

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2020	Preceding year corresponding quarter 31/12/2019	Audited Twelve months to 31/12/2020	Audited Twelve months to 31/12/2019
	RM'000	RM'000	RM'000	RM'000
Operating revenue	314,872	295,343	1,223,169	1,113,873
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(39,124)	(36,938)	(151,877)	(149,495)
- other operating expenses	(168,336)	(180,197)	(656,688)	(634,591)
Other operating income (net)	143	130	578	515
Profit from operations	107,555	78,338	415,182	330,302
Investment income	2,964	3,317	11,396	9,645
Finance expense	(6,184)	(5,418)	(21,520)	(26,541)
Share of profit from investment in associates, net of tax	4,994	3,678	18,040	14,722
Profit before tax	109,329	79,915	423,098	328,128
Income tax expense	(16,079)	(4,506)	(96,194)	(14,092)
Profit for the period/year	93,250	75,409	326,904	314,036
Profit attributable to:				
Owners of the Company	94,355	75,409	328,047	314,036
Non-controlling interest	(1,105)	-	(1,143)	-
Profit for the period/year	93,250	75,409	326,904	314,036

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 RM'000	Audited Twelve months to 31/12/2020 RM'000	Audited Twelve months to 31/12/2019 RM'000
Profit for the period/year	93,250	75,409	326,904	314,036
Other comprehensive income/(loss):				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Foreign currency translation differences for foreign operations	1,376	(557)	(4,330)	15,527
- Cash flow hedge – associate	126	-	(765)	-
	<u>1,502</u>	<u>(557)</u>	<u>(5,095)</u>	<u>15,527</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")	671	3,096	2,106	8,610
- Actuarial gain on long-term employee benefits, net of tax - associate	-	-	585	-
	<u>671</u>	<u>3,096</u>	<u>2,691</u>	<u>8,610</u>
Total other comprehensive income/(loss) for the period/year	<u>2,173</u>	<u>2,539</u>	<u>(2,404)</u>	<u>24,137</u>
Total comprehensive income for the period/year	<u>95,423</u>	<u>77,948</u>	<u>324,500</u>	<u>338,173</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	96,528	77,948	325,643	338,173
Non-controlling interest	<u>(1,105)</u>	<u>-</u>	<u>(1,143)</u>	<u>-</u>
Total comprehensive income for the period/year	<u>95,423</u>	<u>77,948</u>	<u>324,500</u>	<u>338,173</u>
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	<u>15.61 sen</u>	<u>12.88 sen</u>	<u>54.82 sen</u>	<u>53.73 sen</u>
- Diluted	<u>15.58 sen</u>	<u>12.73 sen</u>	<u>54.73 sen</u>	<u>53.14 sen</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited As at 31/12/2020	Audited As at 31/12/2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,689,670	1,586,926
Right-of-use assets	154,568	110,194
Intangible assets	213,959	213,959
Investment in associates	441,360	433,295
Other investments	31,271	26,582
Deferred tax assets	165,310	243,986
Trade and other receivables	2,112	2,443
	<u>2,698,250</u>	<u>2,617,385</u>
Current assets		
Tax recoverable	812	921
Trade and other receivables	452,393	395,308
Restricted cash	332	166
Cash and cash equivalents	748,796	506,954
	<u>1,202,333</u>	<u>903,349</u>
Total assets	<u>3,900,583</u>	<u>3,520,734</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,340,475	1,200,135
Reserves	1,704,450	1,566,722
Equity attributable to owners of the Company	3,044,925	2,766,857
Non-controlling interest	5,367	-
Total equity	<u>3,050,292</u>	<u>2,766,857</u>
Non-current liabilities		
Loans and borrowings	28,675	43,402
Lease liabilities	118,373	86,111
Trade and other payables	301,616	214,017
Deferred tax liabilities	15,171	13,872
	<u>463,835</u>	<u>357,402</u>
Current liabilities		
Loans and borrowings	18,122	69,948
Lease liabilities	18,851	14,229
Trade and other payables	344,335	308,486
Provision for tax	5,148	3,812
	<u>386,456</u>	<u>396,475</u>
Total liabilities	<u>850,291</u>	<u>753,877</u>
Total equity and liabilities	<u>3,900,583</u>	<u>3,520,734</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM5.04</u>	<u>RM4.73</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited Twelve months to 31/12/2020 RM'000	Audited Twelve months to 31/12/2019 RM'000
Operating Activities		
Cash receipts from customers	1,340,905	1,247,107
Transfer (to)/from restricted cash and bank balances	(166)	7,899
Cash payments to suppliers	(360,751)	(346,656)
Cash payments to employees and for administrative expenses	(295,144)	(266,027)
Payment of lease liabilities	(28,837)	(23,891)
Cash generated from operations	656,007	618,432
Tax refund	-	2,066
Tax paid	(14,774)	(10,263)
Net cash generated from operating activities	641,233	610,235
Investing Activities		
Acquisition of property, plant and equipment	(282,609)	(318,356)
Proceeds from disposal of property, plant and equipment	197	1,916
Proceeds from disposal of investment in a subsidiary to an associate	3,597	-
Acquisition of other investments	(2,583)	(771)
Investment income received	17,250	15,490
Net cash used in investing activities	(264,148)	(301,721)
Financing Activities		
Proceed from loans and borrowings	16,678	103,266
Finance charges paid	(4,155)	(7,849)
Repayment of term loans and borrowings	(84,004)	(163,682)
Proceeds from issuance of additional shares	95,979	-
Proceed from subscription of shares in a subsidiary by an associate	2,920	-
Shareholder loan from an associate	11,129	-
Dividend paid	(169,982)	(120,009)
Net cash used in financing activities	(131,435)	(188,274)
Net change in cash and cash equivalents	245,650	120,240
Effect of exchange rate fluctuations on cash held	(3,808)	(2,685)
Cash and cash equivalents as at beginning of financial year	506,954	389,399
Cash and cash equivalents as at end of financial year	Note (a) 748,796	506,954
Note:		
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	225,993	129,973
Deposits with licensed banks	523,135	377,147
	749,128	507,120
Restricted cash	(332)	(166)
Cash and cash equivalents	748,796	506,954

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to the owners of the Company →								
Twelve months to 31 December 2020 (audited)	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 2020	1,200,135	11,025	40,278	42,749	-	1,472,670	2,766,857	-	2,766,857
Dividend paid	-	-	-	-	-	(169,982)	(169,982)	-	(169,982)
Employee share grant plan/option scheme	-	-	-	26,421	-	-	26,421	-	26,421
Issuance of shares pursuant to the share option granted	140,340	-	-	(44,361)	-	-	95,979	-	95,979
Subscription of shares in a subsidiary by an associate	-	-	-	-	-	-	-	2,920	2,920
Disposal of investment in a subsidiary to an associate	-	-	-	-	-	7	7	3,590	3,597
Profit/(Loss) for the year	-	-	-	-	-	328,047	328,047	(1,143)	326,904
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	2,106	-	-	-	-	2,106	-	2,106
Exchange differences recognised directly in equity	-	-	(4,330)	-	-	-	(4,330)	-	(4,330)
Cash flow hedge - associate	-	-	-	-	(765)	-	(765)	-	(765)
Actuarial gain on long term employee benefits, net of tax – associate	-	-	-	-	-	585	585	-	585
Total comprehensive income for the year	-	2,106	(4,330)	-	(765)	328,632	325,643	(1,143)	324,500
Balance as at 31 December 2020	1,340,475	13,131	35,948	24,809	(765)	1,631,327	3,044,925	5,367	3,050,292

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

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

Twelve months to 31 December 2019 (audited)	Share Capital RM'000	FVOCI Reserve RM'000	Foreign Currency Translation Reserve RM'000	Share Grant/ Option Reserves RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000
Balance as at 1 January 2019	1,186,659	2,415	24,751	27,247	1,278,643	2,519,715
Dividend paid	-	-	-	-	(120,009)	(120,009)
Employee share grant plan/option scheme	-	-	-	28,978	-	28,978
Issuance of shares pursuant to the share grant plan	13,476	-	-	(13,476)	-	-
Profit for the year	-	-	-	-	314,036	314,036
Fair value gain on equity investments designated at FVOCI	-	8,610	-	-	-	8,610
Exchange differences recognised directly in equity	-	-	15,527	-	-	15,527
Total comprehensive income for the year	-	8,610	15,527	-	314,036	338,173
Balance as at 31 December 2019	1,200,135	11,025	40,278	42,749	1,472,670	2,766,857

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

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V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

The interim financial statements are prepared in accordance with MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial statements also comply with IAS 34, *Interim Financial Reporting* issued by the International Accounting Standards Board (IASB) 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 year ended 31 December 2019. 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 2019.

2. Significant accounting policies

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2019, except for the adoption of the following amendments to MFRSs with a date of initial application on 1 January 2020:

Description

Amendments to MFRS 3	<i>Business Combinations - Definition of a Business</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements – Definition of Material</i>
Amendments to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material</i>
Amendments to MFRS 9, MFRS 139, MFRS 7	<i>Financial Instruments, Financial Instruments: Recognition and Measurement and Financial Instruments: Disclosures – Interest Rate Benchmark Reform</i>

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

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16	<i>Leases - Covid-19-Related Rent Concessions</i> 1 June 2020
Amendments to MFRS 9, 139, 7, 4 and 16	<i>Interest Rate Benchmark Reform – Phase 2</i> 1 January 2021
Amendments to MFRS 3	<i>Business Combinations – Reference to the Conceptual Framework</i> 1 January 2022
Amendments to MFRS 116	<i>Property, Plant and Equipment - Proceeds before Intended Use</i> 1 January 2022
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract</i> 1 January 2022
Amendments to MFRS 1, 9, 16 and 141	<i>First-time Adoption of Malaysian Financial Reporting Standards, Financial Instruments, Leases and Agriculture - Annual Improvements to MFRS Standards 2018–2020</i> 1 January 2022
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i> 1 January 2023
MFRS 17 and Amendments to MFRS 17	<i>Insurance Contracts</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 Group, however does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2023 as it is not applicable to the Group.

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

3. Audit report in respect of the 2019 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2019 was not qualified.

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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 during financial year ended 31 December 2020.

6. Material changes in estimates used

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

7. Debt and equity securities

- (i) The exercise price for share options granted to Encik Afzal Abdul Rahim, the Chief Executive Officer and Non-Independent Executive Director of the Company, had been adjusted from the previous exercise price of RM5.657 per share to RM5.575 per share pursuant to the special dividend paid by the Company on 31 March 2020. The exercise price for share options granted to Mr. Patrick Corso, the Non-Independent Executive Director of the Company, was also adjusted pursuant to the special dividend paid by the Company on 31 March 2020 from previous exercise price of RM7.95 per share to RM7.835 per share. The adjustments made to the exercise price of share options granted to Encik Afzal Abdul Rahim and Mr. Patrick Corso were determined in line with the adjustment criteria stated in their respective Share Option Agreements taking into account the special dividend paid by the Company.
- (ii) Encik Afzal Abdul Rahim, the Chief Executive Officer and Non-Independent Executive Director of the Company, fully exercised all 17,215,907 share options granted to him. The exercise of his share options were completed in two tranches, the first on 8 April 2020 for 11,000,000 new ordinary shares and then the balance of 6,215,907 new ordinary shares on 16 April 2020. Both tranches were completed at the adjusted exercise price of RM5.575 per share. The Group received proceeds totalling RM95,978,682 as a result of the said exercise of share options.
- (iii) On 20 July 2020, the Company announced that its Board of Directors had approved the extension of the Company's Share Grant Plan ("SGP") for a further two years from 2 November 2020 to 1 November 2022, pursuant to Clause 14.3 of the By-Laws of the Annual Restricted Share Plan and Annual Performance Share Plan of the Company's SGP upon the recommendation of the Scheme Committee.
- (iv) On 21 July 2020, pursuant to the Scheme Committee decision, the Company issued 1,511,339 new ordinary shares in the Company to eligible employees under the Annual Restricted Share Plan and Annual Performance Share Plan portion of the Company's SGP. The closing share price on the vesting date 30 July 2020 was RM10.92 per share. The vesting of the shares under the SGP were subject to the Group achieving certain financial targets and upon the eligible employees meeting the minimum grading criteria in accordance with the performance management system adopted by the Group.

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 financial year ended 31 December 2020.

8. Dividend

On 31 March 2020, the Group paid an ordinary interim and a special interim tax exempt (single tier) dividend of 9.95 sen and 19.08 sen per ordinary share respectively for the financial year ended 31 December 2019.

The Directors declared on 26 February 2021, an ordinary interim and a special interim tax exempt (single tier) dividend of 12.50 sen and 20.60 sen per ordinary share for the financial year ended 31 December 2020, which will be paid on 30 March 2021.

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9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 RM'000	Twelve months to 31/12/2020 RM'000	Twelve months to 31/12/2019 RM'000
Operating Revenue				
Voice	18,053	19,520	70,981	72,215
Data	255,816	238,203	996,490	900,094
Data centre	39,953	37,245	152,136	140,042
Others	1,050	375	3,562	1,522
	314,872	295,343	1,223,169	1,113,873
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(39,124)	(36,938)	(151,877)	(149,495)
Other operating expenses	(168,336)	(180,197)	(656,688)	(634,591)
Other operating income (net)	143	130	578	515
Profit from operations	107,555	78,338	415,182	330,302
Investment income	2,964	3,317	11,396	9,645
Finance expense	(6,184)	(5,418)	(21,520)	(26,541)
Share of profit from investment in associates, net of tax	4,994	3,678	18,040	14,722
Profit before income tax	109,329	79,915	423,098	328,128
Geographical locations				
Operating Revenue				
Within Malaysia	297,104	276,829	1,150,144	1,050,514
Outside Malaysia	17,768	18,514	73,025	63,359
	314,872	295,343	1,223,169	1,113,873
Timing of revenue recognition				
Over time	286,838	258,547	1,106,794	1,013,499
At a point in time	26,082	36,567	112,542	99,477
Revenue not within the scope of MFRS 15	1,952	229	3,833	897
	314,872	295,343	1,223,169	1,113,873

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 2019.

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

On 7 January 2021, the Group completed the acquisition of 600,000 ordinary shares (“AVM Sale Shares”) in AVM Cloud Sdn. Bhd. (“AVM”), representing 60.00% of the equity interest in AVM (“Acquisition of AVM”), pursuant to a share purchase agreement (“AVM SPA”) entered into by the Group on 3 December 2020 with the founding shareholders of AVM Cloud Sdn. Bhd. (collectively, “Founder Shareholders”, and each a “Founder Shareholder”).

In connection with the Acquisition of AVM, AVM also on 7 January 2021 completed the acquisition of 400,002 ordinary shares (“IGS Sale Shares”) in Integrated Global Solutions Sdn. Bhd. (“IGS”), an existing subsidiary of AVM, representing the balance of approximately 40.00% of the equity interest in IGS which is not already held by AVM (“Acquisition by AVM of IGS Shares”). The Acquisition by AVM of IGS Shares was pursuant to a share purchase agreement (“IGS SPA”) entered into by AVM on 3 December 2020 with the minority shareholders of IGS (collectively, “Additional Shareholders”, and each an “Additional Shareholder”). The Acquisition of AVM was conditional on the Acquisition by AVM of IGS Shares, and vice versa.

In connection with the completion of the Acquisition of AVM and Acquisition by AVM of IGS Shares, the capital of AVM was increased by the issuance of new shares to the Group, the Founder Shareholders and the Additional Shareholders, for a total subscription price of RM7.5 million (“Capital Increase of AVM”). The Group subscribed for a 60.00% portion of such capital increase.

On completion of the Acquisition of AVM and Acquisition by AVM of IGS Shares on 7 January 2021, the Group, the Founder Shareholders, the Additional Shareholders and AVM entered into a shareholders agreement to regulate their relationship as shareholders in AVM.

Pursuant to the completion of the Acquisition of AVM and Acquisition by AVM of IGS Shares, the Group owns 60.00% of the equity interest in AVM, while the Founder Shareholders and the Additional Shareholders collectively own 40.00% of the equity interest in AVM. Pursuant to the completion of the Acquisition by AVM of IGS Shares, AVM owns a 100.00% equity interest in IGS.

12. Changes in the composition of the Group during the financial year ended 31 December 2020

On 8 April 2020, the Group increased the registered share capital of its subsidiary AIMS Data Centre (Thailand) Limited (“ADC Thai”) in Thailand from THB1,000,000 (comprising 10,000 shares at THB100 per share) to THB55,110,000 (comprising 551,100 shares at THB 100 per share). On the same date, the paid up capital was also increased from THB250,000 to THB55,110,000. The principal activity of ADC Thai is the provision of data centre and other related services.

On 11 August 2020, the Group announced that it had entered into the following agreements:

- (a) Share Sale and Purchase Agreement (“SPA”) entered into between the Group’s wholly owned subsidiary, Planet Tapir Sdn. Bhd., and the Group’s associate company, Symphony Communication Public Company Limited (“SYMC”), whereby SYMC will acquire the entire 270,039 existing ordinary shares of THB100 per share in ADC Thai owned by Planet Tapir Sdn. Bhd., representing 49% of the total issued and paid-up capital in ADC Thai, for a cash consideration of THB27,003,900 (RM3,597,172). and
- (b) Shareholders’ Agreement between the Company, AIMS Data Centre Sdn. Bhd., its wholly-owned subsidiary and SYMC.

On 3 September 2020, ADC Thai increased its paid up capital from THB55,110,000 to THB100,000,000 by allotment and issuance of 448,900 new shares at THB100 per share. The Group subscribed to 51% of the said new shares for cash consideration of THB22,893,900, whilst the remaining 49% was subscribed by SYMC for cash consideration of THB21,996,100.

The above agreements will enable SYMC to invest together with the Group to own and operate a new data centre in Bangkok, Thailand.

Other than stated above, there were no changes in the composition of the Group during the financial year ended 31 December 2020.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2019.

14. Capital commitments

	As at 31/12/2020 RM’000
Property, plant and equipment	
a) Approved and contracted but not provided for in the financial statements	214,036
b) Approved but not contracted for	129,018

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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 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 is disclosed.

	←-----Total fair value-----→				Carrying value Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
31 December 2020					
Financial instruments carried at fair value:					
Financial assets					
Other unquoted investments	-	-	31,271	31,271	31,271
Financial instruments not carried at fair value:					
Financial liabilities					
Term loans	-	-	41,868	41,868	42,631
Revolving credit	-	-	4,166	4,166	4,166
	-	-	46,034	46,034	46,797

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16. Income tax

The income tax expense for the Group for current quarter and financial year ended 31 December 2020 was made up as follows:

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 RM'000	Twelve months to 31/12/2020 RM'000	Twelve months to 31/12/2019 RM'000
Income tax:				
- Current year	4,795	3,416	15,770	12,323
- Under provision in prior year	-	1,003	449	248
	4,795	4,419	16,219	12,571
Deferred tax:				
- Origination of temporary differences	35,311	25,299	105,666	85,628
- Recognition of previously unrecognised temporary differences	(22,382)	(22,003)	(24,594)	(80,898)
- Over provision in prior years	(1,645)	(3,209)	(1,097)	(3,209)
	11,284	87	79,975	1,521
Total	16,079	4,506	96,194	14,092

The higher deferred tax expense arises as the Group has now recognised most of its previously unrecognised deferred tax assets (e.g. unrecognised tax losses and unrecognised capital allowances). As the Group continues to be profitable, its existing deferred tax assets will reduce in the future.

The effective tax rate of the Group for the current quarter and financial year ended are lower than the statutory tax rate of 24% principally due to non-taxable income and recognition of previously unrecognised temporary differences.

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

There are no other corporate proposals, which have been announced but not completed as at 22 February 2021, being the latest practicable date.

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18. Loans and borrowings

The loans and borrowings as at 31 December 2020 and 31 December 2019 are as follows:

	Amount repayable in one year or on demand RM'000	Amount repayable after one year RM'000	Total RM'000
31 December 2020			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	2,511	11,327	13,838
- Denominated in USD	11,445	17,348	28,793
<u>Unsecured:</u>			
- Denominated in USD	4,166	-	4,166
As at 31 December 2020	18,122	28,675	46,797
31 December 2019			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	2,506	13,839	16,345
- Denominated in USD	11,651	29,563	41,214
<u>Unsecured:</u>			
- Denominated in USD	55,791	-	55,791
As at 31 December 2019	69,948	43,402	113,350

The Group's loans and borrowings have mainly been used to fund the Group's working capital requirements, foreign investment 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 1.23% to 4.85% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 31 December 2020, do not include bank balances amounting to RM23,679,000 (31.12.2019: RM57,834,000) held by the Group in trust for consortium members of the Asia Pacific Gateway submarine cable project to pay the supplier under the terms of 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 February 2021, being the latest practicable date.

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21. Comparison between the current quarter ("Q4 2020") and the immediate preceding quarter ("Q3 2020")

	Q4 2020	Q3 2020	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	18,053	18,058	(5)	(0.0)
Data	255,816	251,924	3,892	1.5
Data centre	39,953	38,937	1,016	2.6
Others	<u>1,050</u>	<u>626</u>	<u>424</u>	<u>67.7</u>
Total revenue	<u>314,872</u>	<u>309,545</u>	<u>5,327</u>	<u>1.7</u>
Profit before tax	<u>109,329</u>	<u>90,271</u>	<u>19,058</u>	<u>21.1</u>

The Group reported consolidated revenue of RM314.9 million in Q4 2020, which is RM5.3 million or 1.7% higher when compared to the RM309.5 million consolidated revenue reported in Q3 2020. Excluding one-off non-recurring contract revenues from data centre in Q4 2020 amounting to RM1.0 million as compared to RM Nil in Q3 2020, adjusted consolidated revenue would have increased by RM4.3 million or 1.4%. The growth in consolidated revenue (excluding one-off non-recurring revenue) is mainly attributable to the increase in data revenue which grew 1.5% quarter-on-quarter. Growth in recurring revenue was mainly contributed by retail customers.

The Group's consolidated profit before tax in Q4 2020 amounted to RM109.3million, which is RM19.0 million or 21.1% higher than the consolidated profit before tax of RM90.3 million in Q3 2020. The increase in Q4 2020 consolidated profit before tax was mainly due to the following:

- a) higher revenue growth in Q4 2020;
- b) lower net loss on foreign exchange of RM10.4 million in Q4 2020 compared to a net foreign exchange loss of RM20.6 million in Q3 2020;
- c) lower net provision for doubtful debts of RM2.8 million;
- d) higher interest income of RM0.7 million;
- e) higher share of profits from investment in associates of RM0.5 million;
- f) higher dividend income of RM0.5 million in Q4 2020;

offset by higher advertising and promotional expenses, donation, interest expense and net impairment for construction deposit.

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

(a) Comparison between the current quarter ("Q4 2020") versus three month period ended 31 December 2019 ("Q4 2019")

	Q4 2020	As restated Q4 2019	Re- classification	As previously reported Q4 2019	Increase/(decrease)	
	RM'000	RM'000	RM'000	RM'000	RM'000	%
Revenue by product:						
Voice	18,053	19,520	-	19,520	(1,467)	(7.5)
Data	255,816	238,203	1,698	239,901	17,613	7.4
Data centre	39,953	37,245	(2,895)	34,350	2,708	7.3
Others	1,050	375	1,197	1,572	675	180.0
Total revenue	314,872	295,343	-	295,343	19,529	6.6
Profit before tax	109,329	79,915	-	79,915	29,414	36.8

The Group undertook an exercise in the first quarter of the current year to review its product group classifications. This was to ensure that revenues stated in each product group category would properly represent that product group category and be aligned with current industry norms and practices. Some of the comparative figures for revenues in the preceding year corresponding quarter have been reclassified pursuant to this exercise to be consistent with the current year presentation. Analysis and comparisons to the results in the preceding year corresponding quarter are done based on the restated numbers.

The Group reported consolidated revenue of RM314.9 million in Q4 2020, which was RM19.5 million or 6.6% higher when compared to the RM295.3 million consolidated revenue recorded in Q4 2019. Excluding one-off non-recurring contract revenues from data centre in Q4 2020 amounting to RM1.0 million (Q4 2019: RM3.2 million from data revenue and RM0.5 million from data centre revenue), adjusted consolidated revenue would have increased by RM22.3 million or 7.6%. The increase in Q4 2020 consolidated revenue was mainly due to higher recurring data revenue, which grew RM20.8 million (or 8.9%) and data centre revenue, which grew RM2.3 million (or 6.3%) respectively. All core customer groups also registered solid year-on-year recurring revenue growth with the largest growth contributions seen coming from retail customers.

The Group recorded a current quarter consolidated profit before tax of RM109.3 million which is RM29.4 million or 36.8% higher than the consolidated profit recorded in Q4 2019 of RM79.9 million. The increase in the Group's Q4 2020 profit before tax results was mainly due to the following:

- a) higher overall revenue growth in Q4 2020;
- b) lower staff related cost, travelling expenses, IT related expenses and advertising and promotion expenses;
- c) one-off allowance for doubtful debts of RM6.5 million made for advances given to KIRZ in Q4 2019;
- d) one-off provision for financial guarantee of RM16.1 million for guarantee provided for banking facilities for KIRZ in Q4 2019;
- e) lower property, plant and equipment written off of RM1.6 million in Q4 2020;
- f) higher share of profits from investment in associates of RM1.3 million;
- g) higher dividend income of RM0.5 million in Q4 2020;

offset by higher net loss on foreign exchange of RM10.4 million in Q4 2020 compared to a net foreign exchange loss of RM1.5 million in Q4 2019, depreciation and amortisation charged for property, plant and equipment and right-of-use assets, interest expense, net impairment for construction deposit and lower interest income.

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

(b) Twelve month period ended 31 December 2020 ("12M 2020") versus twelve month period ended 31 December 2019 ("12M 2019")

	12M 2020	As restated 12M 2019	Re- classification	As previously reported 12M 2019	Increase/(decrease)	
	RM'000	RM'000	RM'000	RM'000	RM'000	%
Revenue by product:						
Voice	70,981	72,215	-	72,215	(1,234)	(1.7)
Data	996,490	900,094	7,076	907,170	96,396	10.7
Data centre	152,136	140,042	(10,036)	130,006	12,094	8.6
Others	3,562	1,522	2,960	4,482	2,040	134.0
Total revenue	1,223,169	1,113,873	-	1,113,873	109,296	9.8
Profit before tax	423,098	328,128	-	328,128	94,970	28.9

The Group had undertaken an exercise in the first quarter of the current year to review of its product group classifications. This was to ensure that revenues stated in each product group category would properly represent that product group category and be aligned with current industry norms and practices. Some of the comparative figures for revenues in the preceding year corresponding half year have been reclassified pursuant to this exercise to be consistent with the current year presentation. Analysis and comparisons to the results in the preceding year corresponding half year are done based on the restated numbers.

The Group reported consolidated revenue of RM1,223.2 million in 12M 2020, which is RM109.3 million or 9.8% higher when compared to the RM1,113.9 million consolidated revenue recorded in 12M 2019. One-off revenues from non-recurring contracts accounted for RM4.6 million of data revenue and RM1 million of data centre revenue of the total consolidated revenue in 12M 2020 (12M 2019: RM6.2 million from data revenue and RM0.5 million from data centre revenue). Excluding one-off revenues from non-recurring contracts, the overall consolidated revenue in the twelve months period would have shown an increase of RM110.4 million or 10.0% when compared to the similarly adjusted revenue in the preceding year. The increase in 12M 2020 revenue (excluding one-off non-recurring contracts) is mainly due to higher sales recorded from data revenue and data centre businesses, which grew RM98.0 million (11.0%) and RM11.6 million (8.3%) respectively. All core customer groups also contributed positively to overall revenue growth in 12M 2020, led by contributions from retail and wholesale customer groups.

The Group recorded consolidated profit before tax of RM423.1 million in 12M 2020 which is RM95.0 million or 28.9% higher than the consolidated profit before tax recorded in 12M 2019 of RM328.1 million. The increase in the Group's 12M 2020 profit before tax results was mainly due to the following:

- a) higher overall revenue (despite lower one-off non-recurring contracts revenue) in the current twelve month period;
- b) higher dividend income of RM3.1 million recorded in 12M 2020 (12M 2019: RM Nil);
- c) higher share of profits from investment in associates of RM18.0 million (12M 2019: RM14.7 million);
- d) lower write-off of property, plant and equipment of RM1.9 million (12M 2019: RM6.5 million);
- e) lower travelling cost, IT related expenses and advertising and promotion expenses;
- f) lower finance expense of RM21.5 million in 12M 2020 compared to RM26.5 million in 12M 2019;
- g) one-off provision for financial guarantee of RM16.1 million for guarantee provided for banking facilities for KIRZ in Q42019;

offset by higher depreciation and amortisation of property, plant and equipment and right-of-use assets, staff related costs, allowance for doubtful debts (excluding one-off allowance for doubtful debts of RM6.5 million made for advances given to KIRZ in Q4 2019), net loss on foreign exchange of RM16.2 million in 12M 2020 compared to a net foreign exchange loss of RM1.9 million in 12M 2019, net impairment for construction deposit, donations and lower interest income.

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23. Profit before income tax

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after (charging)/crediting:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(39,124)	(36,938)	(151,877)	(149,495)
Amortisation of borrowing costs	(68)	(164)	(319)	(1,180)
Interest expense:				
- Interest on borrowings	(681)	(1,347)	(3,050)	(8,219)
- Interest from MFRS 15 adoption	(3,739)	(2,350)	(12,359)	(10,942)
- Interest from MFRS 16 adoption	(1,696)	(1,557)	(5,792)	(6,200)
Interest income	2,456	3,317	8,329	9,645
Dividend income	508	-	3,067	-
Net bad debt recovered/(written off)	59	(97)	223	105
Net loss on foreign currency exchange	(10,410)	(1,506)	(16,179)	(1,888)
Net allowance for doubtful debts*	(3,589)	(9,763)	(13,107)	(15,462)
Property, plant and equipment written off	(37)	(1,638)	(1,896)	(6,500)
Net gain on disposal of property, plant and equipment	48	115	73	115
Net (impairment)/recovery for construction deposit	(2,392)	(34)	(2,392)	657
Provision for financial guarantee**	-	(16,081)	-	(16,081)

* Includes allowance for doubtful debts made for advances given to an associate company in Thailand of RM6.5 million in Q4 2019.

** The provision for financial guarantee of RM16.1 million was made in the previous financial year as it was probable that the Group would have to repay bank borrowings of KIRZ Co., Ltd., an associate company in Thailand, for which the Group had previously provided a guarantee.

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24. Prospects

The economy is expected to face continued uncertainties and challenges throughout the first part of 2021, arising from the ongoing COVID-19 pandemic. The Group's business has been relatively fortunate as the impact from COVID-19 has so far been limited and seen to be affecting a portion of business that comes from certain customer groups, in particular, those involved in hospitality, tourism, aviation and SME related sectors. Notwithstanding this, the Group remains vigilant and will continue to closely monitor developments to this situation, whilst also continuing to focus on the health and safety of its employees.

The Group remains committed to ensuring network availability and stability throughout these challenging times. Over the medium-term, the Group will continue to focus on supporting the Malaysian government achieve its national telecommunications objectives by strengthening and improving its existing domestic fibre network infrastructure, whilst at the same time intensifying efforts to expand its coverage footprint throughout the country. The Group will also work to increase market share by delivering fast, reliable and unparalleled quality network experience at competitive prices, and by understanding the needs and providing meaningful solutions and services to all its customers. TIME will closely monitor developments within the industry to be able to leverage on any additional opportunities that may arise.

The recent acquisition of a 60% stake in AVM Cloud Sdn. Bhd. ("AVM"), one of Malaysia's leading cloud services providers, will allow the Group to expand its product offering for enterprise customers and to provide a more comprehensive solution to customer requirements.

The Group is looking forward to the upcoming launch of its new wholly owned data centre in Cyberjaya, Malaysia. Whilst this data centre is capital intensive and may result in some profit margin compression for the Group in the early periods following completion, it represents an important source of future medium-term revenue growth and further reinforces the Group's strategic position as one of the leading data centre owners and operators in Malaysia.

On the regional front, TIME will continue to work with its partners in Thailand, Vietnam and Cambodia to focus on tapping the increasing demand for cross border connectivity across the region while looking to create a seamless ASEAN telecommunications network which will connect Indochina to Malaysia and Singapore.

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 31/12/2020	Preceding year corresponding quarter 31/12/2019	Twelve months to 31/12/2020	Twelve months to 31/12/2019
Basic EPS:				
Weighted average number of shares in issue ('000)	604,262	585,535	598,404	584,446
Profit for the period/year attributable to owners of the Company (RM'000)	94,355	75,409	328,047	314,036
Basic EPS	15.61 sen	12.88 sen	54.82 sen	53.73 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	604,262	585,535	598,404	584,446
Effect of share options	1,353	7,005	976	6,530
Weighted average number of shares in issue ('000) (Diluted)	605,615	592,540	599,380	590,976
Profit for the period/year attributable to owners of the Company (RM'000)	94,355	75,409	328,047	314,036
Diluted EPS	15.58 sen	12.73 sen	54.73 sen	53.14 sen

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27. Related party transactions

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

	Cumulative Quarter	
	Twelve months to 31/12/2020 RM'000	Twelve months to 31/12/2019 RM'000
Related parties		
Revenue from data, voice and other services	75,523	77,783
Interconnect revenue	1,994	3,407
Fee for wayleave and right of use of telecommunications facilities	(10,468)	(10,504)
Interconnect charges	(2,089)	(3,730)
Leased line and infrastructure costs	(40,039)	(35,662)
Network maintenance costs	(2,492)	(2,601)
Training expenses	(238)	(245)
Rental of office and utility charges	(114)	(105)
Professional fees on corporate exercise	(220)	(337)
Interest on advance to related company	(108)	-
	(108)	-
Companies in which Directors have significant financial interest		
Revenue from data, voice and other services	69	74
Professional legal fees costs	(48)	(54)
	(48)	(54)

The Directors of the Group 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.

By Order of the Board

MISNI ARYANI MUHAMAD
(LS 0009413)
Secretary

Selangor
26 February 2021