

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 30/6/2020 RM'000	Unaudited Preceding year corresponding quarter 30/6/2019 RM'000	Unaudited Six months to 30/6/2020 RM'000	Unaudited Six months to 30/6/2019 RM'000
Operating revenue	304,804	277,824	598,752	540,366
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(36,671)	(38,918)	(73,311)	(77,348)
- other operating expenses	(158,494)	(141,256)	(323,060)	(296,224)
Other operating income (net)	(11,695) *	54	15,442	437
Profit from operations	97,944	97,704	217,823	167,231
Investment income	1,595	1,662	6,674	3,848
Finance expense	(4,858)	(6,251)	(9,526)	(14,557)
Share of profit from investment in associates, net of tax	3,263	3,321	8,527	6,972
Profit before income tax	97,944	96,436	223,498	163,494
Income tax expense	(28,159)	(3,935)	(55,751)	(7,861)
Profit for the period attributable to owners of the Company	69,785	92,501	167,747	155,633
Other comprehensive (loss)/income:				
Foreign currency translation differences for foreign operations	943	8,925	3,611	11,692
Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")	(990)	1,864	2,507	2,412
Other comprehensive (loss)/income for the period	(47)	10,789	6,118	14,104
Total comprehensive income for the period attributable to owners of the Company	69,738	103,290	173,865	169,737
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	11.63 sen	15.85 sen	28.30 sen	26.66 sen
- Diluted	11.62 sen	15.67 sen	28.27 sen	26.39 sen

* Included in the current quarter other operating income (net) is a net foreign exchange loss of RM12,267,000.

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 30/6/2020 RM'000	Audited As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,627,059	1,586,926
Right-of-use assets	109,425	110,194
Intangible assets	213,959	213,959
Investment in associates	443,820	433,295
Other investments	29,671	26,582
Deferred tax assets	196,916	243,986
Trade and other receivables	2,361	2,443
	<u>2,623,211</u>	<u>2,617,385</u>
Current assets		
Tax recoverable	1,151	921
Trade and other receivables	484,147	395,308
Restricted cash	314	166
Cash and cash equivalents	480,219	506,954
	<u>965,831</u>	<u>903,349</u>
Total assets	<u>3,589,042</u>	<u>3,520,734</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,328,910	1,200,135
Reserves	1,551,973	1,566,722
Equity attributable to owners of the Company	<u>2,880,883</u>	<u>2,766,857</u>
Non-current liabilities		
Loans and borrowings	37,053	43,402
Lease liabilities	87,248	86,111
Trade and other payables	197,175	214,017
Deferred tax liabilities	15,274	13,872
	<u>336,750</u>	<u>357,402</u>
Current liabilities		
Loans and borrowings	23,229	69,948
Lease liabilities	14,596	14,229
Trade and other payables	327,164	308,486
Provision for tax	6,420	3,812
	<u>371,409</u>	<u>396,475</u>
Total liabilities	<u>708,159</u>	<u>753,877</u>
Total equity and liabilities	<u>3,589,042</u>	<u>3,520,734</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM4.78</u>	<u>RM4.73</u>

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

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/6/2020 RM'000	Unaudited Six months to 30/6/2019 RM'000
Operating Activities		
Cash receipts from customers	555,636	539,332
Transfer to restricted cash and bank balances	(148)	(40)
Cash payments to suppliers	(168,492)	(166,078)
Cash payments to employees and for administrative expenses	(160,800)	(148,195)
Payment of lease liabilities	(9,398)	(12,759)
Cash generated from operations	216,798	212,260
Tax paid	(4,949)	(3,842)
Net cash generated from operating activities	211,849	208,418
Investing Activities		
Acquisition of property, plant and equipment	(116,818)	(108,942)
Acquisition of other investments	(582)	-
Investment income received	7,332	4,859
Net cash used in investing activities	(110,068)	(104,083)
Financing Activities		
Proceed from loans and borrowings	-	35,153
Finance charges paid	(2,409)	(4,681)
Repayment of term loans and borrowings	(54,494)	(27,529)
Proceeds from issuance of additional shares	95,979	-
Dividend paid	(169,982)	(120,009)
Net cash used in financing activities	(130,906)	(117,066)
Net change in cash and cash equivalents	(29,125)	(12,731)
Effect of exchange rate fluctuations on cash held	2,390	(499)
Cash and cash equivalents as at beginning of financial period	506,954	389,399
Cash and cash equivalents as at end of financial period	Note (a) 480,219	376,169
Note:		
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	178,751	142,870
Deposits with licensed banks	301,782	241,324
	480,533	384,194
Restricted cash	(314)	(8,025)
Cash and cash equivalents	480,219	376,169

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
Six months to 30 June 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	-	-	-	14,164	-	14,164
Issuance of shares pursuant to the share option granted	128,775	-	-	(32,796)	-	95,979
Profit for the period	-	-	-	-	167,747	167,747
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	2,507	-	-	-	2,507
Exchange differences recognised directly in equity	-	-	3,611	-	-	3,611
Total comprehensive income for the period	-	2,507	3,611	-	167,747	173,865
Balance as at 30 June 2020	1,328,910	13,532	43,889	24,117	1,470,435	2,880,883

	← 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
Six months to 30 June 2019 (unaudited)						
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	-	-	-	17,401	-	17,401
Profit for the period	-	-	-	-	155,633	155,633
Fair value gain on equity investments designated at FVOCI	-	2,412	-	-	-	2,412
Exchange differences recognised directly in equity	-	-	11,692	-	-	11,692
Total comprehensive income for the period	-	2,412	11,692	-	155,633	169,737
Balance as at 30 June 2019	1,186,659	4,827	36,443	44,648	1,314,267	2,586,844

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

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V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

The interim financial statements are prepared in accordance with MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial statements also comply with IAS 34, *Interim Financial Reporting* issued by the International Accounting Standards Board (IASB) and requirements of the Companies Act 2016, where applicable.

The interim financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 December 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

2. Significant accounting policies

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

Description

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

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

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16	<i>Leases - Covid-19-Related Rent Concessions</i> 1 June 2020
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 3	<i>Business Combinations – Reference to the Conceptual Framework</i> 1 January 2022
Amendments to MFRS 116	<i>Property, Plant and Equipment - Proceeds before Intended Use</i> 1 January 2022
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract</i> 1 January 2022
Amendments to MFRS 1, 9, 16 and 141	<i>First-time Adoption of Malaysian Financial Reporting Standards, Financial Instruments, Leases and Agriculture - Annual Improvements to MFRS Standards 2018–2020</i> 1 January 2022
Amendments to MFRS 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.

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4. Seasonal or cyclical factors

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

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

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence 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 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.
- (ii) Encik Afzal Abdul Rahim, the Chief Executive Officer and Non-Independent Executive Director of the Company, fully exercised all 17,215,907 share options granted to him. The exercise of his share options were completed in two tranches, the first on 8 April 2020 for 11,000,000 new ordinary shares and then the balance of 6,215,907 new ordinary shares on 16 April 2020. Both tranches were completed at the adjusted exercise price of RM5.575 per share. The Group received proceeds totalling RM95,978,682 as a result of the said exercise of share options.
- (iii) On 20 July 2020, the Company announced that its Board of Directors had approved the extension of the Company's Share Grant Plan ("SGP") for a further two years from 2 November 2020 to 1 November 2022, pursuant to Clause 14.3 of the By-Laws of the Annual Restricted Share Plan and Annual Performance Share Plan of the Company's SGP upon the recommendation of the Scheme Committee.
- (iv) On 21 July 2020, the Company issued 1,511,339 new ordinary shares in the Company to eligible employees under the Annual Restricted Share Plan and Annual Performance Share Plan portion of the Company's SGP. The closing share price on the vesting date 30 July 2020 was RM10.92 per share. The vesting of the shares under the SGP were subject to the Group achieving certain financial targets and upon the eligible employees meeting the minimum grading criteria in accordance with the performance management system adopted by the Group.

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the six months period ended 30 June 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 30/6/2020 RM'000	Preceding year corresponding quarter 30/6/2019 RM'000	Six months to 30/6/2020 RM'000	Six months to 30/6/2019 RM'000
Operating Revenue				
Voice	17,323	17,618	34,870	34,740
Data	249,297	225,185	488,750	436,573
Data centre	36,837	34,683	73,246	68,332
Others	1,347	338	1,886	721
	304,804	277,824	598,752	540,366
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(36,671)	(38,918)	(73,311)	(77,348)
Other operating expenses	(158,494)	(141,256)	(323,060)	(296,224)
Other operating income (net)	(11,695) *	54	15,442	437
Profit from operations	97,944	97,704	217,823	167,231
Investment income	1,595	1,662	6,674	3,848
Finance expense	(4,858)	(6,251)	(9,526)	(14,557)
Share of profit from investment in associates, net of tax	3,263	3,321	8,527	6,972
Profit before income tax	97,944	96,436	223,498	163,494
Geographical locations				
Operating Revenue				
Within Malaysia	286,065	263,422	562,768	511,879
Outside Malaysia	18,739	14,402	35,984	28,487
	304,804	277,824	598,752	540,366
Timing of revenue recognition				
Over time	275,588	257,678	545,853	503,298
At a point in time	28,200	19,917	51,548	36,630
Revenue not within the scope of MFRS 15	1,016	229	1,351	438
	304,804	277,824	598,752	540,366

* Included in the current quarter other operating income (net) is a net foreign exchange loss of RM12,267,000.

10. Valuation of Property, Plant and Equipment

There were no material changes to the valuation of property, plant and equipment since the financial year ended 31 December 2019.

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

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

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

In the opinion of the Directors, other than as stated above and in Note 7, there were no other items, transactions or events of a material and unusual nature which have arisen since 30 June 2020 to 14 August 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 30 June 2020

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

Other than stated above, there were no changes in the composition of the Group during the six months period ended 30 June 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 30/6/2020 RM’000
Property, plant and equipment	
a) Approved and contracted but not provided for in the financial statements	252,672
b) Approved but not contracted for	37,955

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
30 June 2020	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	-	-	29,671	29,671	29,671

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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).

	←-----Total fair value-----→				Carrying value Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
30 June 2020					
Financial instruments not carried at fair value:					
Financial liabilities					
Term loans	-	-	50,923	50,923	51,642
Revolving credit	-	-	8,640	8,640	8,640
	-	-	59,563	59,563	60,282

16. Income tax

The income tax expense for the Group for current quarter and financial period ended 30 June 2020 was made up as follows:

	Individual Quarter		Cumulative Quarter	
	Current quarter 30/6/2020 RM'000	Preceding year corresponding quarter 30/6/2019 RM'000	Six months to 30/6/2020 RM'000	Six months to 30/6/2019 RM'000
Group				
Income tax:				
Current year	3,328	2,940	7,327	6,268
Deferred tax:				
- Origination of temporary differences	24,139	24,035	49,944	40,959
- Recognition of previously unrecognised temporary differences	-	(23,040)	(2,212)	(39,366)
- Underprovision in prior years	692	-	692	-
	24,831	995	48,424	1,593
Total	28,159	3,935	55,751	7,861

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

The effective tax rate of the Group for the current quarter and half year period are higher than the statutory tax rate of 24% principally due to certain loss making subsidiaries within the Group whose tax losses and capital allowances are not yet recognised, non-deductible temporary differences/expenses and underprovision of deferred tax in prior years. The lower effective tax rate for the Group in the preceding year corresponding quarter and half year period were mainly due to certain non-taxable income, utilisation of unabsorbed capital allowances and tax losses available, recognition of previously unrecognised temporary differences as well as lower tax rates prevailing in some of the jurisdictions/countries in which the Group operates.

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

There are no other corporate proposals, which have been announced but not completed as at 14 August 2020, being the latest practicable date.

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18. Loans and borrowings

The loans and borrowings as at 30 June 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
30 June 2020			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	2,508	12,584	15,092
- Denominated in USD	12,081	24,469	36,550
<u>Unsecured:</u>			
- Denominated in USD	8,640	-	8,640
As at 30 June 2020	23,229	37,053	60,282
31 December 2019			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	2,506	13,839	16,345
- Denominated in USD	11,651	29,563	41,214
<u>Unsecured:</u>			
- Denominated in USD	55,791	-	55,791
As at 31 December 2019	69,948	43,402	113,350

The Group's loans and borrowings have mainly been used to fund the Group's working capital requirements 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 1.60% to 4.85% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 30 June 2020, do not include bank balances amounting to RM19,625,000 (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 14 August 2020, being the latest practicable date.

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21. Comparison between the current quarter ("Q2 2020") and the immediate preceding quarter ("Q1 2020")

	Q2 2020	Q1 2020	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	17,323	17,547	(224)	(1.3)
Data	249,297	239,453	9,844	4.1
Data centre	36,837	36,409	428	1.2
Others	1,347	539	808	149.9
Total revenue	304,804	293,948	10,856	3.7
Profit before tax	97,944	125,554	(27,610)	(22.0)

The Group reported a consolidated revenue of RM304.8 million in Q2 2020, which is RM10.9 million or 3.7% higher when compared to the RM293.9 million consolidated revenue reported in Q1 2020. One-off revenues from non-recurring data contracts amounting to RM1.8 million were recorded in Q2 2020 (Q1 2020: RM2.8 million). Should one-off revenues from non-recurring contracts be excluded from consolidated revenue for better comparability, consolidated revenue in the current quarter would have been RM11.9 million or 4.1% higher. The growth in consolidated revenue (excluding one-off revenues from non-recurring contracts) is mainly attributable to the increase in data and data centre sales, which grew 4.1% and 1.2% quarter-on-quarter respectively. All core customer groups also continued to show growth in recurring revenue led by wholesale and retail customer groups.

The Group's consolidated profit before tax in Q2 2020 amounted to RM97.9 million, which is RM27.6 million or 22.0% lower than the consolidated profit before tax of RM125.6 million in Q1 2020. The decrease in Q2 2020 consolidated profit before tax was mainly due to the following:

- a) higher net loss on foreign exchange of RM12.3 million in Q2 2020 compared to a net foreign exchange gain of RM27.1 million in Q1 2020;
- b) write-off of property, plant and equipment of RM1.9 million (Q1 2020: RM Nil);
- c) lower share of profit from associates of RM3.3 million compared to RM5.3 million in Q1 2020;
- d) lower interest income in Q2 2020 by RM0.9 million;
- e) no dividend income recorded in the current quarter (Q1 2020: RM2.6 million),

offset by higher overall revenue, lower donations, lower provision for doubtful debts and lower staff related costs.

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

(a) Comparison between the current quarter (“Q2 2020”) versus three month period ended 30 June 2019 (“Q2 2019”)

	Q2 2020	As restated Q2 2019	Re- classification	As previously reported Q2 2019	Increase/(decrease)	
	RM'000	RM'000	RM'000	RM'000	RM'000	%
Revenue by product:						
Voice	17,323	17,618	-	17,618	(295)	(1.7)
Data	249,297	225,185	2,324	227,509	24,112	10.7
Data centre	36,837	34,683	(2,446)	32,237	2,154	6.2
Others	1,347	338	122	460	1,009	298.5
Total revenue	304,804	277,824	-	277,824	26,980	9.7
Profit before tax	97,944	96,436	-	96,436	1,508	1.6

The Group had undertaken an exercise in the previous 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 RM304.8 million in Q2 2020, which was RM27.0 million or 9.7% higher when compared to the RM277.8 million consolidated revenue recorded in Q2 2019. One-off revenues from non-recurring data contracts amounting to RM1.8 million were recorded in Q2 2020 (Q2 2019: RM3.0 million). Excluding one-off non-recurring contract revenues, consolidated revenue would have increased by RM28.2 million or 10.3% in the current quarter. The increase in Q2 2020 consolidated revenue (excluding one-off non-recurring contract revenues) was mainly due to higher recurring data revenue, which grew RM25.3 million (or 11.4%) and data centre revenue, which grew RM2.2 million (or 6.2%) respectively. All core customer groups also registered solid year-on-year 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 RM97.9 million which is RM1.5 million or 1.6% higher than the consolidated profit recorded in Q2 2019 of RM96.4 million. The increase in the Group's Q2 2020 profit before tax results was mainly due to the following:

- a) higher overall revenue growth in Q2 2020;
- b) lower depreciation charged for property, plant and equipment and right-of-use assets by RM2.2 million in the current quarter;
- c) lower interest expense in Q2 2020 of RM4.8 million (Q2 2019: RM6.2 million),

offset by higher net loss on foreign exchange of RM12.3 million in Q2 2020 compared to a net foreign exchange gain of RM8.8 million in Q2 2019, write-off of property, plant and equipment of RM1.9 million and increase in staff related costs.

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

(b) Half year period ended 30 June 2020 ("HY 2020") versus half year period ended 30 June 2019 ("HY 2019")

	As restated	Re- classification	As previously reported	Increase/(decrease)		
HY 2020	HY 2019	HY 2019	HY 2019	RM'000	%	
RM'000	RM'000	RM'000	RM'000			
Revenue by product:						
Voice	34,870	34,740	-	34,740	130	0.4
Data	488,750	436,573	2,848	439,421	52,177	12.0
Data centre	73,246	68,332	(4,083)	64,249	4,914	7.2
Others	1,886	721	1,235	1,956	1,165	161.6
Total revenue	598,752	540,366	-	540,366	58,386	10.8
Profit before tax	223,498	163,494	-	163,494	60,004	36.7

The Group had undertaken an exercise in the first quarter of the current year 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 half year have been reclassified pursuant to this exercise to be consistent with the current year presentation. Analysis and comparisons to the results in the preceding year corresponding half year are done based on the restated numbers.

The Group reported a consolidated revenue of RM598.8 million in HY 2020, which is RM58.4 million or 10.8% higher when compared to the RM540.4 million consolidated revenue recorded in HY 2019. One-off revenues from non-recurring contracts accounted for RM4.6 million out of the total consolidated revenue recognised in HY 2020 (HY 2019: RM3.0 million). Excluding one-off revenues from non-recurring contracts, the overall consolidated revenue in the current half year period would have shown an increase of RM56.8 million or 10.6% when compared to the similarly adjusted revenue in the preceding year corresponding period. The increase in HY 2020 revenue (excluding one-off non-recurring contracts) is mainly due to higher sales recorded from all core product segments. All core customer groups also contributed positively to overall revenue growth in HY 2020, led by contributions from retail and wholesale customer groups.

The Group recorded a current half year consolidated profit before tax of RM223.5 million which is RM60.0 million or 36.7% higher than the consolidated profit before tax recorded in HY 2019 of RM163.5 million. The increase in the Group's HY 2020 profit before tax results was mainly due to the following:

- a) higher overall revenue (including revenue from one-off non-recurring contracts) in the current half year period;
- b) higher net gain on foreign exchange of RM14.9 million in HY 2020 compared to a net foreign exchange loss of RM2.1 million in HY 2019;
- c) lower interest expense of RM9.4 million compared in HY 2020 to RM14.2 million in HY 2019;
- d) lower depreciation costs for property, plant and equipment and right-of-use assets of RM73.3 million in HY 2020 (HY 2019: RM77.3 million);
- e) higher dividend income by RM2.6 million recorded in HY 2020 (HY 2019: RM Nil);
- f) higher share of profits of RM8.5 million (HY 2019: RM7.0 million),

offset by higher staff related costs, higher provision for doubtful debts and write-off of property, plant and equipment.

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23. Profit before income tax

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	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	(36,671)	(38,918)	(73,311)	(77,348)
Amortisation of borrowing costs	(85)	(199)	(175)	(405)
Interest expense:				
- Interest on borrowings	(741)	(2,317)	(1,757)	(4,558)
- Interest from MFRS 15 adoption	(2,658)	(2,091)	(4,987)	(6,429)
- Interest from MFRS 16 adoption	(1,374)	(1,644)	(2,607)	(3,165)
Interest income	1,595	1,662	4,115	3,848
Dividend income	-	-	2,559	-
Net bad debt recovered	43	44	567	69
Net (loss)/gain on foreign currency exchange	(12,267)	8,794	14,851	(2,104)
Net allowance for doubtful debts	(1,305)	(1,395)	(3,635)	(2,026)
Property, plant and equipment written off	(1,857)	-	(1,857)	-

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24. Prospects

The economy is expected to face continued uncertainties and challenges throughout the remainder of 2020, arising from the COVID-19 pandemic. The Group's business has been relatively fortunate as the impact from COVID-19 has so far been limited and seen to be affecting a portion of business that comes from certain customer groups, in particular, those involved in hospitality, tourism, aviation and SME related sectors. Notwithstanding this, the Group remains vigilant and will continue to closely monitor any changes or developments to this situation. The Group has and will continue to be prepared to take any pro-active measures that it deems necessary to continue 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 attempt 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 includes completing its new data centre in Thailand, which is built in partnership with its associate - Symphony Communications Public Company Limited, as well as, its new wholly owned data centre in Cyberjaya, Malaysia. Both data centres are expected to be operational before the end of the year. Whilst both these data centre initiatives are capital intensive and may result in some profit margin compression for the Group in the early periods upon completion, they are, however, necessary to ensure continued revenue growth in the future, as well as, benefit the Group strategically in the longer term. Funding for the said data centres are 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 30/6/2020	Preceding year corresponding quarter 30/6/2019	Six months to 30/6/2020	Six months to 30/6/2019
Basic EPS:				
Weighted average number of shares in issue ('000)	599,813	583,701	592,674	583,701
Profit for the period attributable to owners of the Company (RM'000)	69,785	92,501	167,747	155,633
Basic EPS	11.63 sen	15.85 sen	28.30 sen	26.66 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	599,813	583,701	592,674	583,701
Effect of share options	828	6,678	678	6,074
Weighted average number of shares in issue ('000) (Diluted)	600,641	590,379	593,352	589,775
Profit for the period attributable to owners of the Company (RM'000)	69,785	92,501	167,747	155,633
Diluted EPS	11.62 sen	15.67 sen	28.27 sen	26.39 sen

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27. Related party transactions

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

	Cumulative Quarter	
	Six months to 30/6/2020 RM'000	As restated Six months to 30/6/2019 RM'000
Related parties		
Revenue from data, voice and other services	39,364	38,666
Interconnect revenue	1,019	1,790
Fee for wayleave and right of use of telecommunications facilities	(5,234)	(5,231)
Interconnect charges	(1,086)	(1,946)
Leased line and infrastructure costs	(18,043)	(17,206)
Network maintenance costs	(1,161)	(1,307)
Training expenses	(54)	(155)
Rental of office and utility charges	(57)	(57)
Professional fees on corporate exercise	(60)	(252)
	(60)	(252)
Companies in which Directors have significant financial interest		
Revenue from data, voice and other services	49	50
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

MISNI ARYANI MUHAMAD
(LS 0009413)
Secretary

Selangor
21 August 2020