

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 30/9/2022 RM'000	Unaudited Preceding year corresponding quarter 30/9/2021 RM'000	Unaudited Nine months to 30/9/2022 RM'000	Unaudited Nine months to 30/9/2021 RM'000
Operating revenue	407,568	346,769	1,150,513	1,025,282
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(46,423)	(40,804)	(133,838)	(121,235)
- other operating expenses	(223,472)	(176,600)	(624,886)	(537,245)
Other operating income (net)	19,859	5,989	44,887	18,088
Profit from operations	157,532	135,354	436,676	384,890
Income from investments	2,820	3,123	7,626	7,689
Finance costs	(7,035)	(7,570)	(21,069)	(20,536)
Share of profit from associates, net of tax	6,694	6,231	17,269	15,990
Profit before tax	160,011	137,138	440,502	388,033
Tax expense	(41,196)	(35,394)	(111,195)	(101,399)
Profit for the period	118,815	101,744	329,307	286,634
Profit attributable to:				
Owners of the Company	118,744	100,543	327,666	284,568
Non-controlling interests	71	1,201	1,641	2,066
Profit for the period	118,815	101,744	329,307	286,634

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 financial year ended 31 December 2021.

TIME DOTCOM BERHAD
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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 30/9/2022 RM'000	Unaudited Preceding year corresponding quarter 30/9/2021 RM'000	Unaudited Nine months to 30/9/2022 RM'000	Unaudited Nine months to 30/9/2021 RM'000
Profit for the period	118,815	101,744	329,307	286,634
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	589	(5,756)	1,038	(7,400)
- Cash flow hedge – associate	51	95	173	392
	<u>640</u>	<u>(5,661)</u>	<u>1,211</u>	<u>(7,008)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
- Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")	1,640	10,623	6,052	11,909
	<u>1,640</u>	<u>10,623</u>	<u>6,052</u>	<u>11,909</u>
Total other comprehensive income for the period, net of tax	2,280	4,962	7,263	4,901
Total comprehensive income for the period	121,095	106,706	336,570	291,535
Total comprehensive income attributable to:				
Owners of the Company	121,024	105,505	334,929	289,469
Non-controlling interests	71	1,201	1,641	2,066
Total comprehensive income for the period	121,095	106,706	336,570	291,535
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	6.49 sen	5.53 sen	17.92 sen	15.68 sen
- Diluted	6.48 sen	5.52 sen	17.90 sen	15.66 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 financial year ended 31 December 2021.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/9/2022 RM'000	Audited As at 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,015,647	1,820,753
Investment property	1,453	1,478
Right-of-use assets	127,004	140,469
Intangible assets	251,986	251,989
Investment in associates	479,199	456,976
Other investments	47,783	41,731
Deferred tax assets	27,162	55,790
Trade and other receivables	1,932	6,605
	<u>2,952,166</u>	<u>2,775,791</u>
Current assets		
Tax recoverable	1,585	1,883
Other investments	-	2,000
Trade and other receivables	651,911	541,279
Restricted cash	4,450	4,296
Cash and cash equivalents	408,781	796,090
	<u>1,066,727</u>	<u>1,345,548</u>
Total assets	<u>4,018,893</u>	<u>4,121,339</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,418,562	1,379,148
Reserves	1,545,432	1,762,153
Equity attributable to owners of the Company	2,963,994	3,141,301
Non-controlling interests	23,884	22,243
Total equity	<u>2,987,878</u>	<u>3,163,544</u>
Non-current liabilities		
Loans and borrowings	100,288	107,997
Lease liabilities	87,233	103,427
Trade and other payables	329,252	327,823
Deferred tax liabilities	77,740	17,607
	<u>594,513</u>	<u>556,854</u>
Current liabilities		
Loans and borrowings	26,935	22,489
Lease liabilities	19,378	20,221
Trade and other payables	386,848	349,809
Provision for tax	3,341	8,422
	<u>436,502</u>	<u>400,941</u>
Total liabilities	<u>1,031,015</u>	<u>957,795</u>
Total equity and liabilities	<u>4,018,893</u>	<u>4,121,339</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM1.62</u>	<u>RM1.72</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2021.

TIME DOTCOM BERHAD
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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 30/9/2022 RM'000	Unaudited Nine months to 30/9/2021 RM'000
Operating Activities		
Cash receipts from customers	1,147,775	1,025,232
Transfer to restricted cash	(154)	(45)
Cash payments to suppliers	(377,392)	(321,027)
Cash payments to employees and for administrative expenses	(253,830)	(243,071)
Cash generated from operations	516,399	461,089
Tax paid	(25,726)	(11,763)
Tax refunded	24	-
Net cash generated from operating activities	490,697	449,326
Investing Activities		
Acquisition of property, plant and equipment	(317,023)	(225,291)
Proceeds from disposal of property, plant and equipment	470	115
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	(44,682)
Proceeds from maturity of other investment	2,000	-
Additional investment in associate	(12,890)	-
Investment income received	16,711	8,274
Net cash used in investing activities	(310,732)	(261,584)
Financing Activities		
Drawdown from loans and borrowings	14,100	104,043
Repayment of loans and borrowings	(18,424)	(20,138)
Finance charges paid	(5,313)	(5,889)
Payment of lease liabilities	(26,347)	(29,092)
Proceeds from issuance of additional shares	-	15,367
Proceeds from subscription of shares in a subsidiary by non-controlling interest	-	3,000
Shareholder loan from an associate	1,554	3,304
Repayment from previous associate	582	-
Dividend paid	(540,167)	(200,011)
Net cash used in financing activities	(574,015)	(129,416)
Net change in cash and cash equivalents	(394,050)	58,326
Effect of exchange rate fluctuations on cash held	6,741	3,829
Cash and cash equivalents as at beginning of financial period	796,090	748,796
Cash and cash equivalents as at end of financial period	Note (a) 408,781	810,951
Note:		
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	153,823	212,936
Deposits with licensed banks	259,408	602,157
	413,231	815,093
Restricted cash	(4,450)	(4,142)
Cash and cash equivalents in the statement of financial position	408,781	810,951

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2021.

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

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to the owners of the Company →								
	← Non-distributable →				Distributable				
Nine months to 30 September 2022 (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	Equity attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
Balance as at 1 January 2022	1,379,148	25,800	28,930	33,288	(275)	1,674,410	3,141,301	22,243	3,163,544
Dividend paid	-	-	-	-	-	(540,167)	(540,167)	-	(540,167)
Employee share grant plan/option scheme	-	-	-	27,931	-	-	27,931	-	27,931
Issuance of shares pursuant to the share grant/option granted	39,414	-	-	(39,414)	-	-	-	-	-
Profit for the period	-	-	-	-	-	327,666	327,666	1,641	329,307
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	6,052	-	-	-	-	6,052	-	6,052
Exchange differences recognised directly in equity	-	-	1,038	-	-	-	1,038	-	1,038
Cash flow hedge - associate	-	-	-	-	173	-	173	-	173
Total comprehensive income for the period	-	6,052	1,038	-	173	327,666	334,929	1,641	336,570
Balance as at 30 September 2022	1,418,562	31,852	29,968	21,805	(102)	1,461,909	2,963,994	23,884	2,987,878

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2021.

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

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

	← Attributable to the owners of the Company →								Total Equity RM'000
	← Non-distributable →				Distributable				
Nine months to 30 September 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	Equity attributable to owners of the Company RM'000	Non- controlling Interest 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	-	-	-	18,214	-	-	18,214	-	18,214
Issuance of shares pursuant to the share grant/option granted	38,673	-	-	(23,306)	-	-	15,367	-	15,367
Acquisition of subsidiaries	-	-	-	-	-	-	-	13,267	13,267
Profit for the period	-	-	-	-	-	284,568	284,568	2,066	286,634
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	11,909	-	-	-	-	11,909	-	11,909
Exchange differences recognised directly in equity	-	-	(7,400)	-	-	-	(7,400)	-	(7,400)
Cash flow hedge - associate	-	-	-	-	392	-	392	-	392
Total comprehensive income/(expense) for the period	-	11,909	(7,400)	-	392	284,568	289,469	2,066	291,535
Balance as at 30 September 2021	1,379,148	25,040	28,548	19,717	(373)	1,715,884	3,167,964	20,700	3,188,664

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2021.

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

V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

The interim financial statements are prepared in accordance with MFRS 134, *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 34, *Interim Financial Reporting* issued by the International Accounting Standards Board 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 financial year ended 31 December 2021. 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 2021.

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 2021, except for the adoption of the following amendments to MFRSs with a date of initial application on 1 April 2021 and 1 January 2022:

Description	
Amendments to MFRS 16	<i>Leases – Covid-19-Related Rent Concessions beyond 30 June 2021</i>
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>
Amendments to MFRS 3	<i>Business Combinations – Reference to the Conceptual Framework</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment - Proceeds before Intended Use</i>
Amendments to Illustrative Examples accompanying MFRS 16	<i>Leases (Annual Improvements to MFRS Standards 2018–2020)</i>
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract</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 have been issued but are not yet effective and have not been adopted by the Group:

Description		Effective for annual period/years beginning on or after
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 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 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 16	<i>Leases – Lease Liability in a Sale and Leaseback</i>	1 January 2024
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 initial application of the abovementioned standards and amendments, where applicable are not expected to have any material financial impact to both the current period and prior period financial statements of the Group.

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

3. Audit report in respect of the 2021 financial statements

The audit report on the Group's audited financial statements for the financial year ended 31 December 2021 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 September 2022.

6. Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have material effects in the current quarter and year-to-date ended 30 September 2022.

7. Debt and equity securities

The exercise price for the share 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 RM2.540 per share to RM2.526 per share, following the payment of a special interim dividend by the Company on 23 March 2022.

On 21 July 2022 and 27 July 2022, the Company issued 9,060,075 new ordinary shares and 1,907,140 new ordinary shares ("Award Shares") respectively and granted the Award Shares to eligible employees in respect of 2019, 2020 and 2021 performance pursuant to the Annual Restricted Share Plan and Annual Performance Share Plan under the Company's Share Grant Plan ("SGP"). The closing share price on the respective vesting dates of 29 July 2022 and 8 August 2022 was RM4.59 per share and RM4.54 per share respectively. 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.

Pursuant to the special interim tax exempt (single tier) dividend of 16.34 sen per ordinary share for the financial year ending 31 December 2022 paid by the Company on 27 September 2022, the exercise price for Mr Patrick Corso's remaining share option of 3,960,000 was adjusted from the previous adjusted exercise price of RM2.526 per share to RM2.438 per share.

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 September 2022.

8. Dividend

On 23 March 2022, the Company paid an ordinary interim and a special interim tax exempt (single tier) dividend of 10.86 sen and 2.29 sen per ordinary share respectively, for the financial year ended 31 December 2021.

On 27 September 2022, the Company paid a special interim tax exempt (single tier) dividend of 16.34 sen per ordinary share for the financial year ending 31 December 2022.

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

9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 30/9/2022 RM'000	Preceding year corresponding quarter 30/9/2021 RM'000	Nine months to 30/9/2022 RM'000	Nine months to 30/9/2021 RM'000
Operating Revenue				
Voice	12,417	14,089	40,109	52,474
Data	298,801	264,032	867,345	773,632
Data centre	95,933	68,059	241,342	197,666
Others	417	589	1,717	1,510
	407,568	346,769	1,150,513	1,025,282
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(46,423)	(40,804)	(133,838)	(121,235)
Other operating expenses	(223,472)	(176,600)	(624,886)	(537,245)
Other operating income (net)	19,859	5,989	44,887	18,088
Profit from operations	157,532	135,354	436,676	384,890
Income from investments	2,820	3,123	7,626	7,689
Finance costs	(7,035)	(7,570)	(21,069)	(20,536)
Share of profit from associates, net of tax	6,694	6,231	17,269	15,990
Profit before tax	160,011	137,138	440,502	388,033
Geographical locations				
Operating Revenue				
Within Malaysia	389,913	327,328	1,102,938	967,448
Outside Malaysia	17,655	19,441	47,575	57,834
	407,568	346,769	1,150,513	1,025,282
Timing of revenue recognition				
Over time	362,468	319,270	1,054,250	938,352
At a point in time	45,028	27,399	96,047	86,654
Revenue not within the scope of MFRS 15	72	100	216	276
	407,568	346,769	1,150,513	1,025,282

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 2021.

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

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

On 31 October 2022, the Company announced that the SGP which was implemented on 2 November 2012 for a period of 10 years, will expire on 1 November 2022 pursuant to the By-Laws of the SGP. Accordingly, the SGP has been expired on the 1 November 2022 and any Award Shares granted which have yet to be vested shall be deemed cancelled and be null and void.

On 22 November 2022, the Company announced the proposed strategic partnership for the AIMS Data Centre business via the partial divestment by the Company of shares in AIMS Data Centre Holding Sdn Bhd ("AIMS") and AIMS Data Centre (Thailand) Limited ("AIMS TH") to DB Arrow Pte Limited ("DBAPL"), part of Digitalbridge Group, Inc. ("DIGITALBRIDGE"), by entering into the following agreements on 21 November 2022:

- (i) a conditional share sale and purchase agreement with DBAPL for the proposed divestment of 49% of the Issued ordinary shares ("OS") and 100% of the irredeemable convertible preference shares ("ICPS") of AIMS for a provisional purchase price of RM2,005.51 million ("Transaction 1")
- (ii) a conditional share sale and purchase agreement with DBAPL (as the purchaser) and Symphony Communication Public Company Limited ("SYMC") (being an associate of the Company, and the other seller), for the proposed divestment of the Company's 21% of the Issued shares of ADCTH for a provisional purchase price of THB27.3 million (equivalent to RM3.47 million) ("Transaction 2") (and together with Transaction 1, collectively, the "Transactions")

The Company and DBAPL have also agreed to enter into a shareholders' agreement ("SHA") with a view to jointly drive the future business direction of AIMS and AIMS TH as well as establish a long-term relationship between the Company and DBAPL as shareholders of AIMS and AIMS TH. The SHA takes effect on the completion of the Transactions.

Other than the above, there were no items, transactions or events of a material and unusual nature from 30 September 2022 to 22 November 2022 (being the latest practicable date) that would 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 September 2022

On 20 July 2022, AVM Cloud Sdn Bhd, a 60%-owned subsidiary of the Company, together with its wholly-owned subsidiaries, i.e; Integrated Global Solutions Sdn Bhd and Zeus Ventures Sdn Bhd jointly incorporated a new subsidiary, namely AVM Cloud (Thailand) Limited. The principal activity of AVM Cloud (Thailand) Limited is the provision of cloud services, developing and selling computer software and hardware and the provision of information technology services.

On 26 August 2022, the Company incorporated a new wholly-owned subsidiary, AIMS Data Centre Holding Sdn Bhd. The principal activities of AIMS Data Centre Holding Sdn Bhd are investment holding and, provision of value added network services, information services, system integration services, operation of data networks and network-based applications for corporations and building management.

Pursuant to an internal reorganisation exercise, AIMS Data Centre Holding Sdn Bhd had acquired the entire equity interests in AIMS Data Centre Sdn Bhd, AIMS Cyberjaya Sdn Bhd, and AIMS Data Centre Pte Ltd (collectively, referred to as "AIMS Companies") from the Company for a total consideration of RM233 million. The internal reorganisation exercise completed on 13 September 2022 and consequently, the AIMS Companies became wholly-owned subsidiaries of AIMS Data Centre Holding Sdn Bhd.

Other than as stated above, there were no changes in the composition of the Group during the financial period ended 30 September 2022.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2021.

14. Capital commitments

	As at 30/9/2022 RM'000
Property, plant and equipment	
Authorised but not contracted for	536,368
Contracted but not provided for	284,537

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

The table below analyses financial instruments carried at fair value and financial instruments not carried at fair value for which fair value and carrying value are as 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 September 2022					
Financial instruments carried at fair value:					
Financial assets					
Other investments	-	-	47,783	47,783	47,783
Financial instruments not carried at fair value:					
Financial liabilities					
Term loans	-	-	112,226	112,226	114,352
Revolving Credit	-	-	12,871	12,871	12,871
	-	-	125,097	125,097	127,223

16. Tax expense

The income tax expense for the Group for the current quarter and financial period ended 30 September 2022 were made up as follows:

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 30/9/2022 RM'000	Preceding year corresponding quarter 30/9/2021 RM'000	Nine months to 30/9/2022 RM'000	Nine months to 30/9/2021 RM'000
Tax expense:				
- Current year	2,486	5,153	17,047	17,086
- Under provision in prior year	4,393	581	4,005	556
	6,879	5,734	21,052	17,642
Deferred tax expense:				
- Origination of temporary differences	35,893	28,023	93,669	81,420
- (Over)/Under provision in prior years	(1,576)	1,637	(3,526)	2,337
	34,317	29,660	90,143	83,757
Total tax expense	41,196	35,394	111,195	101,399

The effective tax rate of the Group for the financial period ended 30 September 2022 is slightly higher than the statutory tax rate of 24% principally due to non-deductible expenses.

TIME DOTCOM BERHAD
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Incorporated in Malaysia

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

There were no other corporate proposals, other than mentioned in Note 11, which have been announced but not completed as at 22 November 2022, being the latest practicable date.

18. Loans and borrowings

The loans and borrowings as at 30 September 2022 are as follows:

	Amount repayable in one year or on demand RM'000	Amount repayable after one year RM'000	Total RM'000
30 September 2022			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	17,106	100,288	117,394
- Denominated in USD	9,829	-	9,829
As at 30 September 2022	<u>26,935</u>	<u>100,288</u>	<u>127,223</u>
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>

The Group's loans and borrowings were mainly used to fund the Group's working capital requirements, foreign investments 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 3.50% to 6.70% per annum.

19. Off-balance sheet financial instruments

The cash and cash equivalents of the Group, as at 30 September 2022, do not include bank balances amounting to RM5,822,000 (31.12.2021: RM10,415,000) held by the Group in trust for consortium members of the Asia Pacific Gateway submarine cable project to pay the suppliers 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 November 2022, being the latest practicable date.

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

21. Comparison between the current quarter ("Q3 2022") and the immediately preceding quarter ("Q2 2022")

	Q3 2022	Q2 2022	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	12,417	13,960	(1,543)	(11.1)
Data	298,801	285,954	12,847	4.5
Data centre	95,933	72,949	22,984	31.5
Others	417	730	(313)	(42.9)
Total revenue	407,568	373,593	33,975	9.1
Profit before tax	160,011	157,217	2,794	1.8

The Group reported a consolidated revenue of RM407.6 million in Q3 2022, which is RM34.0 million or 9.1% higher compared to the RM373.6 million consolidated revenue reported in Q2 2022. One-off revenues from non-recurring data contracts and data centre amounting to RM1.3 million (Q2 2022: RM Nil) and RM20.9 million (Q2 2022:RM0.7 million), respectively were recorded in Q3 2022. Excluding one-off non-recurring contract revenue for better comparability, consolidated revenue would have increased by RM12.5 million or 3.4% higher in the current quarter. The growth in Q3 consolidated revenue (excluding one-off revenues from non-recurring contracts) was mainly attributable to the increase in data and data centre sales, which grew 4.0% and 3.9% quarter-on-quarter respectively, as well as higher recurring revenue from wholesale and retail customers.

The Group's consolidated profit before tax in Q3 2022 amounted to RM160.0 million, which is RM2.8 million or 1.8% higher than the consolidated profit before tax of RM157.2 million in Q2 2022. The increase in Q3 2022 consolidated profit before tax was mainly due to the following:

- a) higher overall revenues;
- b) higher interest income of RM0.6 million; and
- c) higher share of profit from associates of RM2.0 million,

which was partially offset by higher depreciation and amortisation charged for property, plant and equipment and right-of-use assets, higher finance costs, lower dividend income and lower gain on foreign exchange of RM19.3 million in Q3 2022 compared to RM27.1 million in Q2 2022.

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

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

(a) Comparison between the current quarter (“Q3 2022”) versus three months period ended 30 September 2021 (“Q3 2021”)

	Q3 2022	Q3 2021	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	12,417	14,089	(1,672)	(11.9)
Data	298,801	264,032	34,769	13.2
Data centre	95,933	68,059	27,874	41.0
Others	417	589	(172)	(29.2)
Total revenue	407,568	346,769	60,799	17.5
Profit before tax	160,011	137,138	22,873	16.7

The Group reported a consolidated revenue of RM407.6 million in Q3 2022, which is RM60.8 million or 17.5% higher compared to the RM346.8 million consolidated revenue recorded in Q3 2021. One-off revenues from non-recurring contracts of RM20.9 million were recorded from data centre in Q3 2022 (Q3 2021: RM Nil) and RM1.3 million from data in Q3 2022 (Q3 2021: RM Nil). Excluding one-off non-recurring contract revenues for better comparability, consolidated revenue would have increased by RM38.6 million or 11.1% in the current quarter. The increase in Q3 2022 consolidated revenue (excluding one-off revenues from non-recurring contracts) was mainly due to higher recurring data revenue, which grew RM33.5 million (or 12.7%) and data centre revenue, which grew RM6.9 million (or 10.1%). All core customer groups also registered solid year-on-year (“YoY”) recurring revenue growth with the largest growth contributions coming from retail followed by wholesale customers.

The Group recorded a current quarter consolidated profit before tax of RM160.0 million which is RM22.9 million or 16.7% higher than the consolidated profit of RM137.1 million recorded in Q3 2021. The increase in the Group’s Q3 2022 profit before tax was mainly due to the following:

- a) higher overall revenue growth in Q3 2022;
- b) higher net gain on foreign exchange of RM19.3 million in Q3 2022 (Q3 2021: RM5.8 million); and
- c) higher share of profit from associates of RM0.5 million,

which was partially offset by higher staff related costs, advertising expenses, higher allowance for doubtful debt of RM1.9 million, higher depreciation and amortisation charged for property, plant and equipment and right-of-use assets and lower dividend income.

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

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

(b) Comparison between the nine months period ended 30 September 2022 ("9M 2022") versus nine months period ended 30 September 2021 ("9M 2021")

	9M 2022	9M 2021	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	40,109	52,474	(12,365)	(23.6)
Data	867,345	773,632	93,713	12.1
Data centre	241,342	197,666	43,676	22.1
Others	1,717	1,510	207	13.7
Total revenue	1,150,513	1,025,282	125,231	12.2
Profit before tax	440,502	388,033	52,469	13.5

The Group reported a consolidated revenue of RM1,150.5 million in 9M 2022, which is RM125.2 million or 12.2% higher when compared to the RM1,025.3 million consolidated revenue recorded in 9M 2021. One-off revenues from non-recurring contracts accounted for RM24.6 million out of the total consolidated revenue recognised in 9M 2022 (9M 2021: RM12.0 million). Excluding one-off revenues from non-recurring contracts, the overall consolidated revenue in the nine months period would have shown an increase of RM112.6 million or 11.1% when compared to the similarly adjusted revenue in the preceding year corresponding period. The increase in 9M 2022 revenue (excluding one-off non-recurring contracts) was mainly due to higher recurring data revenue of RM92.5 million (or 12.0%) and data centre revenue of RM23.2 million (or 11.9%). All core customer groups also contributed positively to overall revenue growth in 9M 2022, led by contributions from retail and wholesale, followed by enterprise customers.

The Group recorded a consolidated profit before tax of RM440.5 million which is RM52.5 million or 13.5% higher than the consolidated profit before tax of RM388.0 million recorded in 9M 2021. The increase in the Group's 9M 2022 profit before tax was mainly due to the following:

- a) higher overall revenue in the nine months period;
- b) higher share of profit from associates of RM1.3 million;
- c) higher net gain on foreign exchange of RM42.4 million in 9M 2022 compared to RM17.5 million in 9M 2021; and
- d) higher gain on disposal of property, plant and equipment of RM1.3 million in 9M 2022 as compared to loss on disposal of property, plant and equipment of RM0.1 million in 9M 2021,

which was partially offset by higher staff-related costs, higher advertising expense, donations for flood relief programme, higher allowance for doubtful debts, higher depreciation and amortisation charged for property, plant and equipment and right-of-use assets and higher finance costs.

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

23. Profit before tax

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	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	(46,423)	(40,804)	(133,838)	(121,235)
Amortisation of borrowing costs	(49)	(78)	(164)	(252)
Interest expense				
- Interest on borrowings	(1,395)	(1,698)	(4,284)	(3,688)
- Other interest expense	(4,240)	(4,311)	(12,395)	(11,974)
- Interest on lease liabilities	(1,351)	(1,483)	(4,226)	(4,622)
Interest income	2,820	2,673	7,434	7,239
Dividend income	-	450	192	450
Net bad debt recovered	291	78	635	444
Net gain on foreign currency exchange	19,314	5,836	42,439	17,547
Net allowance for doubtful debts	(4,226)	(2,328)	(10,592)	(9,339)
Net gain/(loss) on disposal of property, plant and equipment	-	-	1,302	(64)
Property, plant and equipment written off	-	-	(1,126)	-

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

24. Prospects

The Group continued to record solid operational and financial performance in the 9M 2022 driven by sustained demand in Time's products and services across all core customer groups. The Group continues to be optimistic of its prospects for the year on the back of strong demand momentum and expanded coverage. Nevertheless, it remains mindful of external conditions to ensure its responsiveness and mitigation of risk overall.

Network availability and stability as well as the health and safety of its employees and stakeholders continue to be the Group's top priorities and it remains committed to expanding its network footprint and innovating on its products and services, to seize opportunities in the local as well as regional market.

The proposed strategic partnership for the AIMS data centre business announced on 22 November 2022 will enable Time to capture significant opportunities in underserved markets across Asia in the highly connected, ecosystem-centric data centre segment. The partnership also allows the Group to crystallise substantial value from the investment made by Time in the data centre business, whereby part of the proceeds will be reinvested into the Group to further drive shareholder value.

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 30/9/2022	Preceding year corresponding quarter 30/9/2021	Nine months to 30/9/2022	Nine months to 30/9/2021
Basic EPS:				
Weighted average number of shares in issue ('000)	1,830,197	1,818,055	1,828,282	1,815,066
Profit for the period attributable to owners of the Company (RM'000)	118,744	100,543	327,666	284,568
Basic EPS	6.49 sen	5.53 sen	17.92 sen	15.68 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	1,830,197	1,818,055	1,828,282	1,815,066
Effect of share options	1,888	1,757	1,789	1,761
Weighted average number of shares in issue ('000) (Diluted)	1,832,085	1,819,812	1,830,071	1,816,827
Profit for the period attributable to owners of the Company (RM'000)	118,744	100,543	327,666	284,568
Diluted EPS	6.48 sen	5.52 sen	17.90 sen	15.66 sen

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

27. Related party transactions

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

	Cumulative Quarter	
	Nine months to 30/9/2022 RM'000	Nine months to 30/9/2021 RM'000
With related parties		
Revenue from data, voice and other services	49,063	47,104
Sales of IT related services	51,532	36,079
Interconnect revenue	1,033	1,110
Fee for wayleave and right of use of telecommunications facilities	(7,611)	(7,806)
Interconnect charges	(750)	(929)
Leased line and infrastructure costs	(37,677)	(32,186)
Network maintenance costs	(1,792)	(1,847)
Training expenses	(417)	(305)
Rental of office and utility charges	(88)	(85)
Professional fees	(200)	(5)
Marketing services	(74)	-
Provision of data analytics services	(100)	-
Interest on advances	(510)	(436)
	<u>33</u>	<u>41</u>
With companies in which Directors have significant interest		
Revenue from data, voice and other services	<u>33</u>	<u>41</u>

The Directors of the Group are of the opinion that the above transactions entered into were in the ordinary course of business and upon normal negotiated commercial terms.

By Order of the Board

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

Selangor Darul Ehsan
28 November 2022