Quarterly rpt on consolidated results for the financial period ended 30 Sep 2019

TIME DOTCOM BERHAD

Financial Year End	31 Dec 2019
Quarter	3 Qtr
Quarterly report for the financial period ended	30 Sep 2019
The figures	have not been audited

Attachments

TdC-3rd Qtr Financial Results-30-09-2019.pdf
238.0 kB

Press Release.pdf
187.8 kB

Default Currency | **Other Currency**

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION
30 Sep 2019

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
		$$'000	$$'000	$$'000	$$'000
1	Revenue	278,164	249,999	818,530	720,582
2	Profit/(loss) before tax	84,719	82,574	248,213	217,071
3	Profit/(loss) for the period	82,994	79,981	238,627	207,859
4	Profit/(loss) attributable to ordinary equity holders of the parent	82,994	79,981	238,627	207,859
5	Basic earnings/(loss) per share (Subunit)	14.19	13.71	40.86	35.71
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 ($$)		4.5800		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	29 Nov 2019
Category	Financial Results
Reference Number	FRA-21112019-00063

TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter	Unaudited Preceding year corresponding quarter	Unaudited Nine months to	Unaudited Nine months to
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	RM'000	RM'000	RM'000	RM'000
Operating revenue	**278,164**	**249,999**	**818,530**	**720,582**
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(35,209)	(30,655)	(112,557)	(89,811)
- other operating expenses	(158,372)	(143,281)	(454,596)	(427,193)
Other operating income (net)	150	6,177	587	12,190
Profit from operations	**84,733**	**82,240**	**251,964**	**215,768**
Investment income	2,480	1,770	6,328	6,790
Finance expense	(6,566)	(4,361)	(21,123)	(14,073)
Share of profit from investment in associates, net of tax	4,072	2,925	11,044	8,586
Profit before income tax	**84,719**	**82,574**	**248,213**	**217,071**
Income tax expense	(1,725)	(2,593)	(9,586)	(9,212)
Profit for the period attributable to owners of the Company	**82,994**	**79,981**	**238,627**	**207,859**
Other comprehensive income:				
Foreign currency translation differences for foreign operations	4,392	3,110	16,084	768
Net change in fair value of equity investments designated at fair value through comprehensive income ("FVOCI")	3,102	891	5,514	1,217
Other comprehensive income for the period	7,494	4,001	21,598	1,985
Total comprehensive income for the period attributable to owners of the Company	**90,488**	**83,982**	**260,225**	**209,844**
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	14.19 sen	13.71 sen	40.86 sen	35.71 sen
- Diluted	14.03 sen	13.59 sen	40.41 sen	35.40 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.

TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/9/2019 RM'000	Audited As at 31/12/2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,470,335	1,483,898
Right-of-use assets	113,820	-
Intangible assets	213,959	213,959
Investment in associates	434,439	407,533
Other investments	23,486	17,201
Deferred tax assets	242,246	244,209
Trade and other receivables	2,485	11,858
	2,500,770	2,378,658
Current assets		
Tax recoverable	1,783	1,899
Trade and other receivables	462,626	399,630
Restricted cash	8,064	8,065
Cash and cash equivalents	494,095	389,399
	966,568	798,993
Total assets	3,467,338	3,177,651
EQUITY AND LIABILITIES		
Equity		
Share capital	1,200,135	1,186,659
Reserves	1,483,719	1,333,056
Equity attributable to owners of the Company	2,683,854	2,519,715
Non-current liabilities		
Loans and borrowings	47,221	110,166
Lease liabilities	88,979	-
Trade and other payables	170,927	158,374
Deferred tax liabilities	12,045	12,574
	319,172	281,114
Current liabilities		
Loans and borrowings	107,875	62,841
Lease liabilities	14,802	-
Trade and other payables	337,946	313,565
Provision for tax	3,689	416
	464,312	376,822
Total liabilities	783,484	657,936
Total equity and liabilities	3,467,338	3,177,651
Net assets per share attributable to ordinary owners of the Company	RM4.58	RM4.32

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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TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited Nine months to 30/9/2019 RM'000	Unaudited Nine months to 30/9/2018 RM'000
Operating Activities			
Cash receipts from customers		895,686	723,540
Transfer from/(to) restricted cash and bank balances		1	(72)
Cash payments to suppliers		(273,281)	(268,166)
Cash payments to employees and for administrative expenses		(214,469)	(167,835)
Cash generated from operations		**407,937**	**287,467**
Tax paid (net)		(4,763)	(6,814)
Net cash generated from operating activities		**403,174**	**280,653**
Investing Activities			
Acquisition of property, plant and equipment		(159,044)	(140,468)
Proceeds from disposal of property, plant and equipment		-	4
Acquisition of other investments		(771)	(798)
Investment income received		7,414	11,680
Net cash used in investing activities		**(152,401)**	**(129,582)**
Financing Activities			
Proceed from loans and borrowings		103,410	-
Finance charges paid		(6,803)	(10,387)
Repayment of term loans and borrowings		(122,068)	(244,177)
Dividend paid		(120,009)	(100,010)
Net cash used in financing activities		**(145,470)**	**(354,574)**
Net change in cash and cash equivalents		**105,303**	**(203,503)**
Effect of exchange rate fluctuations on cash held		(607)	976
Cash and cash equivalents as at beginning of financial period		389,399	576,616
Cash and cash equivalents as at end of financial period	**Note (a)**	**494,095**	**374,089**

Note:

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

	30/9/2019	30/9/2018
Cash and bank balances	132,797	174,379
Deposits with licensed banks	369,362	208,030
	502,159	**382,409**
Restricted cash	(8,064)	(8,320)
	494,095	**374,089**

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.

TIME DOTCOM BERHAD
(413292-P)
Incorporated in Malaysia

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months to 30 September 2019 (unaudited)	← 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
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	-	-	-	23,923	-	23,923
Issuance of shares pursuant to the share grant plan	13,476	-	-	(13,476)	-	-
Profit for the period	-	-	-	-	238,627	238,627
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	5,514	-	-	-	5,514
Exchange differences recognised directly in equity	-	-	16,084	-	-	16,084
Total comprehensive income for the period	-	5,514	16,084	-	238,627	260,225
Balance as at 30 September 2019	**1,200,135**	**7,929**	**40,835**	**37,694**	**1,397,261**	**2,683,854**

Nine months to 30 September 2018 (unaudited)	← 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
Balance as at 1 January 2018	**1,172,485**	**319**	**23,051**	**30,931**	**1,039,238**	**2,266,024**
Impact arising from adoption of MFRS 15	-	-	-	-	50,745	50,745
Dividend paid	-	-	-	-	(100,010)	(100,010)
Employee share grant plan/option scheme	-	-	-	8,473	-	8,473
Issuance of shares pursuant to the share grant plan	13,508	-	-	(13,508)	-	-
Profit for the period	-	-	-	-	207,859	207,859
Fair value gain on equity investments designated at FVOCI	-	1,217	-	-	-	1,217
Exchange differences recognised directly in equity	-	-	768	-	-	768
Total comprehensive income for the period	-	1,217	768	-	207,859	209,844
Balance as at 30 September 2018	**1,185,993**	**1,536**	**23,819**	**25,896**	**1,197,832**	**2,435,076**

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.

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

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 single discount rate to 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.

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 30 September 2019.

Profit and loss up till 30 September 2019

	As reported under MFRS 16 RM'000	MFRS 16 adjustments in the nine month period RM'000	Pre-MFRS 16 RM'000
Other operating expenses	(454,596)	(18,952)	(473,548)
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(112,557)	13,794	(98,763)
Finance expense	(21,123)	4,643	(16,480)
Profit for the period	238,627	(515)	238,112
Earnings per share (sen)			
- basic	40.86		40.77
- diluted	40.41		40.33

Statement of financial position at 30 September 2019

	As reported under MFRS 16 RM'000	MFRS 16 adjustments RM'000	Pre-MFRS 16 RM'000
Right-of-use assets	113,820	(113,820)	-
Trade and other receivables	465,111	9,524	474,635
Lease liabilities	103,781	(103,781)	-
Retained earnings	1,397,261	(515)	1,396,746

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	*Business Combination*	1 January 2020
Amendments to MFRS 101	*Presentation of Financial Statements*	1 January 2020
Amendments to MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors-Definition of Material*	1 January 2020
MFRS 17	*Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128	*Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	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.

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 other items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence in the current period.

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 nine months period ended 30 September 2019.

8. Dividend

On 29 March 2019, the Group paid an interim ordinary 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.

9. Segmental Reporting

Group	Individual Quarter: Current quarter 30/9/2019 RM'000	Individual Quarter: Preceding year corresponding quarter 30/9/2018 RM'000	Cumulative Quarter: Nine months to 30/9/2019 RM'000	Cumulative Quarter: Nine months to 30/9/2018 RM'000
Operating Revenue				
Voice	17,955	17,502	52,695	50,431
Data	227,848	198,266	667,269	569,741
Data centre	31,407	32,398	95,656	96,388
Others	954	1,833	2,910	4,022
	278,164	**249,999**	**818,530**	**720,582**
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(35,209)	(30,655)	(112,557)	(89,811)
Other operating expenses	(158,372)	(143,281)	(454,596)	(427,193)
Other operating income (net)	150	6,177	587	12,190
Profit from operations	**84,733**	**82,240**	**251,964**	**215,768**
Investment income	2,480	1,770	6,328	6,790
Finance expense	(6,566)	(4,361)	(21,123)	(14,073)
Share of profit from investment in associates, net of tax	4,072	2,925	11,044	8,586
Profit before income tax	**84,719**	**82,574**	**248,213**	**217,071**
Geographical locations				
Operating Revenue				
Within Malaysia	261,806	243,547	773,685	705,838
Outside Malaysia	16,358	6,452	44,845	14,744
	278,164	**249,999**	**818,530**	**720,582**
Timing of revenue recognition				
Over time	251,654	238,335	754,952	667,684
At a point in time	26,280	10,794	62,910	50,468
Revenue not within the scope of MFRS 15	230	870	668	2,430
	278,164	**249,999**	**818,530**	**720,582**

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 30 September 2019 to 22 November 2019 (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 30 September 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 nine months period ended 30 September 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 30/9/2019 RM'000
Property, plant and equipment	
a) Approved and contracted but not provided for in the financial statements	243,640
b) Approved but not contracted for	118,844

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			→
30 September 2019	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial instruments carried at fair value:				
Financial assets				
Other unquoted investments	-	-	23,486	23,486
Financial instruments not carried at fair value:				
Financial liabilities				
Term loans	-	-	74,505	74,505
Revolving credit	-	-	80,591	80,591
	-	-	155,096	155,096

16. **Income tax**

The income tax expense for the Group for current quarter and financial period ended 30 September 2019 was made up as follows:

	Individual Quarter		Cumulative Quarter	
Group	**Current quarter 30/9/2019 RM'000**	**Preceding year corresponding quarter 30/9/2018 RM'000**	**Nine months to 30/9/2019 RM'000**	**Nine months to 30/9/2018 RM'000**
Income tax:				
- Current year	2,639	1,350	8,907	6,151
- (Over)/Under provision in prior year	(755)	624	(755)	624
	1,884	1,974	8,152	6,775
Deferred tax:				
- Origination of temporary differences	19,370	21,232	60,329	56,691
- Recognition of previously unrecognised temporary differences	(19,529)	(20,613)	(58,895)	(54,254)
	(159)	619	1,434	2,437
Total	1,725	2,593	9,586	9,212

The effective tax rate of the Group for the current and preceding year corresponding quarters and financial period-to-date 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 November 2019, being the latest practicable date.

18. **Loans and borrowings**

The loans and borrowings as at 30 September 2019 are as follows:

30 September 2019	**Amount repayable in one year or on demand RM'000**	**Amount repayable after one year RM'000**	**Total RM'000**
Loans and borrowings			
Secured:			
- Denominated in RM	15,561	14,465	30,026
- Denominated in USD	11,723	32,756	44,479
Unsecured:			
- Denominated in USD	80,591	-	80,591
As at 30 September 2019	107,875	47,221	155,096

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

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 3.50% to 5.00% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 30 September 2019, do not include bank balances amounting to RM58,315,000 (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 22 November 2019, being the latest practicable date.

21. Comparison between the current quarter ("Q3 2019") and the immediate preceding quarter ("Q2 2019")

	Q3 2019	Q2 2019	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	17,955	17,618	337	1.9
Data	227,848	227,509	339	0.1
Data centre	31,407	32,237	(830)	(2.6)
Others	954	460	494	107.4
Total revenue	**278,164**	**277,824**	**340**	**0.1**
Profit before tax	**84,719**	**96,436**	**(11,717)**	**(12.2)**

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

The Group reported a consolidated revenue of RM278.2 million in Q3 2019, which is RM0.3 million higher when compared to the RM277.8 million consolidated revenue reported in Q2 2019. There were no one-off revenues recorded from non-recurring contracts in Q3 2019 (Q2 2019: RM3.0 million). Should one-off revenues from non-recurring contracts be excluded from consolidated revenues in the immediate preceding quarter, the overall consolidated revenue in the current quarter would have been RM3.4 million or 1.2% higher with growth coming mainly from voice and recurring data revenues. Voice and recurring data revenues grew 1.9% and 1.5% respectively in the current quarter. Data centre revenue, however, showed a marginal decline of RM0.8 million in the current quarter when compared to Q2 2019. Growth in consolidated revenue during the current quarter could also be attributed to increased sales from the Group's retail and enterprise customers.

The Group's consolidated profit before tax of RM84.7 million in Q3 2019 was RM11.7 million or 12.2% lower than the consolidated profit before tax of RM96.4 million in Q2 2019. The lower Q3 2019 consolidated profit before tax was mainly attributed to the following:

a) lower net gain from foreign currency exchange of RM1.7 million in Q3 2019 compared to RM8.8 million in Q2 2019;
b) net write-off of property, plant and equipment amounting to RM4.9 million in Q3 2019 (Q2 2019: RM Nil). The write-off of property, plant and equipment was mainly due to the decommissioning of old transponder cards pursuant to a capacity upgrade for the Group's Unity submarine cable system;
c) no large high margin one-off revenue recorded in Q3 2019 (Q2 2019: RM3.0 million) despite growth from the Group's recurring revenues;
d) increase in net allowance for doubtful debts amounting to RM3.7 million in Q3 2019 compared to RM1.4 million in Q2 2019;

offset by higher interest income, higher share of profit from investment in associate, lower depreciation and amortisation charge and higher net write back for construction deposits recovered in Q3 2019.

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

(a) Comparison between the current quarter ("Q3 2019") versus three month period ended 30 September 2018 ("Q3 2018")

	Q3 2019	Q3 2018	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	17,955	17,502	453	2.6
Data	227,848	198,266	29,582	14.9
Data centre	31,407	32,398	(991)	(3.1)
Others	954	1,833	(879)	(48.0)
Total revenue	**278,164**	**249,999**	**28,165**	**11.3**
Profit before tax (Pre-MFRS 16)	**81,590**	**82,574**	**(984)**	**(1.2)**
Profit before tax (as reported Post-MFRS 16)	**84,719**			

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 RM278.2 million in Q3 2019, which was RM28.2 million or 11.3% higher when compared to the RM250.0 million consolidated revenue recorded in Q3 2018. No one-off revenue from non-recurring contracts were recorded in either period. The increase in Q3 2019 consolidated revenue was mainly due to higher revenues generated from data and voice businesses, which grew by RM29.6 million (or 14.9%) and RM0.5 million (or 2.6%) respectively. All core customer groups also registered solid year-on-year ("YoY") revenue growth with the largest growth contributions seen coming from retail and wholesale customers.

Included in the Group's current quarter consolidated profit before tax of RM81.6 million were the following:

i) net allowance for doubtful debts amounting to RM3.7 million (Q3 2018: RM0.1 million);
ii) net write-off of property, plant and equipment amounting to RM4.9 million mainly due to the decommissioning of old transponder cards (Q3 2018: RMNil); and
iii) net gain on foreign currency exchange of RM1.7 million (Q3 2018: RM9.1 million).

Should the above items be excluded, the Group would have recorded an adjusted consolidated profit before tax of RM88.5 million, which is RM14.9 million or 20.2% higher than the similarly adjusted and comparable consolidated profit before tax of RM73.6 million in Q3 2018. The increase in the Group's Q3 2019 adjusted consolidated profit before tax was mainly due to the following:

a) higher overall revenue growth in the current quarter;
b) higher interest income of RM2.5 million in Q3 2019 compared to RM1.8 million in Q3 2018;
c) net write back of construction deposit of RM0.7 million in Q3 2019;
d) higher share of profit from investment in associates of RM4.1 million in Q3 2019 compared to RM2.9 million in Q3 2018;

offset by higher depreciation charge and interest expense in the current quarter.

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

(b) Nine month period ended 30 September 2019 ("9M 2019") versus nine month period ended 30 September 2018 ("9M 2018")

	9M 2019	9M 2018	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	52,695	50,431	2,264	4.5
Data	667,269	569,741	97,528	17.1
Data centre	95,656	96,388	(732)	(0.8)
Others	2,910	4,022	(1,112)	(27.6)
Total revenue	**818,530**	**720,582**	**97,948**	**13.6**
Profit before tax (Pre-MFRS 16)	**247,698**	**217,071**	**30,627**	**14.1**
Profit before tax (as reported Post-MFRS 16)	**248,213**			

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

The Group reported a consolidated revenue of RM818.5 million in 9M 2019, which is RM97.9 million or 13.6% higher when compared to the RM720.6 million consolidated revenue recorded in 9M 2018. One-off revenues from non-recurring contracts accounted for RM3.0 million out of the total consolidated revenue recognised in 9M 2019 (9M 2018: RM7.5 million, of which RM3.1 million was from data centre sales and RM4.4 million was from data sales). Excluding one-off revenues from non-recurring contracts, the overall consolidated revenue in the nine-month period would have shown an increase of RM102.4 million or 14.4% when compared to the similarly adjusted consolidated revenue in the preceding year corresponding period. The increase in 9M 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 RM2.3 million (or 4.5%), RM99.0 million (or 17.5%) and RM2.4 million (or 2.6%) YoY respectively. All core customer groups also contributed positively to overall revenue growth in 9M 2019, led by contributions by wholesale and retail customers.

The Group recorded a consolidated profit before tax of RM247.7 million in 9M 2019 which is RM30.6 million or 14.1% higher than the consolidated profit before tax recorded in 9M 2018 of RM217.1 million. The increase in the Group's 9M 2019 profit before tax results was mainly due to the following:

a) higher overall revenues (despite lower one-off non-recurring contract revenue) in the current nine month period;
b) lower allowance for doubtful debts of RM5.7 million (9M 2018: RM11.3 million). Note that the higher allowance for doubtful debt recorded in 9M 2018 was mainly due to a provision made for advances given to an associate company amounting to RM7.2 million in Thailand;
c) net write back of construction deposit of RM0.7 million in 9M 2019;
d) impairment loss made for an investment in associate in 9M 2018 of RM4.0 million (9M 2019: RMNil);
e) higher share of profit from investment in associates of RM11.0 million (9M 2018: RM8.6 million);

offset by higher depreciation charge, higher interest expense, a net loss on foreign currency exchange of RM0.4 million (9M 2018: net gain on foreign currency exchange of RM10.3 million) and higher write-off of property, plant and equipment.

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23. **Profit before income tax**

Group	Individual Quarter: Current quarter 30/9/2019 RM'000	Individual Quarter: Preceding year corresponding quarter 30/9/2018 RM'000	Cumulative Quarter: Nine months to 30/9/2019 RM'000	Cumulative Quarter: Nine months to 30/9/2018 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	(35,209)	(30,655)	(112,557)	(89,811)
Amortisation of borrowing costs	(611)	(236)	(1,016)	(732)
Interest expense:				
- Interest on borrowings	(2,314)	(2,556)	(6,872)	(8,957)
- Interest from MFRS 15 adoption	(2,163)	(1,569)	(8,592)	(4,384)
- Interest from MFRS 16 adoption	(1,478)	-	(4,643)	-
Interest income	2,480	1,770	6,328	6,790
Rental income	11	11	33	29
Bad debt recovered	133	33	202	63
Net gain/(loss) on foreign currency exchange	1,722	9,127	(382)	10,298
Net allowance for doubtful debts	(3,673)	(135)	(5,699)	(11,262)*
Net gain on disposal of property, plant and equipment	-	552	-	554
Write off of property, plant and equipment	(4,862)	-	(4,862)	-
Net write back/(impairment) for construction deposit recovered	691	(45)	691	(45)
Impairment loss in investment in associates	-	-	-	(3,993)

**Included in 9M 2018 was an allowance for doubtful debts made for advances given to an associate company amounting to RM7.2 million in Thailand.*

24. Prospects

The telecommunications landscape in Malaysia is currently undergoing efforts to improve nationwide broadband connectivity through regulatory rebalancing. Consistent with these national initiatives, 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. The Group will continue to closely review these initiatives as well as monitor developments within the industry to be able to leverage on any additional opportunities that may arise. The Group may also introduce new meaningful solutions and services to its customers, when deemed appropriate, designed to help the Group gain market share and be strategically beneficial in the long term.

On the regional front, the Group 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.

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 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 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	
Basic EPS:	**Current quarter 30/9/2019**	**Preceding year corresponding quarter 30/9/2018**	**Nine months to 30/9/2019**	**Nine months to 30/9/2018**
Weighted average number of shares in issue ('000)	584,820	583,186	584,079	582,038
Profit for the period attributable to owners of the Company (RM'000)	82,994	79,981	238,627	207,859
Basic EPS	14.19 sen	13.71 sen	40.86 sen	35.71 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	584,820	583,186	584,079	582,038
Effect of share options	6,911	5,324	6,364	5,139
Weighted average number of shares in issue ('000) (Diluted)	591,731	588,510	590,443	587,177
Profit for the period attributable to owners of the Company (RM'000)	82,994	79,981	238,627	207,859
Diluted EPS	14.03 sen	13.59 sen	40.41 sen	35.40 sen

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27. Related party transactions

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

	Cumulative Quarter	
	Nine months to 30/9/2019 RM'000	Nine months to 30/9/2018 RM'000
Related parties		
Revenue from data, voice and other services	59,662	60,014
Interconnect revenue	2,589	3,793
Fee for wayleave and right of use of telecommunications facilities	(7,883)	(7,859)
Interconnect charges	(2,762)	(6,388)
Leased line and infrastructure costs	(26,336)	(24,063)
Network maintenance costs	(1,884)	(1,398)
Training expenses	(173)	(230)
Project management services costs	-	(13)
Rental of office	(76)	(145)
Professional fees on corporate exercise	(252)	(130)
Marketing expenses	-	(2,832)
Companies in which Directors have significant financial interest		
Revenue from data, voice and other services	63	60
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
29 November 2019

PRESS RELEASE
For Immediate Release

TIME Delivers Solid 9M 2019 Results

Key Financial Highlights

- Registered 13.6% revenue growth to RM818.5 million
- Posted 14.1% profit before tax (pre-MFRS 16) growth
- Growth recorded across all core customer groups, led by wholesale and retail

Shah Alam, 29 November 2019 – For the nine month period ended 30 September 2019 (9M 2019), TIME dotCom Berhad ("TIME" or "the Group") posted revenue of RM818.5 million. This is a 13.6% increase over the same period of the preceding year. The increase in consolidated revenue was a result of higher recurring sales from data, data centre and voice businesses. All core customer groups also contributed to overall revenue growth, led by wholesale and retail customers.

Consolidated pre-tax profit (pre-MFRS 16) stood at RM247.7 million,14.1.% higher than the consolidated RM217.1 million pre-tax profit recorded in 9M 2018. This can be attributed to higher overall revenues and a higher share of profit from investment in associates.

Outlook

The competitive and challenging landscape of the Malaysian telecommunications industry will persist for the remainder of 2019 with liberalisation and improvement efforts being made through regulatory rebalancing. In line with this, the Group will continue to focus on strengthening and improving its domestic fibre network infrastructure while intensifying efforts to expand its coverage footprint.

"Service providers should be ready for new challenges brought on by the ongoing regulatory initiatives. We will continue to monitor these developments closely in order to form long term strategies that are beneficial to both the Group and the development of Malaysia into a digital nation," said Afzal Abdul Rahim, TIME's Commander-in-Chief.

He adds that the Group will continue to work with its partners in Thailand, Vietnam and Cambodia to tap on increasing demand for cross border connectivity in the region and assess opportunities to develop its regional 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 Kuala Lumpur. Visit **www.time.com.my** for more information. TIMECOM.

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