

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 30/6/2021 RM'000	Unaudited Preceding year corresponding quarter 30/6/2020 RM'000	Unaudited Six months to 30/6/2021 RM'000	Unaudited Six months to 30/6/2020 RM'000
Operating revenue	347,181	304,804	678,513	598,752
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(40,406)	(36,671)	(80,431)	(73,311)
- other operating expenses	(185,706)	(158,494)	(360,645)	(323,060)
Other operating income (net)	3,486	(11,695) *	12,099	15,442
Profit from operations	124,555	97,944	249,536	217,823
Income from investments	2,064	1,595	4,566	6,674
Finance costs	(5,973)	(4,858)	(12,966)	(9,526)
Share of profit from associates, net of tax	4,873	3,263	9,759	8,527
Profit before tax	125,519	97,944	250,895	223,498
Tax expense	(32,250)	(28,159)	(66,005)	(55,751)
Profit for the period	93,269	69,785	184,890	167,747
Profit attributable to:				
Owners of the Company	92,672	69,785	184,025	167,747
Non-controlling interests	597	-	865	-
Profit for the period	93,269	69,785	184,890	167,747

* Included in the preceding year corresponding 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 2020.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 30/6/2021 RM'000	Unaudited Preceding year corresponding quarter 30/6/2020 RM'000	Unaudited Six months to 30/6/2021 RM'000	Unaudited Six months to 30/6/2020 RM'000
Profit for the period	93,269	69,785	184,890	167,747
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	(1,052)	943	(1,644)	3,611
- Cash flow hedge – associate	166	-	297	-
	<u>(886)</u>	<u>943</u>	<u>(1,347)</u>	<u>3,611</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")	-	(990)	1,286	2,507
	<u>-</u>	<u>(990)</u>	<u>1,286</u>	<u>2,507</u>
Total other comprehensive (expense)/ income for the period, net of tax	(886)	(47)	(61)	6,118
Total comprehensive income for the period	92,383	69,738	184,829	173,865
Total comprehensive income attributable to:				
Owners of the Company	91,786	69,738	183,964	173,865
Non-controlling interests	597	-	865	-
Total comprehensive income for the period	92,383	69,738	184,829	173,865
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	15.33 sen	11.63 sen	30.44 sen	28.30 sen
- Diluted	15.29 sen	11.62 sen	30.38 sen	28.27 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.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/6/2021 RM'000	Audited As at 31/12/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,762,880	1,689,670
Right-of-use assets	140,970	154,568
Intangible assets	251,966	213,959
Investment in associates	448,060	441,360
Other investments	32,350	31,271
Deferred tax assets	112,585	165,310
Trade and other receivables	2,050	2,112
	<u>2,750,861</u>	<u>2,698,250</u>
Current assets		
Tax recoverable	861	812
Trade and other receivables	532,258	452,393
Restricted cash	4,081	332
Cash and cash equivalents	747,679	748,796
	<u>1,284,879</u>	<u>1,202,333</u>
Total assets	<u>4,035,740</u>	<u>3,900,583</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,345,129	1,340,475
Reserves	1,698,709	1,704,450
Equity attributable to owners of the Company	3,043,838	3,044,925
Non-controlling interests	19,499	5,367
Total equity	<u>3,063,337</u>	<u>3,050,292</u>
Non-current liabilities		
Loans and borrowings	118,978	28,675
Lease liabilities	112,001	118,373
Trade and other payables	313,315	301,616
Deferred tax liabilities	16,289	15,171
	<u>560,583</u>	<u>463,835</u>
Current liabilities		
Loans and borrowings	22,341	18,122
Lease liabilities	26,893	18,851
Trade and other payables	351,512	344,335
Provision for tax	11,074	5,148
	<u>411,820</u>	<u>386,456</u>
Total liabilities	<u>972,403</u>	<u>850,291</u>
Total equity and liabilities	<u>4,035,740</u>	<u>3,900,583</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM5.03</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.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/6/2021 RM'000	Unaudited Six months to 30/6/2020 RM'000
Operating Activities		
Cash receipts from customers	676,070	555,636
Transfer to restricted cash	(43)	(148)
Cash payments to suppliers	(206,532)	(168,492)
Cash payments to employees and for administrative expenses	(161,892)	(160,800)
Payment of lease liabilities	(15,488)	(9,398)
Cash generated from operations	292,115	216,798
Tax paid	(7,925)	(4,949)
Net cash generated from operating activities	284,190	211,849
Investing Activities		
Acquisition of property, plant and equipment	(149,271)	(116,818)
Proceeds from disposal of property, plant and equipment	115	-
Acquisition of other investments	-	(582)
Acquisition of subsidiary, net of cash and cash equivalents acquired	(40,182)	-
Investment income received	5,618	7,332
Net cash used in investing activities	(183,720)	(110,068)
Financing Activities		
Proceed from loans and borrowings	104,043	-
Repayment of term loans and borrowings	(15,991)	(54,494)
Finance charges paid	(2,101)	(2,409)
Proceeds from issuance of additional shares	3,492	95,979
Proceeds 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	(104,264)	(130,906)
Net change in cash and cash equivalents	(3,794)	(29,125)
Effect of exchange rate fluctuations on cash held	2,517	2,390
Cash and cash equivalents as at beginning of financial period	748,796	506,954
Cash and cash equivalents as at end of financial period	Note (a) 747,519	480,219
Note:		
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	260,771	178,751
Deposits with licensed banks	490,989	301,782
	751,760	480,533
Restricted cash	(4,081)	(314)
Cash and cash equivalents in the statement of financial position	747,679	480,219
Bank overdraft	(160)	-
Cash and cash equivalents in the statements of cash flows	747,519	480,219

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					
Six months to 30 June 2021 (unaudited)	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	Total 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	-	-	-	-	-	(200,011)	(200,011)	-	(200,011)
Employee share grant plan/option scheme	-	-	-	11,468	-	-	11,468	-	11,468
Issuance of shares pursuant to the share option granted	4,654	-	-	(1,162)	-	-	3,492	-	3,492
Acquisition of subsidiaries	-	-	-	-	-	-	-	13,267	13,267
Profit for the period	-	-	-	-	-	184,025	184,025	865	184,890
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	-	-	(1,644)	-	-	-	(1,644)	-	(1,644)
Cash flow hedge - associate	-	-	-	-	297	-	297	-	297
Total comprehensive income/(expense) for the period	-	1,286	(1,644)	-	297	184,025	183,964	865	184,829
Balance as at 30 June 2021	1,345,129	14,417	34,304	35,115	(468)	1,615,341	3,043,838	19,499	3,063,337

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 (CONTINUED)

	← Non-distributable →				Distributable	
Six months to 30 June 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	-	-	-	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

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 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 periods 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 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
Amendments to Illustrative Examples accompanying MFRS 16	<i>Leases Annual Improvements to MFRS Standards 2018–2020</i> 1 January 2022
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 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 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 Cloud Sdn. Bhd. ("AVM") and Integrated Global Solutions Sdn. Bhd. ("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.

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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 30 June 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 30 June 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 Annual Restricted Share Plan and Annual Performance Share Plan. 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.

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 30 June 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.

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9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 30/6/2021 RM'000	Preceding year corresponding quarter 30/6/2020 RM'000	Six months to 30/6/2021 RM'000	Six months to 30/6/2020 RM'000
Operating Revenue				
Voice	23,228	17,323	38,385	34,870
Data	257,819	249,297	509,600	488,750
Data centre	65,232	36,837	129,607	73,246
Others	902	1,347	921	1,886
	347,181	304,804	678,513	598,752
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(40,406)	(36,671)	(80,431)	(73,311)
Other operating expenses	(185,706)	(158,494)	(360,645)	(323,060)
Other operating income (net)	3,486	(11,695) *	12,099	15,442
Profit from operations	124,555	97,944	249,536	217,823
Investment income	2,064	1,595	4,566	6,674
Finance expense	(5,973)	(4,858)	(12,966)	(9,526)
Share of profit from associates, net of tax	4,873	3,263	9,759	8,527
Profit before income tax	125,519	97,944	250,895	223,498
Geographical locations				
Operating Revenue				
Within Malaysia	327,573	286,065	640,120	562,768
Outside Malaysia	19,608	18,739	38,393	35,984
	347,181	304,804	678,513	598,752
Timing of revenue recognition				
Over time	315,870	275,588	619,082	545,853
At a point in time	31,223	28,200	59,255	51,548
Revenue not within the scope of MFRS 15	88	1,016	176	1,351
	347,181	304,804	678,513	598,752

* Included in the preceding year corresponding 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 2020.

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

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 of 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.

In the opinion of the Directors, other than those disclosed in Note 7, there are no other items, transactions or events of a material and unusual nature which have arisen since 30 June 2021 to 24 August 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 30 June 2021

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 provisional goodwill for this acquisition amounting to RM38.0 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 30/6/2021 RM'000
Property, plant and equipment	
a) Authorised but not contracted for	236,691
b) Contracted but not provided for	173,051

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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
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
30 June 2021					
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	-	-	137,289	137,289	141,319

16. Income tax

The income tax expense for the Group for current quarter and financial period ended 30 June 2021 was made up as follows:

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 30/6/2021 RM'000	Preceding year corresponding quarter 30/6/2020 RM'000	Six months to 30/6/2021 RM'000	Six months to 30/6/2020 RM'000
Tax expense:				
Current year	5,441	3,328	11,933	7,327
Over provision in prior year	-	-	(25)	-
	5,441	3,328	11,908	7,327
Deferred tax expense:				
- Origination of temporary differences	27,435	24,139	53,397	49,944
- (Over) / Under provision in prior years	(626)	692	700	692
- Recognition of previously unrecognised temporary differences	-	-	-	(2,212)
	26,809	24,831	54,097	48,424
Total income tax expense	32,250	28,159	66,005	55,751

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16. Income tax (continued)

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). Income tax expense increased due to increased profitability.

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.

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 24 August 2021, being the latest practicable date.

18. Loans and borrowings

The loans and borrowings as at 30 June 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
30 June 2021			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	10,383	107,081	117,464
- Denominated in USD	11,798	11,897	23,695
Bank Overdraft	160	-	160
As at 30 June 2021	22,341	118,978	141,319
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 3.20% to 6.95% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 30 June 2021, do not include bank balances amounting to RM10,207,000 (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 August 2021, being the latest practicable date.

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21. Comparison between the current quarter ("Q2 2021") and the immediately preceding quarter ("Q1 2021")

	Q2 2021	Q1 2021	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	23,228	15,157	8,071	53.2
Data	257,819	251,781	6,038	2.4
Data centre	65,232	64,375	857	1.3
Others	902	19	883	>100
Total revenue	347,181	331,332	15,849	4.8
Profit before tax	125,519	125,376	143	0.1

The Group reported a consolidated revenue of RM347.2 million in Q2 2021, which is RM15.8 million or 4.8% higher when compared to the RM331.3 million consolidated revenue reported in Q1 2021. One-off revenues from non-recurring data centre, voice and data contracts amounting to RM0.5 million (Q1 2021: RM1.5 million), RM8.9 million (Q1 2021: Nil) and RM1.1 million (Q1 2021: Nil) respectively were recorded in Q2 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 RM7.0 million or 2.1% 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 2.9% and 1.9% 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 2021 amounted to RM125.5 million, which is RM0.1 million or 0.1% higher than the consolidated profit before tax of RM125.4 million in Q1 2021. The increase in Q2 2021 consolidated profit before tax was mainly due to the following:

- a) Higher revenue in Q2 2021;
- b) Lower finance costs of RM1.0mil;

offset by lower net gain on foreign exchange of RM3.4 million in Q2 2021 compared to RM8.3 million in Q1 2021 and lower interest income, and higher provision for doubtful debts of RM2.3 million;

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

(a) Comparison between the current quarter (“Q2 2021”) versus three months period ended 30 June 2020 (“Q2 2020”)

	Q2 2021	Q2 2020	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	23,228	17,323	5,905	34.1
Data	257,819	249,297	8,522	3.4
Data centre	65,232	36,837	28,395	77.1
Others	902	1,347	(445)	(33.0)
Total revenue	347,181	304,804	42,377	13.9
Profit before tax	125,519	97,944	27,575	28.2

The Group reported a consolidated revenue of RM347.2 million in Q2 2021, which was RM42.4 million or 13.9% higher when compared to the RM304.8 million consolidated revenue recorded in Q2 2020. One-off revenues from non-recurring data centre, voice and data contracts amounting to RM0.5 million (Q2 2020: Nil), RM8.9 million (Q2 2020: Nil) and RM1.1 million (Q2 2020: RM1.8 million) respectively were recorded in Q2 2021. Excluding one-off non-recurring contract revenues, consolidated revenue would have increased by RM33.8 million or 11.2% in the current quarter. The increase in Q2 2021 consolidated revenue (excluding one-off non-recurring contract revenues) was mainly due to higher recurring data centre revenue, which grew RM27.9 million (or 75.8%) and data revenue which grew RM9.2 million (or 3.7%) respectively. Solid year-on-year recurring revenue growth with the largest growth contributions seen coming from retail and enterprise customers.

The Group recorded a current quarter consolidated profit before tax of RM125.5 million which is RM27.6 million or 28.2% higher than the consolidated profit recorded in Q2 2020 of RM97.9 million. The increase in the Group's Q2 2021 profit before tax results was mainly due to the following:

- a) higher overall revenue growth in Q2 2021;
- b) higher net gain on foreign exchange of RM3.4m in Q2 2021 as compared to loss on foreign exchange of RM12.3m in Q2 2020;
- c) higher interest income of RM0.5m;
- d) higher share of associates of RM1.6m;
- e) lower property, plant and equipment written off of RM1.9m;

offset by higher depreciation charged for property, plant and equipment and right-of-use assets of RM3.7 million, higher allowance for doubtful debts of RM3.4m and finance costs in the current quarter.

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

(b) Comparison between the half year period ended 30 June 2021 ("HY 2021") versus half year period ended 30 June 2020 ("HY 2020")

	HY 2021 RM'000	HY 2020 RM'000	Increase/(decrease) RM'000	%
Revenue by product:				
Voice	38,385	34,870	3,515	10.1
Data	509,600	488,750	20,850	4.3
Data centre	129,607	73,246	56,361	76.9
Others	921	1,886	(965)	(51.2)
Total revenue	678,513	598,752	79,761	13.3
Profit before tax	250,895	223,498	27,397	12.3

The Group reported a consolidated revenue of RM678.5 million in HY 2021, which is RM79.8 million or 13.3% higher when compared to the RM598.7 million consolidated revenue recorded in HY 2020. One-off revenues from non-recurring contracts accounted for RM11.9 million out of the total consolidated revenue recognised in HY 2021 (HY 2020: RM4.6 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 RM72.4 million or 12.2% when compared to the similarly adjusted revenue in the preceding year corresponding period. The increase in HY 2021 revenue (excluding one-off non-recurring contracts) is mainly due to higher recurring data centre revenue of RM54.4 million (or 74.3%) and data revenue of RM24.3 million (or 5.0%) respectively. Retail and enterprise groups also contributed positively to overall revenue growth in HY 2021.

The Group recorded a current half year consolidated profit before tax of RM250.9 million which is RM27.4 million or 12.3% higher than the consolidated profit before tax recorded in HY 2020 of RM223.5 million. The increase in the Group's HY 2021 profit before tax results was mainly due to the following:

- a) higher overall revenue in the current half year period;
- b) higher share of profit from associates of RM1.2m;
- c) higher interest income of RM0.5m;
- d) lower property, plant and equipment written off of RM1.9m;
- e) lower advertising expenses of RM3.9m;

offset by higher depreciation charged for property, plant and equipment and right-of-use assets, finance costs, provision for doubtful debts, lower dividend income and lower net gain on foreign exchange RM11.7m as compared to HY 2020 of RM14.9m.

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23. Profit before tax

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	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	(40,406)	(36,671)	(80,431)	(73,311)
Amortisation of borrowing costs	(84)	(85)	(174)	(175)
Interest expense				
- Interest on borrowings	(350)	(741)	(1,990)	(1,757)
- Other interest expense	(4,000)	(2,658)	(7,663)	(4,987)
- Interest on lease liabilities	(1,539)	(1,374)	(3,139)	(2,607)
Interest income	2,064	1,595	4,566	4,115
Dividend income	-	-	-	2,559
Net bad debt recovered	112	43	366	567
Net gain/(loss) on foreign currency exchange	3,375	(12,267)	11,711	14,851
Net allowance for doubtful debts	(4,673)	(1,305)	(7,011)	(3,635)
Net (loss) on disposal of property, plant and equipment written off	-	(1,857)	(64)	(1,857)

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24. Prospects

Whilst the Group saw continued stability in its operational and financial performance over the first half of this year, challenges are expected to persist in the near term due to the cascading effect of the COVID-19 pandemic on the wider economy. Nevertheless, it is hopeful that recovery will be forthcoming due to the uptick in vaccination rates and reopening of affected economic sectors, particularly for SME's and Enterprises.

Notwithstanding, the Group will continue to monitor conditions to ensure the sustainability of its operational and business performance.

The Group's top priority remains maintaining network availability and stability alongside continued vigilance on the health and safety of employees and stakeholders. The Group will also continue to support the Malaysian government to achieve its national telecommunications and digital economy objectives under JENDELA and the Malaysia Digital Economy Blueprint (MyDigital). The Group will contribute by strengthening its existing domestic fibre network infrastructure and expanding coverage. In addition, the Group will also continue to provide high quality, meaningful solutions across all segments in tandem with strengthening the Group's strategic position in the Cloud and data center segments to seize the opportunities within this space for the Group's long-term growth.

TIME will also continue to focus on tapping into demand for cross-border connectivity and data centres in ASEAN in line with its strategic expansion plans for the region.

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 30/6/2021	Preceding year corresponding quarter 30/6/2020	Six months to 30/6/2021	Six months to 30/6/2020
Basic EPS:				
Weighted average number of shares in issue ('000)	604,657	599,813	604,461	592,674
Profit for the period attributable to owners of the Company (RM'000)	92,672	69,785	184,025	167,747
Basic EPS	15.33 sen	11.63 sen	30.44 sen	28.30 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	604,657	599,813	604,461	592,674
Effect of share options	1,264	828	1,269	678
Weighted average number of shares in issue ('000) (Diluted)	605,921	600,641	605,730	593,352
Profit for the period attributable to owners of the Company (RM'000)	92,672	69,785	184,025	167,747
Diluted EPS	15.29 sen	11.62 sen	30.38 sen	28.27 sen

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27. Related party transactions

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

	Cumulative Quarter	
	Six	Six
	months to 30/6/2021 RM'000	months to 30/6/2020 RM'000
Related parties		
Revenue from data, voice and other services	29,931	39,364
Sales of IT related services	22,194	-
Interconnect revenue	792	1,019
Fee for wayleave and right of use of telecommunications facilities	(5,189)	(5,234)
Interconnect charges	(691)	(1,086)
Leased line and infrastructure costs	(21,488)	(18,043)
Network maintenance costs	(1,259)	(1,161)
Training expenses	(243)	(54)
Rental of office and utility charges	(56)	(57)
Professional fees on corporate exercise	(4)	(60)
Interest on advance to related company	(291)	-
	-	-
Companies in which Directors have significant financial interest		
Revenue from data, voice and other services	32	49
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
27 August 2021