

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 31/3/2021 RM'000	Unaudited Preceding year corresponding quarter 31/3/2020 RM'000	Unaudited Three months to 31/3/2021 RM'000	Unaudited Three months to 31/3/2020 RM'000
Operating revenue	331,332	293,948	331,332	293,948
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(40,025)	(36,640)	(40,025)	(36,640)
- other operating expenses	(174,939)	(164,566)	(174,939)	(164,566)
Other operating income (net)	8,613	27,137	8,613	27,137
Profit from operations	124,981	119,879	124,981	119,879
Income from investments	2,502	5,079	2,502	5,079
Finance costs	(6,993)	(4,668)	(6,993)	(4,668)
Share of profit from associates, net of tax	4,886	5,264	4,886	5,264
Profit before tax	125,376	125,554	125,376	125,554
Tax expense	(33,755)	(27,592)	(33,755)	(27,592)
Profit for the period	91,621	97,962	91,621	97,962
Profit attributable to:				
Owners of the Company	91,353	97,962	91,353	97,962
Non-controlling interests	268	-	268	-
Profit for the period	91,621	97,962	91,621	97,962

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 2020.

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 31/3/2021 RM'000	Unaudited Preceding year corresponding quarter 31/3/2020 RM'000	Unaudited Three months to 31/3/2021 RM'000	Unaudited Three months to 31/3/2020 RM'000
Profit for the period	91,621	97,962	91,621	97,962
Other comprehensive (expenses)/income, net of tax:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Foreign currency translation differences for foreign operations	(592)	2,668	(592)	2,668
- Cash flow hedge – associate	131	-	131	-
	<u>(461)</u>	<u>2,668</u>	<u>(461)</u>	<u>2,668</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
- Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")	1,286	3,497	1,286	3,497
	<u>1,286</u>	<u>3,497</u>	<u>1,286</u>	<u>3,497</u>
Total other comprehensive income for the period, net of tax	825	6,165	825	6,165
Total comprehensive income for the period	92,446	104,127	92,446	104,127
Total comprehensive income attributable to:				
Owners of the Company	92,178	104,127	92,178	104,127
Non-controlling interests	268	-	268	-
Total comprehensive income for the period	92,446	104,127	92,446	104,127
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	15.12 sen	16.73 sen	15.12 sen	16.73 sen
- Diluted	15.08 sen	16.52 sen	15.08 sen	16.52 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 2020.

TIME DOTCOM BERHAD
Registration No. 199601040939 (413292-P)
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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/3/2021 RM'000	Audited As at 31/12/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,753,244	1,689,670
Right-of-use assets	145,579	154,568
Intangible assets	252,131	213,959
Investment in associates	445,551	441,360
Other investments	32,350	31,271
Deferred tax assets	138,269	165,310
Trade and other receivables	2,094	2,112
	<u>2,769,218</u>	<u>2,698,250</u>
Current assets		
Tax recoverable	410	812
Trade and other receivables	542,878	452,393
Restricted cash	4,080	332
Cash and cash equivalents	651,470	748,796
	<u>1,198,838</u>	<u>1,202,333</u>
Total assets	<u>3,968,056</u>	<u>3,900,583</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,340,475	1,340,475
Reserves	1,601,826	1,704,450
Equity attributable to owners of the Company	2,942,301	3,044,925
Non-controlling interests	22,109	5,367
Total equity	<u>2,964,410</u>	<u>3,050,292</u>
Non-current liabilities		
Loans and borrowings	124,394	28,675
Lease liabilities	115,082	118,373
Trade and other payables	317,768	301,616
Deferred tax liabilities	15,657	15,171
	<u>572,901</u>	<u>463,835</u>
Current liabilities		
Loans and borrowings	20,507	18,122
Lease liabilities	25,917	18,851
Trade and other payables	379,244	344,335
Provision for tax	5,077	5,148
	<u>430,745</u>	<u>386,456</u>
Total liabilities	<u>1,003,646</u>	<u>850,291</u>
Total equity and liabilities	<u>3,968,056</u>	<u>3,900,583</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM4.87</u>	<u>RM5.04</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 2020.

TIME DOTCOM BERHAD
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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/3/2021 RM'000	Unaudited Three months to 31/3/2020 RM'000
Operating Activities		
Cash receipts from customers	321,806	260,248
Transfer to restricted cash	(42)	(84)
Cash payments to suppliers	(93,671)	(77,636)
Cash payments to employees and for administrative expenses	(77,901)	(84,939)
Payment of lease liabilities	(8,364)	(3,003)
Cash generated from operations	141,828	94,586
Tax paid	(4,505)	(2,753)
Net cash generated from operating activities	137,323	91,833
Investing Activities		
Acquisition of property, plant and equipment	(96,122)	(72,937)
Proceeds from disposal of property, plant and equipment	115	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	(40,182)	-
Investment income received	2,611	5,329
Net cash used in investing activities	(133,578)	(67,608)
Financing Activities		
Proceed from term loans and borrowings	104,043	-
Repayment of term loans and borrowings	(11,996)	(15,789)
Finance charges paid	(1,192)	(1,295)
Proceed from subscription of shares in a subsidiary to non-controlling interest	3,000	-
Shareholder loan from an associate	3,304	-
Dividend paid	(200,011)	(169,982)
Net cash used in financing activities	(102,852)	(187,066)
Net change in cash and cash equivalents	(99,107)	(162,841)
Effect of exchange rate fluctuations on cash held	1,781	4,619
Cash and cash equivalents as at beginning of financial period	748,796	506,954
Cash and cash equivalents as at end of financial period	651,470	348,732
	Note (a)	
Note:		
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	199,231	142,985
Deposits with licensed banks	456,319	205,997
	655,550	348,982
Restricted cash	(4,080)	(250)
Cash and cash equivalents	651,470	348,732

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

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

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to the owners of the Company →						Total RM'000	Non- controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	FVOCI Reserve RM'000	Foreign Currency Translation Reserve RM'000	Share Grant/ Option Reserves RM'000	Hedging Reserve RM'000	Retained Earnings RM'000			
Three months to 31 March 2021 (unaudited)									
Balance as at 1 January 2021	1,340,475	13,131	35,948	24,809	(765)	1,631,327	3,044,925	5,367	3,050,292
Dividend paid	-	-	-	-	-	(200,011)	(200,011)	-	(200,011)
Employee share grant plan/option scheme	-	-	-	5,209	-	-	5,209	-	5,209
Acquisition of subsidiaries	-	-	-	-	-	-	-	16,474	16,474
Profit for the period	-	-	-	-	-	91,353	91,353	268	91,621
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	1,286	-	-	-	-	1,286	-	1,286
Exchange differences recognised directly in equity	-	-	(592)	-	-	-	(592)	-	(592)
Cash flow hedge - associate	-	-	-	-	131	-	131	-	131
Total comprehensive income/(expense) for the period	-	1,286	(592)	-	131	91,353	92,178	268	92,446
Balance as at 31 March 2021	1,340,475	14,417	35,356	30,018	(634)	1,522,669	2,942,301	22,109	2,964,410

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 2020.

TIME DOTCOM BERHAD
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Incorporated in Malaysia

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

Three months to 31 March 2020 (unaudited)	Share Capital RM'000	FVOCI Reserve RM'000	Foreign Currency Translation Reserve RM'000	Share Grant/ Option Reserves RM'000	Retained Earnings RM'000	Total RM'000
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 FVOCI	-	3,497	-	-	-	3,497
Exchange differences recognised directly in equity	-	-	2,668	-	-	2,668
Total comprehensive income for the period	-	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

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 2020.

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

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 2020. 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 2020.

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 2020, except for the adoption of the following amendments to MFRSs with a date of initial application on 1 June 2020 and 1 January 2021:

Description

Amendment to MFRS 16	<i>Leases - Covid-19-Related Rent Concessions</i>
Amendments to MFRS 9, 139, 7, 4 and 16	<i>Interest Rate Benchmark Reform – Phase 2</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
Amendment to MFRS 16	<i>Leases - Covid-19-Related Rent Concessions beyond 30 June 2021</i> 1 April 2021
Amendments to MFRS 1, 9, 16 and 141	<i>First-time Adoption of Malaysian Financial Reporting Standards, Financial Instruments, Leases and Agriculture - Annual Improvements to MFRS Standards 2018–2020</i> 1 January 2022
Amendments to MFRS 3	<i>Business Combinations – Reference to the Conceptual Framework</i> 1 January 2022
Amendments to MFRS 116	<i>Property, Plant and Equipment - Proceeds before Intended Use</i> 1 January 2022
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract</i> 1 January 2022
Amendments to MFRS 101	<i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies</i> 1 January 2023
MFRS 17 and Amendments to MFRS 17	<i>Insurance Contracts</i> 1 January 2023
Amendments to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i> 1 January 2023
Amendments to MFRS 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* and MFRS 141, *Agriculture* that is effective for annual periods beginning on 1 January 2022 and 2023 respectively 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.

AVM and IGS are currently reporting under Malaysian Private Entities Reporting Standard (“MPERS”). Both companies are currently assessing the impact of converting to MFRS and the financial impact is not expected to be material to the interim report.

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

3. Audit report in respect of the 2020 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2020 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.

6. Material changes in estimates used

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

7. Debt and equity securities

- (i) The exercise price for the share option ("Option") to subscribe for up to 3,300,000 of the Company shares granted to Mr. Patrick Corso, a Non-Independent Executive Director of the Company, was adjusted from the previous exercise price of RM7.835 per share to RM7.761 per share, following the payment of a special interim dividend by the Company on 30 March 2021. The adjustment made to the exercise price of the Option granted to Mr. Patrick Corso was made in accordance with the provisions of the Share Option Agreement dated 20 June 2019 taking into account the special dividend paid by the Company.
- (ii) On 16 March 2021, the Company announced a proposed bonus issue of up to 1,212,483,666 Bonus Shares on the basis of two (2) Bonus Shares for every one (1) existing ordinary share held in TDC ("TDC Share(s)") held on an entitlement date to be determined and announced later ("Proposed Bonus Issue"). Please refer to Note 17 for the status of this proposed bonus issue.

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 2021.

8. Dividend

On 30 March 2021, the Group paid an ordinary interim and a special interim tax exempt (single tier) dividend of 12.50 sen and 20.60 sen per ordinary share, respectively, for the financial year ended 31 December 2020.

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

9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/3/2021 RM'000	Preceding year corresponding quarter 31/3/2020 RM'000	Three months to 31/3/2021 RM'000	Three months to 31/3/2020 RM'000
Operating Revenue				
Voice	15,157	17,547	15,157	17,547
Data	251,781	239,453	251,781	239,453
Data centre	64,375	36,409	64,375	36,409
Others	19	539	19	539
	331,332	293,948	331,332	293,948
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(40,025)	(36,640)	(40,025)	(36,640)
Other operating expenses	(174,939)	(164,566)	(174,939)	(164,566)
Other operating income (net)	8,613	27,137	8,613	27,137
Profit from operations	124,981	119,879	124,981	119,879
Investment income	2,502	5,079	2,502	5,079
Finance expense	(6,993)	(4,668)	(6,993)	(4,668)
Share of profit from investment in associates, net of tax	4,886	5,264	4,886	5,264
Profit before tax	125,376	125,554	125,376	125,554
Geographical locations				
Operating Revenue				
Within Malaysia	312,547	276,703	312,547	276,703
Outside Malaysia	18,785	17,245	18,785	17,245
	331,332	293,948	331,332	293,948
Timing of revenue recognition				
Over time	303,212	270,265	303,212	270,265
At a point in time	28,032	23,348	28,032	23,348
Revenue not within the scope of MFRS 15	88	335	88	335
	331,332	293,948	331,332	293,948

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 2020.

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

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

On 5 April 2021, Mr Patrick Corso, a Non-Independent Executive Director, exercised his option over 450,000 shares (out of a total of 3,300,00 share options granted to him). As a result, 450,000 new ordinary shares have been issued at the adjusted price of RM7.761 per share. The Group received proceeds of RM3,492,450 as a result of the said exercise of share option.

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 March 2021 to 24 May 2021 (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 2021

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

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

In connection with the completion of the Acquisition of AVM and Acquisition by AVM of IGS Shares, a capital increase of AVM was effected on 7 January 2021 via the issuance of new AVM shares to the Company, the Founder Shareholders and the Additional Shareholders, for a total subscription price of RM7.5 million ("Capital Increase of AVM"). The Company subscribed for a 60.00% portion of the Capital Increase of AVM.

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

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

The Group recognised provisional goodwill for this acquisition amounting to RM38.2 million under the MFRS 3, Business Combinations. The Group shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. However, this will be finalised at the end of the measurement period which shall not exceed one year from the acquisition date.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2020.

14. Capital commitments

	As at 31/3/2021 RM'000
Property, plant and equipment	
a) Authorised but not contracted for	141,393
b) Contracted but not provided for	197,742

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

15. Fair value information

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

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

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

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

	←-----Total fair value-----→				Carrying value Total
31 March 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
Financial instruments carried at fair value:					
Financial assets					
Other investments	-	-	32,350	32,350	32,350
Financial instruments not carried at fair value:					
Financial liabilities					
Term loans	-	-	141,434	141,434	144,901

16. Income tax

The income tax expense for the Group for current quarter and financial period ended 31 March 2021 was made up as follows:

	Individual Quarter		Cumulative Quarter	
	Current quarter 31/3/2021 RM'000	Preceding year corresponding quarter 31/3/2020 RM'000	Three months to 31/3/2021 RM'000	Three months to 31/3/2020 RM'000
Group				
Tax expense:				
- Current year	6,492	3,999	6,492	3,999
- Over provision in prior year	(25)	-	(25)	-
	6,467	3,999	6,467	3,999
Deferred tax expense:				
- Origination of temporary differences	25,962	25,805	25,962	25,805
- Under provision in prior years	1,326	-	1,326	-
- Recognition of previously unrecognised temporary differences	-	(2,212)	-	(2,212)
	27,288	23,593	27,288	23,593
Total income tax expense	33,755	27,592	33,755	27,592

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

The effective tax rate of the Group for the current quarter and financial period ended are higher than the statutory tax rate of 24% principally due to non-deductible expenses and deferred tax assets not recognised for certain subsidiaries.

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

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

On 5 May 2021, the Company announced that Bursa Malaysia Securities Berhad has, vide its letter dated 4 May 2021, approved the application for the listing and quotation for:

- (i) up to 1,212,483,666 Bonus Shares to be issued pursuant to the Proposed Bonus Issue; and
- (ii) up to 6,600,000 new TDC Shares that may be issued from the exercise of the Option pursuant to the adjustments to the exercise price of the Option and the corresponding number of new TDC Shares to be issued from the exercise of the Option arising from the Proposed Bonus Issue.

There are no other corporate proposals, which have been announced but not completed as at 24 May 2021, being the latest practicable date.

18. Loans and borrowings

The loans and borrowings as at 31 March 2021 and 31 December 2020 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 2021			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	8,817	109,642	118,459
- Denominated in USD	11,690	14,752	26,442
As at 31 March 2021	20,507	124,394	144,901
31 December 2020			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	2,511	11,327	13,838
- Denominated in USD	11,445	17,348	28,793
<u>Unsecured:</u>			
- Denominated in USD	4,166	-	4,166
As at 31 December 2020	18,122	28,675	46,797

The Group's loans and borrowings have mainly been used to fund the Group's working capital requirements, foreign investment and investments in its international submarine cable systems. The Group's loans and borrowings comprise both fixed and floating rate facilities and bear interest at rates ranging from 1.23% to 7.45% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 31 March 2021, do not include bank balances amounting to RM24,137,000 (31.12.2020: RM23,679,000) 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 24 May 2021, being the latest practicable date.

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

21. Comparison between the current quarter ("Q1 2021") and the immediate preceding quarter ("Q4 2020")

	Q1 2021	Q4 2020	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	15,157	18,053	(2,896)	(16.0)
Data	251,781	255,816	(4,035)	(1.6)
Data centre	64,375	39,953	24,422	61.1
Others	19	1,050	(1,031)	(98.2)
Total revenue	331,332	314,872	16,460	5.2
Profit before tax	125,376	109,329	16,047	14.7

The Group reported consolidated revenue of RM331.3 million in Q1 2021, which is RM16.5 million or 5.2% higher when compared to the RM314.9 million consolidated revenue reported in Q4 2020. Excluding one-off non-recurring contract revenues from data centre in Q1 2021 amounting to RM1.5 million as compared to RM1.0 million data centre revenue in Q4 2020, adjusted consolidated revenue would have increased by RM15.9 million or 5.1%. The growth in consolidated revenue (excluding one-off non-recurring revenue) is mainly attributable to the increase in data centre revenue which grew 61.3% quarter-on-quarter. Higher recurring revenue was mainly contributed by the acquisition of AVM in 2021 coupled with growth from retail and enterprise customers.

The Group's consolidated profit before tax in Q1 2021 amounted to RM125.4 million, which is RM16.0 million or 14.7% higher than the consolidated profit before tax of RM109.3 million in Q4 2020. The increase in Q1 2021 consolidated profit before tax was mainly due to the following:

- a) higher revenue in Q1 2021;
- b) higher net gain on foreign exchange of RM8.3 million in Q1 2021 compared to a net foreign exchange loss of RM10.4 million in Q4 2020;
- c) lower net provision for doubtful debts of RM1.4 million;
- d) lower impairment for construction deposit of RM2.4 million;

offset by higher personnel costs, interest expense, and depreciation and amortisation of property, plant and equipment and right-of-use assets and no dividend income in current quarter.

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

22. Comparison between the current quarter ("Q1 2021") versus three month period ended 31 March 2020 ("Q1 2020")

	Q1 2021	Q1 2020	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	15,157	17,547	(2,390)	(13.6)
Data	251,781	239,453	12,328	5.1
Data centre	64,375	36,409	27,966	76.8
Others	19	539	(520)	(96.5)
Total revenue	331,332	293,948	37,384	12.7
Profit before tax	125,376	125,554	(178)	(0.1)

The Group reported consolidated revenue of RM331.3 million in Q1 2021, which was RM37.4 million or 12.7% higher when compared to the RM293.9 million consolidated revenue recorded in Q1 2020. Excluding one-off non-recurring data centre revenues amounting to RM1.5 million in Q1 2021 (Q1 2020: RM2.8 million from data revenues), adjusted consolidated revenue would have increased by RM38.7 million or 13.3%. The increase in Q1 2021 consolidated revenue was mainly due to higher recurring data centre revenue, which grew RM26.5 million or 72.8% and data revenue RM15.1 million or 6.4%, respectively. Growth in revenue is contributed mainly by revenue from AVM and solid year-on-year recurring revenue growth from retail and enterprise customers.

The Group's consolidated profit before tax in Q1 2021 amounted to RM125.4 million which is RM0.2 million or 0.1% lower than the consolidated profit recorded in Q1 2020 of RM125.5 million. The reduction in the Group's Q1 2021 profit before tax results was mainly due to the following:

- a) lower net gain on foreign exchange of RM8.3 million in Q1 2021 compared to RM27.1 million in Q1 2020;
- b) lower share of profits from investment in associates of RM0.4 million;
- c) lower dividend income of RM2.6 million;
- d) higher interest expense of RM2.3 million;
- e) higher depreciation and amortisation charged for property, plant and equipment and right-of-use assets of RM3.4 million;

offset by higher overall revenue growth in Q1 2021.

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

23. Profit before tax

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2021	31/3/2020	31/3/2021	31/3/2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (charging)/crediting:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(40,025)	(36,640)	(40,025)	(36,640)
Amortisation of borrowing costs	(90)	(90)	(90)	(90)
Interest expense:				
- Interest on borrowings	(1,640)	(1,016)	(1,640)	(1,016)
- Other interest expense	(3,663)	(2,329)	(3,663)	(2,329)
- Interest on lease liabilities	(1,600)	(1,233)	(1,600)	(1,233)
Interest income	2,502	2,520	2,502	2,520
Dividend income	-	2,559	-	2,559
Rental income	11	11	11	11
Net bad debt recovered	254	524	254	524
Net gain on foreign currency exchange	8,336	27,118	8,336	27,118
Net allowance for doubtful debts	(2,338)	(2,330)	(2,338)	(2,330)
Net (loss) on disposal of property, plant and equipment	(64)	-	(64)	-

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

24. Prospects

Whilst the Group's financial and operating performance was stable in Q1 2021, external challenges are expected to persist due to the continued prevalence of the COVID-19 pandemic. The Group continues to be vigilant on the impact of the pandemic on the larger economy.

Network availability and stability remains a top priority, and the Group will continue to focus on supporting the Malaysian government achieve its national telecommunications and digital economy objectives under JENDELA and the Malaysia Digital Economy Blueprint (MyDigital). This will be achieved by not only strengthening and improving its existing domestic fibre network infrastructure and expanding coverage footprint, but also ensuring that the Group continues to provide high quality, meaningful solutions and services across all segments. This is demonstrated by the recent acquisition of a 60% stake in AVM Cloud Sdn Bhd, and completion of the upcoming data center in Cyberjaya, both of which are aimed at strengthening the Group's strategic position in the Cloud and data center segments and contribute to the Group's long-term growth.

At the same time, the Group also continues to place importance on the health, safety and wellbeing of its employees and stakeholders by continuing to operate with the highest health and safety standards.

Regionally, TIME will continue to work with its partners in Thailand, Vietnam and Cambodia to focus on tapping demand for cross border connectivity in ASEAN, in addition to further establish itself as a key regional data centre player and operator.

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 31/3/2021	Preceding year corresponding quarter 31/3/2020	Three months to 31/3/2021	Three months to 31/3/2020
Basic EPS:				
Weighted average number of shares in issue ('000)	604,262	585,534	604,262	585,534
Profit for the period attributable to owners of the Company (RM'000)	91,353	97,962	91,353	97,962
Basic EPS	15.12 sen	16.73 sen	15.12 sen	16.73 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	604,262	585,534	604,262	585,534
Effect of share options	1,475	7,368	1,475	7,368
Weighted average number of shares in issue ('000) (Diluted)	605,737	592,902	605,737	592,902
Profit for the period attributable to owners of the Company (RM'000)	91,353	97,962	91,353	97,962
Diluted EPS	15.08 sen	16.52 sen	15.08 sen	16.52 sen

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

27. Related party transactions

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

	Cumulative Quarter	
	Three months to 31/3/2021 RM'000	Three months to 31/3/2020 RM'000
Related parties		
Revenue from data, voice and other services	15,291	18,989
Sales of IT related services	11,419	-
Interconnect revenue	378	601
Fee for wayleave and right of use of telecommunications facilities	(2,572)	(2,653)
Interconnect charges	(367)	(701)
Leased line and infrastructure costs	(11,071)	(8,636)
Network maintenance costs	(608)	(546)
Training expenses	(61)	(54)
Rental of office and utility charges	(28)	(29)
Professional fees on corporate exercise	(2)	(60)
Interest on advance to related company	(288)	-
	(288)	-
Companies in which Directors have significant financial interests		
Revenue from data, voice and other services	16	40
Professional legal fees costs	-	(51)
	-	(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

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

Selangor
28 May 2021