

Quarterly rpt on consolidated results for the financial period ended 31 Dec 2019

TIME DOTCOM BERHAD

Financial Year End	31 Dec 2019
Quarter	4 Qtr
Quarterly report for the financial period ended	31 Dec 2019
The figures	have been audited

Attachments

TdC-4th Qtr Financial Results-31-12-2019.pdf
661.1 kB

Press Release.pdf
41.8 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Dec 2019

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	295,343	262,853	1,113,873	983,435
2 Profit/(loss) before tax	79,915	87,740	328,128	304,811
3 Profit/(loss) for the period	75,409	80,811	314,036	288,670
4 Profit/(loss) attributable to ordinary equity holders of the parent	75,409	80,811	314,036	288,670
5 Basic earnings/(loss) per share (Subunit)	12.88	13.85	53.73	49.56
6 Proposed/Declared dividend per share (Subunit)	29.03	20.56	29.03	20.56
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)		4.7300		4.3200

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	TIME DOTCOM BERHAD
Stock Name	TIMECOM
Date Announced	28 Feb 2020
Category	Financial Results
Reference Number	FRA-24022020-00080

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(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Audited Twelve months to 31/12/2019 RM'000	Audited Twelve months to 31/12/2018 RM'000
Operating revenue	295,343	262,853	1,113,873	983,435
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(36,938)	(35,184)	(149,495)	(124,995)
- other operating expenses	(180,197)	(153,243)	(634,591)	(580,436)
Other operating income (net)	130	12,247	515	24,437
Profit from operations	78,338	86,673	330,302	302,441
Investment income	3,317	2,200	9,645	8,990
Finance expense	(5,418)	(4,367)	(26,541)	(18,440)
Share of profit from investment in associates, net of tax	3,678	3,234	14,722	11,820
Profit before income tax	79,915	87,740	328,128	304,811
Income tax expense	(4,506)	(6,929)	(14,092)	(16,141)
Profit for the period/year attributable to owners of the Company	75,409	80,811	314,036	288,670
Other comprehensive income:				
Foreign currency translation differences for foreign operations	(557)	932	15,527	1,700
Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")	3,096	879	8,610	2,096
Other comprehensive income for the period/year	2,539	1,811	24,137	3,796
Total comprehensive income for the period/year attributable to owners of the Company	77,948	82,622	338,173	292,466
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	12.88 sen	13.85 sen	53.73 sen	49.56 sen
- Diluted	12.73 sen	13.73 sen	53.14 sen	49.13 sen

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited As at 31/12/2019	Audited As at 31/12/2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,586,926	1,483,898
Right-of-use assets	110,194	-
Intangible assets	213,959	213,959
Investment in associates	433,295	407,533
Other investments	26,582	17,201
Deferred tax assets	243,986	244,209
Trade and other receivables	2,443	11,858
	<u>2,617,385</u>	<u>2,378,658</u>
Current assets		
Tax recoverable	921	1,899
Trade and other receivables	395,308	399,630
Restricted cash	166	8,065
Cash and cash equivalents	506,954	389,399
	<u>903,349</u>	<u>798,993</u>
Total assets	<u>3,520,734</u>	<u>3,177,651</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,200,135	1,186,659
Reserves	1,566,722	1,333,056
Equity attributable to owners of the Company	<u>2,766,857</u>	<u>2,519,715</u>
Non-current liabilities		
Loans and borrowings	43,402	110,166
Lease liabilities	86,111	-
Trade and other payables	214,017	158,374
Deferred tax liabilities	13,872	12,574
	<u>357,402</u>	<u>281,114</u>
Current liabilities		
Loans and borrowings	69,948	62,841
Lease liabilities	14,229	-
Trade and other payables	308,486	313,565
Provision for tax	3,812	416
	<u>396,475</u>	<u>376,822</u>
Total liabilities	<u>753,877</u>	<u>657,936</u>
Total equity and liabilities	<u>3,520,734</u>	<u>3,177,651</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM4.73</u>	<u>RM4.32</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 2018.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited Twelve months to 31/12/2019 RM'000	Audited Twelve months to 31/12/2018 RM'000
Operating Activities		
Cash receipts from customers	1,247,107	1,015,271
Transfer from restricted cash and bank balances	7,899	183
Cash payments to suppliers	(346,656)	(370,088)
Cash payments to employees and for administrative expenses	(266,027)	(227,658)
Payment of lease liabilities	(23,891)	-
Cash generated from operations	618,432	417,708
Tax refund	2,066	-
Tax paid	(10,263)	(9,747)
Net cash generated from operating activities	610,235	407,961
Investing Activities		
Acquisition of property, plant and equipment	(318,356)	(248,439)
Proceeds from disposal of property, plant and equipment	1,916	674
Acquisition of other investments	(771)	(1,399)
Investment income received	15,490	13,876
Net cash used in investing activities	(301,721)	(235,288)
Financing Activities		
Proceed from loans and borrowings	103,266	31,546
Finance charges paid	(7,849)	(13,056)
Repayment of term loans and borrowings	(163,682)	(281,646)
Dividend paid	(120,009)	(100,010)
Net cash used in financing activities	(188,274)	(363,166)
Net change in cash and cash equivalents	120,240	(190,493)
Effect of exchange rate fluctuations on cash held	(2,685)	3,276
Cash and cash equivalents as at beginning of financial year	389,399	576,616
Cash and cash equivalents as at end of financial year	Note (a) 506,954	389,399
Note:		
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	129,973	161,304
Deposits with licensed banks	377,147	236,160
	507,120	397,464
Restricted cash	(166)	(8,065)
Cash and cash equivalents	506,954	389,399

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Non-distributable →			Distributable		
	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
Twelve months to 31 December 2019 (audited)						
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 fair value through other comprehensive income ("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

	← Non-distributable →			Distributable		
	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
Twelve months to 31 December 2018 (audited)						
At 1 January 2018	1,172,485	319	23,051	30,931	1,089,983	2,316,769
Dividend paid	-	-	-	-	(100,010)	(100,010)
Employee share grant plan/option scheme	-	-	-	10,490	-	10,490
Issuance of shares pursuant to the share grant plan	14,174	-	-	(14,174)	-	-
Profit for the year	-	-	-	-	288,670	288,670
Fair value gain on equity investments designated at FVOCI	-	2,096	-	-	-	2,096
Exchange differences recognised directly in equity	-	-	1,700	-	-	1,700
Total comprehensive income for the year	-	2,096	1,700	-	288,670	292,466
Balance as at 31 December 2018	1,186,659	2,415	24,751	27,247	1,278,643	2,519,715

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 2018.

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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 2018. 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 2018.

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 2018, except for the adoption of the following standards, amendments and annual improvements to MFRSs with a date of initial application on 1 January 2019:

Description

Amendments to MFRS 3	<i>Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
Amendments to MFRS 9	<i>Financial Instruments (Prepayment Features with Negative Compensation)</i>
Amendments to MFRS 11	<i>Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
Amendments to MFRS 112	<i>Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
Amendments to MFRS 119	<i>Employee Benefits - Plan Amendment, Curtailment or Settlement</i>
Amendments to MFRS 123	<i>Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)</i>
Amendments to MFRS 128	<i>Investments in Associates and Joint Ventures (Long-term interests in Associates and Joint Ventures)</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
MFRS 16	<i>Leases</i>

The adoption of the above did not have any significant effects on the interim report upon their initial application, other than as disclosed below:

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for leases. A lease under MFRS 16 recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments.

The Group has applied MFRS 16 using the modified retrospective method with practical expediency for a single discount rate to the entire lease portfolio at the date of initial application, recognition exemptions for short-term leases and leases of low-value items and exclude initial direct costs in the measurement of the right of use assets.

The following table summarises the impact of adopting MFRS 16 on the Group's financial statements.

Statement of Financial Position as at 1 January 2019

	As reported under MFRS 16 RM'000	MFRS 16 adjustments RM'000	Pre-MFRS 16 RM'000
Right-of-use assets	125,004	(125,004)	-
Trade and other receivables	401,278	10,210	411,488
Lease liabilities	114,794	(114,794)	-

The adoption of MFRS 16 does not have any impact on the Group's statement of profit or loss on 1 January 2019.

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2. Significant accounting policies (continued)

MFRS 16, Leases (continued)

The following table summarises the impact of adopting MFRS 16 on the Group's statement of profit or loss and statement of financial position as at 31 December 2019.

Profit and loss up till 31 December 2019

	As reported under MFRS 16 RM'000	MFRS 16 adjustments in the twelve month period RM'000	Pre-MFRS 16 RM'000
Other operating expenses	(634,591)	(23,891)	(658,482)
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(149,495)	18,047	(131,448)
Finance expense	(26,541)	6,200	(20,341)
Tax expense	(14,092)	(36)	(14,128)
Profit for the year	<u>314,036</u>	<u>320</u>	<u>314,356</u>
Earnings per share (sen)			
- basic	53.73		53.79
- diluted	<u>53.14</u>		<u>53.19</u>

Statement of financial position at 31 December 2019

	As reported under MFRS 16 RM'000	MFRS 16 adjustments RM'000	Pre-MFRS 16 RM'000
Right-of-use assets	110,194	(110,194)	-
Trade and other receivables	397,751	10,210	407,961
Lease liabilities	100,340	(100,340)	-
Deferred tax liabilities	13,872	36	13,908
Retained earnings	<u>1,472,670</u>	<u>320</u>	<u>1,472,990</u>

At the date of this report, the following standards, amendments and improvements 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 3 <i>Business Combinations – Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Financial Instruments, Financial Instruments: Recognition and Measurement and Financial Instruments: Disclosures – Interest Rate Benchmark Reform</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
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, amendments and interpretations 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 2021 as it is not applicable to the Group.

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

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3. Audit report in respect of the 2018 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2018 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 during the financial year ended 31 December 2019.

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

On 20 June 2019, the Company granted an option to Patrick Corso, a non-independent executive director of the Company to subscribe for up to 3,300,000 new ordinary shares in the Company. The share option agreement was also executed on the same day. The option exercise price was fixed at RM7.95, which represented a discount of approximately 10.0% to the 5-day volume weighted average market price of TIME dotCom Berhad ("TdC") shares immediately preceeding the date of the share option agreement. The option may be exercised by Patrick Corso at any time and from time to time during the 5-year option period up to a maximum of 20% of the total option shares per annual period. Unexercised options may be carried forward to the next period without reducing the maximum exercisable portion in the next period.

On 19 July 2019 and 16 August 2019, the Company issued 666,593 new ordinary shares and 1,166,544 new ordinary shares in the Company respectively to eligible employees under the Annual Restricted Share Plan and Annual Performance Share Plan portion of the Company's Share Grant Plan ("SGP"). The closing share price on the respective vesting dates of 31 July 2019 and 27 August 2019 were RM9.00 per share and RM8.90 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.

Other than stated above, 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 2019.

8. Dividend

On 29 March 2019, the Group paid an ordinary interim and a special interim tax exempt (single tier) dividend of 9.25 sen and 11.31 sen per ordinary share respectively for the financial year ended 31 December 2018.

The Directors declared on 28 February 2020, an ordinary interim and a special interim tax exempt (single tier) dividend of 9.95 sen and 19.08 sen per ordinary share for the financial year ended 31 December 2019, which will be paid on 31 March 2020.

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9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Twelve months to 31/12/2019 RM'000	Twelve months to 31/12/2018 RM'000
Operating Revenue				
Voice	19,520	18,272	72,215	68,703
Data	239,901	207,637	907,170	777,378
Data centre	34,350	36,070	130,006	132,458
Others	1,572	874	4,482	4,896
	295,343	262,853	1,113,873	983,435
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(36,938)	(35,184)	(149,495)	(124,995)
Other operating expenses	(180,197)	(153,243)	(634,591)	(580,436)
Other operating income (net)	130	12,247	515	24,437
Profit from operations	78,338	86,673	330,302	302,441
Investment income	3,317	2,200	9,645	8,990
Finance expense	(5,418)	(4,367)	(26,541)	(18,440)
Share of profit from investment in associates, net of tax	3,678	3,234	14,722	11,820
Profit before income tax	79,915	87,740	328,128	304,811
Geographical locations				
Operating Revenue				
Within Malaysia	276,829	241,952	1,050,514	947,790
Outside Malaysia	18,514	20,901	63,359	35,645
	295,343	262,853	1,113,873	983,435
Timing of revenue recognition				
Over time	258,547	242,640	1,013,499	910,324
At a point in time	36,567	19,543	99,477	70,011
Revenue not within the scope of MFRS 15	229	670	897	3,100
	295,343	262,853	1,113,873	983,435

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 2018.

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

In the opinion of the Directors, there are no other items, transactions or events of a material and unusual nature which have arisen since 31 December 2019 to 21 February 2020 (being the latest practicable date) that will have a substantial effect on the financial results of the Group.

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12. Changes in the composition of the Group during the financial year ended 31 December 2019

On 24 July 2019, the Group incorporated a new subsidiary in Thailand namely AIMS Data Centre (Thailand) Limited. The principal activity of AIMS Data Centre (Thailand) Limited is the provision of data centre and other related services. The amount of paid-up capital is THB250,000 comprising 10,000 shares of THB25 each.

Other than stated above, there were no changes in the composition of the Group during the financial year ended 31 December 2019.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2018.

14. Capital commitments

	As at 31/12/2019 RM'000
Property, plant and equipment	
a) Approved and contracted but not provided for in the financial statements	<u>186,448</u>
b) Approved but not contracted for	<u>103,884</u>

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 asset 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
31 December 2019	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000
Financial instruments carried at fair value:					
Financial assets					
Other unquoted investments	-	-	<u>26,582</u>	<u>26,582</u>	<u>26,582</u>
Financial instruments not carried at fair value:					
Financial liabilities					
Term loans	-	-	57,110	57,110	57,559
Revolving credit	-	-	<u>55,791</u>	<u>55,791</u>	<u>55,791</u>
	-	-	<u>112,901</u>	<u>112,901</u>	<u>113,350</u>

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16. Income tax

The income tax expense for the Group for current quarter and financial year ended 31 December 2019 was made up as follows:

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Twelve months to 31/12/2019 RM'000	Twelve months to 31/12/2018 RM'000
Income tax:				
- Current year	3,416	701	12,323	6,852
- Under/(over) provision in prior year	1,003	(22)	248	602
	4,419	679	12,571	7,454
Deferred tax:				
- Origination of temporary differences	25,299	24,010	85,628	80,701
- (Over)/under provision in prior year	(3,209)	526	(3,209)	526
- Recognition of previously unrecognised temporary differences	(22,003)	(18,286)	(80,898)	(72,540)
	87	6,250	1,521	8,687
Total	4,506	6,929	14,092	16,141

The effective tax rate of the Group for the current and preceding year corresponding quarters and financial year are lower than the statutory tax rate of 24% principally due to certain non-taxable income and utilisation of unabsorbed capital allowances and tax losses available to the Group. The lower effective tax rate is also due to the lower tax rates prevailing in some of the jurisdictions/countries in which the Group operates and the recognition of previously unrecognised temporary differences.

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

There are no corporate proposals, which have been announced but not completed as at 21 February 2020, being the latest practicable date.

18. Loans and borrowings

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

31 December 2019	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	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

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18. Loans and borrowings (continued)

The loans and borrowings as at 31 December 2018 are as follows:

31 December 2018	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	7,403	11,201	18,604
- Denominated in USD	30,625	98,965	129,590
<u>Unsecured:</u>			
- Denominated in USD	24,813	-	24,813
As at 31 December 2018	<u>62,841</u>	<u>110,166</u>	<u>173,007</u>

The Group's loans and borrowings have mainly been used to fund the Group's working capital requirements, investments in its international submarine cable systems and investment in subsidiary. The Group's loans and borrowings comprise both fixed and floating rate facilities and bear interest at rates ranging from 3.15% to 4.85% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 31 December 2019, do not include bank balances amounting to RM57,834,000 (31.12.2018: RM49,653,000) 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 21 February 2020, being the latest practicable date.

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21. Comparison between the current quarter ("Q4 2019") and the immediate preceding quarter ("Q3 2019")

	Q4 2019	Q3 2019	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	19,520	17,955	1,565	8.7
Data	239,901	227,848	12,053	5.3
Data centre	34,350	31,407	2,943	9.4
Others	1,572	954	618	64.8
Total revenue	295,343	278,164	17,179	6.2
Profit before tax	79,915	84,719	(4,804)	(5.7)

The comparison of current quarter and immediate preceding quarter results are done post-MFRS 16 adjustments.

The Group reported a consolidated revenue of RM295.3 million in Q4 2019, which is RM17.2 million or 6.2% higher when compared to the RM278.2 million consolidated revenue reported in Q3 2019. One-off revenues from non-recurring contracts amounting to RM3.2 million from data revenues and RM0.5 million from data centre revenues were recorded in Q4 2019 respectively (Q3 2019: RMNil). Should one-off revenues from non-recurring contracts be excluded from consolidated revenues for better comparability, overall consolidated revenue in the current quarter would have been RM13.4 million or 4.8% higher. Growth can be seen coming from all products groups with voice, recurring data and data centre revenues growing 8.7%, 3.9% and 7.7% respectively in the current quarter. Growth in consolidated revenue during the current quarter could also be attributed to increased sales from all core customer groups, led by wholesale and retail customers.

Included in the Group's consolidated profit before tax in the current quarter are the following:

- a) an allowance for doubtful debts of RM6.5 million (Q3 2019: RMNil) made for all remaining advances given to Kirz Co., Ltd ("KIRZ"), an associate company in Thailand; and
- b) a provision for financial guarantee of RM16.1 million for guarantees provided to secure banking facilities for KIRZ. The provision is made as it is probable that the Group would have to repay the bank facilities on behalf of the said associate company. Negotiation for the settlement of the said bank facilities are still ongoing with the Group's partners in Thailand. The provision made represents the maximum amount of exposure to the Group at this juncture and may subsequently reduce upon conclusion of negotiations at a later date.

Excluding the allowance for doubtful debts and provision for financial guarantee for KIRZ totaling RM22.6 million stated above, the Group would have reported an adjusted consolidated profit before tax of RM102.5 million in Q4 2019 which is RM17.8 million or 21.0% higher than the consolidated profit before tax of RM84.7 million in Q3 2019. The higher Q4 2019 adjusted consolidated profit before tax is mainly attributed to the following:

- a) higher overall sales (including one-off revenues from non-recurring contracts) on the back of improved margins;
- b) lower net write-off of property, plant and equipment in the current quarter of RM1.6 million (Q3 2019: RM4.9 million);
- c) higher interest income by RM0.8 million in the current quarter;
- d) lower finance costs of RM5.4 million (Q3 2019: RM6.6 million);
- e) lower allowance for doubtful debts by RM0.4 million (excluding the allowance made for advances to KIRZ);

offset by a net loss on foreign currency exchange and lower share of profit from investment in associates in the current quarter.

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

(a) Comparison between the current quarter ("Q4 2019") versus three month period ended 31 December 2018 ("Q4 2018")

	Q4 2019	Q4 2018	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	19,520	18,272	1,248	6.8
Data	239,901	207,637	32,264	15.5
Data centre	34,350	36,070	(1,720)	(4.8)
Others	1,572	874	698	79.9
Total revenue	295,343	262,853	32,490	12.4
Profit before tax (Pre-MFRS 16)	80,786	87,740	(6,954)	(7.9)
Profit before tax (as reported Post-MFRS 16)	79,915			

The Group has disclosed its financial results for the current period both pre and post-MFRS 16 adoption. Analysis and comparisons to the previous year corresponding period is, however, done excluding the impact of MFRS 16 for better comparability purposes.

The Group adopted and applied the new MFRS 16 with effect from 1 January 2019. The Group adopted the standard retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial recognition. This means that lease contracts that are still on-going as at 1 January 2019 will be accounted for as if they had been recognised in accordance with MFRS 16 at the commencement of contracts, but as the Group has adopted the cumulative effect retrospective approach, their corresponding comparative figures will not be restated.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lease under MFRS 16 recognises a right-of-use asset representing the Group's right to use the lease's underlying asset as well as a lease liability representing the Group's obligations to make lease payments for the said asset. Adjustments were made to profit and loss arise due to:

- i) lease liabilities being measured at the present value of remaining lease payments, discounted using a rate based on the indicative market rate of borrowings of the Group; and
- ii) right-to-use assets being measured at an amount equal to the corresponding lease liabilities and depreciated over the remaining useful life of the assets.

Prior to adopting MFRS 16, the Group had recognised operating lease expenses as rental expenses over the term of their respective leases.

The Group reported a consolidated revenue of RM295.3 million in Q4 2019, which was RM32.5 million or 12.4% higher when compared to the RM262.9 million consolidated revenue recorded in Q4 2018. Excluding one-off non-recurring contract revenues of RM3.2 million from data (Q4 2018: RMNil) and RM0.5 million from data centre (Q4 2018: RM2.9 million) revenues respectively, the adjusted consolidated revenue would have increased by RM31.6 million or 12.2% in the current quarter. The increase in Q4 2019 consolidated revenue was mainly due to higher recurring revenues generated from all core product groups, led by data revenues, which grew RM29.1 million (or 14.0%) and data centre revenues, which grew RM0.7 million (or 2.0%) respectively. All core customer groups also registered solid year-on-year ("YoY") recurring revenue growth with the largest growth contributions seen coming from retail and wholesale customers.

Included in the Group's consolidated profit before tax in the current quarter are the following:

- a) an allowance for doubtful debts of RM6.5 million (Q4 2018: RMNil) made for all remaining advances given to KIRZ; and
- b) a provision for financial guarantee of RM16.1 million for guarantees provided for banking facilities for KIRZ (see Note 21 for further details).

Excluding the allowance for doubtful debts and provision for financial guarantee for KIRZ totaling RM22.6 million stated above, the Group would have reported an adjusted pre-MFRS 16 consolidated profit before tax of RM103.4 million in Q4 2019 which is RM15.7 million or 17.9% higher than the consolidated profit before tax of RM87.7 million in Q4 2018. The increase in the Group's Q4 2019 adjusted consolidated profit before tax was mainly due to the following:

- a) higher overall revenue growth (including one-off non-recurring contract revenues) in the current quarter;
- b) higher interest income of RM3.3 million in Q4 2019 compared to RM2.2 million in Q4 2018;
- c) lower net impairment of construction deposit of RM34,000 (Q4 2018: RM1.8 million);
- d) higher share of profit from investment in associates of RM3.7 million in Q4 2019 compared to RM3.2 million in Q4 2018;
- e) lower depreciation (pre-MFRS 16) compared to Q4 2018;

offset by write off of property, plant and equipment, net allowance for doubtful debts (excluding the allowance for doubtful debts made for advances to KIRZ) and a net loss on foreign currency exchange in the current quarter.

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

(b) Twelve month period ended 31 December 2019 ("12M 2019") versus twelve month period ended 31 December 2018 ("12M 2018")

	12M 2019	12M 2018	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	72,215	68,703	3,512	5.1
Data	907,170	777,378	129,792	16.7
Data centre	130,006	132,458	(2,452)	(1.9)
Others	4,482	4,896	(414)	(8.5)
Total revenue	1,113,873	983,435	130,438	13.3
Profit before tax (Pre-MFRS 16)	328,484	304,811	23,673	7.8
Profit before tax (as reported Post-MFRS 16)	328,128			

The Group has disclosed its financial results for the current year both pre and post-MFRS 16. Analysis and comparisons to the previous year is, however, done excluding the impact of MFRS 16 for better comparability purposes.

The Group reported a consolidated revenue of RM1,113.9 million in 12M 2019, which is RM130.4 million or 13.3% higher when compared to the RM983.4 million consolidated revenue recorded in 12M 2018. One-off revenues from non-recurring contracts accounted for RM6.2 million of data revenues and RM0.5 million of data centre revenues of the total consolidated revenue recognised in 12M 2019 (12M 2018: RM10.4 million, of which RM6.0 million was from data centre sales and RM4.4 million was from data sales). Excluding the one-off revenues from non-recurring contracts, the overall adjusted consolidated revenue for the current year would have shown an increase of RM134.1 million or 13.8% when compared to the similarly adjusted consolidated revenue in the preceding year. The increase in the 12M 2019 consolidated revenue (excluding one-off non-recurring contracts) is mainly due to higher sales recorded from voice, data and data centre businesses, which grew RM3.5 million (or 5.1%), RM128.0 million (or 16.6%) and RM3.0 million (or 2.4%) YoY respectively. All core customer groups also contributed positively to overall revenue growth in 12M 2019, led by contributions from wholesale and retail customers.

Included in the Group's consolidated profit before tax in the current and previous years are the following:

- a) an allowance for doubtful debts of RM6.5 million (12M 2018: RM7.2 million) made for advances given to KIRZ;
- b) a provision for financial guarantee of RM16.1 million for guarantees provided for banking facilities for KIRZ (12M 2018: RMNil) (see Note 21 for further details); and
- c) an impairment loss in the Group's investment in KIRZ of RM4.0 million in 12M 2018 (12M 2019: RMNil).

Excluding the allowance for doubtful debts, provision for financial guarantee and impairment loss for investment in KIRZ totaling RM22.6 million (12M 2018: RM11.2 million) stated above, the Group would have reported an adjusted pre-MFRS 16 consolidated profit before tax of RM351.1 million in 12M 2019 which is RM35.1 million or 11.1% higher than the similarly adjusted consolidated profit before tax of RM316.0 million in 12M 2018. The increase in the Group's 12M 2019 adjusted consolidated profit before tax was mainly due to the following:

- a) higher overall revenues (despite lower one-off non-recurring contract revenue) in the current year;
- b) higher share of profit from investment in associates of RM14.7 million (12M 2018: RM11.8 million);
- c) net recovery of construction deposit of RM0.7 million compared to net impairment in 12M 2018 of RM1.8 million;
- d) higher interest income by RM0.7 million in the current year;

offset by higher depreciation charges, finance costs, write-offs of property, plant and equipment and personnel and related expenses, allowance for doubtful debts (excluding the allowance for doubtful debts made for advances to KIRZ), lower gain on disposal of property, plant and equipment and a net loss on foreign currency exchange of RM1.9 million (12M 2018: net gain on foreign currency exchange of RM17.0 million) in the current year.

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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
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	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	(36,938)	(35,184)	(149,495)	(124,995)
Amortisation of borrowing costs	(164)	(224)	(1,180)	(956)
Interest expense:				
- Interest on borrowings	(1,347)	(2,478)	(8,219)	(11,435)
- Interest from MFRS 15 adoption	(2,350)	(1,665)	(10,942)	(6,049)
- Interest from MFRS 16 adoption	(1,557)	-	(6,200)	-
Interest income	3,317	2,200	9,645	8,990
Rental income	11	11	44	40
Net bad debt (written off)/recovered	(97)	11	105	74
Net (loss)/gain on foreign currency exchange	(1,506)	6,745	(1,888)	17,043
Net allowance for doubtful debts	(9,763)	(1,912)	(15,462)*	(13,174)*
Net gain on disposal of property, plant and equipment	115	129	115	683
Write off of property, plant and equipment	(1,638)	(968)	(6,500)	(968)
Net (impairment)/recovery for construction deposit	(34)	(1,777)	657	(1,777)
Impairment loss in investment in associates	-	-	-	(3,993)
Provision for financial guarantee**	(16,081)	-	(16,081)	-

* Included allowance for doubtful debts made for advances given to an associate company of RM6.5 million (2018: RM7.2 million) in Thailand.

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

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24. Prospects

The dynamics faced by the telecommunications industry in 2019 are likely to continue into 2020. The telecommunications industry is currently facing a concerted effort in Malaysia to improve nationwide broadband connectivity while having to adjust to shifts in technology as well as to endure global macro-economic headwinds.

To face this rapidly evolving environment, the Group will continue to focus on strengthening and improving its existing domestic fibre network infrastructure, whilst concurrently intensifying efforts to expand its coverage footprint throughout the country in line with the government's objectives. The Group will also work to increase its market share by continuing to deliver a fast, reliable and unparalleled quality network experience at competitive prices and by understanding and providing meaningful solutions that are specifically tailored to the present and future requirements of all its customers. The Group will also continue to closely monitor developments within the industry to be able to leverage on any additional opportunities that may arise.

On the regional front, the Group will continue working with its partners in Thailand, Vietnam and Cambodia to focus on tapping the increasing demand for cross border connectivity across the ASEAN region.

The Group is also assessing opportunities to further establish itself as a key regional data centre player and operator and unlocking the long term potential of its data centre business. This may include building new data centres, entering into joint ventures and/or acquiring new assets in Malaysia as well as within the ASEAN region. These opportunities may initially be capital intensive. Funding for such initiatives is currently expected to come from a combination of internal funds as well as external borrowings.

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 31/12/2019	Preceding year corresponding quarter 31/12/2018	Twelve months to 31/12/2019	Twelve months to 31/12/2018
Basic EPS:				
Weighted average number of shares in issue ('000)	585,535	583,634	584,446	582,446
Profit for the period/year attributable to owners of the Company (RM'000)	75,409	80,811	314,036	288,670
Basic EPS	12.88 sen	13.85 sen	53.73 sen	49.56 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	585,535	583,634	584,446	582,446
Effect of share options	7,005	4,857	6,530	5,070
Weighted average number of shares in issue ('000) (Diluted)	592,540	588,491	590,976	587,516
Profit for the period/year attributable to owners of the Company (RM'000)	75,409	80,811	314,036	288,670
Diluted EPS	12.73 sen	13.73 sen	53.14 sen	49.13 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 31/12/2019 RM'000	Twelve months to 31/12/2018 RM'000
Related parties		
Revenue from data, voice and other services	77,783	80,891
Interconnect revenue	3,407	3,793
Interest income from an associate	-	1,355
Fee for wayleave and right of use of telecommunications facilities	(10,504)	(10,478)
Interconnect charges	(3,730)	(8,209)
Leased line and infrastructure costs	(35,662)	(33,074)
Network maintenance costs	(2,601)	(1,779)
Training expenses	(245)	(356)
Project management services costs	-	(13)
Rental of office	(105)	(192)
Professional fees on corporate exercise	(337)	(146)
Marketing expenses	-	(2,832)
Companies in which Directors have significant financial interest		
Revenue from data, voice and other services	74	70
Professional legal fees costs	(54)	(10)

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
28 February 2020

PRESS RELEASE
For Immediate Release

**TIME Posts Healthy Revenue Growth Driven
by Wholesale and Retail Contribution**

- FY2019 revenues grew 13.3% year-on-year to RM1,113.9 million
- Revenue growth recorded across all core customer groups, led by Wholesale and Retail

Shah Alam, 28 February 2020 – TIME dotCom Berhad (“TIME” or “the Group”) closed the financial year ended 31 December 2019 (“FY2019”) with a consolidated revenue of RM1,113.9 million, a 13.3% increase over the RM983.4 million recorded in FY2018.

Revenue growth was recorded across all core customer groups, led by Wholesale and Retail customers. Excluding one-off revenues from non-recurring contracts, the data and data centre businesses recorded year-on-year growth of 16.6% and 2.4%, respectively.

In FY2019, profit before tax grew to RM328.1 million, representing a 7.6% increase over the same period for the preceding year (FY2018: RM304.8 million). On an adjusted basis, excluding the impact of foreign exchange and one-off items, FY2019 profit before tax grew 21% year-on-year. The increase can be attributed to higher overall revenues, a higher share of profit from investments in associates and a higher interest income in the current reporting year.

“2019 was another challenging year for the industry. However, by staying focused, we were able to deliver yet another year of healthy numbers to our shareholders,” said Afzal Abdul Rahim, TIME’s Commander-in-Chief.

Outlook

The dynamics faced by the telecommunications industry in 2019 will likely be carried forward into 2020. While the main focus is a concerted effort in improving nationwide broadband connectivity, the industry has had to concurrently adjust to shifts in technology as well as enduring global macro-economic headwinds.

The Group remains steadfast in its strategy to face the rapidly evolving telecommunications environment and will continue to strengthen and improve its existing domestic fibre network infrastructure while intensifying efforts to expand its coverage footprint throughout the country.

On the regional front, the Group will continue working with its partners in Thailand, Vietnam and Cambodia to tap on increasing demand for cross border connectivity across the ASEAN region. The Group will also assess opportunities to further establish itself as a key regional data centre player and operator with the intention to unlock the long term potential of its data centre business.

Dividends

For the financial year under review, TIME declared an ordinary interim and a special interim tax exempt (single tier) dividend of 9.95 sen and 19.08 sen per ordinary share respectively, which will be paid out on 31 March 2020.

END

Forward-Looking Statements

This press release contains forward-looking statements that reflect the current views of TIME dotCom Berhad (TIME) management with respect to future events. The words "anticipate", "believe", "estimate", "expect", "intend", "may", "plan", "project", "should" and similar expressions including all statements that are not historical facts are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties, most of which are difficult to predict and are generally beyond TIME's control, including, without limitation, general industry and economic conditions, competition from other companies and avenues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, governmental policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Forward-looking statements are based on current plans, estimates and projections, and therefore too much reliance should not be placed on them. TIME does not intend or assume any obligation to update these forward-looking statements.

About TIME dotCom Berhad

TIME is a telecommunications provider that delivers domestic and global connectivity, data centre and managed services to customers across ASEAN. Powering TIME's businesses are its fibre optic network assets that span Malaysia, Singapore, Thailand, Vietnam and Cambodia – countries in which it has an established operational presence. TIME's network extends beyond the region to deliver international connectivity via its stakes in the UNITY, FASTER, Asia Pacific Gateway (APG) and Asia-Africa-Europe-1 (AAE-1) subsea cable systems. TIME is headquartered in Shah Alam. Visit <http://www.time.com.my> for more information.

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