

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|--|--|--|
| | Unaudited Current year quarter 31/3/2020 RM'000 | Unaudited Preceding year corresponding quarter 31/3/2019 RM'000 | Unaudited Three months to 31/3/2020 RM'000 | Unaudited Three months to 31/3/2019 RM'000 |
| Operating revenue | 293,948 | 262,542 | 293,948 | 262,542 |
| Operating expenses | | | | |
| - depreciation and amortisation of property, plant and equipment and right-of-use assets | (36,640) | (38,430) | (36,640) | (38,430) |
| - other operating expenses | (164,566) | (154,968) | (164,566) | (154,968) |
| Other operating income (net) | 27,137 | 383 | 27,137 | 383 |
| Profit from operations | 119,879 | 69,527 | 119,879 | 69,527 |
| Investment income | 5,079 | 2,186 | 5,079 | 2,186 |
| Finance expense | (4,668) | (8,306) | (4,668) | (8,306) |
| Share of profit from investment in associates, net of tax | 5,264 | 3,651 | 5,264 | 3,651 |
| Profit before income tax | 125,554 | 67,058 | 125,554 | 67,058 |
| Income tax expense | (27,592) | (3,926) | (27,592) | (3,926) |
| Profit for the period attributable to owners of the Company | 97,962 | 63,132 | 97,962 | 63,132 |
| Other comprehensive income: | | | | |
| Foreign currency translation differences for foreign operations | 2,668 | 2,767 | 2,668 | 2,767 |
| Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI") | 3,497 | 548 | 3,497 | 548 |
| Other comprehensive income for the period | 6,165 | 3,315 | 6,165 | 3,315 |
| Total comprehensive income for the period attributable to owners of the Company | 104,127 | 66,447 | 104,127 | 66,447 |
| Earnings per share (based on weighted average number of ordinary shares) | | | | |
| - Basic | 16.73 sen | 10.82 sen | 16.73 sen | 10.82 sen |
| - Diluted | 16.52 sen | 10.72 sen | 16.52 sen | 10.72 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 2019.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As at 31/3/2020 RM'000 | Audited As at 31/12/2019 RM'000 |
|---|--|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 1,638,507 | 1,586,926 |
| Right-of-use assets | 112,446 | 110,194 |
| Intangible assets | 213,959 | 213,959 |
| Investment in associates | 438,919 | 433,295 |
| Other investments | 30,662 | 26,582 |
| Deferred tax assets | 221,259 | 243,986 |
| Trade and other receivables | 2,932 | 2,443 |
| | <u>2,658,684</u> | <u>2,617,385</u> |
| Current assets | | |
| Tax recoverable | 1,006 | 921 |
| Trade and other receivables | 462,414 | 395,308 |
| Restricted cash | 250 | 166 |
| Cash and cash equivalents | 348,732 | 506,954 |
| | <u>812,402</u> | <u>903,349</u> |
| Total assets | <u>3,471,086</u> | <u>3,520,734</u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 1,200,135 | 1,200,135 |
| Reserves | 1,508,773 | 1,566,722 |
| Equity attributable to owners of the Company | <u>2,708,908</u> | <u>2,766,857</u> |
| Non-current liabilities | | |
| Loans and borrowings | 41,373 | 43,402 |
| Lease liabilities | 91,149 | 86,111 |
| Trade and other payables | 217,221 | 214,017 |
| Deferred tax liabilities | 14,809 | 13,872 |
| | <u>364,552</u> | <u>357,402</u> |
| Current liabilities | | |
| Loans and borrowings | 58,412 | 69,948 |
| Lease liabilities | 14,512 | 14,229 |
| Trade and other payables | 319,559 | 308,486 |
| Provision for tax | 5,143 | 3,812 |
| | <u>397,626</u> | <u>396,475</u> |
| Total liabilities | <u>762,178</u> | <u>753,877</u> |
| Total equity and liabilities | <u>3,471,086</u> | <u>3,520,734</u> |
| Net assets per share attributable to ordinary owners of the Company | <u>RM4.63</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 Three months to 31/3/2020 RM'000 | Unaudited Three months to 31/3/2019 RM'000 |
|--|---|---|
| Operating Activities | | |
| Cash receipts from customers | 260,248 | 261,245 |
| Transfer (to)/from restricted cash and bank balances | (84) | 156 |
| Cash payments to suppliers | (77,636) | (96,125) |
| Cash payments to employees and for administrative expenses | (84,939) | (62,653) |
| Payment of lease liabilities | (3,003) | (6,526) |
| Cash generated from operations | 94,586 | 96,097 |
| Tax paid | (2,753) | (2,346) |
| Net cash generated from operating activities | 91,833 | 93,751 |
| Investing Activities | | |
| Acquisition of property, plant and equipment | (72,937) | (48,617) |
| Investment income received | 5,329 | 2,551 |
| Net cash used in investing activities | (67,608) | (46,066) |
| Financing Activities | | |
| Finance charges paid | (1,295) | (2,336) |
| Repayment of term loans and borrowings | (15,789) | (9,521) |
| Dividend paid | (169,982) | (120,009) |
| Net cash used in financing activities | (187,066) | (131,866) |
| Net change in cash and cash equivalents | (162,841) | (84,181) |
| Effect of exchange rate fluctuations on cash held | 4,619 | (2,976) |
| Cash and cash equivalents as at beginning of financial period | 506,954 | 389,399 |
| Cash and cash equivalents as at end of financial period | 348,732 | 302,242 |
| | Note (a) | |
| Note: | | |
| (a) Cash and cash equivalents comprise the following amounts: | | |
| Cash and bank balances | 142,985 | 125,730 |
| Deposits with licensed banks | 205,997 | 184,421 |
| | 348,982 | 310,151 |
| Restricted cash | (250) | (7,909) |
| Cash and cash equivalents | 348,732 | 302,242 |

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 |
| Three months to 31 March 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 | - | - | - | 7,906 | - | 7,906 |
| Profit for the period | - | - | - | - | 97,962 | 97,962 |
| Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI") | - | 3,497 | - | - | - | 3,497 |
| Exchange differences recognised directly in equity | - | - | 2,668 | - | - | 2,668 |
| Total comprehensive income for the year | - | 3,497 | 2,668 | - | 97,962 | 104,127 |
| Balance as at 31 March 2020 | 1,200,135 | 14,522 | 42,946 | 50,655 | 1,400,650 | 2,708,908 |

| | ← 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 |
| Three months to 31 March 2019 (unaudited) | | | | | | |
| 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 | - | - | - | 6,566 | - | 6,566 |
| Profit for the period | - | - | - | - | 63,132 | 63,132 |
| Fair value gain on equity investments designated at FVOCI | - | 548 | - | - | - | 548 |
| Exchange differences recognised directly in equity | - | - | 2,767 | - | - | 2,767 |
| Total comprehensive income for the period | - | 548 | 2,767 | - | 63,132 | 66,447 |
| Balance as at 31 March 2019 | 1,186,659 | 2,963 | 27,518 | 33,813 | 1,221,766 | 2,472,719 |

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 |
|------------------------------------|--|
| 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 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.

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.

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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

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.

Other than stated above, the Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current period ended 31 March 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 31/3/2020 RM'000 | Preceding year corresponding quarter 31/3/2019 RM'000 | Three months to 31/3/2020 RM'000 | Three months to 31/3/2019 RM'000 |
| Operating Revenue | | | | |
| Voice | 17,547 | 17,122 | 17,547 | 17,122 |
| Data | 239,453 | 211,388 | 239,453 | 211,388 |
| Data centre | 36,409 | 33,649 | 36,409 | 33,649 |
| Others | 539 | 383 | 539 | 383 |
| | 293,948 | 262,542 | 293,948 | 262,542 |
| Operating Expenses: | | | | |
| Depreciation and amortisation of property, plant and equipment and right-of-use assets | (36,640) | (38,430) | (36,640) | (38,430) |
| Other operating expenses | (164,566) | (154,968) | (164,566) | (154,968) |
| Other operating income (net) | 27,137 | 383 | 27,137 | 383 |
| Profit from operations | 119,879 | 69,527 | 119,879 | 69,527 |
| Investment income | 5,079 | 2,186 | 5,079 | 2,186 |
| Finance expense | (4,668) | (8,306) | (4,668) | (8,306) |
| Share of profit from investment in associates, net of tax | 5,264 | 3,651 | 5,264 | 3,651 |
| Profit before income tax | 125,554 | 67,058 | 125,554 | 67,058 |
| Geographical locations | | | | |
| Operating Revenue | | | | |
| Within Malaysia | 276,703 | 248,457 | 276,703 | 248,457 |
| Outside Malaysia | 17,245 | 14,085 | 17,245 | 14,085 |
| | 293,948 | 262,542 | 293,948 | 262,542 |
| Timing of revenue recognition | | | | |
| Over time | 270,265 | 245,620 | 270,265 | 245,620 |
| At a point in time | 23,348 | 16,712 | 23,348 | 16,712 |
| Revenue not within the scope of MFRS 15 | 335 | 210 | 335 | 210 |
| | 293,948 | 262,542 | 293,948 | 262,542 |

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

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 totaling RM95,978,682 as a result of the said exercise of share options.

In the opinion of the Directors, there were no other items, transactions or events of a material and unusual nature which have arisen since 31 March 2020 to 22 May 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 31 March 2020

There were no changes in the composition of the Group during the three months period ended 31 March 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 31/3/2020 RM'000 |
|---|---------------------------------------|
| Property, plant and equipment | |
| a) Approved and contracted but not provided for in the financial statements | 252,161 |
| b) Approved but not contracted for | 39,842 |

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 |
|---|------------------------------|---------------------------|---------------------------|-------------------------|--|
| 31 March 2020 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | RM'000 |
| Financial instruments carried at fair value: | | | | | |
| Financial assets | | | | | |
| Other unquoted investments | - | - | 30,662 | 30,662 | 30,662 |

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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).

| 31 March 2020 | ←-----Total fair value-----→ | | | | Carrying value Total RM'000 |
|---|------------------------------|-------------------|-------------------|-----------------|--------------------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | |
| Financial instruments not carried at fair value: | | | | | |
| Financial liabilities | | | | | |
| Term loans | - | - | 55,576 | 55,576 | 56,225 |
| Revolving credit | - | - | 43,560 | 43,560 | 43,560 |
| | - | - | 99,136 | 99,136 | 99,785 |

16. Income tax

The income tax expense for the Group for current quarter and financial period ended 31 March 2019 was made up as follows:

| Group | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | Current quarter 31/3/2020 RM'000 | Preceding year corresponding quarter 31/3/2019 RM'000 | Three months to 31/3/2020 RM'000 | Three months to 31/3/2019 RM'000 |
| Income tax: | | | | |
| Current year | 3,999 | 3,328 | 3,999 | 3,328 |
| Deferred tax: | | | | |
| - Origination of temporary differences | 25,805 | 16,924 | 25,805 | 16,924 |
| - Recognition of previously unrecognised temporary differences | (2,212) | (16,326) | (2,212) | (16,326) |
| | 23,593 | 598 | 23,593 | 598 |
| Total | 27,592 | 3,926 | 27,592 | 3,926 |

The effective tax rate of the Group for the preceding year corresponding quarters and financial period are lower than the statutory tax rate of 24% principally due to certain non-taxable income and utilisation of unabsorbed capital allowances and tax losses available to the Group. The lower effective tax rate is also due to the lower tax rates prevailing in some of the jurisdictions/countries in which the Group operates and the recognition of previously unrecognised temporary differences.

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

There are no corporate proposals, which have been announced but not completed as at 22 May 2020, being the latest practicable date.

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18. Loans and borrowings

The loans and borrowings as at 31 March 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 |
|--------------------------|--|---|-----------------|
| 31 March 2020 | | | |
| Loans and borrowings | | | |
| <u>Secured:</u> | | | |
| - Denominated in RM | 2,507 | 13,212 | 15,719 |
| - Denominated in USD | 12,345 | 28,161 | 40,506 |
| <u>Unsecured:</u> | | | |
| - Denominated in USD | 43,560 | - | 43,560 |
| As at 31 March 2020 | 58,412 | 41,373 | 99,785 |
| | | | |
| 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 3.05% to 4.85% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 31 March 2020, do not include bank balances amounting to RM7,918,000 (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 22 May 2020, being the latest practicable date.

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21. Comparison between the current quarter ("Q1 2020") and the immediate preceding quarter ("Q4 2019")

| | Q1 2020 | As restated Q4 2019 | Re- classification | As previously reported Q4 2019 | Increase/(decrease) | |
|----------------------------|----------------|------------------------|-----------------------|---|---------------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | % |
| Revenue by product: | | | | | | |
| Voice | 17,547 | 19,520 | - | 19,520 | (1,973) | (10.1) |
| Data | 239,453 | 238,203 | 1,698 | 239,901 | 1,250 | 0.5 |
| Data centre | 36,409 | 37,245 | (2,895) | 34,350 | (836) | (2.2) |
| Others | 539 | 375 | 1,197 | 1,572 | 164 | 43.7 |
| Total revenue | 293,948 | 295,343 | - | 295,343 | (1,395) | (0.5) |
| Profit before tax | 125,554 | 79,915 | - | 79,915 | 45,639 | 57.1 |

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

The Group reported consolidated revenues of RM293.9 million in Q1 2020, which is RM1.4 million or 0.5% lower when compared to the RM295.3 million consolidated revenue reported in Q4 2019. One-off revenues from non-recurring contracts amounting to RM2.8 million from data revenues were recorded in Q1 2020. In the previous quarter, one-off revenues from non-recurring contracts amounting to RM3.2 million from data revenues and RM0.5 million from data centre revenues were recorded. Should one-off revenues from non-recurring contracts be excluded from consolidated revenues for better comparability, overall consolidated revenues in the current quarter would have been RM0.4 million or 0.1% lower. The lower revenue was mainly due to the decline in voice revenues of RM2.0 million (or 10.1%) and data centre of RM0.3 million (or 0.9%). Revenue (excluding non-recurring contract revenue) from data sales recorded growth of RM1.7 million quarter-on-quarter ("QoQ"). Revenue from retail customers continues to contribute positively to the Group's overall consolidated revenue (excluding non-recurring contract revenue) with a growth of 4.0% QoQ, while revenues from wholesale and enterprise customers declined 1.0% and 1.9% respectively during the quarter.

The Group's consolidated profit before tax in Q1 2020 amounted to RM125.6 million, which is RM45.6 million or 57.1% higher than the consolidated profit before tax of RM79.9 million in Q4 2019. The higher Q1 2020 adjusted consolidated profit before tax is mainly attributed to the following:

- a) an allowance for doubtful debts of RM6.5 million made for all remaining advances given to Kirz Co., Ltd ("KIRZ"), an associate company in Thailand in Q4 2019 (Q1 2020: RM Nil);
- b) a provision for financial guarantee of RM16.1 million for guarantees provided to secure banking facilities for KIRZ in Q4 2019 (Q1 2020: RM Nil);
- c) higher net gain on foreign exchange of RM27.1 million in Q1 2020 compared to a net foreign exchange loss of RM1.5 million in Q4 2019;
- d) lower provision for doubtful debts in Q1 2020 of RM2.3 million as compared to provision made in Q4 2019 of RM3.2 million (excluding the provision for doubtful debts for KIRZ of RM6.5 million);
- e) lower interest expenses by RM0.7 million;
- f) higher dividend income of RM2.6 million (Q4 2019: RM Nil);
- g) lower write off of property, plant and equipment by RM1.6 million;
- h) higher share of profit from associates at RM5.3 million (Q4 2019: RM3.7 million)

offset by higher staff related costs, higher donations and lower interest income.

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22. Comparison between the current quarter ("Q1 2020") versus the three-month period ended 31 March 2019 ("Q1 2019")

| | Q1 2020 | As restated Q1 2019 | Re- classification | As previously reported Q1 2019 | Increase/(decrease) | |
|----------------------------|----------------|------------------------|-----------------------|---|---------------------|-------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | % |
| Revenue by product: | | | | | | |
| Voice | 17,547 | 17,122 | - | 17,122 | 425 | 2.5 |
| Data | 239,453 | 211,388 | 524 | 211,912 | 28,065 | 13.3 |
| Data centre | 36,409 | 33,649 | (1,637) | 32,012 | 2,760 | 8.2 |
| Others | 539 | 383 | 1,113 | 1,496 | 156 | 40.7 |
| Total revenue | 293,948 | 262,542 | - | 262,542 | 31,406 | 12.0 |
| Profit before tax | 125,554 | 67,058 | - | 67,058 | 58,496 | 87.2 |

The Group had undertaken an exercise during the 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 RM293.9 million in Q1 2020, which was RM31.4 million or 12.0% higher when compared to the RM262.5 million consolidated revenue recorded in Q1 2019. One-off revenues from non-recurring contracts amounting to RM2.8 million from data revenues were recorded in Q1 2020 (Q1 2019: RM Nil). Excluding one-off non-recurring contract revenues, the adjusted consolidated revenue would have increased by RM28.6 million or 10.9% in the current quarter. The increase in Q1 2020 adjusted consolidated revenue was mainly due to higher recurring revenues seen from all core product groups, led by data revenues, which grew RM25.3 million (or 12.0%), data centre revenues, which grew RM2.8 million (or 8.2%) and voice revenues which grew by RM0.4 million (or 2.5%) respectively. All core customer groups also registered solid year-on-year ("YoY") 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 RM125.6 million which is RM58.5 million or 87.2% higher than the consolidated profit recorded in Q1 2019 of RM67.1 million. The increase in the Group's Q1 2020 profit before tax results was mainly due to the following:

- a) higher overall revenue growth seen in the current quarter;
- b) higher net gain on foreign exchange of RM27.1 million in Q1 2020 compared to a net foreign exchange loss of RM10.9 million in Q1 2019;
- c) lower interest expense in the current quarter;
- d) lower depreciation and amortisation charged for property, plant and equipment and right-of-use assets in Q1 2020 of RM36.6 million (Q1 2019: RM38.4 million);
- e) dividend income of RM2.6 million (Q1 2019: RM Nil);
- f) higher share of profit from associates of RM5.3 million (Q1 2019: RM3.7 million);

offset by higher allowance for doubtful debts of RM2.3 million in Q1 2020 (Q1 2019: RM0.6 million), higher staff related costs and higher donations.

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23. Profit before income tax

| Group | Individual Quarter | | Cumulative Quarter | |
|--|--------------------|--------------------------------------|--------------------|-----------------|
| | Current quarter | Preceding year corresponding quarter | Three months to | Three months to |
| | 31/3/2020 | 31/3/2019 | 31/3/2020 | 31/3/2019 |
| | 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 | (36,640) | (38,430) | (36,640) | (38,430) |
| Amortisation of borrowing costs | (90) | (206) | (90) | (206) |
| Interest expense: | | | | |
| - Interest on borrowings | (1,016) | (2,241) | (1,016) | (2,241) |
| - Interest from MFRS 15 adoption | (2,329) | (4,338) | (2,329) | (4,338) |
| - Interest from MFRS 16 adoption | (1,233) | (1,521) | (1,233) | (1,521) |
| Interest income | 2,520 | 2,186 | 2,520 | 2,186 |
| Dividend income | 2,559 | - | 2,559 | - |
| Rental income | 11 | 11 | 11 | 11 |
| Net bad debt recovered | 524 | 25 | 524 | 25 |
| Net gain/(loss) on foreign currency exchange | 27,118 | (10,898) | 27,118 | (10,898) |
| Net allowance for doubtful debts | (2,330) | (631) | (2,330) | (631) |

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24. Prospects

Whilst the financial and operating performance of the Group has been robust in Q1 2020, the Movement Control Order, which has been in force in Malaysia since 18 March 2020 as a measure to slow down and control the spread of the COVID-19 virus, has had a profound impact on consumers and businesses across the country. The Group is classified as an essential service, and hence has been allowed to continue to operate throughout this period. However, it is still too early to provide guidance on the full impact of COVID-19 and the government's Movement Control Order. The Group will continue to monitor and take pro-active measures where necessary 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 assess opportunities 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 may include the building of new data centres, entering into joint ventures and/or acquiring new assets in Malaysia as well as within the ASEAN region. These opportunities may initially be capital intensive with funding expected to come from a combination of 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 31/3/2020 | Preceding year corresponding quarter 31/3/2019 | Three months to 31/3/2020 | Three months to 31/3/2019 |
| Basic EPS: | | | | |
| Weighted average number of shares in issue ('000) | 585,534 | 583,701 | 585,534 | 583,701 |
| Profit for the period attributable to owners of the Company (RM'000) | 97,962 | 63,132 | 97,962 | 63,132 |
| Basic EPS | 16.73 sen | 10.82 sen | 16.73 sen | 10.82 sen |
| Diluted EPS: | | | | |
| Weighted average number of shares in issue ('000) (Basic) | 585,534 | 583,701 | 585,534 | 583,701 |
| Effect of share options | 7,368 | 5,320 | 7,368 | 5,320 |
| Weighted average number of shares in issue ('000) (Diluted) | 592,902 | 589,021 | 592,902 | 589,021 |
| Profit for the period attributable to owners of the Company (RM'000) | 97,962 | 63,132 | 97,962 | 63,132 |
| Diluted EPS | 16.52 sen | 10.72 sen | 16.52 sen | 10.72 sen |

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27. Related party transactions

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

| | Cumulative Quarter | |
|---|---|---|
| | Three months to 31/3/2020 RM'000 | Three months to 31/3/2019 RM'000 |
| Related parties | | |
| Revenue from data, voice and other services | 18,989 | 24,310 |
| Interconnect revenue | 601 | 942 |
| Fee for wayleave and right of use of telecommunications facilities | (2,653) | (2,637) |
| Interconnect charges | (701) | (977) |
| Leased line and infrastructure costs | (8,636) | (8,236) |
| Network maintenance costs | (546) | (509) |
| Training expenses | (54) | (69) |
| Rental of office and utility charges | (29) | (47) |
| Professional fees on corporate exercise | (60) | (130) |
| | (60) | (130) |
| Companies in which Directors have significant financial interest | | |
| Revenue from data, voice and other services | 40 | 39 |
| 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
28 May 2020