

Quarterly rpt on consolidated results for the financial period ended 31 Mar 2020

TIME DOTCOM BERHAD

Financial Year End	31 Dec 2020
Quarter	1 Qtr
Quarterly report for the financial period ended	31 Mar 2020
The figures	have not been audited

Attachments

TdC-1st Qtr Financial Results-31 Mar 2020.pdf
787.5 kB

Press Release.pdf
55.7 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Mar 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	293,948	262,542	293,948	262,542
2 Profit/(loss) before tax	125,554	67,058	125,554	67,058
3 Profit/(loss) for the period	97,962	63,132	97,962	63,132
4 Profit/(loss) attributable to ordinary equity holders of the parent	97,962	63,132	97,962	63,132
5 Basic earnings/(loss) per share (Subunit)	16.73	10.82	16.73	10.82
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	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 (\$\$)		4.6300		4.7300

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 May 2020
Category	Financial Results
Reference Number	FRA-13052020-00006

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 31/3/2020 RM'000	Unaudited Preceding year corresponding quarter 31/3/2019 RM'000	Unaudited Three months to 31/3/2020 RM'000	Unaudited Three months to 31/3/2019 RM'000
Operating revenue	293,948	262,542	293,948	262,542
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(36,640)	(38,430)	(36,640)	(38,430)
- other operating expenses	(164,566)	(154,968)	(164,566)	(154,968)
Other operating income (net)	27,137	383	27,137	383
Profit from operations	119,879	69,527	119,879	69,527
Investment income	5,079	2,186	5,079	2,186
Finance expense	(4,668)	(8,306)	(4,668)	(8,306)
Share of profit from investment in associates, net of tax	5,264	3,651	5,264	3,651
Profit before income tax	125,554	67,058	125,554	67,058
Income tax expense	(27,592)	(3,926)	(27,592)	(3,926)
Profit for the period attributable to owners of the Company	97,962	63,132	97,962	63,132
Other comprehensive income:				
Foreign currency translation differences for foreign operations	2,668	2,767	2,668	2,767
Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")	3,497	548	3,497	548
Other comprehensive income for the period	6,165	3,315	6,165	3,315
Total comprehensive income for the period attributable to owners of the Company	104,127	66,447	104,127	66,447
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	16.73 sen	10.82 sen	16.73 sen	10.82 sen
- Diluted	16.52 sen	10.72 sen	16.52 sen	10.72 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 2019.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/3/2020	Audited As at 31/12/2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,638,507	1,586,926
Right-of-use assets	112,446	110,194
Intangible assets	213,959	213,959
Investment in associates	438,919	433,295
Other investments	30,662	26,582
Deferred tax assets	221,259	243,986
Trade and other receivables	2,932	2,443
	2,658,684	2,617,385
Current assets		
Tax recoverable	1,006	921
Trade and other receivables	462,414	395,308
Restricted cash	250	166
Cash and cash equivalents	348,732	506,954
	812,402	903,349
Total assets	3,471,086	3,520,734
EQUITY AND LIABILITIES		
Equity		
Share capital	1,200,135	1,200,135
Reserves	1,508,773	1,566,722
Equity attributable to owners of the Company	2,708,908	2,766,857
Non-current liabilities		
Loans and borrowings	41,373	43,402
Lease liabilities	91,149	86,111
Trade and other payables	217,221	214,017
Deferred tax liabilities	14,809	13,872
	364,552	357,402
Current liabilities		
Loans and borrowings	58,412	69,948
Lease liabilities	14,512	14,229
Trade and other payables	319,559	308,486
Provision for tax	5,143	3,812
	397,626	396,475
Total liabilities	762,178	753,877
Total equity and liabilities	3,471,086	3,520,734
Net assets per share attributable to ordinary owners of the Company	RM4.63	RM4.73

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

	Unaudited Three months to 31/3/2020 RM'000	Unaudited Three months to 31/3/2019 RM'000
Operating Activities		
Cash receipts from customers	260,248	261,245
Transfer (to)/from restricted cash and bank balances	(84)	156
Cash payments to suppliers	(77,636)	(96,125)
Cash payments to employees and for administrative expenses	(84,939)	(62,653)
Payment of lease liabilities	(3,003)	(6,526)
Cash generated from operations	94,586	96,097
Tax paid	(2,753)	(2,346)
Net cash generated from operating activities	91,833	93,751
Investing Activities		
Acquisition of property, plant and equipment	(72,937)	(48,617)
Investment income received	5,329	2,551
Net cash used in investing activities	(67,608)	(46,066)
Financing Activities		
Finance charges paid	(1,295)	(2,336)
Repayment of term loans and borrowings	(15,789)	(9,521)
Dividend paid	(169,982)	(120,009)
Net cash used in financing activities	(187,066)	(131,866)
Net change in cash and cash equivalents	(162,841)	(84,181)
Effect of exchange rate fluctuations on cash held	4,619	(2,976)
Cash and cash equivalents as at beginning of financial period	506,954	389,399
Cash and cash equivalents as at end of financial period	348,732	302,242
	Note (a)	
Note:		
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	142,985	125,730
Deposits with licensed banks	205,997	184,421
	348,982	310,151
Restricted cash	(250)	(7,909)
Cash and cash equivalents	348,732	302,242

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

	← 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
Three months to 31 March 2020 (unaudited)						
Balance as at 1 January 2020	1,200,135	11,025	40,278	42,749	1,472,670	2,766,857
Dividend paid	-	-	-	-	(169,982)	(169,982)
Employee share grant plan/option scheme	-	-	-	7,906	-	7,906
Profit for the period	-	-	-	-	97,962	97,962
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	3,497	-	-	-	3,497
Exchange differences recognised directly in equity	-	-	2,668	-	-	2,668
Total comprehensive income for the year	-	3,497	2,668	-	97,962	104,127
Balance as at 31 March 2020	1,200,135	14,522	42,946	50,655	1,400,650	2,708,908

	← 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
Three months to 31 March 2019 (unaudited)						
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	-	-	-	6,566	-	6,566
Profit for the period	-	-	-	-	63,132	63,132
Fair value gain on equity investments designated at FVOCI	-	548	-	-	-	548
Exchange differences recognised directly in equity	-	-	2,767	-	-	2,767
Total comprehensive income for the period	-	548	2,767	-	63,132	66,447
Balance as at 31 March 2019	1,186,659	2,963	27,518	33,813	1,221,766	2,472,719

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
MFRS 17	<i>Insurance Contracts</i>	1 January 2021
MFRS 101	<i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-current</i>	1 January 2022
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 2021 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.

4. Seasonal or cyclical factors

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

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

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence in the current period.

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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

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 of special dividend paid by the Company.

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 current period ended 31 March 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.

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9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/3/2020 RM'000	Preceding year corresponding quarter 31/3/2019 RM'000	Three months to 31/3/2020 RM'000	Three months to 31/3/2019 RM'000
Operating Revenue				
Voice	17,547	17,122	17,547	17,122
Data	239,453	211,388	239,453	211,388
Data centre	36,409	33,649	36,409	33,649
Others	539	383	539	383
	293,948	262,542	293,948	262,542
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(36,640)	(38,430)	(36,640)	(38,430)
Other operating expenses	(164,566)	(154,968)	(164,566)	(154,968)
Other operating income (net)	27,137	383	27,137	383
Profit from operations	119,879	69,527	119,879	69,527
Investment income	5,079	2,186	5,079	2,186
Finance expense	(4,668)	(8,306)	(4,668)	(8,306)
Share of profit from investment in associates, net of tax	5,264	3,651	5,264	3,651
Profit before income tax	125,554	67,058	125,554	67,058
Geographical locations				
Operating Revenue				
Within Malaysia	276,703	248,457	276,703	248,457
Outside Malaysia	17,245	14,085	17,245	14,085
	293,948	262,542	293,948	262,542
Timing of revenue recognition				
Over time	270,265	245,620	270,265	245,620
At a point in time	23,348	16,712	23,348	16,712
Revenue not within the scope of MFRS 15	335	210	335	210
	293,948	262,542	293,948	262,542

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

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 totaling RM95,978,682 as a result of the said exercise of share options.

In the opinion of the Directors, there were no other items, transactions or events of a material and unusual nature which have arisen since 31 March 2020 to 22 May 2020 (being the latest practicable date) that will have a substantial effect on the financial results of the Group.

12. Changes in the composition of the Group during the financial period ended 31 March 2020

There were no changes in the composition of the Group during the three months period ended 31 March 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 31/3/2020 RM'000
Property, plant and equipment	
a) Approved and contracted but not provided for in the financial statements	252,161
b) Approved but not contracted for	39,842

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
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
31 March 2020					
Financial instruments carried at fair value:					
Financial assets					
Other unquoted investments	-	-	30,662	30,662	30,662

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15. Fair value information (continued)

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 (continued).

31 March 2020	←-----Total fair value-----→				Carrying value Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Financial instruments not carried at fair value:					
Financial liabilities					
Term loans	-	-	55,576	55,576	56,225
Revolving credit	-	-	43,560	43,560	43,560
	-	-	99,136	99,136	99,785

16. Income tax

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

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/3/2020 RM'000	Preceding year corresponding quarter 31/3/2019 RM'000	Three months to 31/3/2020 RM'000	Three months to 31/3/2019 RM'000
Income tax:				
Current year	3,999	3,328	3,999	3,328
Deferred tax:				
- Origination of temporary differences	25,805	16,924	25,805	16,924
- Recognition of previously unrecognised temporary differences	(2,212)	(16,326)	(2,212)	(16,326)
	23,593	598	23,593	598
Total	27,592	3,926	27,592	3,926

The effective tax rate of the Group for the preceding year corresponding quarters and financial period 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 22 May 2020, being the latest practicable date.

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18. Loans and borrowings

The loans and borrowings as at 31 March 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 March 2020			
Loans and borrowings			
Secured:			
- Denominated in RM	2,507	13,212	15,719
- Denominated in USD	12,345	28,161	40,506
Unsecured:			
- Denominated in USD	43,560	-	43,560
As at 31 March 2020	<u>58,412</u>	<u>41,373</u>	<u>99,785</u>
31 December 2019			
Loans and borrowings			
Secured:			
- Denominated in RM	2,506	13,839	16,345
- Denominated in USD	11,651	29,563	41,214
Unsecured:			
- Denominated in USD	55,791	-	55,791
As at 31 December 2019	<u>69,948</u>	<u>43,402</u>	<u>113,350</u>

The Group's loans and borrowings have mainly been used to fund the Group's working capital requirements and investments in its international submarine cable systems. The Group's loans and borrowings comprise both fixed and floating rate facilities and bear interest at rates ranging from 3.05% to 4.85% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 31 March 2020, do not include bank balances amounting to RM7,918,000 (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 May 2020, being the latest practicable date.

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21. Comparison between the current quarter ("Q1 2020") and the immediate preceding quarter ("Q4 2019")

	As restated	Re-	As			
	Q4 2019	classification	previously	Q4 2019	Increase/(decrease)	
Q1 2020	RM'000	RM'000	RM'000	RM'000	RM'000	%
Revenue by product:						
Voice	17,547	19,520	-	19,520	(1,973)	(10.1)
Data	239,453	238,203	1,698	239,901	1,250	0.5
Data centre	36,409	37,245	(2,895)	34,350	(836)	(2.2)
Others	539	375	1,197	1,572	164	43.7
Total revenue	293,948	295,343	-	295,343	(1,395)	(0.5)
Profit before tax	125,554	79,915	-	79,915	45,639	57.1

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

The Group reported consolidated revenues of RM293.9 million in Q1 2020, which is RM1.4 million or 0.5% lower when compared to the RM295.3 million consolidated revenue reported in Q4 2019. One-off revenues from non-recurring contracts amounting to RM2.8 million from data revenues were recorded in Q1 2020. In the previous quarter, 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. Should one-off revenues from non-recurring contracts be excluded from consolidated revenues for better comparability, overall consolidated revenues in the current quarter would have been RM0.4 million or 0.1% lower. The lower revenue was mainly due to the decline in voice revenues of RM2.0 million (or 10.1%) and data centre of RM0.3 million (or 0.9%). Revenue (excluding non-recurring contract revenue) from data sales recorded growth of RM1.7 million quarter-on-quarter ("QoQ"). Revenue from retail customers continues to contribute positively to the Group's overall consolidated revenue (excluding non-recurring contract revenue) with a growth of 4.0% QoQ, while revenues from wholesale and enterprise customers declined 1.0% and 1.9% respectively during the quarter.

The Group's consolidated profit before tax in Q1 2020 amounted to RM125.6 million, which is RM45.6 million or 57.1% higher than the consolidated profit before tax of RM79.9 million in Q4 2019. The higher Q1 2020 adjusted consolidated profit before tax is mainly attributed to the following:

- a) an allowance for doubtful debts of RM6.5 million made for all remaining advances given to Kirz Co., Ltd ("KIRZ"), an associate company in Thailand in Q4 2019 (Q1 2020: RM Nil);
- b) a provision for financial guarantee of RM16.1 million for guarantees provided to secure banking facilities for KIRZ in Q4 2019 (Q1 2020: RM Nil);
- c) higher net gain on foreign exchange of RM27.1 million in Q1 2020 compared to a net foreign exchange loss of RM1.5 million in Q4 2019;
- d) lower provision for doubtful debts in Q1 2020 of RM2.3 million as compared to provision made in Q4 2019 of RM3.2 million (excluding the provision for doubtful debts for KIRZ of RM6.5 million);
- e) lower interest expenses by RM0.7 million;
- f) higher dividend income of RM2.6 million (Q4 2019: RM Nil);
- g) lower write off of property, plant and equipment by RM1.6 million;
- h) higher share of profit from associates at RM5.3 million (Q4 2019: RM3.7 million)

offset by higher staff related costs, higher donations and lower interest income.

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22. Comparison between the current quarter ("Q1 2020") versus the three-month period ended 31 March 2019 ("Q1 2019")

	Q1 2020	As restated Q1 2019	Re- classification	As previously reported Q1 2019	Increase/(decrease)	
	RM'000	RM'000	RM'000	RM'000	RM'000	%
Revenue by product:						
Voice	17,547	17,122	-	17,122	425	2.5
Data	239,453	211,388	524	211,912	28,065	13.3
Data centre	36,409	33,649	(1,637)	32,012	2,760	8.2
Others	539	383	1,113	1,496	156	40.7
Total revenue	293,948	262,542	-	262,542	31,406	12.0
Profit before tax	125,554	67,058	-	67,058	58,496	87.2

The Group had undertaken an exercise during the quarter to review of its product group classifications to ensure that revenues stated in each product group category would properly represent that product group category and is 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 a consolidated revenue of RM293.9 million in Q1 2020, which was RM31.4 million or 12.0% higher when compared to the RM262.5 million consolidated revenue recorded in Q1 2019. One-off revenues from non-recurring contracts amounting to RM2.8 million from data revenues were recorded in Q1 2020 (Q1 2019: RM Nil). Excluding one-off non-recurring contract revenues, the adjusted consolidated revenue would have increased by RM28.6 million or 10.9% in the current quarter. The increase in Q1 2020 adjusted consolidated revenue was mainly due to higher recurring revenues seen from all core product groups, led by data revenues, which grew RM25.3 million (or 12.0%), data centre revenues, which grew RM2.8 million (or 8.2%) and voice revenues which grew by RM0.4 million (or 2.5%) 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.

The Group recorded a current quarter consolidated profit before tax of RM125.6 million which is RM58.5 million or 87.2% higher than the consolidated profit recorded in Q1 2019 of RM67.1 million. The increase in the Group's Q1 2020 profit before tax results was mainly due to the following:

- a) higher overall revenue growth seen in the current quarter;
- b) higher net gain on foreign exchange of RM27.1 million in Q1 2020 compared to a net foreign exchange loss of RM10.9 million in Q1 2019;
- c) lower interest expense in the current quarter;
- d) lower depreciation and amortisation charged for property, plant and equipment and right-of-use assets in Q1 2020 of RM36.6 million (Q1 2019: RM38.4 million);
- e) dividend income of RM2.6 million (Q1 2019: RM Nil);
- f) higher share of profit from associates of RM5.3 million (Q1 2019: RM3.7 million);

offset by higher allowance for doubtful debts of RM2.3 million in Q1 2020 (Q1 2019: RM0.6 million), higher staff related costs and higher donations.

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23. Profit before income tax

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2020	31/3/2019	31/3/2020	31/3/2019
	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	(36,640)	(38,430)	(36,640)	(38,430)
Amortisation of borrowing costs	(90)	(206)	(90)	(206)
Interest expense:				
- Interest on borrowings	(1,016)	(2,241)	(1,016)	(2,241)
- Interest from MFRS 15 adoption	(2,329)	(4,338)	(2,329)	(4,338)
- Interest from MFRS 16 adoption	(1,233)	(1,521)	(1,233)	(1,521)
Interest income	2,520	2,186	2,520	2,186
Dividend income	2,559	-	2,559	-
Rental income	11	11	11	11
Net bad debt recovered	524	25	524	25
Net gain/(loss) on foreign currency exchange	27,118	(10,898)	27,118	(10,898)
Net allowance for doubtful debts	(2,330)	(631)	(2,330)	(631)

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24. Prospects

Whilst the financial and operating performance of the Group has been robust in Q1 2020, the Movement Control Order, which has been in force in Malaysia since 18 March 2020 as a measure to slow down and control the spread of the COVID-19 virus, has had a profound impact on consumers and businesses across the country. The Group is classified as an essential service, and hence has been allowed to continue to operate throughout this period. However, it is still too early to provide guidance on the full impact of COVID-19 and the government's Movement Control Order. The Group will continue to monitor and take pro-active measures where necessary to protect and safeguard all its employees, while minimising any potential disruptions to its operations.

The Group remains steadfast in its commitment to ensuring 100% network availability and stability throughout these challenging times for the country. 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 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.

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.

The Group will also assess opportunities to further establish itself as a key regional data centre player and operator and to unlock the long-term potential of its data centre business. This may include the building of 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 with funding expected to come from a combination of internally generated 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 31/3/2020	Preceding year corresponding quarter 31/3/2019	Three months to 31/3/2020	Three months to 31/3/2019
Basic EPS:				
Weighted average number of shares in issue ('000)	585,534	583,701	585,534	583,701
Profit for the period attributable to owners of the Company (RM'000)	97,962	63,132	97,962	63,132
Basic EPS	16.73 sen	10.82 sen	16.73 sen	10.82 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	585,534	583,701	585,534	583,701
Effect of share options	7,368	5,320	7,368	5,320
Weighted average number of shares in issue ('000) (Diluted)	592,902	589,021	592,902	589,021
Profit for the period attributable to owners of the Company (RM'000)	97,962	63,132	97,962	63,132
Diluted EPS	16.52 sen	10.72 sen	16.52 sen	10.72 sen

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27. Related party transactions

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

	Cumulative Quarter	
	Three months to 31/3/2020 RM'000	Three months to 31/3/2019 RM'000
Related parties		
Revenue from data, voice and other services	18,989	24,310
Interconnect revenue	601	942
Fee for wayleave and right of use of telecommunications facilities	(2,653)	(2,637)
Interconnect charges	(701)	(977)
Leased line and infrastructure costs	(8,636)	(8,236)
Network maintenance costs	(546)	(509)
Training expenses	(54)	(69)
Rental of office and utility charges	(29)	(47)
Professional fees on corporate exercise	(60)	(130)
Companies in which Directors have significant financial interest		
Revenue from data, voice and other services	40	39
Professional legal fees costs	(51)	-

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 May 2020

PRESS RELEASE
For Immediate Release

Resilient Growth Recorded in Q1 2020

- Consolidated Group revenue grew 12% year-on-year
- Revenue growth recorded across all core product groups and core customer groups

Shah Alam, 28 May 2020 – TIME dotCom Berhad (“TIME” or “the Group”) recorded consolidated Group revenue of RM293.9 million for the quarter ended 31 March 2020. The 12.0% increase relative to the same period in the preceding year was driven by higher overall revenue growth seen across all core product and customer groups.

A current quarter consolidated profit before tax of RM125.6 million was recorded. This was driven by higher overall revenue growth, a large net gain on foreign exchange, lower interest expense and a higher share of profit from associates.

“The remainder of 2020 will be a challenging one, not just for our industry, but for the global economy at large. Thankfully, we enter this period with a robust operational framework and a solid balance sheet. This should help us weather through the rest of the year as we adapt to the challenges posed by COVID-19,” said Afzal Abdul Rahim, TIME’s Commander-in-Chief.

Outlook

The first quarter of 2020 saw the enforcement of the Movement Control Order (“MCO”) in Malaysia as a measure to combat the spread of COVID-19. The MCO has been in place since 18 March 2020, and its impact on consumers and businesses across the country has been profound. As an “Essential Service”, the Group has continued to operate throughout this period. At this stage, it is too early to determine the full impact that COVID-19 and the MCO will have on the Group.

The Group’s immediate and ongoing priorities are to safeguard the health of all its employees and to ensure 100% network availability and stability through these challenging times. In the medium-term, the Group will continue to focus on supporting the Malaysian government achieve its national telecommunications objectives by strengthening and expanding its existing domestic fibre network infrastructure.

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.

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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