

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2021 RM'000	Preceding year corresponding quarter 31/12/2020 RM'000	Audited Twelve months to 31/12/2021 RM'000	Audited Twelve months to 31/12/2020 RM'000
Operating revenue	371,080	314,872	1,396,362	1,223,169
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(41,982)	(39,124)	(163,217)	(151,877)
- other operating expenses	(190,030)	(168,336)	(727,275)	(656,688)
Other operating income (net)	2,045	143	20,133	578
Profit from operations	141,113	107,555	526,003	415,182
Income from investments	2,998	2,964	10,687	11,396
Finance costs	(7,327)	(6,184)	(27,863)	(21,520)
Share of profit from associates, net of tax	7,907	4,994	23,897	18,040
Profit before tax	144,691	109,329	532,724	423,098
Tax expense	(34,547)	(16,079)	(135,946)	(96,194)
Profit for the period/year	110,144	93,250	396,778	326,904
Profit / (Loss) attributable to:				
Owners of the Company	108,592	94,355	393,160	328,047
Non-controlling interests	1,552	(1,105)	3,618	(1,143)
Profit for the period/year	110,144	93,250	396,778	326,904

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.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2021 RM'000	Preceding year corresponding quarter 31/12/2020 RM'000	Audited Twelve months to 31/12/2021 RM'000	Audited Twelve months to 31/12/2020 RM'000
Profit for the period/year	110,144	93,250	396,778	326,904
Other comprehensive income / (expenses), net of tax:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Foreign currency translation differences for foreign operations	382	1,376	(7,018)	(4,330)
- Cash flow hedge – associate	98	126	490	(765)
	<u>480</u>	<u>1,502</u>	<u>(6,528)</u>	<u>(5,095)</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")	760	671	12,669	2,106
- Remeasurement of defined benefit plan	-	-	-	585
	<u>760</u>	<u>671</u>	<u>12,669</u>	<u>2,691</u>
Other comprehensive income / (expense) for the period/year, net of tax	1,240	2,173	6,141	(2,404)
Total comprehensive income for the period/year	111,384	95,423	402,919	324,500
Total comprehensive income / (expense) attributable to:				
Owners of the Company	109,832	96,528	399,301	325,643
Non-controlling interests	1,552	(1,105)	3,618	(1,143)
Total comprehensive income for the period/year	111,384	95,423	402,919	324,500
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	6.01 sen	5.20 sen [#]	21.63 sen	18.27 sen [#]
- Diluted	6.01 sen	5.19 sen [#]	21.61 sen	18.24 sen [#]

[#] Basic and diluted EPS were adjusted to reflect impact of bonus issue exercise on the basis of two (2) bonus shares for every one (1) existing ordinary share held which was completed on 6 August 2021. Basic EPS previously reported in preceding year corresponding quarter and year-to-date was 15.61 sen and 54.82 sen respectively. Diluted EPS previously reported in preceding year corresponding quarter and year-to-date was 15.58 sen and 54.73 sen respectively.

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.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited As at 31/12/2021 RM'000	Audited As at 31/12/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,820,753	1,689,670
Investment property	1,478	-
Right-of-use assets	140,469	154,568
Intangible assets	251,989	213,959
Investment in associates	456,976	441,360
Other investments	41,731	31,271
Deferred tax assets	55,790	165,310
Trade and other receivables	6,605	2,112
	<u>2,775,791</u>	<u>2,698,250</u>
Current assets		
Tax recoverable	1,883	812
Other investments	2,000	-
Trade and other receivables	541,279	452,393
Restricted cash	4,296	332
Cash and cash equivalents	796,090	748,796
	<u>1,345,548</u>	<u>1,202,333</u>
Total assets	<u>4,121,339</u>	<u>3,900,583</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,379,148	1,340,475
Reserves	1,762,153	1,704,450
Equity attributable to owners of the Company	<u>3,141,301</u>	<u>3,044,925</u>
Non-controlling interests	22,243	5,367
Total equity	<u>3,163,544</u>	<u>3,050,292</u>
Non-current liabilities		
Loans and borrowings	107,997	28,675
Lease liabilities	103,427	118,373
Trade and other payables	327,823	301,616
Deferred tax liabilities	17,607	15,171
	<u>556,854</u>	<u>463,835</u>
Current liabilities		
Loans and borrowings	22,489	18,122
Lease liabilities	20,221	18,851
Trade and other payables	349,809	344,335
Provision for tax	8,422	5,148
	<u>400,941</u>	<u>386,456</u>
Total liabilities	<u>957,795</u>	<u>850,291</u>
Total equity and liabilities	<u>4,121,339</u>	<u>3,900,583</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM1.72</u>	<u>RM1.68</u> [#]

[#] Net asset per share as at 31 December 2020 was adjusted to reflect impact of bonus issue exercise on the basis of two (2) bonus shares for every one (1) existing ordinary share held which was completed on 6 August 2021. Net asset per share as at 31 December 2020 previously reported was RM5.04.

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.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited Twelve months to 31/12/2021 RM'000	Audited Twelve months to 31/12/2020 RM'000
Operating Activities		
Cash receipts from customers	1,413,934	1,340,905
Transfer to restricted cash	(258)	(166)
Cash payments to suppliers	(408,336)	(360,751)
Cash payments to employees and for administrative expenses	(309,526)	(295,144)
Payment of lease liabilities	(39,978)	(28,837)
Cash generated from operations	655,836	656,007
Tax paid	(23,861)	(14,774)
Net cash generated from operating activities	631,975	641,233
Investing Activities		
Acquisition of property, plant and equipment	(300,456)	(282,609)
Proceeds from disposal of property, plant and equipment	136	197
Proceeds from disposal of investment in a subsidiary to an associate	-	3,597
Acquisition of other investments	-	(2,583)
Acquisition of subsidiary, net of cash and cash equivalents acquired	(44,682)	-
Investment income received	11,618	17,250
Net cash used in investing activities	(333,384)	(264,148)
Financing Activities		
Proceeds from loans and borrowings	104,043	16,678
Repayment of loans and borrowings	(27,248)	(84,004)
Finance charges paid	(5,426)	(4,155)
Proceeds from issuance of additional shares	15,367	95,979
Proceeds from subscription of shares in a subsidiary by non-controlling interest	3,000	-
Proceeds from subscription of shares in a subsidiary by an associate	-	2,920
Shareholder loan from an associate	4,955	11,129
Dividend paid	(350,077)	(169,982)
Net cash used in financing activities	(255,386)	(131,435)
Net change in cash and cash equivalents	43,205	245,650
Effect of exchange rate fluctuations on cash held	4,089	(3,808)
Cash and cash equivalents as at beginning of financial year	748,796	506,954
Cash and cash equivalents as at end of financial year	Note (a) 796,090	748,796
Note:		
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	193,719	225,993
Deposits with licensed banks	606,667	523,135
	800,386	749,128
Restricted cash	(4,296)	(332)
Cash and cash equivalents in the statement of financial position	796,090	748,796

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.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to the owners of the Company →								
	← Non-distributable →				Distributable				
Twelve months to 31 December 2021 (Audited)	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	Equity attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
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	-	-	-	-	-	(350,077)	(350,077)	-	(350,077)
Employee share grant plan/option scheme	-	-	-	31,785	-	-	31,785	-	31,785
Issuance of shares pursuant to the share grant/option granted	38,673	-	-	(23,306)	-	-	15,367	-	15,367
Acquisition of subsidiaries	-	-	-	-	-	-	-	13,258	13,258
Profit for the year	-	-	-	-	-	393,160	393,160	3,618	396,778
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	12,669	-	-	-	-	12,669	-	12,669
Exchange differences recognised directly in equity	-	-	(7,018)	-	-	-	(7,018)	-	(7,018)
Cash flow hedge - associate	-	-	-	-	490	-	490	-	490
Total comprehensive income/(expense) for the year	-	12,669	(7,018)	-	490	393,160	399,301	3,618	402,919
Balance as at 31 December 2021	1,379,148	25,800	28,930	33,288	(275)	1,674,410	3,141,301	22,243	3,163,544

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.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to the owners of the Company →								→
	← Non-distributable →				Distributable				
Twelve months to 31 December 2020 (Audited)	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	Equity attributable to owners of the Company RM'000	Non- controlling interest RM'000	Total Equity RM'000
Balance as at 1 January 2020	1,200,135	11,025	40,278	42,749	-	1,472,670	2,766,857	-	2,766,857
Dividend paid	-	-	-	-	-	(169,982)	(169,982)	-	(169,982)
Employee share grant plan/option scheme	-	-	-	26,421	-	-	26,421	-	26,421
Issuance of shares pursuant to the share grant/option granted	140,340	-	-	(44,361)	-	-	95,979	-	95,979
Subscription of shares in a subsidiary by an associate	-	-	-	-	-	-	-	2,920	2,920
Disposal of investment in a subsidiary to an associate	-	-	-	-	-	7	7	3,590	3,597
Profit/(Loss) for the year	-	-	-	-	-	328,047	328,047	(1,143)	326,904
Fair value gain on equity investments designated at FVOCI	-	2,106	-	-	-	-	2,106	-	2,106
Exchange differences recognised directly in equity	-	-	(4,330)	-	-	-	(4,330)	-	(4,330)
Cash flow hedge - associate	-	-	-	-	(765)	-	(765)	-	(765)
Remeasurement of defined benefit plan	-	-	-	-	-	585	585	-	585
Total comprehensive income/(expense) for the year	-	2,106	(4,330)	-	(765)	328,632	325,643	(1,143)	324,500
Balance as at 31 December 2020	1,340,475	13,131	35,948	24,809	(765)	1,631,327	3,044,925	5,367	3,050,292

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.

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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 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 financial 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 financial 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 period/years beginning on or after
Amendments to MFRS 16	<i>Leases – Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to MFRS 1, 9, 141	<i>First-time Adoption of Malaysian Financial Reporting Standards, Financial Instruments 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 Illustrative Examples accompanying MFRS 16	<i>Leases (Annual Improvements to MFRS Standards 2018–2020)</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	<i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17	<i>Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information</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 112	<i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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 amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*, MFRS 141 *Agriculture* and MFRS 17 *Insurance Contracts* that are effective for annual period/years beginning on 1 January 2022 and 2023 respectively as they are 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/year and prior period/year financial statements of the Group.

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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 quarter and year-to-date ended 31 December 2021.

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 quarter and year-to-date ended 31 December 2021.

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 ("Bonus Issue").
- (iii) On 5 April 2021, Mr. Patrick Corso partially exercised 450,000 option shares granted to him at the adjusted exercise price of RM7.761 per share. The Group received proceeds totalling RM3,492,450 as a result of the said exercise.
- (iv) On 22 July 2021, the ordinary resolution as set out in the Notice of Postponed Extraordinary General Meeting ("EGM") dated 23 June 2021 was duly passed by the shareholders at the EGM for a Bonus Issue of up to 1,212,483,666 new ordinary shares on the basis of two (2) bonus shares for every one (1) existing ordinary share held on 5 August 2021. A total 1,209,423,666 bonus shares have been issued and were listed and quoted on the Main Market of Bursa securities on 6 August 2021.
- (v) Pursuant to the Bonus Issue completed on 6 August 2021, Mr. Patrick Corso's remaining option shares of 2,850,000 have been adjusted to 8,550,000 option shares at an adjusted price of RM2.587 per share (from RM7.761 per share previously). The corresponding adjustments to the Option arising from the Bonus Issue was made to ensure fair and reasonable treatment to Mr. Patrick Corso.
- (vi) Adjustments to the Annual Restricted Share Plan and Annual Performance Share Plan (together, the Share Grant Plan or "SGP") arising from the Bonus Issue were also made to ensure fair and reasonable treatment to the eligible employees of our Group. On 16 August 2021, the Company issued 6,893,389 new ordinary shares in the Company to eligible employees under the SGP. The closing share price on the vesting date 20 August 2021 was RM4.73 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.
- (vii) On 1 September 2021, Mr. Patrick Corso partially exercised 4,590,000 option shares granted to him at the adjusted exercise price of RM2.587 per share. The Group received proceeds totalling RM11,874,330 as a result of the said exercise.
- (viii) The exercise price for the Option to subscribe for the remaining 3,960,000 of the Company shares granted to Mr. Patrick Corso, was adjusted from the previous adjusted exercise price of RM2.587 per share to RM2.540 per share, following the payment of a special interim dividend by the Company on 22 December 2021.

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/year ended 31 December 2021.

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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.

On 22 December 2021, the Group paid a special interim tax exempt (single tier) dividend of 8.22 sen per ordinary share for the financial year ended 31 December 2021.

The Directors declared on 25 February 2022, an ordinary interim and a special interim tax exempt (single tier) dividend of 10.86 sen and 2.29 sen per ordinary share for the financial year ended 31 December 2021, which will be paid on 23 March 2022.

9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/12/2021 RM'000	Preceding year corresponding quarter 31/12/2020 RM'000	Twelve months to 31/12/2021 RM'000	Twelve months to 31/12/2020 RM'000
Operating Revenue				
Voice	14,049	18,053	66,523	70,981
Data	269,237	255,816	1,042,869	996,490
Data centre	86,877	39,953	284,543	152,136
Others	917	1,050	2,427	3,562
	371,080	314,872	1,396,362	1,223,169
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(41,982)	(39,124)	(163,217)	(151,877)
Other operating expenses	(190,030)	(168,336)	(727,275)	(656,688)
Other operating income (net)	2,045	143	20,133	578
Profit from operations	141,113	107,555	526,003	415,182
Income from investments	2,998	2,964	10,687	11,396
Finance costs	(7,327)	(6,184)	(27,863)	(21,520)
Share of profit from associates, net of tax	7,907	4,994	23,897	18,040
Profit before tax	144,691	109,329	532,724	423,098
Geographical locations				
Operating Revenue				
Within Malaysia	355,215	297,104	1,322,663	1,150,144
Outside Malaysia	15,865	17,768	73,699	73,025
	371,080	314,872	1,396,362	1,223,169
Timing of revenue recognition				
Over time	327,069	286,838	1,265,421	1,106,794
At a point in time	43,943	26,082	130,597	112,542
Revenue not within the scope of MFRS 15	68	1,952	344	3,833
	371,080	314,872	1,396,362	1,223,169

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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.

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

On 11 January 2022, AIMS Data Centre Sdn Bhd, a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement ("SPA") with Lembaga Kumpulan Wang Simpanan Pekerja ("KWSP") or also known as Employees Provident Fund Board for the proposed acquisition of a 13-storey purpose-built office building together with 95 car park bays known as "Bangunan KWSP Changkat Raja Chulan" ("Bangunan KWSP") for a total cash consideration of RM62,000,000. The purchase consideration was an average of the two market values of the property as appraised by two independent registered valuers using Income Approach by Investment Method and the Comparison Approach.

Other than as stated above, there are no other items, transactions or events of a material and unusual nature which have arisen since 31 December 2021 to 21 February 2022 (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/year ended 31 December 2021

- (i) On 7 January 2021, the Company completed the acquisition of 600,000 ordinary shares ("AVM Sale Shares") in 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 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 goodwill for this acquisition amounting to RM38.0 million under the MFRS 3, *Business Combinations*.

- (ii) On 3 September 2021, TIME dotCom International Sdn Bhd, a wholly-owned subsidiary of the Company entered into a Departure Agreement with the other shareholders ("Thailand shareholders") of KIRZ Co. Ltd and KIRZ Holdings Co. Ltd. (collectively known as "KIRZ") to exit its investment in KIRZ.

On 14 October 2021, the subsidiary transferred all its shareholding in KIRZ to the Thailand shareholders at nominal value and derecognised all its investment in KIRZ. All amount due from KIRZ has been written off except for RM2,212,000 which are expected to be recovered after year end. As at 31 December 2021, the amount of RM2,212,000 had been provided for.

13. Contingent liabilities/assets

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

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14. Capital commitments

	As at 31/12/2021 RM'000
Property, plant and equipment	
a) Authorised but not contracted for	152,804
b) Contracted but not provided for	307,920

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 asset or liabilities, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

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

	←-----Total fair value-----→				Carrying value Total RM'000
31 December 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000
Financial instruments carried at fair value:					
Financial assets					
Other investments	-	-	43,731	43,731	43,731
Financial instruments not carried at fair value:					
Financial liabilities					
Term loans	-	-	127,746	127,746	130,486

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16. Tax expense

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

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/12/2021 RM'000	Preceding year corresponding quarter 31/12/2020 RM'000	Twelve months to 31/12/2021 RM'000	Twelve months to 31/12/2020 RM'000
Tax expense:				
- Current year	6,500	4,795	23,588	15,770
- Under provision in prior year	10	-	564	449
	6,510	4,795	24,152	16,219
Deferred tax expense:				
- Origination of temporary differences	29,573	35,311	110,993	105,666
- (Over)/Under provision in prior years	(1,378)	(1,645)	959	(1,097)
- Recognition of previously unrecognised temporary differences	(158)	(22,382)	(158)	(24,594)
	28,037	11,284	111,794	79,975
Total tax expense	34,547	16,079	135,946	96,194

The higher deferred tax expense arises as the Group has been utilising the accumulated tax losses and capital allowances. Income tax expense increased due to increased profitability.

The effective tax rate of the Group for the current quarter and financial year 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.

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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 21 February 2022, being the latest practicable date.

18. Loans and borrowings

The loans and borrowings as at 31 December 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 December 2021			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	10,397	101,916	112,313
- Denominated in USD	12,092	6,081	18,173
As at 31 December 2021	<u>22,489</u>	<u>107,997</u>	<u>130,486</u>
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	<u>18,122</u>	<u>28,675</u>	<u>46,797</u>

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 3.20% to 6.20% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 31 December 2021, do not include bank balances amounting to RM10,415,000 (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 21 February 2022, being the latest practicable date.

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21. Comparison between the current quarter ("Q4 2021") and the immediately preceding quarter ("Q3 2021")

	Q4 2021	Q3 2021	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	14,049	14,089	(40)	(0.3)
Data	269,237	264,032	5,205	2.0
Data centre	86,877	68,059	18,818	27.6
Others	917	589	328	55.7
Total revenue	371,080	346,769	24,311	7.0
Profit before tax	144,691	137,138	7,553	5.5

The Group reported a consolidated revenue of RM371.1 million in Q4 2021, which is RM24.3 million or 7.0% higher when compared to the RM346.8 million consolidated revenue reported in Q3 2021. One-off revenues from non-recurring contracts of RM13.4 million were recorded from data centre revenue in Q4 2021 as compared to NIL in Q3 2021. 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 RM10.9 million or 3.1% higher. The growth in consolidated revenue (excluding one-off revenues from non-recurring contracts) is mainly attributable to the increase in data centre and data sales, which grew 7.9% and 2.0% quarter-on-quarter respectively. All core customer groups also continued to show growth in recurring revenue led by retail and enterprise customers.

The Group's consolidated profit before tax in Q4 2021 amounted to RM144.7 million, which is RM7.6 million or 5.5% higher than the consolidated profit before tax of RM137.1 million in Q3 2021. The increase in Q4 2021 consolidated profit before tax was mainly due to the following:

- a) higher revenue in Q4 2021;
- b) higher share of profit from associates of RM1.7 million;
- c) higher interest income of RM0.2 million;
- d) reversal of over-provision for financial guarantee of RM0.9 million provided to an associate;
- e) lower finance costs of RM0.3 million;
- f) net reversal of allowance for doubtful debts of RM2.2 million as compared to net allowance for doubtful debts of RM2.3 million in Q3 2021;

offset by higher staff related costs, advertising and promotional expenses, impairment for construction deposit, depreciation charged for property, plant and equipment and right-of-use assets and lower net gain on foreign exchange (Q4 2021: RM1.5 million, Q3 2021: RM5.8 million) and dividend income.

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

(a) Comparison between the current quarter ("Q4 2021") versus three months period ended 31 December 2020 ("Q4 2020")

	Q4 2021	Q4 2020	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	14,049	18,053	(4,004)	(22.2)
Data	269,237	255,816	13,421	5.2
Data centre	86,877	39,953	46,924	117.4
Others	917	1,050	(133)	(12.7)
Total revenue	371,080	314,872	56,208	17.9
Profit before tax	144,691	109,329	35,362	32.3

The Group reported a consolidated revenue of RM371.1 million in Q4 2021, which was RM56.2 million or 17.9% higher when compared to the RM314.9 million consolidated revenue recorded in Q4 2020. One-off revenues from non-recurring contracts of RM13.4 million and RM1.0 million were recorded from data centre revenue in Q4 2021 and Q4 2020 respectively. 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 RM43.8 million or 13.9% higher. The increase in Q4 2021 consolidated revenue (excluding one-off revenues from non-recurring contracts) was mainly due to higher recurring data centre revenue, which grew RM34.5 million (or 88.5%), and data revenue, which grew RM13.4 million (or 5.2%). Year-on-year recurring revenue growth is mainly contributed by retail and enterprise customers.

The Group recorded a current quarter consolidated profit before tax of RM144.7 million which is RM35.4 million or 32.3% higher than the consolidated profit recorded in Q4 2020 of RM109.3 million. The increase in the Group's Q4 2021 profit before tax results was mainly due to the following:

- a) higher overall revenue growth in Q4 2021;
- b) net gain on foreign exchange of RM1.5 million in Q4 2021 as compared to net loss on foreign exchange of RM10.4 million in Q4 2020;
- c) higher interest income of RM0.5 million;
- d) higher share of profit from associates of RM2.9 million;
- e) reversal of over-provision for financial guarantee of RM0.9 million provided to an associate;
- f) net reversal of allowance for doubtful debts of RM2.2 million as compared to net allowance for doubtful debts of RM3.6 million in Q4 2020;

offset by higher depreciation charged for property, plant and equipment and right-of-use assets, finance costs, staff related costs, property, plant and equipment written off, net impairment for construction deposit and lower dividend income in the current quarter.

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

(b) Twelve months' period ended 31 December 2021 ("12M 2021") versus twelve months' period ended 31 December 2020 ("12M 2020")

	12M 2021 RM'000	12M 2020 RM'000	Increase/(decrease) RM'000	%
Revenue by product:				
Voice	66,523	70,981	(4,458)	(6.3)
Data	1,042,869	996,490	46,379	4.7
Data centre	284,543	152,136	132,407	87.0
Others	2,427	3,562	(1,135)	(31.9)
Total revenue	1,396,362	1,223,169	173,193	14.2
Profit before tax	532,724	423,098	109,626	25.9

The Group reported a consolidated revenue of RM1,396.4 million in 12M 2021, which is RM173.2 million or 14.2% higher when compared to the RM1,223.2 million consolidated revenue recorded in 12M 2020. One-off revenues from non-recurring contracts accounted for RM25.3 million out of the total consolidated revenue recognised in 12M 2021 (12M 2020: RM5.6 million). Excluding one-off revenues from non-recurring contracts, the overall consolidated revenue in the current year would have shown an increase of RM153.5 million or 12.6% when compared to the similarly adjusted revenue in the preceding year corresponding period. The increase in 12M 2021 revenue (excluding one-off non-recurring contracts) is mainly due to higher recurring data centre revenue of RM118.0 million (or 78.1%) and data revenue of RM49.8 million (or 5.0%). Enterprise and retail customers contributed positively to overall revenue growth in 12M 2021.

The Group recorded a consolidated profit before tax of RM532.7 million which is RM109.6 million or 25.9% higher than the consolidated profit before tax recorded in 12M 2020 of RM423.1 million. The increase in the Group's 12M 2021 profit before tax results was mainly due to the following:

- a) higher overall revenue in the current year;
- b) higher share of profit from associates of RM5.9 million;
- c) higher interest income of RM1.9 million;
- d) net gain on foreign exchange of RM19.1 million in 2021 compared to net loss on foreign exchange of RM16.2 million in 2020;
- e) lower property, plant and equipment written off of RM1.7 million;
- f) lower net allowance for doubtful debts of RM5.9 million;
- g) reversal of over-provision for financial guarantee of RM0.9 million provided to an associate;
- h) lower advertising and promotional expenses of RM1.5 million;

offset by higher depreciation charged for property, plant and equipment and right-of-use assets, finance costs, staff related costs, net impairment for construction deposits and lower dividend income.

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23. Profit before tax

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	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	(41,982)	(39,124)	(163,217)	(151,877)
Amortisation of borrowing costs	(73)	(68)	(325)	(319)
Interest expense				
- Interest on borrowings	(1,632)	(681)	(5,320)	(3,050)
- Other interest expense	(4,076)	(3,739)	(16,050)	(12,359)
- Interest on lease liabilities	(1,546)	(1,696)	(6,168)	(5,792)
Interest income	2,998	2,456	10,237	8,329
Dividend income	-	508	450	3,067
Net bad debt recovered	1,618	59	2,062	223
Net gain/(loss) on foreign currency exchange	1,542	(10,410)	19,089	(16,179)
Net allowance for doubtful debts	2,176	(3,589)	(7,163)	(13,107)
Net gain on disposal of property, plant and equipment	21	48	85	73
Property, plant and equipment written off	(232)	(37)	(232)	(1,896)
Net impairment for construction deposit	(3,247)	(2,392)	(3,247)	(2,392)
Reversal of over-provision for financial guarantee*	960	-	960	-

* This is a reversal of an over-provision for financial guarantees of RM16.1 million previously provided for KIRZ Co., Ltd, which was not fully utilised.

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24. Prospects

The Group sustained its operational and financial performance in the financial year 2021, despite the challenges due to the COVID-19 pandemic. Demand for TIME's products and services remains resilient across all customer segments, and the Group is optimistic of further growth prospects arising from the gradual reopening of the nation under the National Recovery Plan and the acceleration of Malaysia's digital economy aspirations.

Network availability and stability remains the Group's top priority along with the health and safety of its employees and other stakeholders.

Domestically, the Group remains committed to continue expanding its network footprint and innovating to offer high quality products and services, in line with the Government's objectives under JENDELA and MyDigital Blueprint. The Group is also poised to seize opportunities in the cloud and data centre markets with the recent operationalization of its data centre, AIMS Cyberjaya, which is seeing encouraging customer demand and take-up.

Regionally, the Group will continue to strengthen its strategic position in the cloud and data centre space while continuing to meet demand for cross-border connectivity, leveraging on its extensive presence in ASEAN.

25. Profit forecast and profit guarantee

The Group has not provided any profit forecast or profit guarantee in any public document.

26. Earnings per share ("EPS")

	Individual Quarter		Cumulative Quarter	
	Current quarter 31/12/2021	Preceding year corresponding quarter 31/12/2020	Twelve months to 31/12/2021	Twelve months to 31/12/2020
Basic EPS:				
Weighted average number of shares in issue ('000)	1,805,775	604,262	1,817,726	598,404
Bonus issue subsequent to year end ('000)	-	1,208,524	-	1,196,808
	<u>1,805,775</u>	<u>1,812,786</u>	<u>1,817,726</u>	<u>1,795,212</u>
Profit for the period/year attributable to owners of the Company (RM'000)	<u>108,592</u>	<u>94,355</u>	<u>393,160</u>	<u>328,047</u>
Basic EPS	<u>6.01 sen</u>	<u>5.20 sen</u> #	<u>21.63 sen</u>	<u>18.27 sen</u> #
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	1,805,775	604,262	1,817,726	598,404
Effect of share options	1,750	1,353	1,789	976
Weighted average number of shares in issue ('000) (Diluted)	1,807,525	605,615	1,819,515	599,380
Bonus issue subsequent to year end ('000)	-	1,211,230	-	1,198,760
	<u>1,807,525</u>	<u>1,816,845</u>	<u>1,819,515</u>	<u>1,798,140</u>
Profit for the period/year attributable to owners of the Company (RM'000)	<u>108,592</u>	<u>94,355</u>	<u>393,160</u>	<u>328,047</u>
Diluted EPS	<u>6.01 sen</u>	<u>5.19 sen</u> #	<u>21.61 sen</u>	<u>18.24 sen</u> #

Basic and diluted EPS were adjusted to reflect impact of bonus issue exercise on the basis of two (2) bonus shares for every one (1) existing ordinary share held which was completed on 6 August 2021. Basic EPS previously reported in preceding year corresponding quarter and year-to-date was 15.61 sen and 54.82 sen respectively. Diluted EPS previously reported in preceding year corresponding quarter and year-to-date was 15.58 sen and 54.73 sen respectively.

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27. Related party transactions

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

	Cumulative Quarter	
	Twelve months to 31/12/2021 RM'000	Twelve months to 31/12/2020 RM'000
Related parties		
Revenue from data, voice and other services	61,988	75,523
Sales of IT related services	48,529	-
Interconnect revenue	1,487	1,994
Fee for wayleave and right of use of telecommunications facilities	(10,343)	(10,468)
Interconnect charges	(1,230)	(2,089)
Leased line and infrastructure costs	(42,486)	(40,039)
Network maintenance costs	(2,180)	(2,492)
Training expenses	(491)	(238)
Rental of office and utility charges	(114)	(114)
Professional fees on corporate exercise	(96)	(220)
Interest on advances	(598)	(108)
	(598)	(108)
Companies in which Directors have significant financial interest		
Revenue from data, voice and other services	63	69
Professional legal fees costs	-	(48)
	-	(48)

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
25 February 2022