing companies held by Ministry of Finance (Incorp).

She holds a Master of Science in Accounting and Finance from the University of East Anglia and a Bachelor of Accounting from University Kebangsaan Malaysia. Besides her executive education in IMD Switzerland, she has also attended the Harvard Premier Business Management Program. She is a member of the Malaysian Institute of Accountants.

She also serves as a Director on the Boards of Faber Group Bhd and TIME Engineering Bhd.

She has no securities holdings in the Company and/or its subsidiaries. She also has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

She has not been convicted of any offence in the past 10 years.

RONNIE KOK LAI HUAT

SENIOR INDEPENDENT, NON-EXECUTIVE DIRECTOR

Ronnie Kok Lai Huat, a Malaysian, aged 58, was appointed to the Board of TIME on 31 January 2008. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

Ronnie holds a Degree in Business Administration from the University of Strathclyde, United Kingdom. Prior to joining the Board of TIME, Ronnie held the position of Global Head of Marketing at Sampoerna International from September 2004 to January 2007 and was Sampoerna Malaysia's Marketing Director from June 2002 to August 2004. Between 1996 and 2002, he served as the Vice President of Marketing & Sales at JT International Tobacco Sdn Bhd where he also held the position of Executive Director on the Board of the company. He also sits on the Board of Cement Industries of Malaysia Berhad.

He has direct interest in the securities of the Company. He has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

BALASINGHAM A. NAMASIWAYAM

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Balasingham A. Namasiwayam, a Malaysian, aged 61, was appointed to the Board of TIME on 13 July 2009. He is the Chairman of the Board Tender Committee. He is also a member of the Audit Committee and the Nomination and Remuneration Committee.

Balasingham holds a Bachelor of Science (Hons) in Electrical Engineering from Portsmouth Polytechnic, United Kingdom. He is a Fellow of The Institution of Engineers, Malaysia and is a Professional Engineer, Malaysia (P. Eng). He is also a Member of The Institution of Engineering and Technology, United Kingdom.

Balasingham has been involved in the telecommunications industry for more than 30 years. Prior to joining the Board of TIME, he served as the Chief Executive Officer of Fiberail Sdn Bhd from September 2003 to June 2008. Balasingham began his career as an Assistant Controller of Telecoms with the then Jabatan Telekom Malaysia and served in various capacities until December 1986. He continued his career with Telekom Malaysia from 1987 to 2003. His last position with Telekom Malaysia was General Manager of Specialised Network Services.

Balasingham has interest in the securities of the Company through his spouse. He has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

HONG KEAN YONG

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Hong Kean Yong, a Malaysian, aged 50, was appointed to the Board of TIME on 1 September 2012. He is a member of Board Tender Committee.

Hong holds a Bachelor of Engineering (Hons) in Electrical and Electronics Engineering from University Malaya. He began his career in Accenture Malaysia, where he held various senior positions from March 1987 to December 1994. He has also served in various senior capacities in MBf Group of Companies, Multimedia University, Avanade Malaysia Sdn Bhd and Motorola Multimedia Sdn Bhd prior to his last position as the Group Chief Information Officer in Hong Leong Financial Group from April 2008 to March 2011. Hong is currently the Senior Vice President, Strategic Planning and Technology Advisor at Taylors Education Group, a position held by him since April 2011.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

AFZAL ABDUL RAHIM

NON-INDEPENDENT, EXECUTIVE DIRECTOR (CHIEF EXECUTIVE OFFICER)

Afzal Abdul Rahim, a Malaysian, aged 35, was appointed as Director & Chief Executive Officer of TIME on 7 October 2008.

He holds a Degree in Mechanical Engineering with Electronics, specialising in Acoustic Wave Theory from the University of Sussex, United Kingdom.

Afzal started his career in the automotive industry culminating in a regional role with Group Lotus PLC. A technology entrepreneur, he also founded the Malaysian Internet Exchange (MyIX), which was established in 2006.

Afzal has interest in the securities of the Company through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd. He has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

ROSSANA ANNIZAH AHMAD RASHID @ MOHD RASHIDI

NON-INDEPENDENT, EXECUTIVE DIRECTOR (DEPUTY CHIEF EXECUTIVE OFFICER)

Rossana Annizah Ahmad Rashid @ Mohd Rashidi, a Malaysian, aged 47, was appointed as Director & Deputy Chief Executive Officer of TIME on 1 October 2012.

She holds a Bachelor of Arts in Banking & Finance from University of Canberra, Australia. Rossana began her career in July 1988 as Management Associate before her last assignment in Citibank as Assistant Vice President in the Corporate Bank in 1993. Rossana later moved on to RHB Bank Berhad in April 1994, where she handled multiple portfolios until May 2003, holding her last position as Senior General Manager, Head of Enterprise Banking. She joined Maxis Communications Berhad in 2003 as Deputy Chief Financial Officer and was appointed Chief Financial Officer in January 2004; a position which she held until May 2011.

Rossana is currently a Director of IHH Healthcare Berhad ("IHH"). She also serves as the Chairperson of the Audit and Risk Management Committee of IHH.

Rossana has direct interest in the securities of the Company. She has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

She has not been convicted of any offence in the past 10 years.

attendance of DIRECTORS AT BOARD of directors' meetings

THE BOARD OF DIRECTORS MET FOURTEEN (14) TIMES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2012. DETAILS OF THE DIRECTORS' ATTENDANCE ARE AS FOLLOWS:

ABDUL KADIR MD KASSIM
Attendance 14/14
Percentage of Attendance 100%

ELAKUMARI KANTILAL
Attendance 13/14
Percentage of Attendance 93%

RONNIE KOK LAI HUAT
Attendance 14/14
Percentage of Attendance 100%

BALASINGHAM A. NAMASIWAYAM
Attendance 14/14
Percentage of Attendance 100%

HONG KEAN YONG *
Attendance 5/5
Percentage of Attendance 100%

AFZAL ABDUL RAHIM
Attendance 14/14
Percentage of Attendance 100%

ROSSANA ANNIZAH AHMAD RASHID @ MOHD RASHIDI **
Attendance 4/4
Percentage of Attendance 100%

* Appointed with effect from 1 September 2012

** Appointed with effect from 1 October 2012

senior management PROFILES

AFZAL ABDUL RAHIM
CHIEF EXECUTIVE OFFICER

Afzal, 35, was appointed Director & Chief Executive Officer of TIME on 7 October 2008. He started his career in the automotive industry culminating in a regional role with Group Lotus PLC. A technology entrepreneur, he founded the Malaysian Internet Exchange (MyIX), which was established in 2006. Afzal holds a Degree in Mechanical Engineering with Electronics, specialising in Acoustic Wave Theory from the University of Sussex, United Kingdom.

ROSSANA ANNIZAH AHMAD RASHID @ MOHD RASHIDI
DEPUTY CHIEF EXECUTIVE OFFICER

Rossana, 47, was appointed Director and Deputy Chief Executive Officer of TIME in October 2012. She has more than 24 years' experience in the banking and telecommunications sectors, with expertise in financial management. Prior to joining TIME, Rossana was attached to Maxis Berhad as Chief Financial Officer. She holds a Bachelor of Arts in Banking and Finance from the University of Canberra, Australia.

LONG SHER NENG
CHIEF FINANCIAL OFFICER

Sher Neng, 39, joined TIME in March 2010 and was appointed Chief Financial Officer in September 2010. He has more than 15 years' experience in financial management and operations. Prior to joining TIME, Sher Neng was attached to Genting Singapore PLC where he was Vice President, Finance Department. He holds a Bachelor of Business Administration (Hons) majoring in Accounting and double minoring in Business Management and General Business from Western Michigan University, USA.

LEE GUAN HONG
CHIEF ENGINEERING OFFICER

Guan Hong, 38, joined TIME in February 2009 and was appointed Chief Engineering Officer in September 2010. He has more than 15 years' experience ranging from Internet services to the telecommunications industry. Prior to joining TIME, Guan Hong was attached to DiGi Telecommunications. He holds a Bachelor's Degree in Management Information Systems from the University of Oklahoma, USA.

ANAND VIJAYAN
CHIEF SERVICES OFFICER

Anand, 38, joined TIME in July 2009 and was appointed Chief Services Officer in September 2010. He has more than 14 years' experience in financial and IT audit, risk and consulting from the Big Four accounting firms. He holds a Master's Degree in Business Administration from Charles Sturt University, Australia. He obtained his Bachelor of Business (Accountancy) from Royal Melbourne Institute of Technology (RMIT). He has been a Certified Practising Accountant (CPA), Australia, and Certified Information Systems Auditor (CISA), since 1999.

JULIAN DING
CHIEF INNOVATION OFFICER

Julian, 50, joined TIME in July 2011. He is admitted to practice law in Peninsular Malaysia and Singapore and was called to the English Bar and holds a Masters in Public Policy and Management. Julian's expertise is in Information Technology that pertains to regulatory and policy frameworks applicable to the communications sector in Malaysia, Brunei and Indonesia. He is the author of "E-Commerce Law & Practice" published by Sweet & Maxwell. Prior to joining TIME, Julian joined a client as Head of Legal & Regulatory Affairs. Other work experience includes Senior Partner at Zaid Ibrahim & Co, Partner at Andersen Legal (Malaysia), and founder of a regulatory consulting firm.

LEE WENG FAK

HEAD OF ENTERPRISE BUSINESS

WF Lee, 51, joined TIME in May 2011. He has 30 years' experience in the ICT industry dealing with fast-paced, rapidly expanding companies. Prior to joining TIME, WF Lee was CEO/Co-founder of Niju Corporation Sdn Bhd (Systems Integrator & ICT Solution Provider). He holds a Diploma in Computer Science, IDPM, UK.

CHIEW KOK HIN

CHIEF EXECUTIVE OFFICER – AIMS GROUP OF COMPANIES

Kok Hin, 37, joined AIMS in 1997 and was appointed Chief Executive Officer in January 2010. Prior to joining AIMS, Kok Hin was attached to United Overseas Bank as an Information Analyst. He is also the Chairman of the Malaysian Internet Exchange (MyIX) – a non-profit and the first neutral Internet Exchange where local Internet Service Providers and content providers connect to exchange Internet traffic. Kok Hin holds a Master of Business Administration from Nottingham Trent University, UK.

SAIFUL HUSNI SAMAK

CHIEF EXECUTIVE OFFICER – GLOBAL TRANSIT COMMUNICATIONS SDN BHD

Saiful, 44, was appointed Chief Executive Officer of Global Transit in May 2009. He has more than 20 years' experience in the banking and telecommunications industries. Prior to joining Global Transit, Saiful was attached to Fibre Comm as Chief Marketing Officer. He holds a Master of Business Administration from the University of Southern Cross, Australia and a Degree in Economics and Finance from the University of Hartford, USA.

The Board is not only committed in ensuring the highest standards of corporate governance in the Group as articulated in the eight (8) principles and recommendations of the Malaysian Code on Corporate Governance 2012 (the "Code") but also continually strives to enhance the effectiveness of the Board by improving the Board of Directors' practices and processes. The Group has substantially adopted the recommendations of the Code and the Board is continuously reviewing the Group's corporate governance processes and will make appropriate adjustments to reflect its position as a good corporate citizen. The key objective is to adopt the substance behind good corporate governance and not merely the form, with the aim of ensuring Board effectiveness in enhancing shareholders' value.

The Board views corporate governance as synonymous with four (4) key concepts of the Group; namely transparency, integrity and accountability as well as corporate performance. The group adopts these key concepts in the Group's operation and management and consciously applies the principles and recommendations of the Code and other global standards.

The Board is pleased to provide the following statement which outlines how the Group has applied the principles and recommendations set out in the Code throughout the financial year ended 31 December 2012.

PRINCIPLES STATEMENT

A. Directors

The Board

An effective Board that leads and controls the Group is vital in the stewardship of its direction and operations and ultimately the enhancement of long-term shareholder value. Thus, the Board is responsible for the strategic direction, establishing goals for management and monitoring the achievement of these goals. All Directors are from diverse professional backgrounds with a wide range of business, technical and financial experience. The profile of each Director is presented from pages 26 to 29.

The diversity of the Directors' background is pivotal to provide depth and specific experience and perspective to the leadership of the Group, as needed by the Group's business which is highly regulated and supervised.

In discharging its stewardship, the Board has adopted a formal schedule of matters which include:

- reviewing and adopting a strategic plan for the Company;
- overseeing the conduct of the Company's businesses;
- identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- establishing a succession plan;
- overseeing the development and implementation of a shareholder communication policy for the Company; and
- reviewing the adequacy and the integrity of the management information and internal controls system of the Company.

The schedule ensures that the governance of the Group is in its hands.

The Board is currently finalising its Board Charter and expects that most of the Recommendations of the Code will be adopted with the establishment of the Board Charter.

PRINCIPLES STATEMENT (CONTINUED)

A. Directors (continued)

Board Balance

There were seven (7) Board members in 2012, comprising one (1) Non-Independent Non-Executive Chairman ("Chairman"), three (3) Independent Non-Executive Directors, two (2) Non-Independent Executive Directors and one (1) Non-Independent Non-Executive Director.

The Board's composition at the end of year 2012 is in line with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The composition of the Board reflects an impressive spectrum of experiences and skills with a mix of legal, financial, technical and business experience which are relevant and vital to the direction and management of the Group. The Board is suitably equipped with members that possess significant experience in the telecommunication industry. The interest of the minority shareholders of the Group is also reflected in the Board composition.

The roles and responsibilities of the Chairman and the CEO are separated with clear distinctions between them. The Chairman leads the Board and is responsible to ensure the effective and smooth interaction of the overall Board and individual Directors, both within and outside the Boardroom as well as driving the discussion toward consensus and to achieve closure in every discussion. The CEO is responsible for developing and implementing strategy of the Group, reflecting long term objectives as well as priorities established by the Board. The CEO assumes full responsibility and accountability to the Board for all aspects of the Company operations and performance. He also represents the Company to major customers, employees, suppliers and professional associations.

The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and control. The Independent Directors play pivotal roles towards ensuring that the business strategies of the Group and any other matters or agendas discussed are properly and fully deliberated and examined with a view to protect the interests of shareholders and the stakeholders of the Group. They provide independent and impartial views in determining the final decisions taken or endorsed by the Board.

Meetings

The Board meets regularly. In addition to the scheduled meetings, the Board also convenes special meetings when urgent and important decisions need to be taken between scheduled meetings. During the financial year ended 31 December 2012, the Board met 14 times.

All meeting dates are determined and fixed yearly in advance so that every director is able to schedule their time effectively. For all the meetings, due notices were given and structured formal agenda and papers relating to the agenda items were forwarded to all the Board members for their perusal prior to and in most cases, in advance of the date of each meeting.

All proceedings of the meetings were properly minuted and filed. The minutes are circulated to each and every Board member for their perusal and comments prior to the confirmation of the minutes at the commencement of the next Board meeting. The members may request for clarification or raise comments on the minutes before they are confirmed.

During the year, the Board deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business directions of the Group and Corporate Governance matters during the financial year. Details of Directors' attendance at Board Meetings held during the financial year ended 31 December 2012 are as follows:

PRINCIPLES STATEMENT (CONTINUED)

A. Directors (continued)

Meetings (continued)

Directors' Attendance

Date of Board Meeting	Independent	Non-Independent	Chief Executive Officer ("CEO")/ Managing Director ("MD")	Executive Director	Total No. of Attendance/Total Board Members
23 February 2012	2	2	1	–	5/5
29 March 2012	2	2	1	–	5/5
12 April 2012 – 15 April 2012 (Offsite)	2	2	1	–	5/5
30 April 2012	2	2	1	–	5/5
10 May 2012	2	2	1	–	5/5
18 May 2012	2	2	1	–	5/5
14 June 2012	2	2	1	–	5/5
25 June 2012	2	2	1	–	5/5
16 August 2012	2	2	1	–	5/5
13 September 2012	3	2	1	–	6/6
18 October 2012	3	1	1	1	6/7
27 November 2012	3	2	1	1	7/7
7 December 2012 (Offsite)	3	2	1	1	7/7
13 December 2012	3	2	1	1	7/7

The Board of Directors delegates certain responsibilities to the Board Committees. All Committees have written terms of reference and operating procedures to ensure a clear division of duties between the Board and Board Committees. The Board is kept informed of all proceedings and deliberations of its Board Committees through minutes of Board Committees' meetings which are tabled at the Board meetings, for notation.

The Board of Directors reviews the terms of reference of its committees periodically to assess its relevance and clarity.

The details of meetings and activities of these Committees are discussed in the following paragraphs.

Supply of information

The Board has unrestricted access to information required so as to enable it to discharge its duties, as the decision making process is highly contingent on the strength of information furnished. The Board is provided with monthly reports and updated information and briefings on the performance of the Group and the Company prior to every meeting to enable them to make informed decisions. The Board papers include, amongst others, the following details:

- Business plan and annual operating plan;
- Quarterly performance reports of the Group;
- Major operational and financial issues including risks and audit issues;
- Market share and market responses to the Group's strategies;
- Major investments, acquisitions and disposals of assets;
- Manpower and human resource issues; and
- Minutes of meetings of all the Committees of the Board.

PRINCIPLES STATEMENT (CONTINUED)

A. Directors (continued)

Supply of information (continued)

Senior management and key operational managers are informed and made aware of the quality and timeliness required by the Board with respect to the contents, presentation and delivery of Board papers for each Board meeting.

Key matters such as approval of annual and interim results, annual business plans and budget, major investment, financial decisions, key policies, major proposals and announcements are reserved for the Board. These reserved matters are set out in the Group's Discretionary Authority Limits ("DAL"). The DAL also specifies the levels of authority delegated to the Management by the Board.

The Board, whether as a whole or its members in their individual capacity, can seek independent professional advice at the Company's expense in the course of fulfilling their responsibilities. Every Director also has unhindered access to the advice and services of the Company Secretary. The Company Secretary constantly advises and updates the Board on the statutory and regulatory requirements in relation to their duties and responsibilities. Appointment and removal of the Company Secretary can only be made by the Board as a whole.

Director's Training

During the financial year, the Directors attended seminars, forums and briefings conducted by the regulatory authorities, professional bodies and other organisations in order to keep abreast with relevant developments in laws and regulations and the business environment. The training attended by the Directors during the financial year included the following:

- Malaysian Directors Academy ("MINDA"), Khazanah Nasional Berhad ("Khazanah") and Ge Malaysia – Luncheon Talk – Innovation for Growth
- Khazanah Megatrends Forum 2012
- MINDA – Directors Forum 2012 – Board Rising to the Challenges of Corporate Entrepreneurship
- Groupe Speciale Mobile Association – GSMA Mobile World Congress 2012
- Bursatra Sdn Bhd – Corporate Governance Management and Best Practices – Audit Committee Expanded Governance Oversight Role
- Khazanah – Khazanah Annual Review Outreach 2012 Briefing
- Bursa Malaysia, CPA Malaysia and MICPA – Bursa Malaysia Business Forum
- In-house training – Time Technology Forum
- Khazanah Research and Investment Strategy – Invitation to Lunch Talk with Jeff Immelt

Additionally, Mr Hong Kean Yong and Puan Rossana Annizah Ahmad Rashid, Directors who were appointed in 2012, have completed their Mandatory Accreditation Programme organised by Bursatra Sdn Bhd on 10 and 11 October 2012.

Re-election of retiring Directors

In accordance with the Company's Articles of Association and the Main Market Listing Requirements of Bursa Securities, one-third (1/3) of the Directors shall retire by rotation at every Annual General Meeting and all Directors are subject to retirement at an interval of at least once every three (3) years. The Nomination and Remuneration Committee shall, upon reviewing and assessing performance levels, recommend to the Board the re-election of the Directors who are due for retirement at each Annual General Meeting.

Additionally, pursuant to Section 129(6) of the Companies Act, 1965, a Director over seventy (70) years of age is to retire at every Annual General Meeting and may offer himself/herself for re-appointment. In relation to this, the Chairman has offered himself for re-appointment at the forthcoming Annual General Meeting.

PRINCIPLES STATEMENT (CONTINUED)

A. Directors (continued)

Board Appraisal Process

Towards its commitment to enhance the Board's effectiveness and to structure high performing Boards, the Company has adopted an evaluation framework comprising Board Effectiveness Assessment and Board of Directors' Self/Peer Assessment. These assessments are designed to identify the areas that need to be improved to increase the Board's effectiveness and at the same time maintain the cohesiveness of the Board.

Among key performance indicators employed to evaluate the Board's current effectiveness are board administration, board accountability, responsibility and conduct whereas the indicators for individual director's assessment include their interactive contributions, underlying of their roles and quality of input.

The Company carries out the assessment process annually and the Board continuously identifies the areas to be addressed and is committed to align its effectiveness towards the recommended best practices.

B. Board Committees

Appointments of Board Committees

The Board has delegated certain responsibilities to the Board Committees and each and every Board Committee has written terms of reference of its own. The Board receives reports from the Board Committees and is regularly updated of their proceedings and deliberations. In cases where the Board Committee has no authority to decide on certain matters, the Board Committees will assess and examine the issue and subsequently provide their recommendations which are highlighted in their respective reports for the Board's endorsements.

Audit Committee

Paragraph 15.09 of the Main Market Listing Requirements of Bursa Securities requires an Audit Committee to be established. The Company's Audit Committee comprises three (3) Non-Executive Directors headed by the Senior Independent Non-Executive Director. Further details of its composition, roles and activities during the financial year are set out in pages 50 to 55.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") comprise three (3) members and all of them are Non-Executive Directors. Among them, two (2) are Independent Directors and one (1) is a Non-Independent Director.

The NRC held a total of three (3) meetings during the past year. The details are as follows:

		No. of Meetings Attended
Elakumari Kantilal (Chairman)	Non-Independent, Non-Executive Director	3/3
Ronnie Kok Lai Huat	Senior Independent, Non-Executive Director	3/3
Balasingham A. Namasiwayam	Independent, Non-Executive Director	3/3

PRINCIPLES STATEMENT (CONTINUED)

B. Board Committees (continued)

Nomination and Remuneration Committee (continued)

The responsibilities of the NRC are to, inter alia:

- periodically review the framework of policies pertaining to the nomination and remuneration of Directors.
- advise the Board regarding the details and implementation of the framework of policies pertaining to the nomination and remuneration of Directors.
- make the necessary recommendations as specified under the objectives of the NRC.
- assisting the Board in examining the size, structure and composition of the Board, with a view to determining the impact of the number of directors upon its effectiveness.
- assess and monitor directors attaining the age of 70 years pursuant to the provision of Section 129 of the Companies Act, 1965.
- assess and monitor vacancy of directors resulting from provisions of Companies Act, 1965, Memorandum and Articles of Association and Listing Requirements of Bursa Securities and recommend appointment of new directors.
- recommend to the Board the criteria, qualifications and experience deemed appropriate for the particular vacancy to be filled with respect to the nomination of new candidates for Board membership.
- review the proposals for the remuneration package of the Directors of the Company.
- review annually the Board's required mix of skills and other qualities, including core competencies which Non-Executive Directors should bring to the Board and disclose the same in the Annual Report.
- recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors and to ensure a statement is made in the Annual Report by the Board on the training attended by Directors during the financial year.
- assist in ensuring that the Company's employees' compensation policies and benefit scheme are generally designed to encourage good performance and discourage poor performance.
- design and implement an evaluation procedure for Executive Directors/MD/CEO.
- review the performance of the Executive Directors/MD/CEO and recommend to the Board on annual increments, bonus and ex-gratia payments for Executive Directors/MD/CEO.
- consider the Senior Management candidates for hire or engagement and the terms of engagement.
- recommend to the Board, the termination/removal of Senior Management if they are ineffective, errant or negligent in discharging their responsibilities.
- review and recommend to the Board, the policy of compensation, benefits package, salary increment and total annual bonus for Senior Management.
- in discharging its duties, the NRC shall at all times be mindful of the provisions of the Code and all applicable laws, regulations and guidelines.
- consider and recommend to the Board on any general resizing activity.
- review and recommend the Corporate Governance Statement to be published in the Annual Report to the Board.

PRINCIPLES STATEMENT (CONTINUED)

B. Board Committees (continued)

Nomination and Remuneration Committee (continued)

Throughout the year 2012, the NRC conducted meetings to discharge the following duties:

- Made recommendations to the Board with respect to the Directors who shall retire at the Company's 15th Annual General Meeting.
- Reviewed the required mix of skills, experience and other qualities of Non-Executive Directors.
- Reviewed the results of the Board/Board Committees' Assessment Form for year 2011 on the effectiveness of the Board, Board committees and individual directors.
- Recommended to the Board the 2012 Remuneration Exercise for the Executive Committee members and Head of People Division.
- Recommended to the Board the proposal on Long Term Incentive Design and Implementation.
- Recommended to the Board the payment of 2011 Performance Bonus, payment of 2012 annual increment and payment of Cost of Living Adjustment.
- Recommended to the Board the appointment of new Directors to the Board as well as to the Board of acquiree companies.
- Recommended to the Board the appointment of new member to the Board Tender Committee.
- Recommended to the Board the increase in Directors' fees and meeting allowances.
- Recommended the Corporate Governance Statement for publication in the 2011 Annual Report.

In carrying out its duties and responsibilities, the NRC has a full and unrestricted access to the Company's records, properties and personnel and it may also obtain the advice of external advisors if required. The Directors are paid annual fees and attendance allowance for each Board meeting and Board Committee meeting that they attended.

Any change in the Directors' remuneration will be reviewed by the NRC before it is recommended to the Board.

Details of the Directors' remuneration (including benefits-in-kind) during the financial year ended 31 December 2012 are as follows:

Directors	Fixed Fees (RM)	Allowances (RM)	Benefits-in-Kind (RM)	Salary (RM)	Bonus (RM)	Other Expenses (RM)	Total Amount (RM)
Executive	–	60,587	5,668	764,400	168,000	145,855	1,144,510
Non-Executive	568,000 *	207,171	1,284	–	–	–	776,455

* Inclusive of the fees paid for sitting in Audit Committee, NRC and Board Tender Committee.

The NRC continues to evaluate the effectiveness of the Board and in this regard it assesses the size and composition of the Board to ensure that the required mix of skills are present in the course of discharging the Board's duties and responsibilities.

PRINCIPLES STATEMENT (CONTINUED)

B. Board Committees (continued)

Board Tender Committee

The Board Tender Committee ("BTC") was established to facilitate the procurement process. Its main objective is to examine the tenders received and ensure that all necessary criteria, specifications and requirements of the Company have been met and complied with.

The BTC consisted of Balasingham A. Namasiwayam (Chairman), Abdul Kadir Md Kassim (resigned with effect from 4.10.2012), Elakumari Kantilal and Hong Kean Yong (appointed with effect from 4.10.2012). The Board has delegated its authority to the BTC to approve up to RM10.0 million for the budgeted transactions for the acquisition/disposal of fixed assets, trade or stock purchase and the award of contracts after taking into consideration various factors such as the list of tenders received, nature of procurement and the technical and commercial evaluation.

During the year, the BTC held two (2) meetings.

C. Shareholders

Investors/Shareholders Relations

The Group recognises and acknowledges that the key element of good corporate governance is being transparent and accountable to all stakeholders. It is fundamental for the Group to establish a provision of clear, relevant and comprehensive information readily accessible to all stakeholders at anytime. Acknowledging this fact, the Group maintains a high level of disclosure and communicates regularly and proactively with its stakeholders, particularly to investors and shareholders, through transparent, effective and readily accessible communication channels. Information on the Group's business activities and financial performance are disseminated through press releases, quarterly reports, annual report and the Annual General Meeting in a timely and efficient manner. In addition, the Company's website at http://www.time.com.my provides a broad range of information to the shareholders.

The Company has taken great care and control to ensure that no market sensitive and any other information that is required to be reported or announced to Bursa Securities for public release are disseminated or informed to any party without first making such official report or announcement to ensure equal dissemination and information to all investors. Any information released by the Company totally complies with and strictly adheres to disclosure rules and regulations of the Main Market Listing Requirements of Bursa Securities.

The Board has identified Ronnie Kok as the Senior Independent Non-Executive Director to address minority shareholders' issues and to whom minority shareholders' concerns may be conveyed.

PRINCIPLES STATEMENT (CONTINUED)

C. Shareholders (continued)

Investors/Shareholders Relations (continued)

Annual Report and Annual General Meetings

The key channel of communication regarding the Group's business activities and financial performance is via the Company's Annual Report. The Annual Report discloses comprehensive details about the Group's business activities and financial performance for the financial year.

The Annual General Meeting is the principal open forum at which shareholders and investors are informed of the current development of the Company. An interactive dialogue is conducted for them to inquire about the Group's activities and prospects as well as communicate their expectations and concerns. Adequate time is allocated for the question and answer sessions between the Directors and the Group's external auditors with the shareholders at the Annual General Meeting held by the Company.

Each item of special business included in the Notice of Annual General Meetings is accompanied by a full explanation of the effects of the proposed resolution.

D. Accountability and Audit

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, the Board aims to present a clear and balanced assessment of the Group's position and prospects. The Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of such financial reporting.

Related Party Transactions

The Company has established appropriate procedures to ensure the Company meets its obligations under the Main Market Listing Requirements of Bursa Securities relating to related party transactions.

A list of related parties is disseminated to the Company's various business units to determine the number and type of related party transactions. All related party transactions are presented to the Audit Committee for their notation on a quarterly basis. Interested Director(s) who has/have interest(s) in such transaction(s) abstain(s) from all deliberations and voting on the matter either at the Board level or at the general meeting convened for the purpose of considering the matter.

Shareholders' mandate in respect of existing and new recurrent related party transactions was obtained at the Annual General Meeting held on 28 June 2012. Details of recurrent related party transactions entered into by the Group during the financial year under review are set out from pages 45 to 48.

PRINCIPLES STATEMENT (CONTINUED)

D. Accountability and Audit (continued)

Directors' Responsibility Statement in respect of the Preparation of the Audited Financial Statements

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of their results and cash flows for the period then ended.

In preparing the financial statements, the Directors have considered and ensured that:

- Applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied;
- Suitable and appropriate accounting policies have been adopted and applied consistently; and
- Reasonable and prudent judgments and estimates were made.

The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 132 of the Financial Statements section of the annual report.

Risk Management & Internal Control

The Board acknowledges its responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's assets, and to discharge their stewardship responsibilities in identifying principal risks and ensuring the implementation of appropriate systems to manage these risks in accordance with the best practices of the Code. The Board and Audit Committee are provided with sufficient information as to the Group's risk profile and Risk Management procedures and Management Information System to ensure that the Group's internal controls and systems are effective.

The Statement on Risk Management & Internal Control furnished on pages 56 to 59 of the Annual Report provides an overview on the state of risk management and internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 50 to 55 of the annual report. It is the Company's practice to invite the external auditors to the Audit Committee meetings where the quarterly financial results are tabled, discussed and reviewed. The external auditors met the Audit Committee without executive Board members present twice in 2012, to discuss the adequacy of controls and any judgmental areas.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 50 to 55 of the annual report.

PRINCIPLES STATEMENT (CONTINUED)

D. Accountability and Audit (continued)

Whistleblowing Policy

The Group has also adopted a Whistleblowing Policy in relation to suspected or presumed violations of any malpractice or misconduct. The Policy reaffirms the Board's commitment to safeguard those who report in good faith against any form of reprisal.

Compliance statement

The Board is of the view that the Group has taken necessary steps throughout the financial year under review to comply with the principles and recommendations of the Code. The Board will continue to review its governance model to uphold its pledge, commitment and effort to enhance and promote the best practices of corporate governance throughout the Group in its effort to achieve the highest standards of transparency, accountability and above all, integrity. The Board ensures that there is no compromise in the Group's focus on enhancing shareholder value, increasing investor confidence, establishing customer trust and building a competitive and profitable organisation.

The Statement on Corporate Governance is made in accordance with a resolution of the Board on 17 April 2013.

At an Extraordinary General Meeting held on 28 June 2012, the Company obtained a mandate from its shareholders (Shareholders' Mandate) for recurrent related party transactions (RRPTs) of a revenue or trading nature. Set out below are the details of RRPTs entered into by the Group during the financial year under review which had been conducted pursuant to the Shareholders' Mandate.

No.	Name of Related Transacting Parties	Interested Related Parties	Type of Transactions	Amount transacted during the financial year (RM'000)
1.	Proton Holdings Berhad ("Proton"), its subsidiaries and other related companies, collectively ("Proton Group") *(Note 1)*	Khazanah Nasional Berhad ("KNB"), Pulau Kapas Ventures Sdn Bhd ("PKV"), Afzal Abdul Rahim ("Afzal") and Elakumari Kantilal ("Elakumari") *(Please refer to Note 2 on Nature of Relationship.)*	Provision of internet, data, voice and managed services by TdC and/or its subsidiaries to Proton Group	148
2.	Telekom Malaysia Berhad ("Telekom") and its subsidiaries, collectively ("Telekom Group")	KNB, PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	(a) Provision of leased line, point of interconnect, point of access and integrated services digital network (ISDN) backup by Telekom Group to TdC and/or its subsidiaries	14,693
			(b) Provision of telecommunications and data centre services by TdC and/or its subsidiaries to Telekom Group	25,518
3.	Tenaga Nasional Berhad ("TNB"), its subsidiaries and its associate companies, collectively ("TNB Group")	KNB, PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	(a) Provision of low voltage infrastructure, co-location, leased line, indoor equipment space, outdoor space, rooftop space and supervision by TNB Group to TdC and/or its subsidiaries	5,967
			(b) Provision of telecommunications services (voice and data) by TdC and/or its subsidiaries to TNB Group	435

No.	Name of Related Transacting Parties	Interested Related Parties	Type of Transactions	Amount transacted during the financial year (RM'000)
4.	Malaysia Airline System Berhad ("MAS")	KNB, PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	Provision of telecommunications services (voice and data) by TdC and/or its subsidiaries to MAS	113
5.	UEM Group Berhad ("UEMG") and its subsidiaries, collectively ("UEMG Group")	KNB, PKV, Abdul Kadir Md Kassim ("Abdul Kadir"), Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	(a) Provision of telecommunications services (data and voice) by TdC and/or its subsidiaries to UEMG Group	5,331
			(b) Maintenance of regeneration of cabins and repair works for fibre optic cables and ancillaries and the provision of wayleave and right of use by UEMG Group to TdC and/or its subsidiaries	12,819
6.	CIMB Group Holdings Berhad ("CIMB Group HB") and its subsidiaries	KNB, PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	Provision of telecommunications services (voice and data) by TdC and/or its subsidiaries to CIMB Group HB and its subsidiaries	1,285

No.	Name of Related Transacting Parties	Interested Related Parties	Type of Transactions	Amount transacted during the financial year (RM'000)
7.	Axiata Group Berhad ("Axiata") and its subsidiaries, collectively ("Axiata Group")	KNB, PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	(a) Provision of telecommunications services by TdC and/or its subsidiaries to Axiata Group	2,104
			(b) Provision of telecommunications services (point of interconnect) and provision of leased line by Axiata Group to TdC and/or its subsidiaries	2,328
8.	Measat Broadcast Network Systems Sdn Bhd ("Measat")	KNB, PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	Provision of telecommunications services (broadband, voice and internet) by TdC and/or its subsidiaries to Measat	7,459
9.	Pulau Memutik Ventures Sdn Bhd ("Pulau Memutik Ventures"), its subsidiaries and associate companies, collectively ("Pulau Memutik Ventures Group")	KNB, PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	Provision of telecommunications services (voice, data, cabling, internet and managed services) by TdC and/or its subsidiaries to Pulau Memutik Ventures Group	338
10.	Redang Investment Ltd ("Redang Investment"), its subsidiaries and associate companies, collectively ("Redang Investment Group")	KNB, PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	Provision of telecommunications services (cabling, internet and data) by TdC and/or its subsidiaries to Redang Investment Group	9

No.	Name of Related Transacting Parties	Interested Related Parties	Type of Transactions	Amount transacted during the financial year (RM'000)
11.	Bank Muamalat Malaysia Berhad ("Bank Muamalat") and its subsidiaries, collectively ("Bank Muamalat Group")	KNB, PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	Provision of telecommunications services (data, internet, voice and managed services) by TdC and/or its subsidiaries to Bank Muamalat Group	574
12.	Malaysia Airports Holdings Berhad ("Malaysia Airports") and its subsidiaries, collectively ("Malaysia Airports Group")	KNB, PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	Provision of telecommunications services (data, internet, voice and managed services) by TdC and/or its subsidiaries to Malaysia Airports Group	156
13.	Iskandar Investment Berhad ("Iskandar Investment"), its subsidiaries and associate companies, collectively ("Iskandar Investment Group")	KNB, PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	Provision of telecommunications services (data, internet, voice and managed services) by TdC and/or its subsidiaries to Iskandar Investment Group	13
14.	KNB	PKV, Afzal and Elakumari *(Please refer to Note 2 on Nature of Relationship.)*	Provision of telecommunications and data centre services by TdC and/or its subsidiaries to KNB	290

Notes:

1. Proton Group is no longer a related party pursuant to the disposal by KNB to DRB-HICOM Berhad on 26 June 2012.

2. Nature of Relationship
   - KNB is a major shareholder of Proton, Telekom, TNB, MAS, UEMG, CIMB Group HB, Axiata, Measat, Pulau Memutik Ventures, Redang Investment, Bank Muamalat, Malaysia Airports and Iskandar Investment and also a major shareholder of TdC by virtue of its direct and indirect interests held through PKV.
   - PKV is an associate company of KNB and also a major shareholder of TdC.
   - Abdul Kadir is a director of TdC and UEMG (only applicable for transactions with UEMG Group).
   - Afzal is a partner of KNB by virtue of his shareholding in PKV and also a director of TdC.
   - Elakumari is a nominee director of KNB in TdC and a director of PKV.

1. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed below, there were no material contracts entered by the Company and/or its subsidiaries involving shareholders' interest either subsisting as at 31 December 2012 or entered since the end of the previous financial year.

Wayleave and Right of Use Agreement between Projek Lebuhraya Utara-Selatan Berhad ("PLUS") and TT dotCom Sdn Bhd ("TTdC") dated 12 May 2000

The Agreement grants an exclusive right to TTdC to use the fibre optic telecommunications network and infrastructure installed by PLUS in, on or along the North-South Expressway.

The Agreement shall expire upon the lapse of the concession as granted by the Government of Malaysia to PLUS which is now on 31 December 2038, extended from 30 May 2030, unless renewed by the Government of Malaysia.

PLUS is a wholly-owned subsidiary of PLUS Malaysia Berhad ("PLUS Malaysia") and PLUS Malaysia is a subsidiary of UEM Group Berhad ("UEMG"). UEMG is a wholly-owned subsidiary of Khazanah Nasional Berhad ("Khazanah"). Khazanah is a major shareholder of the Company.

2. IMPOSITION OF SANCTIONS/PENALTIES

There is no imposition of sanctions and/or penalties on the Company and its subsidiaries, directors or Management by the relevant regulatory bodies.

3. NON-AUDIT FEES

The non-audit fees incurred for services rendered to the Company and its subsidiaries by the external auditors and corporations affiliated to the auditors' firm for the financial year ended 31 December 2012 was RM39,000.

The Board of Directors is pleased to present the Report of the Audit Committee (Committee) for the financial year ended 31 December 2012.

COMPOSITION

The Committee presently comprises three (3) members, of whom two (2) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director.

The members of the Committee during the financial year ended 31 December 2012 are as follows:

Ronnie Kok Lai Huat (Chairman)	Senior Independent Non-Executive Director
Elakumari Kantilal	Non-Independent Non-Executive Director
Balasingham A. Namasiwayam	Independent Non-Executive Director

The profiles of the Committee members are contained in the "Board of Directors' Profile" set out on pages 26 to 29.

TERMS OF REFERENCE

The Committee was established on 27 September 2000 to act as a Committee of the Board of Directors, with the terms of reference as set out on pages 52 to 55.

MEETINGS

The Committee convened six (6) meetings during the financial year ended 31 December 2012. The details of attendance are as follows:

Name	Attendance	Percentage of attendance
Ronnie Kok Lai Huat (Chairman)	6/6	100%
Elakumari Kantilal	6/6	100%
Balasingham A. Namasiwayam	6/6	100%

The Chief Executive Officer, other Senior Management members and the external auditors attended these meetings upon invitation to brief the Committee on specific issues. The Company Secretary being the secretary of the Committee was present at all the meetings. The Committee also had met with the external auditors without the presence of Management.

Minutes of meetings of the Committee are circulated to all members of the Board and significant issues are discussed at the Board meetings.

PRINCIPAL ACTIVITIES IN THIS FINANCIAL YEAR

The Committee carried out its duties in accordance with its terms of reference during the year. The principal activities of the Committee were as follows:

(a) Financial Statements

(i) Reviewed the audited statutory financial statements, quarterly financial results of the Group for 2012 and discussed significant issues before recommending them to the Board of Directors for approval prior to the announcement to Bursa Malaysia.

(ii) Reviewed the annual, interim and any other related financial statements and announcements of the Group for quality of disclosure, and compliance with the Listing Requirements of Bursa Malaysia, approved accounting standards and other relevant legal and regulatory requirements.

(b) Internal Audit

(i) Reviewed results of the internal audit reports, findings and recommendations and action taken on the recommendations.

(ii) Reviewed the key audit issues identified by Internal Audit in the current period and proposed action plans by Management.

(iii) Reviewed the major findings of internal investigation reported through the whistleblowing channel.

(iv) Assessed the performance of the Internal Audit function.

(c) Related Party Transactions

(i) Reviewed the related party transactions to ensure that the transactions were not more favourable to the related parties than those generally available to the public and not detrimental to minority shareholders.

(d) Risk Management

(i) Received and reviewed reports on key operational risks to ensure these risks are being managed effectively and actively overseen.

(e) External Audit

(i) Reviewed the reappointment of the external auditors and the annual audit fee.

(ii) Reviewed the external auditors' annual audit plan and their scope of audit.

(iii) Reviewed the annual audit report and accompanying reports to the Management.

(iv) Held private meetings with the external auditors without Management to ensure there were no restrictions on the scope of their audit and to discuss any items that the auditors did not wish to raise in the presence of Management.

The Chairman of the Committee reported regularly to the Board on the activities of the Committee.

INTERNAL AUDIT FUNCTION

The Board of Directors is committed to establish and maintain an efficient and effective internal audit function to obtain sufficient assurance of regular review and appraisal of the effectiveness of the Group's system of internal controls.

The internal audit function is performed in-house, by the Internal Audit Division. The total costs incurred for the internal audit function for the financial year ended 31 December 2012 amounted to RM618,624. The internal audit function is guided by its Audit Charter and reports to the Committee. Its primary role is to assist the Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's system of internal controls.

In 2012, Internal Audit executed a range of audit reviews covering financial, operational, fraud investigation and information systems audit. Other reviews are also performed to ensure that the Group's resources are utilised effectively and efficiently. The Internal Audit reports were issued for the audited division's comments and for their response on the action plans and implementation date. Internal Audit also coordinates the follow up reviews on the resolutions of internal audit issues and reports the status to the Committee.

Findings and recommendations for improvements are communicated to Senior Management and the Committee. The Internal Audit function adopts a risk-based approach in the review of internal controls based on an annual audit plan approved by the Audit Committee. The Internal Audit function also adopts the COSO framework in assessing internal controls related to areas of review.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

(A) Membership

- There should be a minimum of three (3) non-executive directors, of which a majority must be independent directors.
- The Chairman of the Audit Committee shall be an independent non-executive director.
- There should be at least one (1) member who is a member of the Malaysian Institute of Accountants or should have at least three (3) years working experience and passed the examinations specified in Part I of the 1st schedule of the Accountants Act, 1967 or is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Act.
- Vacancies in the Audit Committee must be filled within three (3) months. The Nomination Committee will review and recommend, to the Board for approval, another director to fill up such vacancies.
- The terms of office and performance of the Audit Committee must be reviewed by the Board at least once every three (3) years.
- Alternate directors cannot be a member of the Audit Committee.
- All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company.
- Members of the Audit Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as a Director of the Company.
- All Committee Members including the Chairman should be persons of good social standing and possess relevant skills and a good track record in the corporate or business field.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONTINUED)

(B) Functions of the Audit Committee

(i) To determine that established policies, procedures and guidelines, operating and internal accounting controls are adequate, functioning, effective, and are complied with in promoting efficiency and proper conduct of the Company's business.

(ii) To act as an independent and objective party in reviewing the financial information of the Company presented by Management.

(iii) To review the quarterly and year-end financial statements of the Company for recommendation to the Board for approval, focusing particularly on:

- Any changes in or implementation of major accounting policies and practices;
- Significant adjustments and unusual events arising from the audit;
- The going concern assumption; and
- Compliance with accounting standards and other legal requirements.

(iv) To consider and recommend the nominations, the appointment and reappointment of the external auditor, the audit fee and any questions of resignation or dismissal.

(v) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved.

(vi) To discuss problems and reservations arising from the interim and final audits, and any other matters the auditor may wish to discuss (in the absence of Management where necessary).

(vii) To review the external auditor's management letter, their evaluation of the systems of internal control and Management's responses thereof.

(viii) To ensure that assistance is given by the employees of the Company in following the best practices in providing full and faithful disclosure of any material information, to the external auditor.

(ix) To do the following where an internal audit function exists:

- Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- Review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- Review any appraisal or assessment of the performance of members of the internal audit function;
- Approve any appointment or termination of senior staff members of the internal audit function; and
- Inform itself of resignations of internal audit staff members and provide the resigning staff to submit his/her reasons for resigning.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONTINUED)

(B) Functions of the Audit Committee (continued)

(x) To review and report to the board of directors any related party transaction and conflict of interest situations that may arise within the listed issuer or Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

(xi) To consider the major findings of internal investigations and Management's response.

(xii) To review pertinent operational matters in relation to the Group's quarterly financial performance and quarterly announcement to Bursa Malaysia.

(xiii) To monitor operational performance against targets set in the Annual Operating Plan in relation to the Group's quarterly financial performance and quarterly announcement to Bursa Malaysia.

(xiv) To consider other topics as defined by the Board.

(C) Rights of the Audit Committee

A listed issuer must ensure that wherever necessary and reasonable for the performance of its duties, an audit committee must, in accordance with a procedure to be determined by the board of directors and at the cost of the listed issuer:

- Have authority to investigate any matter within its terms of reference;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to information pertaining to the listed issuer;
- Have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity;
- Be able to obtain independent professional or other advice; and
- Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary.

(D) Audit Committee Meetings

- The Audit Committee should meet regularly, at least once in every quarter, with due notices of issues to be discussed and should record its conclusions in discharging its duties and responsibilities. The quorum should comprise a majority of independent directors.
- The Audit Committee shall aim to reach a consensus on issues discussed, failing which a poll shall be taken through a show of hands.
- The Chairman of the Committee should report on each meeting to the Board. Minutes of each meeting should be kept and distributed to each member of the Committee and of the Board. The Secretary to the Committee should be the Company Secretary.
- The Chief Executive Officer/and Chief Financial Officer (or a person of similar capacity), Head of Internal Audit and a representative of the external auditors shall normally be entitled to attend any meeting of the Committee and to make known their views on any matter under consideration by the Committee, or which in their opinion, should be brought to the Committee's attention.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (CONTINUED)

(D) Audit Committee Meetings (continued)

- The Audit Committee must ensure that other directors and employees attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.
- The Audit Committee should meet with the external auditors without executive board members present at least twice a year.
- The Audit Committee may deal with matters by way of circular reports and resolution in lieu of convening a formal meeting.

(E) Audit Committee Report

The Board of Directors of a listed issuer must publish an Audit Committee Report in its annual report and shall include the following therein:

- Membership of the Audit Committee of which the minimum details are specified in the Listing Requirements;
- The Terms of Reference must be written;
- The number of Audit Committee meetings and details of attendance of each Audit Committee member;
- Summary of the activities of the Audit Committee for the year; and
- Disclosure of the existence of an internal audit function and its activities, and where such a function does not exist, it should be explained what mechanism was in place for the Audit Committee to discharge its functions effectively.

The Board of Directors is also required to make the following additional statements in its annual report:

- A statement explaining the Board of Directors' responsibility for preparing the annual audited accounts; and

- A statement about the state of internal controls of TdC as a Group (after the same is reviewed by the external auditors with regard to the state of internal controls and the results thereof reported).

(F) Reporting Of Breaches

The Audit Committee must promptly report any matter to Bursa Malaysia, if in its view such matter has not been satisfactorily resolved by the Board of Directors resulting in a breach of Listing Requirements.

(G) Support

The Company Secretary shall provide the necessary support to enable members of the Audit Committee to discharge their functions effectively.

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out the Principles and Recommendation for the Board of a company listed on the Bursa Malaysia Securities Berhad ("Bursa Securities") to establish a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets.

The Board of Directors ("the Board") is committed to establish a sound framework to manage risks and is pleased to provide the following statement in accordance with paragraph 15.26 (b) of the Main Market Listing Requirement and Practice Note 9 issued by Bursa Securities and guided by Principle 6 and Recommendation 6.1 of the Code on recognising and managing risks within the Group.

Accordingly, the Board is pleased to provide the following statement that was prepared in accordance with the "Statement On Risk Management & Internal Control (Guidelines for Directors of Listed Issuers)".

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets, and to discharge their stewardship responsibilities in identifying principal risks and ensuring the implementation of appropriate systems to manage these risks in accordance with the best practices of the Code.

However, due to the limitations inherent in any internal control system, it should be noted that such system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Therefore, the system can only provide a reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud. The internal control system or frameworks of the Group covers, inter alia, risk management, financial, operational and compliance controls.

The Board has established a process for identifying, evaluating, monitoring and managing the significant risks that may materially affect the achievement of its corporate objectives. This process has been in place throughout the year under review up to the date of this report.

Whilst the Board maintains ultimate responsibility control over risk and control issues, the responsibility has been delegated to the Executive Management to implement the internal control systems within an established framework. The Group's Internal Audit function provides an independent assessment and assurance on the system of internal controls based on the internal audit reviews carried out during the financial year.

CONTROL ENVIRONMENT AND STRUCTURE

The Board recognises that in order to achieve a sound system of internal controls, a conducive control environment and framework must be established. The key elements of internal control, among others, comprise the following:

1.0 Control Environment

- **A Formal Organisational Structure and Discretionary Authority Limit** is in place with defined lines of reporting, to align with business and operations requirements. The structure enables the segregation of duties and accountability. Formal limit of authority delegation for planning, executing, controlling and monitoring business operations. The last revision of the discretionary authority limit was presented and approved by the Board of Directors on 28 May 2009.

CONTROL ENVIRONMENT AND STRUCTURE (CONTINUED)

1.0 Control Environment (continued)

- **Board Committees** are set up by the Group to uphold corporate governance and transparency with its specific terms of reference and authority. The Board Committees comprise of the Audit Committee, Nomination and Remuneration Committee and Board Tender Committee. These Committees report to the Board and provides the relevant recommendations for the Board's decision.

- **An Audit Committee**, of which the majority comprises Independent Non-Executive Directors, was maintained throughout the financial year. The Audit Committee convenes meetings at least once every quarter, and discuss among others on the financial results, internal audit findings, related party transactions, risk management and to discuss on external auditor's appointment and their external audit plan and results. The Audit Committee reviews and approves the Internal Audit Plan on annual basis. The Committee also oversees the Internal Audit Division's function, scope of works and resources.

- **Human Resource Policies & Code Of Conduct** are provided or made available to all employees of the Group. All employees are required to sign and adhere to the Confidentially Agreements and Declaration of Non-Conflict of Interest upon their appointment. The Declaration of Non-Conflict of Interest is also required on an annual basis. The Code of Conduct sets out principles to guide the employees in carrying out their duties and responsibilities and covers areas such as compliance with respective local laws and regulations, integrity, conduct in the workplace, business conduct, protection of the Group's assets, confidentiality and conflicts of interest.

- **Procedures for Selection & Recruitment, Termination, Performance Appraisal Learning and Development policies** are in place to ensure that the People Division's requirements are met in achieving the Group's business objectives. Selection and recruitment is based on competency and behavioural assessment process by use of internal developed assessment tools. The policy and procedure on termination process is ensure compliance to the relevant Malaysian employment laws. The Group has developed a web-based performance management system known as ePerformance to support the annual performance evaluation of individual employees. Learning and development for all the employees is based on a structured assessment guided by the Group's Core Technical Competency Model ("CTCM"). A structured 3-Year Developing People Managers program has also been established to enhance the managerial capability of all people managers in the Group.

- **Supplier Conduct Principles** have been established which outline the standard for ethnical and business conduct expected from contractors and suppliers in their relationship with the Group. These principles are incorporated in the contracts with vendors and Request for Proposals documents.

2.0 Risk Assessment

- **TIME Risk Management Framework and Risk Management Procedure Manual** has been adopted to guide the Risk Management Secretariat and Divisional Risk Coordinators to identify, analyse and evaluate business and operation risks. The Risk Management Secretariat monitors implementation of action plans and updates and report to the Risk Management Steering Committee ("RMSC").

CONTROL ENVIRONMENT AND STRUCTURE (CONTINUED)

2.0 Risk Assessment (continued)

- **The RMSC** is tasked with developing and maintaining an effective risk management system within the Group. Formal risk policies and guidelines have been established as part of the risk management framework. Under the existing risk management framework, the business operating units, departments and divisions are responsible for compliance with risk policies and guidelines. During the financial year, the RMSC reviewed the enterprise risk profiles and Management's action plan on risk areas. Designated risk coordinators were tasked with maintaining the risk registers for their operating units and to follow up on action plans to manage and mitigate the risk factors.

- **The Risk Management Secretariat** reports to the RMSC to assist it in the undertaking of its functions. The Risk Management Secretariat meets with representative of all divisions during the Risk Coordinator Meeting every three (3) months to discuss developments pertaining to the enterprise risk and updates the registers accordingly.

3.0 Control Activities

- **Operational And Accounting Manuals** are in place to provide guidelines and standard operating procedures over the Group's key business processes. In addition, ISO 9001:2008 procedures for revenue and collections management have been independently certified by SIRIM QAS International from 22 July 2011 to 21 April 2014.

- **The Whistleblowing Policy** outlines the Company's commitment to encourage employees to disclose any malpractice or misconduct of which they become aware and to provide protection for employees who report allegations such as malpractice or misconduct. The policy provides the framework and procedures by which directors, staff, contractors and consultants can anonymously voice concerns or complaints.

- **Business Continuity Management ("BCM") Framework** has been established in 2011 as a guide to develop and maintain the Group's BCM programme in a coordinated and consistent manner based on MS1970:2007, BS25999-1:2006, BS25999-2:2007 and PD25666. The implementation of Group's BCM programme will facilitate the following:

  i. To respond to business disruptions, resume critical operations from major failures or disasters; and

  ii. To minimise the impact to the Group's business operations in the event of disasters.

- **Financial And Operational Information** is prepared and presented to the Board on quarterly basis. Annual budgets and business plans are prepared by all business units and consolidated at Group level for the Board's approval. Operating results are monitored against budget on a monthly basis and presented to Executive Committee ("EXCO"). The Audit Committee and Board review the results on a quarterly basis to enable it to track the Group's achievement against its annual targets.

- **Board Meetings** are scheduled at least quarterly. Board papers are distributed to the Board members ahead of meetings and the members have access to all relevant information. Decisions are made by the Board only after the required information is presented and deliberated to facilitate appropriate oversight and responsibility on the direction of the Group by the Board.

- **Management Meetings** are carried out by the Executive Committee. The management meetings attended by the Senior Management at least twice a month during the year. The meetings are held to review how business is executed against key strategic objectives/plans and discuss action items, initiatives, key issues and other forward-looking operational subjects in a cross-functional environment.

CONTROL ENVIRONMENT AND STRUCTURE (CONTINUED)

4.0 Monitoring

- **Internal Audit Function** reports to the Audit Committee at least quarterly and is guided by the Audit Charter. Findings and recommendations for improvements are communicated to the Senior Management and the Audit Committee with relevant follow up on the implementation status of action plans. The Internal Audit function adopts a risk-based approach in the review of internal control based on an annual audit plan approved by the Audit Committee. The Internal Audit function examines the adequacy and effectiveness of the verification, recording and disclosure procedures for related party transactions, recurrent or otherwise, in conformance with Bursa Malaysia's Listing Requirements on related party transactions.

- **Fraud Monitoring And Credit Management** functions are in place to ensure that subscriber usage patterns are continuously monitored, appropriate actions taken for suspected fraud and credit management procedures are adhered to.

- **Quality Of Service** processes that measure and monitor billing performance, customer complaints, service availability, service restoration performance and network performance, are in place to enable compliance with Mandatory Standard for quality of service issued by Malaysian Communications and Multimedia Commission.

- **Revenue Assurance** function monitors potential revenue leakages that may arise from daily operations. Identified revenue leakage issues with recommendations for mitigation are circulated to the relevant departments for action. Action plans and status are reported to Management in Management meetings.

CONCLUSION

The Board had received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively.

For the financial year under review, the Board is satisfied with the Group's system of risk management and internal control and will continue to review the adequacy and integrity of the Group's internal control. There is no material losses, contingencies or uncertainties have been arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group Annual Report.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 issued by Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2012, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of risk management and internal controls within the Group.

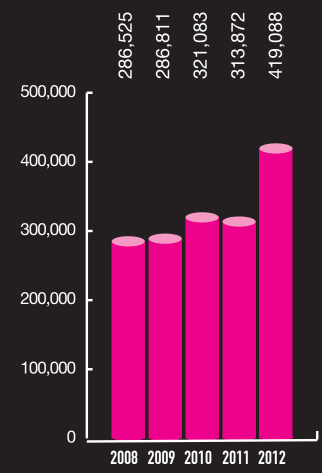
RPG 5 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon.

GROUP FINANCIAL HIGHLIGHTS

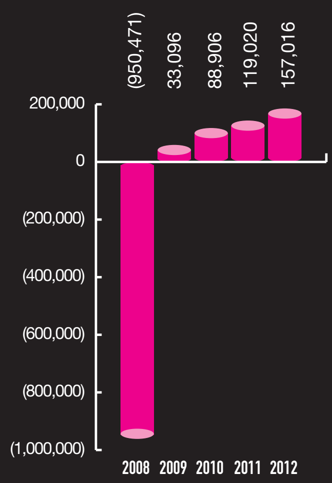
	2008	2009	2010	2011	2012
Revenue (RM'000)	286,525	286,811	321,083	313,872	419,088
Profit/(Loss) Before Tax (RM'000)	(950,471)	33,096	88,906	119,020	157,016
Profit/(Loss) After Tax (RM'000)	(949,630)	33,086	107,071	117,354	193,729
Shareholders' Equity (RM'000)	1,032,646	1,065,732	1,249,803	1,757,657	2,479,844
Total Assets (RM'000)	2,306,263	1,219,472	1,435,733	1,950,698	2,860,147
Net Tangible Assets per Share (RM) *	2.04	2.11	2.47	3.47	3.95
Net Assets per Share (RM) *	2.04	2.11	2.47	3.47	4.33
Return on Equity (ROE) (%)	(92%)	3%	9%	7%	8%
Revenue Growth (Y-o-Y) (%)	(5%)	0%	12%	(2%)	34%
Earnings / (Loss) per Share (sen) *	(187.62)	6.54	21.15	23.19	35.39

***Note:** For comparison purposes, the number of shares in the Company prior to May 2012 has been adjusted to reflect a capital reduction of RM0.90 of the initial par value of RM1.00 for each share and share consolidation on the basis of 5 ordinary shares of RM0.10 each in the Company into 1 ordinary share of RM0.50 each in the Company.

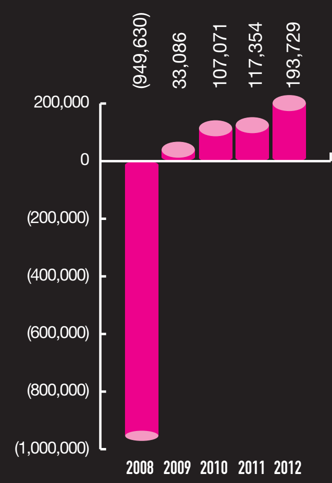
Revenue (RM'000)



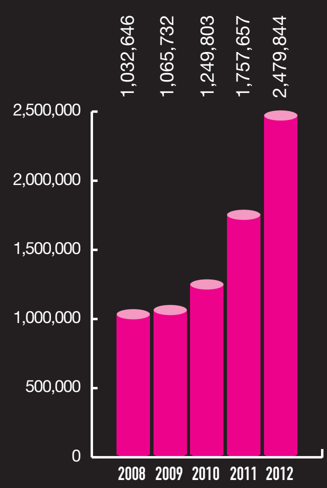
Profit / (Loss) Before Tax (RM'000)



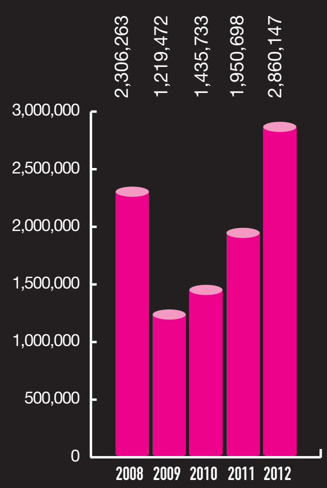
Profit / (Loss) After Tax (RM'000)



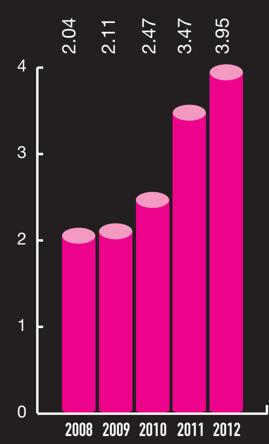
Shareholders' Equity (RM'000)



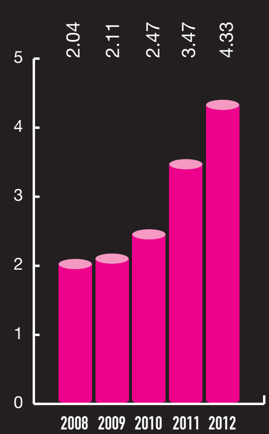
Total Assets (RM'000)



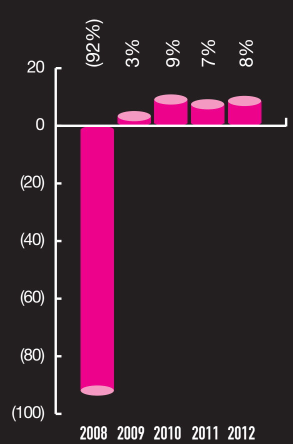
Net Tangible Assets per Share (RM) *



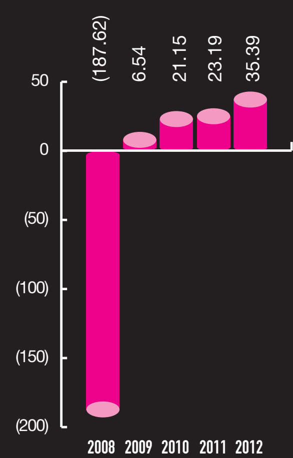
Net Assets per Share (RM) *



Return on Equity (ROE) (%)

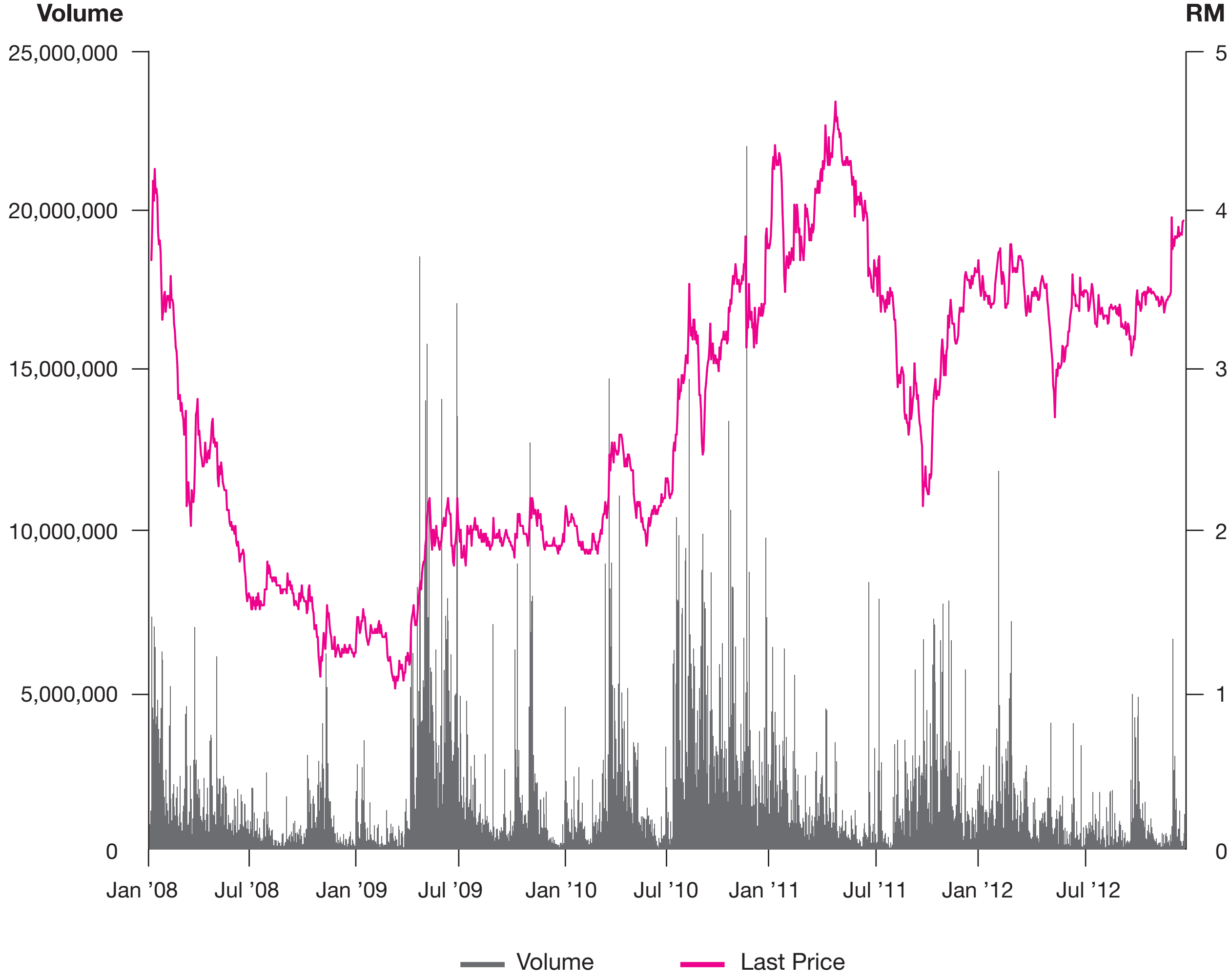


Earnings / (Loss) per Share (sen) *



***Note:** For comparison purposes, the number of shares in the Company prior to May 2012 has been adjusted to reflect a capital reduction of RM0.90 of the initial par value of RM1.00 for each share and share consolidation on the basis of 5 ordinary shares of RM0.10 each in the Company into 1 ordinary share of RM0.50 each in the Company.

5 YEAR SHARE PRICE MOVEMENT
as at 31 December 2012



Note: For comparison purposes, the number of shares in the Company prior to May 2012 has been adjusted to reflect a capital reduction of RM0.90 of the initial par value of RM1.00 for each share and share consolidation on the basis of 5 ordinary shares of RM0.10 each in the Company into 1 ordinary share of RM0.50 each in the Company.

FINANCIAL STATEMENTS

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, provision of management and marketing/promotional services whilst the principal activities of the subsidiaries, including those acquired during the financial year, are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	193,729	6,401

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

DIVIDENDS

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

The Company intends to undertake a proposed dividend-in-specie of up to 137.5 million DiGi.Com Berhad shares ("DiGi shares") to the shareholders, subject to the sufficiency of distributable reserves of the Company after completion of a proposed internal restructuring exercise of the Group and after having obtained the necessary approvals required for the proposed dividend-in-specie. Barring any unforeseen circumstances and subject to all required approvals, the proposed dividend-in-specie is expected to be completed in the first half of 2013.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Abdul Kadir Md. Kassim (Chairman)
Afzal Abdul Rahim (Chief Executive Officer)
Ronnie Kok Lai Huat
Elakumari Kantilal
Balasingham A. Namasiwayam
Hong Kean Yong (appointed w.e.f. 1 September 2012)
Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi (appointed w.e.f. 1 October 2012)
(Deputy Chief Executive Officer)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 (1.1.2012: RM1.00) each						
	At 1.1.2012/ Date of appointment	Bought	Sold	Effect of share consolidation of five shares into one share	Bought	Sold	At 31.12.2012
Deemed interest in the Company:							
Afzal Abdul Rahim							
– own *	760,209,826	–	–	(608,167,861)	55,616,557	(277,500)	207,381,022
Interest in the Company:							
Ronnie Kok Lai Huat							
– own	–	300,000	–	(240,000)	–	–	60,000
Balasingham A. Namasiwayam:							
– other (spouse)	25,000	–	–	(20,000)	–	–	5,000
Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi							
– own	110,000	–	–	–	–	–	110,000

* *Afzal Abdul Rahim is deemed interested through Pulau Kapas Ventures Sdn. Bhd., Megawisra Sdn. Bhd. and Global Transit International Sdn. Bhd. pursuant to Section 6A(4) of the Companies Act, 1965.*

By virtue of Afzal Abdul Rahim's deemed interest in the shares of the Company, he is also deemed interested in the shares of subsidiaries during the financial year to the extent that TIME dotCom Berhad has an interest.

None of the other directors holding office as at 31 December 2012 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary as a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest (other than certain Directors who has significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and professional legal fees paid to a firm in which a Director is a member as disclosed in Note 25 to the financial statements).

DIRECTORS' BENEFITS (CONTINUED)

There were no arrangements during and at the end of the financial year, which the Company is a party and had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the Group's Share Grant Plan ("SGP") in which only Rossana Annizah Binti Ahmad Rashid @ Mohd Rashidi is eligible to participate.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has undertaken the following:

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

b) share consolidation of 2,530,775,000 ordinary shares of RM0.10 each after the abovementioned capital reduction into 506,155,000 ordinary shares, on the basis of 5 ordinary shares of RM0.10 each into 1 ordinary share of RM0.50 each;

c) issuance of 28,732,394 new ordinary shares as full and final settlement for the acquisition of 100% equity stake in Global Transit Communications Sdn Bhd (see Note 28 to the financial statements);

d) issuance of 17,070,421 new ordinary shares as part settlement for the acquisition of 100% equity stake in Global Transit Limited (see Note 28 to the financial statements);

e) issuance of 20,112,676 new ordinary shares as part settlement for the acquisition of 100% equity stake in The AIMS Asia Group Sdn Bhd and its subsidiaries, AIMS Data Centre 2 Sdn Bhd and AIMS Cyberjaya Sdn Bhd (see Note 28 to the financial statements); and

f) issuance of 1,022,900 new ordinary shares of RM0.50 each arising from the Group's SGP (see Note 29.3 to the financial statements).

There were no other changes in the authorised, issued and paid-up capital of the Company and the Company has not issued any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate allowance have been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person except as disclosed in the financial statements, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Afzal Abdul Rahim **Elakumari Kantilal**

Shah Alam, Selangor
Date: 27 February 2013

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2012

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Assets							
Property, plant and equipment	3	717,215	448,957	365,488	8,471	8,137	5
Intangible assets	4	213,959	–	–	–	–	–
Investment in subsidiaries	5	–	–	–	843,126	565,949	565,949
Other investments	6	1,454,850	1,067,040	676,500	–	–	–
Deferred tax assets	7	61,140	18,504	18,504	3,367	420	420
Trade and other receivables	8	11,315	23,022	31,926	–	–	–
Total non-current assets		2,458,479	1,557,523	1,092,418	854,964	574,506	566,374
Tax recoverable		885	705	833	–	–	45
Trade and other receivables	8	154,278	157,944	142,821	180,635	294,022	318,168
Restricted cash	9	22,660	17,084	–	17,821	17,084	–
Cash and cash equivalents	9	223,845	217,442	199,661	93,914	114,778	112,223
Total current assets		401,668	393,175	343,315	292,370	425,884	430,436
Total assets		2,860,147	1,950,698	1,435,733	1,147,334	1,000,390	996,810
Equity							
Share capital	10	286,547	2,530,775	2,530,775	286,547	2,530,775	2,530,775
Reserves	11	2,193,297	(773,118)	(1,280,972)	858,475	(1,533,867)	(1,537,555)
Total equity		2,479,844	1,757,657	1,249,803	1,145,022	996,908	993,220
Liabilities							
Loan and borrowings	12	143,000	–	–	–	–	–
Trade payables	13	377	238	4,259	–	–	–
Deferred tax liabilities	7	3,668	–	–	–	–	–
Total non-current liabilities		147,045	238	4,259	–	–	–
Loans and borrowings	12	11,532	–	–	–	–	–
Trade and other payables	13	221,104	192,581	181,671	2,117	3,284	3,590
Provision for tax		622	222	–	195	198	–
Total current liabilities		233,258	192,803	181,671	2,312	3,482	3,590
Total liabilities		380,303	193,041	185,930	2,312	3,482	3,590
Total equity and liabilities		2,860,147	1,950,698	1,435,733	1,147,334	1,000,390	996,810

The notes on pages 74 to 131 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue	14	419,088	313,872	10,810	9,410
Cost of sales	15	(218,624)	(133,418)	–	–
Gross profit		200,464	180,454	10,810	9,410
Other income		5,052	1,167	9	8
Distribution expenses		(22,932)	(16,152)	(167)	(210)
Administrative expenses		(102,094)	(87,600)	(9,979)	(8,762)
Other expenses		(7,189)	(7,682)	–	–
Results from operating activities		73,301	70,187	673	446
Income from investments	16	88,841	48,833	3,671	4,299
Finance costs	17	(5,126)	–	–	–
Profit before tax	18	157,016	119,020	4,344	4,745
Tax expense	19	36,713	(1,666)	2,057	(1,057)
Profit for the year		193,729	117,354	6,401	3,688
Other comprehensive income for the year, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value gain on available-for-sale financial assets	6	387,750	390,500	–	–
Foreign currency translation differences for foreign operations		(1,005)	–	–	–
Total other comprehensive income for the year		386,745	390,500	–	–
Total comprehensive income for the year attributable to owners of the Company		580,474	507,854	6,401	3,688
Basic and diluted earnings per ordinary share (sen), adjusted	20	35.39	23.19		

The notes on pages 74 to 131 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2012

	/------------- *Non-distributable*			-------------/	/--- *Distributable*	---/	
	Share capital RM'000	**Share premium RM'000**	**Available-for-sale reserve RM'000**	**Foreign currency translation reserve RM'000**	**Capital reserve RM'000**	**(Accumulated losses)/ Retained earnings RM'000**	**Total RM'000**
Group							
At 1 January 2011	2,530,775	1,570,758	77,000	–	–	(2,928,730)	1,249,803
Profit for the year	–	–	–	–	–	117,354	117,354
Fair value gain on available-for-sale financial assets	–	–	390,500	–	–	–	390,500
Total comprehensive income for the year	–	–	390,500	–	–	117,354	507,854
At 31 December 2011/ 1 January 2012	2,530,775	1,570,758	467,500	–	–	(2,811,376)	1,757,657
Capital repayment	–	(50,616)	–	–	–	–	(50,616)
Capital reduction	(2,277,698)	–	–	–	–	2,277,698	–
Set-off share premium	–	(834,315)	–	–	8,760	825,555	–
Acquisition of subsidiaries	32,958	156,220	–	–	–	–	189,178
Issuance of ordinary shares pursuant to Share Grant Plan ("SGP")	512	2,639	–	–	–	–	3,151
Profit for the year	–	–	–	–	–	193,729	193,729
Fair value gain on available-for-sale financial assets	–	–	387,750	–	–	–	387,750
Exchange differences recognised directly in equity	–	–	–	(1,005)	–	–	(1,005)
Total comprehensive income for the year	–	–	387,750	(1,005)	–	193,729	580,474
At 31 December 2012	286,547	844,686	855,250	(1,005)	8,760	485,606	2,479,844

	/--- Non-distributable ---/		/--- Distributable ---/		
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	Total RM'000
Company					
At 1 January 2011	2,530,775	1,570,758	–	(3,108,313)	993,220
Profit for the year	–	–	–	3,688	3,688
At 31 December 2011/ 1 January 2012	2,530,775	1,570,758	–	(3,104,625)	996,908
Capital repayment	–	(50,616)	–	–	(50,616)
Capital reduction	(2,277,698)	–	–	2,277,698	–
Set-off share premium	–	(834,315)	8,760	825,555	–
Acquisition of subsidiaries	32,958	156,220	–	–	189,178
Issuance of ordinary shares pursuant to SGP	512	2,639	–	–	3,151
Profit for the year	–	–	–	6,401	6,401
At 31 December 2012	286,547	844,686	8,760	5,029	1,145,022

The notes on pages 74 to 131 are an integral part of these financial statements.

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from operating activities					
Cash receipts from customers		450,017	325,059	10,190	1,092
Transfer to restricted cash		(2,012)	(17,084)	(737)	(17,084)
Cash payments to suppliers		(199,111)	(154,610)	(4,571)	(6,358)
Cash payments to employees and for administrative expenses		(100,900)	(67,145)	(4,174)	(4,190)
Cash receipts from subsidiary companies		–	–	114,890	32,005
Cash generated from operations		147,994	86,220	115,598	5,465
Tax refund		788	–	–	–
Tax paid		(6,812)	(1,317)	(616)	(815)
Net cash from operating activities		141,970	84,903	114,982	4,650
Cash flows from investing activities					
Purchase of property, plant and equipment	(ii)	(149,527)	(116,859)	(390)	(7,020)
Proceeds from disposal of property, plant and equipment		148	125	9	–
Acquisition of subsidiary companies, net of cash	28	(81,994)	–	(88,000)	–
Investment income received		88,334	49,612	3,151	4,925
Net cash used in investing activities		(143,039)	(67,122)	(85,230)	(2,095)
Cash flows from financing activities					
Proceeds from loans drawdown		110,389	–	–	–
Transaction costs		(708)	–	–	–
Repayment of loans and borrowings		(46,725)	–	–	–
Finance charges paid		(4,824)	–	–	–
Capital repayment		(50,616)	–	(50,616)	–
Net cash from/(used in) financing activities		7,516	–	(50,616)	–

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Net increase/(decrease) in cash and cash equivalents		6,447	17,781	(20,864)	2,555
Effect of exchange rate fluctuations on cash held		(44)	–	–	–
Cash and cash equivalent at 1 January		217,442	199,661	114,778	112,223
Cash and cash equivalent at 31 December	(i)	223,845	217,442	93,914	114,778

Note:

(i) Cash and cash equivalents comprise the following amounts:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash and bank balances	64,218	22,357	6,889	5,726
Deposits placed with licensed banks	182,287	212,169	104,846	126,136
	246,505	234,526	111,735	131,862
Restricted cash	(22,660)	(17,084)	(17,821)	(17,084)
	223,845	217,442	93,914	114,778

(ii) Acquisition of property, plant and equipment

During the year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM160,042,000 (2011: RM139,962,000) and RM390,000 (2011: RM8,143,000) respectively.

During the financial year, the Group and the Company paid RM149,527,000 (2011: RM116,859,000) and RM390,000 (2011: RM7,020,000) respectively to suppliers for property, plant and equipment that was either acquired in the prior financial years or in the current financial year.

The notes on pages 74 to 131 are an integral part of these financial statements.

TIME dotCom Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Level 4, No. 14, Jalan Majistret U1/26
Hicom Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan

The consolidated financial statements as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

The Company is principally engaged in investment holding, provision of management and marketing/promotional services whilst the principal activities of the subsidiaries are as stated in the Note 5. There has been no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors on 27 February 2013.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The date of transition to the MFRS framework is 1 January 2011. The transition to MFRSs does not have any material financial impact to the financial statements of the Group and the Company.

The Group and the Company has early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which are only effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

1. **BASIS OF PREPARATION (CONTINUED)**

(a) Statement of compliance (continued)

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Amendments to MFRSs and IC Interpretations		***Effective for annual periods beginning on or after***
MFRS 3	*Business Combinations*	1 January 2013
MFRS 9	*Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)*	1 January 2015
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurement*	1 January 2013
MFRS 119	*Employee Benefits*	1 January 2013
MFRS 127	*Separate Financial Statements*	1 January 2013
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
Amendments to MFRS 1	*First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*	1 January 2013
Amendments to MFRS 7	*Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
	Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 132	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to MFRS 134	*Interim Financial Reporting (Annual Improvements 2009 – 2011 Cycle)*	1 January 2013
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to MFRSs	*Annual Improvements 2009 – 2011 Cycle*	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2013

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013.
- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

The initial application of the abovementioned standards, amendments and interpretations is not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis unless disclosed otherwise in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in Note 4 – recoverable amount of goodwill, Note 7 – recognition of deferred tax assets and Note 13.4 – recognition of provisions.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 January 2011 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses unless the investment is held for sale or distribution.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2011
For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

Acquisitions before 1 January 2011
As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or financial instruments designated as hedges of currency risk, which are recognised in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (“FCTR”) in equity. However, if the translation differences arises from the operation of a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss on disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (continued)

When the Group disposes off only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes off only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or designated as effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and where the Group or the Company has the positive intention and ability to hold to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, including trade and other receivables.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in the other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or designated as effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially transferring all risk and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

The cost of self-constructed assets also include the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

The telecommunications network is acquired or constructed under the telecommunications license (which was granted by the Ministry of Information, Communication and Culture). Items of telecommunications network are stated at cost less any accumulated depreciation and any accumulated impairment losses.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Leasehold land is depreciated over the shorter of the term of the associated lease or 50 years, being the estimated useful lives, on a straight line basis. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

	2012	2011
• buildings	50 years	50 years
• improvements	5 – 7 years	5 years
• office equipment, furniture and fittings	5 – 7 years	5 years
• loose tools	5 years	5 years
• computer systems	5 years	5 years
• motor vehicles	5 years	5 years
• data centre equipment	5 – 15 years	N/A
• telecommunications network – commissioned network (excluding global bandwidth assets)	3 – 20 years	3 – 20 years

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

Global bandwidth assets, which form part of the Group's telecommunications network, are charged to profit and loss over the duration of their respective underlying contracts.

Depreciation method, useful lives and residual values are reviewed at the end of the reporting date and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for prepaid property interest held under operating lease, the leased assets are not recognised on the Group's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets

Goodwill

Goodwill arising from business combinations is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value. For the purpose of cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(h) Impairment

(i) Financial assets

All financial assets (except for investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events which cannot be reasonably estimated, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in the profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

An impairment loss in respect of an unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment (continued)

(i) Financial assets (continued)

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Issue expenses

Cost directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

Ordinary shares

Ordinary shares are classified as equity.

(j) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to the statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(ii) Share-based payment transactions (continued)

The fair value of the employee share grant is measured using the Monte Carlo simulation model. Measurement inputs include share price on measurement date, exercise price of the instrument and expected dividends. For employee share grants issued out of new stock, the share price is further adjusted for effects of dilution. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of time value of money and the risks specific to that liability. The unwinding of the discount is recognised as finance costs.

(l) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Revenue and other income

(i) Operating revenue

Operating revenue of the Company consists of management fees. Management fees are recognised when services are rendered.

Revenue of the Group consists of gross billings of a wide range of telecommunications and information technology related services provided net of discounts and gross invoiced value of goods sold net of discounts and returns. Except for non-license activities, revenues are derived from Individual License and Class License as stipulated in the Communications and Multimedia Act 1998.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue and other income (continued)

(i) Operating revenue (continued)

Revenue for billings is recognised when services are rendered or upon delivery of products and when the risk and rewards have passed. Revenue from global bandwidth agreements which provide access to a specified amount of bandwidth or capacity are accounted for accordingly as a sale of goods or rendering of services.

(ii) Dividend income

Revenue on dividend income is recognised when the right to receive payment is established.

(iii) Rental income

Rental income is recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(iv) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legal enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per ordinary share

The Group presents basic and diluted earnings per share for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, where applicable.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Data centre equipment RM'000	Tele-communi-cation network RM'000	Total RM'000
Cost										
At 1 January 2011	11,154	7,508	9,115	4,776	12,238	77,960	4,663	–	1,407,205	1,534,619
Reclassification to prepayment	–	–	–	–	–	–	–	–	(23,600)	(23,600)
At 1 January 2011	11,154	7,508	9,115	4,776	12,238	77,960	4,663	–	1,383,605	1,511,019
Additions	8,113	–	655	258	21	2,639	2,154	–	126,122	139,962
Disposal	–	–	–	(26)	–	–	(891)	–	–	(917)
Write offs	–	–	–	–	–	(76)	–	–	(1,028)	(1,104)
At 31 December 2011/ 1 January 2012	19,267	7,508	9,770	5,008	12,259	80,523	5,926	–	1,508,699	1,648,960
Acquisitions of subsidiaries	–	–	316	3,383	–	6,191	404	41,185	165,094	216,573
Additions	4,200	–	3,993	2,158	50	6,193	737	12,600	130,111	160,042
Disposal	–	–	–	–	–	–	(834)	–	–	(834)
Write offs	–	–	–	–	–	–	–	–	(109,105)	(109,105)
Effect of movement in exchange rates	–	–	–	–	–	–	–	–	(1,710)	(1,710)
At 31 December 2012	23,467	7,508	14,079	10,549	12,309	92,907	6,233	53,785	1,693,089	1,913,926

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Data centre equipment RM'000	Tele-communi-cation network RM'000	Total RM'000
Depreciation and impairment losses										
At 1 January 2011										
Accumulated depreciation	–	5,649	3,255	4,604	11,877	69,206	4,663	–	807,853	907,107
Accumulated impairment losses	–	–	–	–	–	–	–	–	249,804	249,804
	–	5,649	3,255	4,604	11,877	69,206	4,663	–	1,057,657	1,156,911
Reclassification to prepayment	–	–	–	–	–	–	–	–	(11,380)	(11,380)
At 1 January 2011										
Accumulated depreciation	–	5,649	3,255	4,604	11,877	69,206	4,663	–	796,473	895,727
Accumulated impairment losses	–	–	–	–	–	–	–	–	249,804	249,804
	–	5,649	3,255	4,604	11,877	69,206	4,663	–	1,046,277	1,145,531
Depreciation for the year	–	375	289	130	90	4,503	307	–	48,641	54,335
Impairment losses/ (write offs)	2,101	–	–	–	–	–	–	–	(549)	1,552
Disposal	–	–	–	(26)	–	–	(891)	–	–	(917)
Write offs	–	–	–	–	–	(76)	–	–	(422)	(498)
At 31 December 2011/ 1 January 2012										
Accumulated depreciation	–	6,024	3,544	4,708	11,967	73,633	4,079	–	844,692	948,647
Accumulated impairment losses	2,101	–	–	–	–	–	–	–	249,255	251,356
	2,101	6,024	3,544	4,708	11,967	73,633	4,079	–	1,093,947	1,200,003

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Data centre equipment RM'000	Telecommunication network RM'000	Total RM'000
Acquisition of subsidiaries	–	–	71	1,409	–	5,361	324	16,048	19,034	42,247
Depreciation for the year	–	375	835	712	104	4,325	603	1,993	55,414	64,361
Disposal	–	–	–	–	–	–	(834)	–	–	(834)
Impairment write offs	–	–	–	–	–	–	–	–	(23,500)	(23,500)
Write offs	–	–	–	–	–	–	–	–	(85,310)	(85,310)
Effect of movement in exchange rates	–	–	–	–	–	–	–	–	(256)	(256)
At 31 December 2012										
Accumulated depreciation	–	6,399	4,450	6,829	12,071	83,319	4,172	18,041	833,574	968,855
Accumulated impairment losses	2,101	–	–	–	–	–	–	–	225,755	227,856
	2,101	6,399	4,450	6,829	12,071	83,319	4,172	18,041	1,059,329	1,196,711
Carrying amounts										
At 1 January 2011	11,154	1,859	5,860	172	361	8,754	–	–	337,328	365,488
At 31 December 2011/ 1 January 2012	17,166	1,484	6,226	300	292	6,890	1,847	–	414,752	448,957
At 31 December 2012	21,366	1,109	9,629	3,720	238	9,588	2,061	35,744	633,760	717,215
									Note 3.1	

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Telecommunication network

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Network cost:			
Commissioned network	1,615,157	1,439,417	1,343,826
Network in progress	77,932	69,282	39,779
	1,693,089	1,508,699	1,383,605
Less: Accumulated impairment losses	(225,755)	(249,255)	(249,804)
Less: Accumulated depreciation	(833,574)	(844,692)	(796,473)
Net book value	633,760	414,752	337,328

Included in commissioned network are global bandwidth assets with a fixed monetary value of RM69,995,000 (31.12.2011: RM5,647,000; 1.1.2011: RM Nil). The global bandwidth assets are charged to profit or loss over the duration of the contract. The carrying amount for the said global bandwidth assets at the reporting date was RM60,460,000 (31.12.2011: RM5,365,000; 1.1.2011: RM Nil).

3.2 Write offs

During the financial year, the Group wrote off certain items within telecommunication network with carrying amounts totalling RM23,795,000 (31.12.2011: RM606,000; 1.1.2011: RM11,455,000) of which RM23,500,000 (31.12.2011: RM549,000; 1.1.2011: RM8,806,000) was written off against impairment losses. The remaining amount of RM295,000 (31.12.2011: RM57,000; 1.1.2011: RM2,649,000) was charged to statement of profit or loss and other comprehensive income.

3.3 Impairment losses

In previous financial year, the Group recognised an impairment loss on a freehold land amounting to RM2,101,000. The carrying amount of the freehold land amounted to RM2,845,000. The impairment loss arose following the Group's annual assessment of the carrying amount of its assets against the respective recoverable amounts. The recoverable amount of the freehold land was determined based on fair value of the said land less costs to sell. The impairment loss has been recognised in the statement of profit or loss and other comprehensive income.

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.4 Leasehold land

Included in the carrying amounts of leasehold land are:

	Group		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Leasehold land with unexpired lease period of			
– less than 50 years	394	565	683
– more than 50 years	715	919	1,176
	1,109	1,484	1,859

3.5 Leased plant and equipment

Included in plant and equipment at the end of reporting period were the following assets acquired under leased terms:

	Group		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Net carrying amount			
– Computer system	40	–	–
– Motor vehicle	57	–	–
– Telecommunication networks	5,397	–	–
	5,494	–	–

3.6 Buildings and improvements

Included in buildings and improvements are work in progress with a cost of RM595,000 (31.12.2011/1.1.2011: RM Nil).

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Building and impr-ovements RM'000	Office equipment, furniture and fittings RM'000	Computer systems RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 January 2011	–	–	290	8,014	93	8,397
Additions	8,113	–	30	–	–	8,143
At 31 December 2011/ 1 January 2012	8,113	–	320	8,014	93	16,540
Additions	–	390	–	–	–	390
Disposals	–	–	–	–	(76)	(76)
At 31 December 2012	8,113	390	320	8,014	17	16,854
Depreciation						
At 1 January 2011	–	–	285	8,014	93	8,392
Depreciation for the year	–	–	11	–	–	11
At 31 December 2011/ 1 January 2012	–	–	296	8,014	93	8,403
Depreciation for the year	–	50	6	–	–	56
Disposals	–	–	–	–	(76)	(76)
At 31 December 2012	–	50	302	8,014	17	8,383
Carrying amounts						
At 1 January 2011	–	–	5	–	–	5
At 31 December 2011/ 1 January 2012	8,113	–	24	–	–	8,137
At 31 December 2012	8,113	340	18	–	–	8,471

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use, with cost amounting to RM609,838,000 (31.12.2011: RM701,072,000: 1.1.2011: RM557,599,000) and RM8,320,000 (31.12.2011: RM8,363,000; 1.1.2011: RM8,346,000) respectively.

4. INTANGIBLE ASSETS

Group	Goodwill RM'000
Cost/Carrying amount	
At 1 January 2011/31 December 2011/1 January 2012	–
Acquisitions of subsidiaries	213,959
At 31 December 2012 (Note 28)	213,959

4.1 Impairment testing for cash-generating units containing goodwill

For the purpose of annual impairment testing, goodwill is allocated to the Group's operating units which represent the lowest level within the Group at which the goodwill is monitored for internal management reporting purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

		Group	
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
International wholesale and global bandwidth business	102,101	–	–
Data centre business	111,858	–	–
	213,959	–	–

International wholesale and global bandwidth business

The recoverable amount of the international wholesale and global bandwidth business was based on its value in use. The recoverable amount of the business was determined to be higher than its carrying amount.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit. Cash flow projections used in this calculation were based on financial budgets covering a five-year period. Cash flows beyond the five-year period were extrapolated to perpetuity using the estimated growth rate stated below.

Key assumptions used in the value-in-use calculation for 2012 include long term growth rate, weighted average cost of capital ("WACC") and cost of equity of 5.00%, 7.73%, 10.20% respectively.

The values assigned to the key assumptions represent management's assessment of future trends in the international wholesale and global bandwidth business and are based on both external and internal sources (historical data).

4. INTANGIBLE ASSETS (CONTINUED)

4.1 Impairment testing for cash-generating units containing goodwill (continued)

Data centre business

The recoverable amount of the data centre business was based on its value in use. The recoverable amount of the unit was determined to be higher than its carrying amount.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit. Cash flow projections used in this calculation were based on financial budgets covering a five-year period. Cash flows beyond five-year period were extrapolated to perpetuity using the estimated growth rate stated below.

Key assumptions used in the value-in-use calculation for 2012 include long term growth rate, weighted average cost of capital ("WACC") and cost of equity of 5.00%, 9.79%, 11.55% respectively.

The values assigned to the key assumptions represent management's assessment of future trends in the data centre business and are based on both external and internal sources (historical data).

5. INVESTMENT IN SUBSIDIARIES

			Company	
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At cost:				
Unquoted shares		3,146,862	2,869,685	2,869,685
Accumulated impairment losses	5.1	(2,303,736)	(2,303,736)	(2,303,736)
		843,126	565,949	565,949

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 31.12.2012 %	31.12.2011 %	1.1.2011 %
TT dotCom Sdn. Bhd.	Malaysia	Provision of voice, data, video and image communication services through its established domestic and international network	100	100	100

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 31.12.2012 %	31.12.2011 %	1.1.2011 %
TIME dotNet Bhd.	Malaysia	Provision and marketing of internet services to customers including providing access to the world wide web, the organisation and aggregation of content, on-line call center, on-line services, on-net advertising and virtual data storage and provision of application services including electronic mail, chat room, instant messaging, web-hosting and bulletin boards	100	100	100
Planet Tapir Sdn. Bhd. (formerly known as TIMESat Sdn. Bhd.)	Malaysia	Provision of information technology services and solutions	100	100	100
Hakikat Pasti Sdn. Bhd.	Malaysia	Acquiring and holding shares, stocks, debenture, bonds, notes, obligations and securities and every other kind and description of movable and immovable property for investment purposes	100	100	100
Global Transit Communications Sdn. Bhd. ("GTC")	Malaysia	Provision of telecommunications and related services	100	–	–
Global Transit Limited ("GTL")	Malaysia	Engaged in the business of telecommunication services and trading bandwidth capacity	100	–	–
Global Transit (Hong Kong) Limited* ("GTHK")	Hong Kong	Dormant	100	–	–

5. **INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 31.12.2012 %	31.12.2011 %	1.1.2011 %
Global Transit Singapore Pte. Ltd.* ("GTS")	Singapore	Wholesale of telecommunication equipment and related services	100	–	–
The AIMS Asia Group Sdn. Bhd. ("TAAG")	Malaysia	Provision of engineering services for the telecommunication industry	100	–	–
AIMS Cyberjaya Sdn. Bhd. ("ACSB")	Malaysia	Provision of value added network services, information services, system integration services, operation of data networks and network based applications for corporations	100	–	–
AIMS Data Centre 2 Sdn. Bhd. ("ADC2")	Malaysia	Provision of value added network services, information services, system integration services and the operation of data networks and network based applications for corporations	100	–	–
Subsidiaries of TAAG:					
AIMS Data Centre Sdn. Bhd. ("ADCSB")	Malaysia	Provision of value added network services, information services, system integration services, operation of data networks and network based applications for corporations	100	–	–
AIMS Data Centre Pte. Ltd.* ("ADCPL")	Singapore	Provision of telecommunication related services	100	–	–
Information Edge Sdn. Bhd. ("IESB")	Malaysia	Dormant	100	–	–

* Not audited by member firms of KPMG International

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

5.1 Accumulated impairment losses

As at the year end, the Company has recognised accumulated impairment losses totalling RM2,303,736,000 (31.12.2011/1.1.2011: RM2,303,736,000) for investments in following subsidiary companies:

		Company	
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
TT dotCom Sdn. Bhd.	2,192,264	2,192,264	2,192,264
TIME dotNet Bhd.	42,363	42,363	42,363
Planet Tapir Sdn. Bhd. (formerly known as TIMESat Sdn. Bhd.)	69,109	69,109	69,109
	2,303,736	2,303,736	2,303,736

6. OTHER INVESTMENTS

	Group	
	2012 RM'000	**2011 RM'000**
Quoted shares in Malaysia		
Non-current		
At 1 January	1,067,000	676,500
Fair value gain on available-for-sale financial assets	387,750	390,500
At 31 December	1,454,750	1,067,000
Market value of quoted investments	1,454,750	1,067,000
Unquoted shares in Malaysia		
Non-current		
At 1 January	40	–
Acquisitions of subsidiaries	50	–
Addition	10	40
At 31 December	100	40
Total other investments	1,454,850	1,067,040

The above other investments are categorised as available-for-sale financial instruments.

Included in the quoted shares is RM137,986,000 (31.12.2011/1.1.2011: RM Nil) pledged for bank facilities granted to subsidiary companies (see Note 12).

7. DEFERRED TAX ASSETS

Deferred tax assets and (liabilities) as at 31.12.2012 are attributable to the following:

	Group		
	Assets RM'000	Liabilities RM'000	Net RM'000
Temporary differences in respect of deficit/(excess) of tax capital allowance over book depreciation	600	(54,559)	(53,959)
Other deductible temporary difference	1,234	(188)	1,046
Unabsorbed capital allowances	105,252	–	105,252
Unutilised tax losses	5,133	–	5,133
Tax assets/(liabilities)	112,219	(54,747)	57,472
Set-off of tax	(51,079)	51,079	–
Net tax assets/(liabilities)	61,140	(3,668)	57,472

Recognised deferred tax assets and liabilities, net

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Temporary differences in respect of (excess)/deficit of tax capital allowances over book depreciation	(53,959)	(44,550)	(54,604)	1	(3)	(5)
Other deductible temporary difference	1,046	206	323	–	–	23
Unabsorbed capital allowances	105,252	62,848	72,785	1,276	423	402
Unutilised tax losses	5,133	–	–	2,090	–	–
Total	57,472	18,504	18,504	3,367	420	420

Deferred tax assets and liabilities are offset only when the entity have a legally enforceable right to set off current tax assets against current tax liabilities.

Deferred tax assets have been recognised only to the extent that it is probable that future taxable profits will be available against which the Group and the Company can utilise the benefits there from.

7. DEFERRED TAX ASSETS (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Unabsorbed capital allowances	1,761,876	1,969,114	1,988,477	–	5,530	10,332
Unutilised tax losses	633,930	641,324	641,901	101,961	110,323	110,900
	2,395,806	2,610,438	2,630,378	101,961	115,853	121,232

The unabsorbed capital allowances and unutilised tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that sufficient future taxable profits will be available against which the Group and the Company can utilise the benefits there from.

Movement in temporary differences during the year

	At 1.1.2011 RM'000	Recognised in profit or loss RM'000	At 31.12.2011/ 1.1.2012 RM'000	Recognised in profit or loss RM'000	Acquired in business combination RM'000	At 31.12.2012 RM'000
Group						
Temporary differences in respect of excess of tax capital allowances over book depreciation	(54,604)	10,054	(44,550)	(6,327)	(3,082)	(53,959)
Other deductible temporary difference	323	(117)	206	379	461	1,046
Unabsorbed capital allowance	72,785	(9,937)	62,848	41,767	637	105,252
Unutilised tax losses	–	–	–	5,066	67	5,133
Total	18,504	–	18,504	40,885	(1,917)	57,472
Company						
Temporary differences in respect of (excess)/deficit of tax capital allowances over book depreciation	(5)	2	(3)	4	–	1
Other deductible temporary difference	23	(23)	–	–	–	–
Unabsorbed capital allowance	402	21	423	853	–	1,276
Unutilised tax losses	–	–	–	2,090	–	2,090
Total	420	–	420	2,947	–	3,367

8. TRADE AND OTHER RECEIVABLES

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Non-current							
Trade							
Accrual of global bandwidth revenue	8.1	–	10,802	19,706	–	–	–
Non-trade							
Prepayments		11,315	12,220	12,220	–	–	–
		11,315	23,022	31,926	–	–	–
Current							
Trade							
Trade receivables	8.2	105,583	74,541	81,752	–	–	–
Amount due from other related companies	8.2	7,084	19,724	12,882	–	–	–
		112,667	94,265	94,634	–	–	–
Less: Allowance for impairment losses	8.3	(9,282)	(9,782)	(10,057)	–	–	–
		103,385	84,483	84,577	–	–	–
Accrual of global bandwidth revenue	8.1	2,538	16,654	23,237	–	–	–
		105,923	101,137	107,814	–	–	–
Non-trade							
Amount due from subsidiaries	8.4	–	–	–	180,388	284,463	308,587
Other receivables		41,607	41,440	19,814	218	–	–
Prepayments	8.5	6,748	15,367	15,193	29	9,559	9,581
		154,278	157,944	142,821	180,635	294,022	318,168

Other than for prepayments, the above trade and other receivables are categorised as loans and receivables financial instruments.

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

8.1 Accrual of global bandwidth revenue

Accrual of global bandwidth revenue relates to certain long term global bandwidth contracts entered into by the Group whereby the term of payment have been mutually agreed to be made by the customer over a period of up to 3 years.

8.2 Trade receivables and trade amount due from other related companies

The credit period granted for sales rendered is 30 to 90 days (31.12.2011/1.1.2011: 30 days).

8.3 Allowance for impairment losses

Included in the amount are impairment losses in relation to outstanding balance due from other related parties amounting to RM844,000 (31.12.2011: RM686,000; 1.1.2011: RM1,596,000).

8.4 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand. The balances arise mainly from inter-company advances and expenses paid on behalf.

8.5 Prepayments

Included in prior year's prepayments of the Group and Company is an amount of RM9,090,000 relating to prepayments made and held by the legal advisers on behalf of the vendors for the acquisitions of GTC, GTL, GTHK, GTS, TAAG and its subsidiaries, ACSB and ADC2.

9. CASH AND CASH EQUIVALENTS

		Group			Company		
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Cash and bank balances		64,218	22,357	6,461	6,889	5,726	623
Deposits placed with licensed banks		182,287	212,169	193,200	104,846	126,136	111,600
		246,505	234,526	199,661	111,735	131,862	112,223
Restricted cash	9.1	(22,660)	(17,084)	–	(17,821)	(17,084)	–
		223,845	217,442	199,661	93,914	114,778	112,223

9. CASH AND CASH EQUIVALENTS (CONTINUED)

9.1 Restricted cash

Restricted cash are amounts withheld by licensed financial institutions as security for bank facilities granted.

The cash and cash equivalents of the Group and the Company does not include a bank balance amounting to RM2,500,000 (31.12.2011/1.1.2011: RM Nil) held by the Company in trust for consortium members of the Asia Pacific Gateway submarine cable system to pay the supplier under the terms of supply contract.

10. SHARE CAPITAL

	Group and Company					
	/-----31.12.2012------/		/------31.12.2011------/		/-------1.1.2011-------/	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Authorised:						
Ordinary shares of RM0.50 each						
(31.12.2011/1.1.2011:						
RM1 each)	5,000,000	10,000,000	5,000,000	5,000,000	5,000,000	5,000,000

	Group and Company			
	/----------2012----------/		/----------2011----------/	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
At 1 January, issued and fully paid:				
Ordinary shares of RM1 each	2,530,775	2,530,775	2,530,775	2,530,775
Capital reduction via cancellation				
of RM0.90 par value	(2,277,698)	–	–	–
Effect of share consolidation				
of 5 shares of RM0.10 par value				
into 1 share of RM0.50 par value	–	(2,024,620)	–	–
Acquisition of subsidiaries	32,958	65,915	–	–
Issuance of ordinary shares				
pursuant to SGP	512	1,023	–	–
At 31 December, issued and fully paid:				
Ordinary shares of RM0.50 each				
(2011: RM1 each)	286,547	573,093	2,530,775	2,530,775

11. RESERVES

		Group			Company		
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Share premium	11.1	844,686	1,570,758	1,570,758	844,686	1,570,758	1,570,758
Capital reserve	11.2	8,760	–	–	8,760	–	–
Foreign currency translation reserve	11.3	(1,005)	–	–	–	–	–
Available-for-sale reserve	11.4	855,250	467,500	77,000	–	–	–
Retained earnings/ (Accumulated losses)		485,606	(2,811,376)	(2,928,730)	5,029	(3,104,625)	(3,108,313)
		2,193,297	(773,118)	(1,280,972)	858,475	(1,533,867)	(1,537,555)

11.1 Share premium

The share premium of the Group and the Company represents premium arising from the issuance of ordinary shares of the Company at an issue price above par value.

11.2 Capital reserve

In May 2012, the Company set-off RM834,315,000 from the share premium account against accumulated losses of the Company amounting to RM825,555,126. The set-off resulted in the creation of a distributable capital reserve account of RM8,759,874 for the Company.

11.3 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

11.4 Available-for-sale reserve

The available-for-sale reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised upon sale or impaired.

12. LOANS AND BORROWINGS

	Note	Group 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current				
Term loans	12.1	139,675	–	–
Finance lease liabilities	12.2	3,325	–	–
		143,000	–	–
Current				
Term loans	12.1	8,019	–	–
Finance lease liabilities	12.2	3,513	–	–
		11,532	–	–
		154,532	–	–

12.1 Term loans

(i) Term loan amounting to RM109,666,000 are secured against:

a) a legal charge over DiGi.Com Berhad ("DiGi") shares held by a subsidiary company giving minimum security cover of 1.25 times based on 100% value of the said shares;

b) a legal charge over any other quoted financial assets acceptable to the lender, including but not limited, in all cases to bonus shares, rights shares and other new share or right entitlements;

c) a legal charge over an escrow account to capture all dividends derived from the pledged securities; and

d) a corporate guarantee from the Company.

(ii) Term loan amounting to RM38,028,000 are secured against:

a) a personal guarantee by a director of the Company;

b) a corporate guarantee by a related company (with a common director of the Company);

c) a legal charge over all the assets of a subsidiary company;

d) an assignment over a subsidiary company's present and future sales proceeds; and

e) a second debenture incorporating fixed and floating charges over the entire assets of a subsidiary company.

12. LOANS AND BORROWINGS (CONTINUED)

12.2 Finance lease liabilities

Finance lease liabilities are payables as follows:

	Future lease payments	Interest	Present value of minimum payments	Future lease payments	Interest	Present value of minimum payments
	/------------	31.12.2012	------------/	/-------	31.12.2011/1.1.2011	-------/
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	3,845	332	3,513	–	–	–
Between one and five years	3,461	136	3,325	–	–	–
	7,306	468	6,838	–	–	–

13. TRADE AND OTHER PAYABLES

		/-------------- Group	---------------	---------------/	/------------ Company	------------	------------/
	Note	31.12.2012	Restated 31.12.2011	Restated 1.1.2011	31.12.2012	Restated 31.12.2011	Restated 1.1.2011
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current							
Trade							
Accrual for global bandwidth cost	13.1	377	238	4,259	–	–	–
Current							
Trade							
Trade payables	13.2	107,851	82,943	49,113	–	–	–
Amount due to other related companies	13.2	1,384	145	5,247	–	145	145
Accrual for global bandwidth cost	13.1	5,025	10,501	7,292	–	–	–
		114,260	93,589	61,652	–	145	145
Non-trade							
Other payables		13,840	7,823	7,551	35	92	441
Accrued expenses		43,717	35,480	32,812	2,082	3,047	3,004
Unearned revenue	13.3	32,763	38,847	47,665	–	–	–
Provisions	13.4	16,524	16,842	31,991	–	–	–
		221,104	192,581	181,671	2,117	3,284	3,590

The above trade and other payables are categorised as other financial liabilities except for unearned revenue and provisions.

13. TRADE AND OTHER PAYABLES (CONTINUED)

13.1 Accrual for global bandwidth cost

Accrual for global bandwidth cost relates to certain long term global bandwidth contracts entered into by the Group whereby the terms of payment have been mutually agreed to be made over a period of up to 3 years.

13.2 Trade payables and trade amounts due to other related companies

The average credit period granted to the Group and Company for trade purchases ranges from 30 to 60 days (31.12.2011/1.1.2011: 30 to 45 days).

13.3 Unearned revenue

Unearned revenue mainly represents prepayment received for services or products that have yet to be rendered or provided.

13.4 Provisions

Provisions relate to obligations arising as a result of past events for certain telecommunication provider services.

In the prior year, adjustments were made to provisions recognised previously for certain projects and service contracts amounting to RM15,149,000. The adjustments made resulted in a one-time reduction in cost of sales (refer Note 15) and reflect the Group's assessment and best estimate of its obligations in the previous year.

Certain comparative figures have been reclassified to conform to current year's presentation as disclosed below:

	/---------Group---------/		/--------Company--------/	
	As restated RM'000	**Previously stated RM'000**	**As restated RM'000**	**Previously stated RM'000**
31.12.2011				
Trade payables	82,943	81,673	–	–
Other payables	7,823	8,377	92	878
Accrued expenses	35,480	36,196	3,047	2,261
1.1.2011				
Trade payables	49,113	48,905	–	–
Other payables	7,551	9,279	441	2,193
Accrued expenses	32,812	31,292	3,004	1,252

14. REVENUE

	2012 RM'000	2011 RM'000
Group		
Data	305,708	233,801
Voice	74,074	77,270
Data Centre	33,602	–
Others	5,704	2,801
	419,088	313,872
Company		
Management fee receivable from subsidiary companies	10,810	9,410

15. COST OF SALES

	Group	
	2012 RM'000	2011 RM'000
Interconnect charges	17,518	17,890 **
Depreciation of property, plant and equipment	57,628	48,641
Telecommunications maintenance charges	15,206	11,692
Network and leased line charges	30,000	19,118
Fee for wayleave and right of use pertaining to telecommunications facilities	11,486	7,427 *
Site and customer premises rental	13,050	11,269
Universal service obligation	21,172	9,989
Internet service provider costs	7,531	(2,191) **
Direct installation costs	22,784	9,910
Others	22,249	(327) **
	218,624	133,418

* In the previous year, the Group had negotiated a revision of wayleave fee payment with a highway concessionaire, where both parties agreed to revise the 2010's wayleave fee resulting in a reduction of RM3,537,000 which was adjusted to cost of sales in 2011. The revised fee schedule agreed will also lower the 2011 wayleave fee by RM8,323,000. The revised payment schedule was agreed upon after taking into consideration both the highway concessionaire's and the Group's future cash flows and commitments.

** Included in the previous year's interconnect charges, internet service provider costs and others are adjustments made amounting to RM22,921,000 for expenses recognised previously for certain projects and service contracts. The adjustments made resulted in a one-time reduction of cost of sales in previous year. The adjustments arose as part of the Group's regular review of its current obligations at each statement of financial position date. The adjustments reflect the Group's assessment and best estimate of its obligations at that time.

16. INCOME FROM INVESTMENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income from short-term deposits	5,516	6,758	3,671	4,299
Dividend income from quoted shares in Malaysia	83,325	42,075	–	–
	88,841	48,833	3,671	4,299

17. FINANCE COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest on bank borrowings	5,126	–	–	–

18. PROFIT BEFORE TAX

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived at after charging:				
Personnel expenses				
– Contributions to Employee Provident Fund	9,605	7,329	541	336
– Share grant expenses	3,513	–	2,366	–
– Salaries, allowances and others	78,945	62,706	2,046	2,884
Depreciation of property, plant and equipment	64,361	54,335	56	11
Rental of:				
– Offices	952	157	–	–
– Equipment	62	89	–	–
– Motor vehicles	–	17	–	–
– Site and customer premises	13,050	11,269	–	–
Directors' remuneration	1,914	2,013	1,914	2,013
Auditor's remuneration				
– Audit fees to KPMG Malaysia	391	140	115	52
– Audit fees to other auditors	11	–	–	–
– Non-audit fees to KPMG Malaysia	39	39	12	27
Write off of telecommunications network	295	57	–	–
Net loss on foreign exchange	–	1,369	–	–

18. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived at after charging (continued):				
Allowance for long outstanding construction deposits	358	3,006	–	–
Allowance for long outstanding rental deposits	753	–	–	–
Impairment loss on property, plant and equipment	–	2,101	–	–
Interest on bank borrowings	5,126	–	–	–
and after crediting:				
Bad debt recovered	393	378	–	–
Net reversal of impairment for receivables	1,453	275	4	–
Net gain on foreign exchange	1,089	–	–	–
Interest income from short term deposits	5,516	6,758	3,671	4,299
Dividend income from quoted shares	83,325	42,075	–	–
Rental income	208	149	-	–
Gain on disposal of property, plant and equipment	148	125	9	–
Negative goodwill	173	–	–	–

19. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Tax expense – current year	4,172	1,666	890	1,057
Deferred tax benefit				
– arising from current year	13,595	–	505	–
– recognition of previously unrecognised temporary difference	(54,480)	–	(3,452)	–
Tax expense	(36,713)	1,666	(2,057)	1,057

19. TAX EXPENSE (CONTINUED)

Reconciliation of effective income tax expense:

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Profit before tax	157,016	119,020	4,344	4,745
Tax at statutory tax rate of 25%	39,254	29,755	1,086	1,186
Effect of foreign rate in foreign jurisdictions	(988)	–	–	–
Non-deductible expenses	615	15,382	309	1,060
Non-taxable income	(21,247)	(10,704)	–	–
Deferred tax assets not recognised	133	–	–	–
Recognition of previously unrecognised temporary difference	(54,480)	(32,767)	(3,452)	(1,189)
Tax expense	(36,713)	1,666	(2,057)	1,057

20. EARNINGS PER ORDINARY SHARE

The basic and diluted earnings per ordinary share in 2012 is calculated by dividing the net profit attributable to owners of the Company of RM193,729,000 (2011: RM117,354,000) by the weighted average number of ordinary shares in issue during the year of 547,445,000 (2011 adjusted: 506,155,000).

For comparison purposes, the weighted average number of shares in the Company for the prior year has been adjusted to reflect:

(a) the capital reduction of RM0.90 of the initial par value of RM1.00 for each share; and

(b) share consolidation of 2,530,775,000 ordinary shares of RM0.10 each in the Company (after the abovementioned capital reduction) into 506,155,000 shares on the basis of 5 ordinary shares of RM0.10 each in the Company into 1 ordinary share of RM0.50 each in the Company.

21. DIRECTORS' REMUNERATION

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Executive directors:				
Emoluments	1,078	1,412	1,078	1,412
Other emoluments and expenses	61	98	61	98
Non-executive directors:				
Fees	568	270	568	270
Other emoluments and expenses	207	233	207	233
	1,914	2,013	1,914	2,013

21. DIRECTORS' REMUNERATION (CONTINUED)

The estimated monetary value of benefits-in-kind received and receivable by Directors of TIME dotCom Berhad other than in cash from the Group and the Company amounted to RM7,000 (2011: RM13,000).

Included in Directors' remuneration are amounts totalling RM180,000 (2011: RM105,000) payable to related parties for services rendered by a non-executive director of the Company.

The number of directors of the Company whose remuneration fall into the respective bands are as follows:

Range of Remuneration RM	Executive Directors	Non-executive Directors
50,000 and below	–	1
150,000 to 200,000	–	4
250,000 to 300,000	1	–
850,000 to 900,000	1	–

22. KEY MANAGEMENT PERSONNEL REMUNERATION

The key management personnel remuneration is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors:				
Fees	568	270	568	270
Other short term benefits (including estimated monetary value of benefits-in-kind)	1,353	1,756	1,353	1,756
	1,921	2,026	1,921	2,026
Other key management personnel:				
Short-term employee benefits	7,466	2,559	5,394	2,559
Other key management compensation	34	25	26	25
	7,500	2,584	5,420	2,584

Other key management personnel comprise persons other than the directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

23. OPERATING SEGMENTS

Operating segments are components in which separate financial information is available that is evaluated by the Chief Executive Officer in deciding how to allocate resources and in assessing performance of the Group. The Group has identified the business of telecommunications as its sole operating segment.

Performance is measured based on revenue derived from the various products sold and per consolidated profit before income tax of the Group as included in the internal management reports that are reviewed by the Chief Executive Officer. The Group's segment assets and liabilities, as disclosed in the Group's statement of financial position (as represented by total assets and liabilities), is also reviewed by the Chief Executive Officer. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

Information about reportable segment and reconciliation of reportable segment revenue, profit and other material items

	Group	
	2012 **RM'000**	**2011** **RM'000**
Revenue from external customers		
Data	305,708	233,801
Voice	74,074	77,270
Data Centre	33,602	–
Others	5,704	2,801
	419,088	313,872
Operating expense		
Depreciation, impairment and amortisation of property, plant and equipment	(64,361)	(56,436)
Other operating expense	(286,478)	(188,416)
Other operating income	5,052	1,167
Profit from operations	73,301	70,187
Income from investments	88,841	48,833
Finance costs	(5,126)	–
Segment profit	157,016	119,020
Additions to non-current assets, including acquisitions of subsidiaries (other than financial instruments and deferred tax assets)	548,327	139,962

No reconciliation is performed for revenue from external customers, depreciation, impairment and amortisation of property, plant and equipment, assets and segment profit as there is no difference with the statements of profit or loss and other comprehensive income.

23. OPERATING SEGMENTS (CONTINUED)

Geographical information

Revenue and non-current assets (excluding financial instruments and deferred tax assets) of the Group by geographical location of the customers and assets are as follows:

	Revenue		Non-current assets	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Malaysia	408,484	313,872	857,948	461,177
Outside Malaysia	10,604	–	84,541	–
	419,088	313,872	942,489	461,177

Major customers

There were no significant concentrations on transactions with customers and revenues from transactions with a single external customer (or group of entities known to be under common control which are deemed to be a single customer) that contributed to 10% or more of the Group's revenues.

24. CAPITAL AND OTHER COMMITMENTS

	Group		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Capital expenditure commitments			
Property, plant and equipment			
Authorised but not contracted for	35,347	36,007	10,590
Contracted but not provided for in the financial statement	217,558	110,079	65,727
Lease commitments			
Non-cancellable commitments for rental of office premises, sites and right of use pertaining to telecommunications facilities			
– Payable within 1 year	16,717	15,463	14,942
– Payable within 2 – 3 years	24,518	24,294	24,606
– Payable after 3 years	170,797	181,619	191,667
	212,032	221,376	231,215

24. CAPITAL AND OTHER COMMITMENTS (CONTINUED)

On 12 May 2000, the Group entered into an agreement with a highway concessionaire for wayleave and right of use pertaining to telecommunications facilities on the North-South Expressway. The agreement shall terminate upon expiry of the concession agreement signed by the highway concessionaire and government in 31 December 2038.

25. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group, if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The key management personnel include all the Directors of the Group and certain members of senior management of the Group. Key management personnel remuneration is disclosed in Note 22.

Significant transactions with related parties of the Group and the Company during the financial year are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Subsidiary companies:				
Management fees income	–	–	10,810	9,410
Management fees expense	–	–	(60)	(60)
Other related companies:				
Revenue from data, voice and other services	36,842	28,099	–	–
Interconnect revenue	7,025	7,460	–	–
Fee for wayleave and right of use of telecommunications facilities	(10,149)	(6,611)	–	–
Interconnect charges	(10,694)	(9,501)	–	–
Leased line cost	(12,224)	(6,678)	–	–
Network maintenance	(2,740)	(1,838)	–	–
Companies in which a Director has significant financial interest:				
Revenue from data, voice and other services	–	9,277	–	–
Global bandwidth business revenue	–	9,187	–	–
Internet service provider costs	–	(10,293)	–	–
Network and leased line charges	–	(429)	–	–
Site and customer premises rental	–	(1,986)	–	–
Professional fees	(28)	(490)	(28)	(490)
Training expenses	(158)	–	–	–

25. RELATED PARTIES (CONTINUED)

The Directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under negotiated terms.

The outstanding balances due from and due to the related parties of the Group and the Company are disclosed in Notes 8 and 13 respectively.

26. FINANCIAL INSTRUMENTS

26.1 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

26.2 Credit risk

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meets its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers (including other related companies) and deposits with financial institutions. The Company's exposure to credit risk arises principally from advances to subsidiaries and deposits with financial institutions.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are required to be performed on all new customers. Depending on the nature of the transaction, the Group may require upfront deposits as collateral.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an on-going basis. The Group also uses ageing analysis to monitor the credit quality of the receivables. For receivables from corporate, wholesale and government sectors, allowance for impairment losses will generally be provided for amounts aged more than 365 days derived based on historical payment trends and patterns unless there is objective evidence to indicate otherwise.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.2 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

The exposure of credit risk for trade receivables of the Group as at the end of the reporting period by geographical region was:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Malaysia	92,226	111,939	127,520
Outside Malaysia	13,697	–	–
	105,923	111,939	127,520

At reporting date, there were no significant concentrations of credit risk.

Impairment losses

The ageing of trade receivables (including trade amounts due from other related companies and accrual of global bandwidth revenue) as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
31 December 2012			
Not past due	67,415	(7)	67,408
Past due 1 – 30 days	16,790	(34)	16,756
Past due 31 – 120 days	13,651	(89)	13,562
Past due more than 120 days	17,349	(9,152)	8,197
	115,205	(9,282)	105,923
31 December 2011			
Not past due	63,136	(5)	63,131
Past due 1 – 30 days	18,321	(75)	18,246
Past due 31 – 120 days	24,287	(372)	23,915
Past due more than 120 days	15,977	(9,330)	6,647
	121,721	(9,782)	111,939

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.2 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group (continued)			
1 January 2011			
Not past due	79,388	–	79,388
Past due 1 – 30 days	15,215	(367)	14,848
Past due 31 – 120 days	19,133	(279)	18,854
Past due more than 120 days	23,841	(9,411)	14,430
	137,577	(10,057)	127,520

The allowance account in respect of the trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The movement in the allowance for impairment losses of trade receivables (including amounts due from other related companies) during the year were as follows:

	Group 2012 RM'000	Group 2011 RM'000
At 1 January	9,782	10,057
Acquisition of subsidiaries	953	–
Net allowance reversed	(1,453)	(275)
At 31 December	9,282	9,782

Allowance for impairment losses in relation to outstanding balance due from other related parties amounted to RM844,000 (31.12.2011: RM686,000; 1.1.2011: RM1,596,000).

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.2 Credit risk (continued)

Deposits with financial institutions and other financial assets

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's cash and cash equivalents are deposited with licensed financial institutions.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations in respect of these deposits.

Impairment losses

As at the end of the reporting period, there was no indication that the amounts deposited with licensed financial institutions are not recoverable.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries and monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. Advances are only provided to subsidiaries which are wholly owned by the Company. The Company considers its subsidiaries as companies associated with low credit risk.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's exposure to liquidity risk arises principally from its various payables and other applicable contractual obligations and commitments. The Group reviews and strives to maintain a prudent level of cash and cash equivalents and banking facilities to ensure working capital requirements are met.

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000
Group						
31 December 2012						
Term loans	147,694	3.88% – 4.83%	167,968	12,552	37,644	117,772
Finance lease liabilities	6,838	3.50% – 6.50%	7,304	3,846	3,458	–
Trade and other payables*	172,194	–	172,325	171,948	377	–
31 December 2011						
Trade and other payables*	137,130	–	137,396	137,158	238	–
1 January 2011						
Trade and other payables*	106,274	–	106,678	102,419	4,259	–

* The contractual cash flows of trade and other payables exclude unearned revenue and provisions.

	Carrying amount RM'000	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000
Company				
31 December 2012				
Trade and other payables	2,117	2,117	2,117	–
31 December 2011				
Trade and other payables	3,284	3,284	3,284	–
1 January 2011				
Trade and other payables	3,590	3,590	3,590	–

There are no contractual interest rates for the above financial liabilities.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

Currency risk

Risk management objectives, policies and processes for managing the risk

The Group has a potential currency risk exposure arising from trade transactions entered with companies where the amounts are denominated in currencies other than Ringgit Malaysia. Exposure to foreign currency risk is monitored on an ongoing basis and where considered necessary, the Group may consider using financial instruments to hedge its foreign currency risk. The Company is not significantly exposed to currency risk.

Exposure to foreign currency risk

The Group's exposure to foreign currency risk mainly relates to United States dollar ("USD") as follows:

	Denominated in USD		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Group			
Trade receivables	25,823	8,491	7,799
Cash and cash equivalents	262	–	–
Term loan	(38,028)	–	–
Trade payables	(19,157)	(1,494)	(1,077)
Net exposure in the statement of financial position	(31,100)	6,997	6,722

Currency risk sensitivity analysis

As indicated below, a strengthening of the Ringgit Malaysia against the USD at 31 December would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

The analysis is performed on the same basis for 2011, as indicated below:

	Profit or loss	
	2012 RM'000	**2011 RM'000**
1% strengthening of RM against USD	311	(70)

Conversely, a weakening of the Ringgit Malaysia against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Market risk (continued)

Interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning financial asset, based on carrying amounts as at the end of the reporting period was:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Fixed rate instruments						
– Deposits with licensed banks	182,287	212,169	193,200	104,846	126,136	111,600
– Finance lease liabilities	(6,838)	–	–	–	–	–
Floating rate instruments						
– Term loans	(147,694)	–	–	–	–	–

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point ("bp") in interest rates at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100bp increase RM'000	100bp decrease RM'000
Group		
31.12.2012		
Floating rate instruments	(1,477)	1,477
31.12.2011/1.1.2011		
Floating rate instruments	–	–

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.4 Market risk (continued)

Equity price risk

Equity price risk arises mainly from the Group's available-for-sale investments in quoted securities.

Risk management objectives, policies and processes for managing the risk

Investments are allowed in liquid securities that are quoted and traded on the local stock exchange on specific business case basis and upon the evaluation and approval by the Board of Directors. The existing available-for-sale investment in quoted securities represents the consideration received in prior years as a result of the Group's disposal of its 3G spectrum licence to DiGi.Com Berhad. The Group does not transact in any derivative financial instruments.

Equity price risk sensitivity analysis

A 1% increase in the quoted price of the Group's existing available-for-sale investment at the end of the reporting period would have increased equity by RM14,547,500 (31.12.2011: RM10,670,000; 1.1.2011: RM6,765,000). A 1% weakening in quoted price of the Group's existing available-for-sale investment would have had an equal but opposite effect on the Group's equity.

26.5 Fair value

The carrying amounts of cash and cash equivalents, receivables and payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

Fair value of unquoted assets in other investments are measured at cost as it was not practical to estimate fair value due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Fair value of quoted equity shares is based on closing market price at the date of the statements of financial position.

The effective interest rates used to discount estimated cash flows, when applicable, are as follows:

	31.12.2012	31.12.2011/1.1.2011
Term loans	3.88% – 4.83%	–
Finance lease liabilities	6.69% – 9.92%	–

26. FINANCIAL INSTRUMENTS (CONTINUED)

26.6 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2012				
Financial assets				
Investment in quoted shares	1,454,750	–	–	1,454,750
31.12.2011				
Financial assets				
Investment in quoted shares	1,067,000	–	–	1,067,000
1.1.2011				
Financial assets				
Investment in quoted shares	676,500	–	–	676,500

27. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain an optimal capital structure and to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as results from operating activities compared against returns on average invested capital.

There were no changes in the Group's approach to capital management during the year.

28. ACQUISITION OF SUBSIDIARIES

On 17 May 2012, the Group completed the acquisitions of:

(i) 100% equity stake in GTC by issuance of 28,732,394 new shares in the Company as full and final settlement for the acquisition;

(ii) 100% equity stake in GTL via issuance of 17,070,421 new shares in the Company as part settlement for the acquisition. The remaining portion of the purchase consideration was settled via a cash payment of RM40.4 million;

(iii) 100% equity stake in GTHK and GTS for cash consideration of RM1 each; and

(iv) 100% equity stake in TAAG and its subsidiaries, ADC2 and ACSB (collectively "AIMS Group") by issuance of 20,112,676 new shares in the Company as part settlement. The remaining portion of the purchase consideration was settled via a cash payment of RM47.6 million.

The total number of new ordinary share issued in connection with (i), (ii) and (iv) above is 65,915,491 shares.

The principal activities of these companies are stated in Note 5. The acquisition of these companies further expanded the Group's business to international wholesale and global bandwidth and data centre businesses.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired at the acquisition date:

Fair value of consideration transferred:

	Group 2012 RM'000
Cash and cash equivalent	88,000
Share consideration (65,915,491 no. of shares at RM2.87 per share)	189,178
Total	277,178

28. ACQUISITION OF SUBSIDIARIES (CONTINUED)

	Group 2012 RM'000
Identifiable assets acquired and (liabilities) assumed	
Property, plant and equipment	174,326
Deferred tax asset	637
Available-for-sale	50
Trade and other receivable	117,385
Tax recoverable	71
Restricted cash	3,564
Cash and bank balances	6,370
Deferred tax liability	(2,554)
Lease liabilities	(8,639)
Loans and borrowings	(83,989)
Bank overdraft	(364)
Trade and other payables	(140,797)
Provision for tax	(2,668)
Total identifiable net assets	63,392
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	88,000
Cash and cash equivalents acquired	(6,006)
Total	81,994

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

Total consideration transferred	277,178
Fair value of identifiable net assets	(63,392)
Negative goodwill	173
Goodwill	213,959

The goodwill is attributable mainly to the skills and technical talent of the newly acquired subsidiaries' work force, and the synergies expected to be achieved from integrating the company into the Group's existing fixed-line telecommunication business. None of the goodwill recognised is expected to be deductible for income tax purposes.

29. SIGNIFICANT EVENTS

Significant events during the year, other than disclosed elsewhere in the notes to the financial statements, are as follows:

29.1 Capital repayment

The Company completed a capital repayment of RM50,616,500 representing RM0.02 per share to entitled shareholders of the Company in May 2012.

29.2 Capital restructuring

The Company completed a capital restructuring exercise in May 2012 comprising:

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

(ii) A set-off of RM834,315,000 from the Company's share premium account against accumulated losses of RM825,555,126. The set-off also resulted in the creation of a distributable capital reserve account of RM8,759,874; and

(iii) A share consolidation of 2,530,775,000 ordinary shares of RM0.10 each in the Company after the abovementioned capital reduction into 506,155,000 shares on the basis of 5 ordinary shares of RM0.10 each in the Company into 1 ordinary share of RM0.50 each in the Company.

29.3 Share Grant Plan ("SGP")

During the year, the Company has established a SGP to the eligible employees of the Group and executive directors of the Company (except for Afzal Abdul Rahim). The SGP was approved by the shareholders at the Company's Extraordinary General Meeting held on 28 June 2012. The SGP is valid in force for eight years or such longer period not exceeding ten years.

The total number of shares to be issued under the SGP shall not exceed in aggregate 10% of the issued and paid-up share capital of the Company (excluding treasury shares) at any point of time during the tenure of the SGP period. All new ordinary shares issued pursuant to the SGP will rank pari passu in all respect with the existing ordinary shares of the Company.

The first tranche of share grant was issued and vested during the financial year. The SGP resulted in the issuance of 1,022,900 ordinary shares of RM0.50 each during the financial year. The closing share price at the vesting date was RM3.44 per share.

29. SIGNIFICANT EVENTS (CONTINUED)

29.4 Proposed special dividend-in-specie

The Company announced its intention on 7 December 2012, to undertake a proposed special dividend-in-specie of up to 137,500,000 DiGi.Com Berhad ("DiGi") shares, representing a 1.77% equity interest in DiGi, to the shareholders of the Company, subject to the sufficiency of distributable reserves of the Company and after being obtained the necessary approvals required for the proposed dividend-in-specie. The quantum of DiGi shares to be distributed pursuant to the proposed dividend-in-specie, if implemented, will be at the absolute discretion of the Board of Directors of the Company. The proposal is expected to be completed by the first half of 2013.

30. COMPARATIVE FIGURES

Certain comparative figures of the Group have been reclassified to conform to current year's presentation as disclosed below:

	As restated RM'000	Previously stated RM'000
31.12.2011		
Non-current assets		
Property, plant and equipment	448,957	461,177
Trade and other receivables	23,022	10,802
1.1.2011		
Non-current assets		
Property, plant and equipment	365,488	377,708
Trade and other receivables	31,926	19,706

31. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The amounts of realised and unrealised profits or losses included in the retained earnings or accumulated losses of the Group and the Company pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Total retained earnings/ (accumulated losses):				
– realised	428,030	(2,827,523)	1,662	(3,105,045)
– unrealised	57,576	16,147	3,367	420
Total retained earnings/ (accumulated losses) (Note 11)	485,606	(2,811,376)	5,029	(3,104,625)

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

The disclosure of realised and unrealised profits 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.

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 68 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 31 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Afzal Abdul Rahim **Elakumari Kantilal**

Shah Alam, Selangor
Date: 27 February 2013

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Long Sher Neng**, the officer primarily responsible for the financial management of TIME dotCom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 131 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 27 February 2013.

Long Sher Neng

Before me:

Lee Chin Hin
License No.: W493
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT
to the members of TIME dotCom Berhad (incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of TIME dotCom Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 68 to 130.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

d) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 to the financial statements on page 131 has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Ahmad Nasri Abdul Wahab
Approval Number: 2919/03/14(J)
Chartered Accountant

Petaling Jaya, Selangor
Date: 27 February 2013

STOCKHOLDING ANALYSIS
As at 27 March 2013

Authorised Share Capital	:	RM5,000,000,000.00
Issued and paid-up Capital	:	RM286,546,695.50
Class of Shares	:	Ordinary Shares of RM0.50 each
No. of Shareholders	:	18,797
Voting Right	:	One (1) vote per Ordinary Share

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100	456	12,454	0.00
100 to 1,000	11,725	5,092,534	0.89
1,001 to 10,000	5,463	18,039,676	3.15
10,001 to 100,000	896	25,979,491	4.53
100,001 to less than 5% of issued shares	254	244,951,647	42.74
5% and above of issued shares	3	279,017,589	48.69
Total	**18,797**	**573,093,391**	**100.00**

THIRTY (30) LARGEST SHAREHOLDERS
as at 27 March 2013

	Names	No. of Shares	%
1.	Pulau Kapas Ventures Sdn Bhd	180,774,359	31.54
2.	Khazanah Nasional Berhad	65,298,982	11.39
3.	Kumpulan Wang Persaraan (Diperbadankan)	32,944,248	5.75
4.	Cimsec Nominees (Tempatan) Sdn Bhd – CIMB for Megawisra Sdn Bhd (PB)	24,831,363	4.33
5.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for American International Assurance Berhad	16,314,800	2.85
6.	Amanahraya Trustees Berhad – Public Smallcap Fund	12,380,260	2.16
7.	Amsec Nominees (Tempatan) Sdn Bhd – Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	10,062,220	1.75
8.	Amanahraya Trustees Berhad – Public Islamic Sector Select Fund	9,154,420	1.60
9.	Citigroup Nominees (Tempatan) Sdn Bhd – ING Insurance Berhad (INV-IL PAR)	8,637,200	1.51
10.	Amanahraya Trustees Berhad – Public Islamic Select Treasures Fund	8,415,840	1.47
11.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (AM INV)	5,704,800	1.00
12.	Citigroup Nominees (Asing) Sdn Bhd – CBNY for Dimensional Emerging Markets Value Fund	5,476,280	0.95

THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)
as at 27 March 2013

	Names	No. of Shares	%
13.	HSBC Nominees (Asing) Sdn Bhd – Exempt An for JPMorgan Chase Bank, National Assoiciation (Norges BK)	5,071,800	0.88
14.	Amanahraya Trustees Berhad – Public Sector Select Fund	4,915,560	0.86
15.	Public Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Kong Goon Khing (E-BTR)	4,750,000	0.83
16.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (ABERDEEN)	3,727,200	0.65
17.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (F TEMPLETON)	3,481,100	0.61
18.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (HDBS)	3,371,600	0.59
19.	Citigroup Nominees (Tempatan) Sdn Bhd – Kumpulan Wang Persaraan (Diperbadankan) (ABERDEEN)	3,290,000	0.57
20.	CIMB Commerce Trustee Berhad – Public Focus Select Fund	2,820,400	0.49
21.	Cartaban Nominees (Asing) Sdn Bhd – BBH (LUX) SCA for Fidelity Funds Malaysia	2,790,840	0.49
22.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (PHEIM)	2,339,300	0.41
23.	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	2,334,000	0.41
24.	Cartaban Nominees (Asing) Sdn Bhd – BBH And Co Boston for Pyramis Select International Small Capplus Commingled Pool	2,164,500	0.38
25.	HSBC Nominees (Asing) Sdn Bhd – TNTC for Baring Pacific Fund	2,003,700	0.35
26.	Public Invest Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Indera Permai Sdn Bhd (M)	1,994,100	0.35
27.	HSBC Nominees (Tempatan) Sdn Bhd – HSBC (M) Trustee Bhd for Hwang Select Opportunity Fund (3969)	1,991,100	0.35
28.	Maybank Nominees (Tempatan) Sdn Bhd – Etiqa Insurance Berhad (Life PAR Fund)	1,918,000	0.33
29.	Amanahraya Trustees Berhad – Public Islamic Opportunities Fund	1,893,760	0.33
30.	HSBC Nominees (Asing) Sdn Bhd – Exempt An for The Bank of New York Mellon (MELLON ACCT)	1,849,740	0.32
	TOTAL	**432,701,472**	**75.50**

SUBSTANTIAL SHAREHOLDERS
as at 27 March 2013

Names	No. of Shares			
	Direct	(%)	Indirect	(%)
Pulau Kapas Ventures Sdn Bhd ("PKV")	180,774,359	31.54	–	–
Khazanah Nasional Berhad	65,298,982	11.39	180,774,359 (2)	31.54
Kumpulan Wang Persaraan (Diperbadankan)	36,723,548 (1)	6.41	–	–
Global Transit International Sdn Bhd ("GTI")	2,105,300	0.37	180,774,359 (3)	31.54
Megawisra Sdn Bhd ("Megawisra")	24,831,363	4.33	182,879,659 (4)	31.91
Megawisra Investments Limited ("Megawisra Investments")	–	–	207,711,022 (5)	36.24
Afzal Abdul Rahim	–	–	207,711,022 (6)	36.24
Gan Te-Shen	–	–	207,711,022 (7)	36.24

Notes:

(1) Including shares held under Citigroup Nominees (Tempatan) Sdn Bhd.
(2) Deemed interested by virtue of its interests held through PKV pursuant to Section 6A of the Companies Act, 1965 ("the Act").
(3) Deemed interested by virtue of its interests held through PKV pursuant to Section 6A of the Act.
(4) Deemed interested by virtue of its interests held through PKV via its shareholdings in GTI pursuant to Section 6A of the Act.
(5) Deemed interested by virtue of its interests held through PKV and GTI via its shareholdings in Megawisra pursuant to Section 6A of the Act.
(6) Deemed interested by virtue of his interests held through PKV, GTI and Megawisra via his shareholdings in Megawisra Investments pursuant to Section 6A of the Act.
(7) Deemed interested by virtue of his interests held through PKV, GTI and Megawisra via his shareholdings in Megawisra Investments pursuant to Section 6A of the Act.

STATEMENT ON DIRECTORS' INTERESTS IN SHARES

Afzal Abdul Rahim, a Director on the Board of TIME dotCom Berhad, is deemed to have interest in the shares of the Company by virtue of Section 6A(4)(c) of the Companies Act, 1965 through Pulau Kapas Ventures Sdn Bhd, Megawisra Sdn Bhd and Global Transit International Sdn Bhd.

Ronnie Kok Lai Huat and Rossana Annizah Ahmad Rashid @ Mohd Rashidi, the Directors on the Board of TIME dotCom Berhad, hold 60,000 shares and 110,000 shares in TIME dotCom Berhad respectively whilst Balasingham A. Namasiwayam, a Director on the Board of TIME dotCom Berhad, holds 5,000 shares in TIME dotCom Berhad through his spouse.

TT DOTCOM SDN BHD

Vendor	Location	Description	Tenure	Area	Existing Use	Approximate Age (Years)		Cost (NBV) (RM)	Remarks (Amortisation)
Perdana Restu Sdn. Bhd.	HMS 984 PT 1277 Mukim Sungai Karang Baging Kuantan	Land	Freehold	12,140.55 sq.m.	Operation Cable Landing Station			**4,200,000.00**	
Antrac Holdings (M) Sdn. Bhd.	Lot No. 43 & 54 Glenmarie Industrial Park Shah Alam Selangor	Land	Freehold	2.222 acre	Operation site	16		**3,687,963.00**	
		Building		8,456.64 sq.m.			Cost Depreciation Balance (nbv)	**14,717,422.12** **14,717,402.12** **20.00**	
Time Engineering Bhd (Henry Butcher, Lim & Long Sdn. Bhd.)	Lot 26 Jln 225 Petaling Jaya 46100 PJ Selangor	Building Land	Leasehold	16,000 s.f. (1,486.45 sq.m.) 49,266.37 s.f. (4,577 sq.m.)	Operation site	39	Cost Depreciation Balance (nbv)	**5,585,840.00** **1,117,168.00** **4,468,672.00**	**99 years** **Expire** **11/4/2072**
Mega Capital Sdn. Bhd. (Messrs Neoh, Norizah & Co.)	Lot 4465 Mukim 1 Daerah Seberang Prai Pulau Pinang	Land	Freehold	96,921 s.f.	Operation site			**2,519,946.00**	
Kotajasa Sdn. Bhd. (Messrs Arthur Lee & Co.)	Lot P.T.D. 3930 Mukim Tebrau Daerah Johor Bahru Johor	Land	Freehold	117,767 s.f.	Operation site	15	Cost Land impairment Balance (nbv)	**4,946,214.00** **2,101,214.00** **2,845,000.00**	
Raine & Horne International (Gan Teik Chee & Co.) Vendor : Yuan Seng Building Trading Sdn. Bhd.	102M Lengkok Kampung Jawa 2 Miel Industrial Estate Bayan Lepas Pulau Pinang	Land	Leasehold	9,485 s.f.	Operation site	31	Cost Amortisation Balance (nbv)	**1,007,000.00** **816,788.75** **190,211.25**	**60 years** **from 1981** **to 2041**
		Building		668.9 sq.m.	Office Building		Cost Depreciation Balance (nbv)	**200,000.00** **63,999.94** **136,000.06**	2 % Depreciation
Win Muar Sdn. Bhd.	Lot 142-A Semambu Industrial Estate Kuantan Pahang	Land	Leasehold	2.5 acre (10,940.5 sq.m.) (117,762.45 s.f.)	Operation site	32	Cost Amortisation Balance (nbv)	**1,535,000.00** **1,381,512.17** **153,487.83**	**66 years** **from 1980** **to 2046**
		Building		1,938 sq.m.	Office Building		Cost Depreciation Balance (nbv)	**1,065,000.00** **383,399.98** **681,600.02**	2 % Depreciation

TT DOTCOM SDN BHD (Continued)

Vendor	Location	Description	Tenure	Area	Existing Use	Approximate Age (Years)		Cost (NBV) (RM)	Remarks (Amortisation)
Sy. Tanah Lawas Sdn. Bhd. (Messrs Neoh, Norizah & Co.)	Kg. Sungai Bedaun Daerah Labuan Wilayah Persekutuan Labuan	Land	Leasehold	8.0 acre	Operation site	28	Cost Amortisation Balance (nbv)	**4,145,000.00** **3,533,073.11** **611,926.89**	**99 years from 1984 to 2082**
		Building		270 sq.m.					
Martimex Sdn. Bhd.	P.T. No. 2705 Mukim Ulu Kinta Daerah Ulu Kinta Perak	Land	Leasehold	23,274 s.f.	Operation site	36	Cost Amortisation Balance (nbv)	**350,000.00** **300,262.50** **49,737.50**	**60 years from 1976 to 2036**
Chong Han Ting	Lot 37, Kg. Sungai Bedaun Settlement scheme Labuan Wilayah Persekutuan Labuan	Land	Leasehold	3.0 acre	Operation site	28	Cost Amortisation Balance (nbv)	**80,000.00** **68,631.33** **11,368.67**	**99 years from 1984 to 2082**
	Lot No. 469 Mukim Batu Burok Kuala Terengganu Terengganu	Land	Leasehold	8,712 s.f.	Operation site	37	Cost Amortisation Balance (nbv)	**350,000.00** **283,888.83** **66,111.17**	**99 years 1975-2074**
	Lot P.T.D. 1474 HS (D) 3432 Mukim Jemaluang Daerah Mersing Johor	Land	Leasehold	1,237 sq.m.	Operation site	11	Cost Amortisation Balance (nbv)	**41,320.00** **16,700.17** **24,619.83**	**60 years 2001-2061**

TIME DOTCOM SDN BHD

Vendor	Location	Description	Tenure	Area	Existing Use	Approximate Age (Years)	Cost (NBV) (RM)	Remarks (Amortisation)
Barney Communication Sdn. Bhd.	Lot No. 53 Glenmarie Industrial Park Shah Alam Selangor	Land	Freehold	4,260 sq.m.	Operation site	1	**8,112,848.99**	
		Building		3,747 sq.m.	Office Building	1		

NOTICE IS HEREBY GIVEN THAT the 16th Annual General Meeting (AGM) of the Company will be held at **Saujana Ballroom, Ground Floor, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan** on **Monday, 20 May 2013** at **10.00 a.m.** for the purpose of transacting the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A.**

As Ordinary Business:-

2. To re-elect Balasingham A. Namasiwayam, a Director retiring in accordance with Article 94 of the Company's Articles of Association and, who being eligible, has offered himself for re-election. **Resolution 1**

3. To re-elect the following Directors retiring in accordance with Article 99 of the Company's Articles of Association and, who being eligible, they have offered themselves for re-election:-

   i) Hong Kean Yong **Resolution 2**
   ii) Rossana Annizah Ahmad Rashid @ Mohd Rashidi **Resolution 3**

4. To consider and if thought fit, to pass the following resolution in accordance with Section 129 of the Companies Act, 1965:- **Resolution 4**

   "THAT Abdul Kadir Md Kassim who retires in accordance with Section 129 of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company."

5. To re-appoint Messrs KPMG as Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business:-

To consider and if thought fit, pass the following Ordinary Resolutions:-

6. Ordinary Resolution – Authority to Issue Shares Pursuant To Section 132D of the Companies Act, 1965 **Resolution 6**

   "THAT subject always to the Companies Act, 1965 and the Articles of Association of the Company, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting; and FURTHER THAT the Directors be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

7. Ordinary Resolution – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature with related parties ("Proposed Mandate") **Resolution 7**

"THAT, approval be and is hereby given pursuant to Paragraph 10.09 (2) of the Listing Requirements of Bursa Malaysia Securities Berhad for the Company and its subsidiaries ("TdC Group") to enter into the recurrent transactions of a revenue or trading nature, all as set out in Section 2.3 of the Circular to Shareholders dated 26 April 2013 with the related parties mentioned therein which are necessary for the TdC Group's day-to-day operations, provided that:-

(i) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

(ii) disclosure of the aggregate value of the transactions conducted during a financial year will be disclosed in the annual report for the said financial year,

AND THAT the authority conferred by the new mandate shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which the Proposed Mandate is approved, at which time they will lapse, unless by a resolution passed at the next AGM the mandates are renewed;

(ii) the expiration of the period within which the next AGM of the Company is required to be held, pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and is hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Mandate."

8. Ordinary Resolution – Proposed Dividend-In-Specie **Resolution 8**

(a) "THAT approval be and is given:-

(i) for the Company to declare a dividend to the shareholders of the Company (collectively, "Entitled Shareholders", and each an "Entitled Shareholder") whose names appear in the record of depositors of the Company on an entitlement date ("Entitlement Date") to be determined by the board of directors of the Company in its absolute discretion and announced later;

(ii) for the board of directors of the Company to determine the amount of the said dividend ("Dividend Amount") in its absolute discretion, taking into account the availability of profits; and

(iii) subject to the provisions of this ordinary resolution, for the Dividend Amount to be satisfied by transferring to the Entitled Shareholders such number of the ordinary shares of nominal value RM0.01 each in DiGi.Com Berhad held by the Company (collectively, "DiGi Shares", and each a "DiGi Share"), rounded down to the nearest whole DiGi Share, the total value of which is equivalent to the Dividend Amount, provided always that, notwithstanding anything to the contrary:-

(1) such total value shall be based on the then prevailing market price of such DiGi Shares as of a date to be determined by the board of directors of the Company in its absolute discretion;

(2) such DiGi Shares shall be distributed:-

(A) free from any and all encumbrances and equities, and with all legal and beneficial title and interest pertaining thereto; and

(B) on the basis that they will rank pari passu in all respects with all other then existing ordinary shares in DiGi.Com Berhad;

but they shall not entitle the Entitled Shareholders to any dividend, right, allotment and/or other distribution that may be declared, made and/or paid prior to the date on which they are credited into the securities accounts of the Entitled Shareholders;

(3) the distribution ratio for the number of DiGi Shares to be distributed to each of the Entitled Shareholders shall be determined pro rata based on the number of shares in the Company held by the Entitled Shareholders respectively on the Entitlement Date;

(4) the total number of DiGi Shares so distributed shall not in any case exceed 137,542,414;

(5) (A) in respect of any Entitled Shareholder, Shares shall be distributed only in multiples of 100, and therefore:-

(I) (for the avoidance of doubt) if the number of DiGi Shares that would have been distributed to that Entitled Shareholder is 100 or a multiple of 100, then all such DiGi Shares shall be distributed to it;

(II) if the number of DiGi Shares that (but for the provisions of this paragraph (a)(iii)(5)(A)) would have been distributed to that Entitled Shareholder is more than 100 but is not in a multiple of 100, that number shall be rounded down to (and shall not exceed) the nearest 100 or multiple of 100 DiGi Shares ("Board Lot Limit"), and the number of DiGi Shares which is in excess of that Board Lot Limit shall not be distributed to it; and

(III) if the number of DiGi Shares that (but for the provisions of this paragraph (a)(iii)(5)(A)) would have been distributed to that Entitled Shareholder is less than 100 DiGi Shares, then such DiGi Shares shall not be distributed to it;

(B) all DiGi Shares which, pursuant to paragraphs (a)(iii)(5)(A)(II) and (III), are not distributed to the relevant Entitled Shareholders shall be sold at such time or times, and on such terms (including, without limitation, price or prices), as may be determined and/or agreed by the board of directors of the Company in its sole discretion; and

(C) the net proceeds from such sale (less any and all expenses related and incidental to such sale) shall be distributed and paid to the said relevant Entitled Shareholders pro rata to the number of DiGi Shares to which they would have been respectively entitled but for the provisions of paragraph (a)(iii)(5)(A); and

(6) any fraction of a DiGi Share arising from the foregoing shall not be distributed but shall be dealt with by the board of directors of the Company in their sole discretion as they deem fit and expedient, and in the best interests of the Company.

(b) AND THAT the board of directors of the Company be and is authorised to do all things, and to execute and deliver all such documents and instruments, for and on behalf of the Company as they may consider necessary and/or expedient to give effect to this Ordinary Resolution, including (without limitation):-

(i) to determine the Entitlement Date, the Dividend Amount, the date referred to in paragraph (a)(iii)(1), and the times and terms referred to in paragraph (a)(iii)(5)(B); and

(ii) to appoint or engage advisers, agents and/or brokers for the purposes of, and to administer all matters pertaining to, the sale of the DiGi Shares described in paragraphs (a)(iii)(5)(B) and (C);

with full power to assent to any condition, modification, variation, and/or amendment deemed by them to be necessary, fit and/or expedient, and in the best interests of the Company."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

MISNI ARYANI MUHAMAD (LS 0009413)
Secretary

26 April 2013
Selangor Darul Ehsan

Note A:-

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

Notes:-

1. For the purpose of determining a member who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depository as at 14 May 2013. Only a depositor whose name appears on the Record of Depositors as at 14 May 2013 shall be regarded as a member entitled to attend, speak and vote at the Company's AGM or appoint proxies to attend and/or vote on his/her behalf.

2. A member entitled to attend and vote at the above Meeting of the Company is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

3. The instrument of proxy shall be in writing and signed by the appointer or by his attorney and in the case of a corporation, either under its common seal or signed by its attorney or officer on behalf of the corporation.

4. A member who holds 1,000 shares or less in the Company is entitled to appoint one (1) proxy whilst a member holding more than 1,000 shares in the Company is entitled to appoint a maximum of two (2) proxies. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of holding to be represented by each proxy is specified.

6. The instrument appointing a proxy or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office, **Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan** not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting, or in the case of a poll not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Explanatory Note on Special Business:

Ordinary Resolution 6

The Ordinary Resolution 6 is proposed for the purpose of granting a renewed general mandate for the issuance of shares in the Company pursuant to Section 132D of the Companies Act, 1965.

There was issuance of 1,022,900 ordinary shares of RM0.50 each in the issued and paid-up share capital of the Company to the employees entitled to the Special Restricted Share Plan of the Company's Share Grant Plan dated 18 October 2012, pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was obtained at the 15th AGM held on 28 June 2012 and the said mandate will expire at the conclusion of the forthcoming 16th AGM.

The Ordinary Resolution 6, if passed at the 16th AGM, will give authority to the Directors of the Company to issue and allot shares at any time without convening a general meeting, in order to avoid any delay and cost involved in convening one. The authorisation so granted, is valid from the date of the 16th AGM, and unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

The general mandate if renewed at the 16th AGM, will provide the Company the flexibility to raise funds for funding future investment project(s), working capital and/or acquisition(s).

Ordinary Resolution 7

The Ordinary Resolution 7, if passed, will authorise the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and its subsidiaries with its related parties and are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and shall lapse at the conclusion of the next Annual General Meeting unless revoked or varied by resolution passed by the shareholders of the Company in general meeting.

Detailed information on the Proposed Mandate is set out in the Circular to Shareholders dated 26 April 2013.

Ordinary Resolution 8

The Ordinary Resolution 8, if passed, will empower the Company to declare a dividend, the amount of which is to be determined by the directors of the Company, taking into account the availability of profits of the Company.

The dividend amount will be satisfied by the distribution to the entitled shareholders of the Company, of up to 137,542,414 ordinary shares of nominal value RM0.01 each in DiGi.Com Berhad ("DiGi Shares"), to be distributed pro rata based on the number of shares in the Company held by the entitled shareholders on an entitlement date to be determined later.

The DiGi Shares are to be distributed to entitled shareholders in numbers that are rounded down to the nearest multiple of 100 shares only ("Board Lot"). However, odd numbers of DiGi Shares that do not make up a multiple of 100 ("Odd Lots") shall not be distributed. Instead, they shall be sold by an agent, and the net proceeds therefrom (less expenses) shall be distributed and paid to the relevant entitled shareholders in accordance with the proportions of their Odd Lots.

In accordance with Article 136 of the Company's Articles of Association, the board of directors recommends that the shareholders approve the distribution of the DiGi Shares by way of the dividend-in-specie.

Please refer to the Statement to Shareholders dated 26 April 2013 in relation to the proposed distribution of the DiGi Shares by way of dividend-in-specie, which is despatched together with this Annual Report, for further information.

NOTES

PUSHING PERFORMANCE
YOU GET THE ROCKET, WE DO THE SCIENCE.

FORM OF PROXY

TIME DOTCOM BERHAD
(Company No. 413292-P)

No. of shares	CDS Account No.

I/We, ______________________________ NRIC/Passport/Company No. ______________
(Name in block letters)

of ____
(Full Address)

being a member/members of **TIME dotCom Berhad** hereby appoint the following person(s):

Name of Proxy & NRIC	No. of shares to be represented by Proxy
1.	
2.	

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 16th Annual General Meeting of the Company to be held at **Saujana Ballroom, Ground Floor, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan** on **Monday, 20 May 2013** at **10.00 a.m.** and at any adjournment thereof.

You may indicate with an "**X**" or "**✓**" in the boxes provided below how you wish your votes to be cast. Please note that the filling of this form is for indicative purposes only and shall not bind the Company or in any way oblige or require the Company to ensure that your proxy shall vote in the manner as indicated by you.

Please take further note that the Company shall accept the vote cast by your proxy as a valid vote whether or not your proxy has acted in accordance with your instructions.

No.	Resolution	For	Against
1	Re-election of Balasingham A. Namasiwayam as Director		
2	Re-election of Hong Kean Yong as Director		
3	Re-election of Rossana Annizah Ahmad Rashid @ Mohd Rashidi as Director		
4	Re-appointment of Abdul Kadir Md Kassim as Director		
5	Re-appointment of Messrs KPMG as Auditors		
6	Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		
7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		
8	Proposed Dividend-In-Specie		

Signed this __________ day of ________________ 2013.

____
Signature/Common Seal of Appointer

NOTES:

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5. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of holding to be represented by each proxy is specified.
6. The instrument appointing a proxy or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office, **Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan** not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting, or in the case of a poll not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

AFFIX
POSTAGE
HERE

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

TIME

TIME dotCom Berhad (413292-P)
TT dotCom Sdn Bhd (52371-A)
TIME dotNet Berhad (507273-T)
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HICOM Glenmarie Industrial Park
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Selangor, Malaysia
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Fax : +60-3-5039 3015
Website : www.time.com.my

Northern Region
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MIEL Industrial Zone
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Fax : +60-4-370 0001

No 12, Block D1
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Pusat Bandar Seberang Jaya
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Fax : +60-4-379 2004

Eastern Region
No 142A Kawasan Perindustrian
Semambu
25350 Kuantan
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Southern Region
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Sabah & Sarawak
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Lot 969, Block 12, MTLD
Samajaya Free Industrial Zone
93450 Kuching, Sarawak
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GLOBAL TRANSIT

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Fax : +60-3-2020 1880
Website : www.globaltransit.net

Global Transit Singapore Pte. Ltd.
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Global Transit (Hong Kong) Limited (963139)
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AIMS

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