

TIME DOTCOM BERHAD
Registration No. 199601040939 (413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 30/6/2022 RM'000	Unaudited Preceding year corresponding quarter 30/6/2021 RM'000	Unaudited Six months to 30/6/2022 RM'000	Unaudited Six months to 30/6/2021 RM'000
Operating revenue	373,593	347,181	742,945	678,513
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(44,812)	(40,406)	(87,415)	(80,431)
- other operating expenses	(196,529)	(185,706)	(401,414)	(360,645)
Other operating income (net)	24,680	3,486	25,028	12,099
Profit from operations	156,932	124,555	279,144	249,536
Income from investments	2,411	2,064	4,806	4,566
Finance costs	(6,851)	(5,973)	(14,034)	(12,966)
Share of profit from associates, net of tax	4,725	4,873	10,575	9,759
Profit before tax	157,217	125,519	280,491	250,895
Tax expense	(38,044)	(32,250)	(69,999)	(66,005)
Profit for the period	119,173	93,269	210,492	184,890
Profit attributable to:				
Owners of the Company	118,277	92,672	208,922	184,025
Non-controlling interests	896	597	1,570	865
Profit for the period	119,173	93,269	210,492	184,890

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2021.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 30/6/2022 RM'000	Unaudited Preceding year corresponding quarter 30/6/2021 RM'000	Unaudited Six months to 30/6/2022 RM'000	Unaudited Six months to 30/6/2021 RM'000
Profit for the period	119,173	93,269	210,492	184,890
Other comprehensive income/(expenses), net of tax:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Foreign currency translation differences for foreign operations	363	(1,052)	449	(1,644)
- Cash flow hedge – associate	64	166	122	297
	<u>427</u>	<u>(886)</u>	<u>571</u>	<u>(1,347)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
- Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")	2,126	-	4,412	1,286
	<u>2,126</u>	<u>-</u>	<u>4,412</u>	<u>1,286</u>
Total other comprehensive income/(expenses) for the period, net of tax	2,553	(886)	4,983	(61)
Total comprehensive income for the period	121,726	92,383	215,475	184,829
Total comprehensive income attributable to:				
Owners of the Company	120,830	91,786	213,905	183,964
Non-controlling interests	896	597	1,570	865
Total comprehensive income for the period	121,726	92,383	215,475	184,829
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	<u>6.48 sen</u>	<u>5.11 sen</u> #	<u>11.44 sen</u>	<u>10.15 sen</u> #
- Diluted	<u>6.47 sen</u>	<u>5.10 sen</u> #	<u>11.43 sen</u>	<u>10.13 sen</u> #

Basic and diluted EPS were adjusted to reflect impact of the bonus issue exercise on the basis of two (2) bonus shares for every one (1) existing ordinary share held which was completed on 6 August 2021. Basic and diluted EPS previously reported in the preceding year corresponding quarter was 15.33 sen and 15.29 sen respectively and year-to-date was 30.44 sen and 30.38 sen respectively.

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2021.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/6/2022 RM'000	Audited As at 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,903,964	1,820,753
Investment property	1,462	1,478
Right-of-use assets	132,181	140,469
Intangible assets	251,987	251,989
Investment in associates	466,181	456,976
Other investments	46,143	41,731
Deferred tax assets	25,596	55,790
Trade and other receivables	1,928	6,605
	<u>2,829,442</u>	<u>2,775,791</u>
Current assets		
Tax recoverable	2,052	1,883
Other investments	2,000	2,000
Trade and other receivables	677,536	541,279
Restricted cash	4,322	4,296
Cash and cash equivalents	700,456	796,090
	<u>1,386,366</u>	<u>1,345,548</u>
Total assets	<u>4,215,808</u>	<u>4,121,339</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,379,148	1,379,148
Reserves	1,754,975	1,762,153
Equity attributable to owners of the Company	3,134,123	3,141,301
Non-controlling interests	23,813	22,243
Total equity	<u>3,157,936</u>	<u>3,163,544</u>
Non-current liabilities		
Loans and borrowings	97,192	107,997
Lease liabilities	94,017	103,427
Trade and other payables	324,346	327,823
Deferred tax liabilities	42,509	17,607
	<u>558,064</u>	<u>556,854</u>
Current liabilities		
Loans and borrowings	23,075	22,489
Lease liabilities	18,983	20,221
Trade and other payables	445,106	349,809
Provision for tax	12,644	8,422
	<u>499,808</u>	<u>400,941</u>
Total liabilities	<u>1,057,872</u>	<u>957,795</u>
Total equity and liabilities	<u>4,215,808</u>	<u>4,121,339</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM1.72</u>	<u>RM1.72</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2021.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/6/2022 RM'000	Unaudited Six months to 30/6/2021 RM'000
Operating Activities		
Cash receipts from customers	736,105	676,070
Transfer to restricted cash	(26)	(43)
Cash payments to suppliers	(267,274)	(206,532)
Cash payments to employees and for administrative expenses	(161,567)	(161,892)
Cash generated from operations	307,238	307,603
Tax paid	(10,088)	(7,925)
Tax refunded	24	-
Net cash generated from operating activities	297,174	299,678
Investing Activities		
Acquisition of property, plant and equipment	(133,189)	(149,271)
Proceeds from disposal of property, plant and equipment	310	115
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(40,182)
Investment income received	6,691	5,618
Net cash used in investing activities	(126,188)	(183,720)
Financing Activities		
Drawdown from loans and borrowings	500	104,043
Repayment of loans and borrowings	(11,357)	(15,991)
Finance charges paid	(2,542)	(2,101)
Payment of lease liabilities	(18,889)	(15,488)
Proceeds from issuance of additional shares	-	3,492
Proceeds from subscription of shares in a subsidiary by non-controlling interest	-	3,000
Shareholder loan from an associate	1,554	3,304
Repayment from previous associate	384	-
Dividend paid	(240,069)	(200,011)
Net cash used in financing activities	(270,419)	(119,752)
Net change in cash and cash equivalents	(99,433)	(3,794)
Effect of exchange rate fluctuations on cash held	3,799	2,517
Cash and cash equivalents as at beginning of financial period	796,090	748,796
Cash and cash equivalents as at end of financial period	Note (a) 700,456	747,519
Note:		
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	171,225	260,771
Deposits with licensed banks	533,553	490,989
	704,778	751,760
Restricted cash	(4,322)	(4,081)
Cash and cash equivalents in the statement of financial position	700,456	747,679
Bank overdraft	-	(160)
Cash and cash equivalents in the statements of cash flows	700,456	747,519

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2021.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to the owners of the Company →								
	← Non-distributable →				Distributable				
Six months to 30 June 2022 (unaudited)	Share Capital RM'000	FVOCI Reserve RM'000	Foreign Currency Translation Reserve RM'000	Share Grant/ Option Reserves RM'000	Hedging Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
Balance as at 1 January 2022	1,379,148	25,800	28,930	33,288	(275)	1,674,410	3,141,301	22,243	3,163,544
Dividend paid	-	-	-	-	-	(240,069)	(240,069)	-	(240,069)
Employee share grant plan/option scheme	-	-	-	18,986	-	-	18,986	-	18,986
Profit for the period	-	-	-	-	-	208,922	208,922	1,570	210,492
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	4,412	-	-	-	-	4,412	-	4,412
Exchange differences recognised directly in equity	-	-	449	-	-	-	449	-	449
Cash flow hedge - associate	-	-	-	-	122	-	122	-	122
Total comprehensive income for the period	-	4,412	449	-	122	208,922	213,905	1,570	215,475
Balance as at 30 June 2022	1,379,148	30,212	29,379	52,274	(153)	1,643,263	3,134,123	23,813	3,157,936

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2021.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	← Attributable to the owners of the Company →								
	← Non-distributable →			Distributable					
Six months to 30 June 2021 (unaudited)	Share Capital RM'000	FVOCI Reserve RM'000	Foreign Currency Translation Reserve RM'000	Share Grant/ Option Reserves RM'000	Hedging Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
Balance as at 1 January 2021	1,340,475	13,131	35,948	24,809	(765)	1,631,327	3,044,925	5,367	3,050,292
Dividend paid	-	-	-	-	-	(200,011)	(200,011)	-	(200,011)
Employee share grant plan/option scheme	-	-	-	11,468	-	-	11,468	-	11,468
Issuance of shares pursuant to the share option granted	4,654	-	-	(1,162)	-	-	3,492	-	3,492
Acquisition of subsidiaries	-	-	-	-	-	-	-	13,267	13,267
Profit for the period	-	-	-	-	-	184,025	184,025	865	184,890
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	1,286	-	-	-	-	1,286	-	1,286
Exchange differences recognised directly in equity	-	-	(1,644)	-	-	-	(1,644)	-	(1,644)
Cash flow hedge - associate	-	-	-	-	297	-	297	-	297
Total comprehensive income/(expense) for the period	-	1,286	(1,644)	-	297	184,025	183,964	865	184,829
Balance as at 30 June 2021	1,345,129	14,417	34,304	35,115	(468)	1,615,341	3,043,838	19,499	3,063,337

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2021.

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V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

The interim financial statements are prepared in accordance with MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 34, *Interim Financial Reporting* issued by the International Accounting Standards Board and requirements of the Companies Act 2016, where applicable.

The interim financial statements should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2021. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

2. Significant accounting policies

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2021, except for the adoption of the following amendments to MFRSs with a date of initial application on 1 April 2021 and 1 January 2022:

Description

Amendments to MFRS 16	<i>Leases – Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to MFRS 1, 9, 141	<i>First-time Adoption of Malaysian Financial Reporting Standards, Financial Instruments and Agriculture - Annual Improvements to MFRS Standards 2018–2020</i>
Amendments to MFRS 3	<i>Business Combinations – Reference to the Conceptual Framework</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment - Proceeds before Intended Use</i>
Amendments to Illustrative Examples accompanying MFRS 16	<i>Leases (Annual Improvements to MFRS Standards 2018–2020)</i>
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract</i>

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

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

Description		Effective for annual period/years beginning on or after
MFRS 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17	<i>Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information</i>	1 January 2023
Amendments to MFRS 101	<i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112	<i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128	<i>Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date yet to be confirmed by MASB

The Group plans to apply the abovementioned accounting standards and amendments where applicable, when they become effective in the respective financial periods.

The initial application of the abovementioned standards and amendments, where applicable are not expected to have any material financial impact to both the current period and prior period financial statements of the Group.

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3. Audit report in respect of the 2021 financial statements

The audit report on the Group's audited financial statements for the financial year ended 31 December 2021 was not qualified.

4. Seasonal or cyclical factors

The Group's operations are not subject to any significant seasonal or cyclical factors.

5. Unusual items due to their nature, size or incidence

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence in the current quarter and year-to-date ended 30 June 2022.

6. Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have material effects in the current quarter and year-to-date ended 30 June 2022.

7. Debt and equity securities

The exercise price for the share option to subscribe for the remaining 3,960,000 of the Company shares granted to Mr Patrick Corso, was adjusted from the previous adjusted exercise price of RM2.540 per share to RM2.526 per share, following the payment of a special interim dividend by the Company on 23 March 2022.

On 21 July 2022 and 27 July 2022, the Company issued 9,060,075 new ordinary shares and 1,907,140 new ordinary shares ("Award Shares") respectively and granted the Award Shares to eligible employees in respect of 2019, 2020 and 2021 performance pursuant to the Annual Restricted Share Plan and Annual Performance Share Plan under the Company's Share Grant Plan ("SGP"). The closing share price on the respective vesting dates of 29 July 2022 and 8 August 2022 was RM4.59 per share and RM4.54 per share respectively. The vesting of the shares under the SGP were subject to the Group achieving certain financial targets and upon the eligible employees meeting the minimum grading criteria in accordance with the performance management system adopted by the Group.

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current period ended 30 June 2022.

8. Dividend

On 23 March 2022, the Company paid an ordinary interim and a special interim tax exempt (single tier) dividends of 10.86 sen and 2.29 sen per ordinary share respectively, for the financial year ended 31 December 2021.

The Directors declared on 29 August 2022, a special interim tax exempt (single tier) dividend of 16.34 sen per ordinary share for the financial year ending 31 December 2022, which will be paid on 27 September 2022.

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9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 30/6/2022 RM'000	Preceding year corresponding quarter 30/6/2021 RM'000	Six months to 30/6/2022 RM'000	Six months to 30/6/2021 RM'000
Operating Revenue				
Voice	13,960	23,228	27,692	38,385
Data	285,954	257,819	568,544	509,600
Data centre	72,949	65,232	145,409	129,607
Others	730	902	1,300	921
	373,593	347,181	742,945	678,513
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(44,812)	(40,406)	(87,415)	(80,431)
Other operating expenses	(196,529)	(185,706)	(401,414)	(360,645)
Other operating income (net)	24,680	3,486	25,028	12,099
Profit from operations	156,932	124,555	279,144	249,536
Income from investments	2,411	2,064	4,806	4,566
Finance costs	(6,851)	(5,973)	(14,034)	(12,966)
Share of profit from associates, net of tax	4,725	4,873	10,575	9,759
Profit before tax	157,217	125,519	280,491	250,895
Geographical locations				
Operating Revenue				
Within Malaysia	358,001	327,573	713,025	640,120
Outside Malaysia	15,592	19,608	29,920	38,393
	373,593	347,181	742,945	678,513
Timing of revenue recognition				
Over time	336,653	315,870	691,782	619,082
At a point in time	36,868	31,223	51,019	59,255
Revenue not within the scope of MFRS 15	72	88	144	176
	373,593	347,181	742,945	678,513

10. Valuation of Property, Plant and Equipment

There were no material changes to the valuation of property, plant and equipment since the financial year ended 31 December 2021.

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

On 2 August 2022, the Group announced that the purchase consideration for the proposed acquisition of a 13-storey purpose-built office building together with 95 car park bays known as “Bangunan KWSP Changkat Raja Chulan” (“Bangunan KWSP”) by AIMS Data Centre Sdn Bhd, a wholly-owned subsidiary of the Company, from Lembaga Kumpulan Wang Simpanan Pekerja or also known as Employees Provident Fund Board for a total cash consideration of RM62,000,000 (the “Acquisition”) has been fully satisfied and the transfer of proprietorship of Bangunan KWSP has been registered on 26 July 2022. Accordingly, the Acquisition has been completed in accordance with the terms and conditions of the sale and purchase agreement.

Other than the above, there were no items, transactions or events of a material and unusual nature from 30 June 2022 to 22 August 2022 (being the latest practicable date) that would have a substantial effect on the financial results of the Group.

12. Changes in the composition of the Group during the financial period ended 30 June 2022

There were no changes in the composition of the Group during the six months period ended 30 June 2022.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2021.

14. Capital commitments

	As at 30/6/2022 RM'000
Property, plant and equipment	
Authorised but not contracted for	132,577
Contracted but not provided for	367,101

15. Fair value information

The carrying amounts of cash and cash equivalents, receivables and payables reasonably approximate fair values due to the relatively short-term nature of these financial instruments. Accordingly, the fair values and level of the fair value hierarchy have not been presented for these financial instruments.

Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the Group can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

The table below analyses financial instruments carried at fair value and financial instruments not carried at fair value for which fair value and carrying value are as disclosed.

	←-----Total fair value-----→				Carrying value Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
30 June 2022					
Financial instruments carried at fair value:					
Financial assets					
Other investments	-	-	48,143	48,143	48,143
Financial instruments not carried at fair value:					
Financial liabilities					
Term loans	-	-	117,583	117,583	119,767
Revolving Credit	-	-	500	500	500

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16. Tax expense

The income tax expense for the Group for the current quarter and financial period ended 30 June 2022 was made up as follows:

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 30/6/2022 RM'000	Preceding year corresponding quarter 30/6/2021 RM'000	Six months to 30/6/2022 RM'000	Six months to 30/6/2021 RM'000
Tax expense:				
- Current year	7,664	5,441	14,561	11,933
- Over provision in prior year	(1)	-	(388)	(25)
	7,663	5,441	14,173	11,908
Deferred tax expense:				
- Origination of temporary differences	30,328	27,435	57,776	53,397
- Under/(Over) provision in prior years	53	(626)	(1,950)	700
	30,381	26,809	55,826	54,097
Total tax expense	38,044	32,250	69,999	66,005

The effective tax rate of the Group for the financial period ended 30 June 2022 is slightly higher than the statutory tax rate of 24% principally due to non-deductible expenses.

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

There were no corporate proposals, which have been announced but not completed as at 22 August 2022, being the latest practicable date.

18. Loans and borrowings

The loans and borrowings as at 30 June 2022 are as follows:

30 June 2022	Amount repayable in one year or on demand RM'000	Amount repayable after one year RM'000	Total RM'000
Loans and borrowings			
Secured:			
- Denominated in RM	10,432	97,192	107,624
- Denominated in USD	12,643	-	12,643
As at 30 June 2022	23,075	97,192	120,267

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18. Loans and borrowings (continued)

The loans and borrowings as at 31 December 2021 are as follows:

31 December 2021	Amount repayable in one year or on demand RM'000	Amount repayable after one year RM'000	Total RM'000
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	10,397	101,916	112,313
- Denominated in USD	12,092	6,081	18,173
As at 31 December 2021	<u>22,489</u>	<u>107,997</u>	<u>130,486</u>

The Group's loans and borrowings were mainly used to fund the Group's working capital requirements, foreign investments and investments in its international submarine cable systems. The Group's loans and borrowings comprise both fixed and floating rate facilities and bear interest at rates ranging from 3.20% to 6.20% per annum.

19. Off-balance sheet financial instruments

The cash and cash equivalents of the Group, as at 30 June 2022, do not include bank balances amounting to RM5,622,000 (31.12.2021: RM10,415,000) held by the Group in trust for consortium members of the Asia Pacific Gateway submarine cable project to pay the suppliers under the terms of a supply contract.

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

20. Material litigation

The Company and its subsidiaries have no outstanding material litigation as at 22 August 2022, being the latest practicable date.

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21. Comparison between the current quarter (“Q2 2022”) and the immediately preceding quarter (“Q1 2022”)

	Q2 2022	Q1 2022	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	13,960	13,732	228	1.7
Data	285,954	282,590	3,364	1.2
Data centre	72,949	72,460	489	0.7
Others	730	570	160	28.1
Total revenue	373,593	369,352	4,241	1.1
Profit before tax	157,217	123,274	33,943	27.5

The Group reported a consolidated revenue of RM373.6 million in Q2 2022, which is RM4.2 million or 1.1% higher compared to the RM369.3 million consolidated revenue reported in Q1 2022. One-off revenues from non-recurring contracts of RM0.7 million were recorded from data centre in Q2 2022 as compared to RM1.0 million and RM0.7 million recorded from data and data centre respectively in Q1 2022. Should one-off revenues from non-recurring contracts be excluded from the consolidated revenue for better comparability, the consolidated revenue in the current quarter would have been RM5.2 million or 1.4% higher. The growth in the consolidated revenue (excluding one-off revenues from non-recurring contracts) was mainly attributable to the increase in data and data centre sales, which grew 1.5% and 0.7% quarter-on-quarter respectively. Quarter-on-quarter recurring revenue growth was mainly contributed by retail and wholesale customers.

The Group's consolidated profit before tax in Q2 2022 amounted to RM157.2 million, which is RM33.9 million or 27.5% higher than the consolidated profit before tax of RM123.3 million in Q1 2022. The increase in Q2 2022 consolidated profit before tax was mainly due to the following:

- a) higher overall revenues despite lower one-off non-recurring contract revenues;
- b) higher net gain on foreign exchange of RM27.1 million in Q2 2022 compared to net loss on foreign exchange RM3.9 million in Q1 2022;
- c) higher gain on disposal of property, plant and equipment of RM1.2 million as compared to loss on disposal of property, plant and equipment of RM0.1 million in Q1 2022;
- d) higher dividend income of RM0.2 million;
- e) lower finance costs of RM0.3 million; and
- f) lower advertising expenses of RM1.7 million,

which was partially offset by higher depreciation and amortisation charged for property, plant and equipment and right-of-use assets, lower share of profits from associates, higher allowance for doubtful debts and travelling expenses.

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

(a) Comparison between the current quarter (“Q2 2022”) versus three months period ended 30 June 2021 (“Q2 2021”)

	Q2 2022	Q2 2021	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	13,960	23,228	(9,268)	(39.9)
Data	285,954	257,819	28,135	10.9
Data centre	72,949	65,232	7,717	11.8
Others	730	902	(172)	(19.1)
Total revenue	373,593	347,181	26,412	7.6
Profit before tax	157,217	125,519	31,698	25.3

The Group reported a consolidated revenue of RM373.6 million in Q2 2022, which is RM26.4 million or 7.6% higher compared to the RM347.2 million consolidated revenue recorded in Q2 2021. One-off revenues from non-recurring contracts of RM0.7 million were recorded from data centre in Q2 2022 as compared to RM0.5 million, RM8.8 million and RM1.1 million recorded from data centre, voice and data contracts respectively in Q2 2021. Excluding one-off non-recurring contract revenues for better comparability, consolidated revenue would have increased by RM36.1 million or 10.7% in the current quarter. The increase in Q2 2022 consolidated revenue (excluding one-off revenues from non-recurring contracts) was mainly due to higher recurring data revenue, which grew RM29.3 million (or 11.4%) and data centre revenue, which grew RM7.5 million (or 11.6%). All core customer groups also registered solid year-on-year (“YoY”) recurring revenue growth with the largest growth contributions seen coming from retail followed by wholesale and enterprise customers.

The Group recorded a current quarter consolidated profit before tax of RM157.2 million which is RM31.7 million or 25.3% higher than the consolidated profit recorded in Q2 2021 of RM125.5 million. The increase in the Group’s Q2 2022 profit before tax results was mainly due to the following:

- a) higher overall revenue growth in the Q2 2022;
- b) higher net gain on foreign exchange of RM27.1 million in Q2 2022 (Q2 2021: RM3.4 million);
- c) higher dividend income of RM0.2 million;
- d) higher gain on disposal of property, plant and equipment of RM1.2million (Q2 2021: RM Nil); and
- e) lower allowance for doubtful debts of RM1.1 million,

which was partially offset by higher staff related costs, advertising expenses, depreciation and amortisation charged for property, plant and equipment and right-of-use assets and finance costs.

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

(b) Comparison between the half-year period ended 30 June 2022 (“HY 2022”) versus half-year period ended 30 June 2021 (“HY 2021”)

	HY 2022	HY 2021	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	27,692	38,385	(10,693)	(27.9)
Data	568,544	509,600	58,944	11.6
Data centre	145,409	129,607	15,802	12.2
Others	1,300	921	379	41.2
Total revenue	742,945	678,513	64,432	9.5
Profit before tax	280,491	250,895	29,596	11.8

The Group reported a consolidated revenue of RM742.9 million in HY 2022, which is RM64.4 million or 9.5% higher when compared to the RM678.5 million consolidated revenue recorded in HY 2021. One-off revenues from non-recurring contracts accounted for RM2.4 million out of the total consolidated revenue recognised in HY 2022 (HY 2021: RM11.9 million). Excluding one-off revenues from non-recurring contracts, the overall consolidated revenue in the current half year period would have shown an increase of RM73.9 million or 11.1% when compared to the similarly adjusted revenue in the preceding year corresponding period. The increase in HY 2022 revenue (excluding one-off non-recurring contracts) was mainly due to higher recurring data revenue of RM59.0 million (or 11.6%) and data centre revenue of RM16.4 million (or 12.9%). All core customer groups also contributed positively to overall revenue growth in HY 2022, led by contributions from retail and enterprise, followed by wholesale customers.

The Group recorded a current half-year consolidated profit before tax of RM280.5 million which is RM29.6 million or 11.8% higher than the consolidated profit before tax recorded in HY 2021 of RM250.9 million. The increase in the Group's HY 2022 profit before tax results was mainly due to the following:

- a) higher overall revenue in the current half-year period;
- b) higher share of profit from associates of RM0.8 million;
- c) higher dividend income of RM0.2 million;
- d) higher net gain on foreign exchange of RM23.1 million in HY 2022 compared to RM11.7 million in HY 2021;
- e) higher gain on disposal of property, plant and equipment of RM1.3 million in HY 2022 as compared to loss on disposal of property, plant and equipment of RM0.1 million in HY 2021; and
- f) lower allowance for doubtful debts of RM0.6 million,

which was partially offset by higher staff-related costs, advertising expenses, donations for flood relief programme, depreciation and amortisation charged for property, plant and equipment and right-of-use assets and finance costs.

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23. **Profit before tax**

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (charging)/crediting:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(44,812)	(40,406)	(87,415)	(80,431)
Amortisation of borrowing costs	(56)	(84)	(115)	(174)
Interest expense				
- Interest on borrowings	(1,423)	(350)	(2,889)	(1,990)
- Other interest expense	(3,957)	(4,000)	(8,155)	(7,663)
- Interest on lease liabilities	(1,415)	(1,539)	(2,875)	(3,139)
Interest income	2,219	2,064	4,614	4,566
Dividend income	192	-	192	-
Net bad debt recovered	242	112	344	366
Net gain on foreign currency exchange	27,051	3,375	23,125	11,711
Net allowance for doubtful debts	(3,567)	(4,673)	(6,366)	(7,011)
Net gain/(loss) on disposal of property, plant and equipment	1,233	-	1,302	(64)
Property, plant and equipment written off	-	-	(1,126)	-

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24. Prospects

The Group continued to record solid operational and financial performance in the quarter ended 30 June 2022. Solid HY 2022 revenue growth was driven by sustained momentum and demand in TIME's data and data centre services, across all core customer groups. The Group remains optimistic of its growth prospects for the year with the improvement of Malaysia's economy, but will continue to keep a watchful eye on overall risks and challenges prevailing both domestically and globally.

The Group's top priorities remain its network availability and stability as well as the health and safety of its employees and stakeholders.

The Group remains committed to continue expanding its network footprint and innovating on its products and services, to seize opportunities in the local as well as regional market.

25. Profit forecast and profit guarantee

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

26. Earnings per share ("EPS")

	Individual Quarter		Cumulative Quarter	
	Current quarter 30/6/2022	Preceding year corresponding quarter 30/6/2021	Six months to 30/6/2022	Six months to 30/6/2021
Basic EPS:				
Weighted average number of shares in issue ('000)	1,825,619	604,657	1,825,619	604,461
Bonus issue subsequent to period end ('000)	-	1,209,314	-	1,208,922
	<u>1,825,619</u>	<u>1,813,971</u>	<u>1,825,619</u>	<u>1,813,383</u>
Profit for the period attributable to owners of the Company (RM'000)	<u>118,277</u>	<u>92,672</u>	<u>208,922</u>	<u>184,025</u>
Basic EPS	<u>6.48 sen</u>	<u>5.11 sen</u> #	<u>11.44 sen</u>	<u>10.15 sen</u> #
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	1,825,619	604,657	1,825,619	604,461
Effect of share options	1,687	1,264	1,655	1,269
Weighted average number of shares in issue ('000) (Diluted)	1,827,306	605,921	1,827,274	605,730
Bonus issue subsequent to period end ('000)	-	1,211,842	-	1,211,460
	<u>1,827,306</u>	<u>1,817,763</u>	<u>1,827,274</u>	<u>1,817,190</u>
Profit for the period attributable to owners of the Company (RM'000)	<u>118,277</u>	<u>92,672</u>	<u>208,922</u>	<u>184,025</u>
Diluted EPS	<u>6.47 sen</u>	<u>5.10 sen</u> #	<u>11.43 sen</u>	<u>10.13 sen</u> #

Basic and diluted EPS were adjusted to reflect impact of the bonus issue exercise on the basis of two (2) bonus shares for every one (1) existing ordinary share held which was completed on 6 August 2021. Basic and diluted EPS previously reported in the preceding year corresponding quarter was 15.33 sen and 15.29 sen respectively and year-to-date was 30.44 sen and 30.38 sen respectively.

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27. Related party transactions

The significant related party transactions of the Group are as shown below:

	Cumulative Quarter	
	Six	Six
	months to	months to
	30/6/2022	30/6/2021
	RM'000	RM'000
With related parties		
Revenue from data, voice and other services	26,470	29,931
Sales of IT related services	29,743	22,194
Interconnect revenue	671	792
Fee for wayleave and right of use of telecommunications facilities	(5,074)	(5,189)
Interconnect charges	(536)	(691)
Leased line and infrastructure costs	(24,601)	(21,488)
Network maintenance costs	(1,431)	(1,259)
Training expenses	(172)	(243)
Rental of office and utility charges	(58)	(56)
Professional fees	(182)	(4)
Marketing services	(26)	-
Interest on advances	(336)	(291)
	26	32
With companies in which Directors have significant interest		
Revenue from data, voice and other services	26	32

The Directors of the Group are of the opinion that the above transactions entered into were in the ordinary course of business and upon normal negotiated commercial terms.

By Order of the Board

CHEW ANN NEE
(MAICSA 7030413)
(SSM PC No.: 201908001413)
Company Secretary

Selangor Darul Ehsan
29 August 2022