

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 30/9/2020 RM'000	Unaudited Preceding year corresponding quarter 30/9/2019 RM'000	Unaudited Nine months to 30/9/2020 RM'000	Unaudited Nine months to 30/9/2019 RM'000
Operating revenue	309,545	278,164	908,297	818,530
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(39,442)	(35,209)	(112,753)	(112,557)
- other operating expenses	(165,456) *	(158,372)	(488,516)	(454,596)
Other operating income (net)	(14,843) *	150	599	587
Profit from operations	89,804	84,733	307,627	251,964
Investment income	1,758	2,480	8,432	6,328
Finance expense	(5,810)	(6,566)	(15,336)	(21,123)
Share of profit from investment in associates, net of tax	4,519	4,072	13,046	11,044
Profit before income tax	90,271	84,719	313,769	248,213
Income tax expense	(24,364)	(1,725)	(80,115)	(9,586)
Profit for the period	65,907	82,994	233,654	238,627
Profit attributable to:				
Owners of the Company	65,945	82,994	233,692	238,627
Non-controlling interest	(38)	-	(38)	-
Profit for the period	65,907	82,994	233,654	238,627

* Included in the current quarter other operating expenses and other operating income (net) is a net foreign exchange loss of RM5,769,000 and a net foreign exchange loss of RM14,851,000 respectively.

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

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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 30/9/2020 RM'000	Unaudited Preceding year corresponding quarter 30/9/2019 RM'000	Unaudited Nine months to 30/9/2020 RM'000	Unaudited Nine months to 30/9/2019 RM'000
Profit for the period	65,907	82,994	233,654	238,627
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss				
- Foreign currency translation differences for foreign operations	(9,317)	4,392	(5,706)	16,084
- Cash flow hedge – associate	(891)	-	(891)	-
	<u>(10,208)</u>	<u>4,392</u>	<u>(6,597)</u>	<u>16,084</u>
Items that will not be reclassified subsequently to profit or loss				
- Actuarial gain/(loss) on long-term employee benefits, net of tax - associate	585	-	585	-
- Net change in fair value of equity investments designated at fair value through other comprehensive income ("FVOCI")	(1,072)	3,102	1,435	5,514
	<u>(487)</u>	<u>3,102</u>	<u>2,020</u>	<u>5,514</u>
Total other comprehensive (loss)/ income for the period	<u>(10,695)</u>	<u>7,494</u>	<u>(4,577)</u>	<u>21,598</u>
Total comprehensive income for the period	<u>55,212</u>	<u>90,488</u>	<u>229,077</u>	<u>260,225</u>
Total comprehensive income attributable to:				
Owners of the Company	55,250	90,488	229,115	260,225
Non-controlling interest	(38)	-	(38)	-
Total comprehensive income for the period	<u>55,212</u>	<u>90,488</u>	<u>229,077</u>	<u>260,225</u>
Earnings per share (based on weighted average number of ordinary shares)				
- Basic	<u>10.92 sen</u>	<u>14.19 sen</u>	<u>39.18 sen</u>	<u>40.86 sen</u>
- Diluted	<u>10.90 sen</u>	<u>14.03 sen</u>	<u>39.13 sen</u>	<u>40.41 sen</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/9/2020 RM'000	Audited As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,635,411	1,586,926
Right-of-use assets	128,519	110,194
Intangible assets	213,959	213,959
Investment in associates	440,184	433,295
Other investments	30,600	26,582
Deferred tax assets	176,000	243,986
Trade and other receivables	2,217	2,443
	<u>2,626,890</u>	<u>2,617,385</u>
Current assets		
Tax recoverable	810	921
Trade and other receivables	534,066	395,308
Restricted cash	330	166
Cash and cash equivalents	648,090	506,954
	<u>1,183,296</u>	<u>903,349</u>
Total assets	<u>3,810,186</u>	<u>3,520,734</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,340,475	1,200,135
Reserves	1,601,315	1,566,722
Equity attributable to owners of the Company	2,941,790	2,766,857
Non-controlling interest	6,472	-
Total Equity	<u>2,948,262</u>	<u>2,766,857</u>
Non-current liabilities		
Loans and borrowings	32,615	43,402
Lease liabilities	85,314	86,111
Trade and other payables	305,585	214,017
Deferred tax liabilities	14,560	13,872
	<u>438,074</u>	<u>357,402</u>
Current liabilities		
Loans and borrowings	26,691	69,948
Lease liabilities	35,362	14,229
Trade and other payables	353,664	308,486
Provision for tax	8,133	3,812
	<u>423,850</u>	<u>396,475</u>
Total liabilities	<u>861,924</u>	<u>753,877</u>
Total equity and liabilities	<u>3,810,186</u>	<u>3,520,734</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM4.88</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 Nine months to 30/9/2020 RM'000	Unaudited Nine months to 30/9/2019 RM'000
Operating Activities		
Cash receipts from customers	946,184	895,686
Transfer (to)/from restricted cash and bank balances	(164)	1
Cash payments to suppliers	(256,652)	(255,022)
Cash payments to employees and for administrative expenses	(230,556)	(214,469)
Payment of lease liabilities	(14,456)	(18,259)
Cash generated from operations	444,356	407,937
Tax paid	(6,992)	(4,763)
Net cash generated from operating activities	437,364	403,174
Investing Activities		
Acquisition of property, plant and equipment	(181,588)	(159,044)
Proceeds from disposal of property, plant and equipment	150	-
Proceeds from disposal of investment in a subsidiary to an associate	3,597	-
Acquisition of other investments	(2,583)	(771)
Investment income received	9,081	7,414
Net cash used in investing activities	(171,343)	(152,401)
Financing Activities		
Proceed from loans and borrowings	12,512	103,410
Finance charges paid	(3,430)	(6,803)
Repayment of term loans and borrowings	(68,195)	(122,068)
Proceeds from issuance of additional shares	95,979	-
Proceed from subscription of shares in a subsidiary by an associate	2,920	-
Shareholder loan from an associate	7,156	-
Dividend paid	(169,982)	(120,009)
Net cash used in financing activities	(123,040)	(145,470)
Net change in cash and cash equivalents	142,981	105,303
Effect of exchange rate fluctuations on cash held	(1,845)	(607)
Cash and cash equivalents as at beginning of financial period	506,954	389,399
Cash and cash equivalents as at end of financial period	Note (a) 648,090	494,095

Note:

(a) Cash and cash equivalents comprise the following amounts:

Cash and bank balances	153,292	132,797
Deposits with licensed banks	495,128	369,362
	648,420	502,159
Restricted cash	(330)	(8,064)
Cash and cash equivalents	648,090	494,095

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

	← Attributable to the owners of the Company →								
	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
Nine months to 30 September 2020 (unaudited)									
Balance as at 1 January 2020	1,200,135	11,025	40,278	42,749	-	1,472,670	2,766,857	-	2,766,857
Dividend paid	-	-	-	-	-	(169,982)	(169,982)	-	(169,982)
Employee share grant plan/option scheme	-	-	-	19,821	-	-	19,821	-	19,821
Issuance of shares pursuant to the share option granted	140,340	-	-	(44,361)	-	-	95,979	-	95,979
Subscription of shares in a subsidiary by an associate	-	-	-	-	-	-	-	2,920	2,920
Disposal of investment in a subsidiary to an associate	-	-	-	-	-	-	-	3,590	3,590
Profit/(Loss) for the period	-	-	-	-	-	233,692	233,692	(38)	233,654
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	1,435	-	-	-	-	1,435	-	1,435
Exchange differences recognised directly in equity	-	-	(5,706)	-	-	-	(5,706)	-	(5,706)
Cash flow hedge - associate	-	-	-	-	(891)	-	(891)	-	(891)
Actuarial gain/(loss) on long term employee benefits, net of tax – associate	-	-	-	-	-	585	585	-	585
Total comprehensive income for the period	-	1,435	(5,706)	-	(891)	234,277	229,115	(38)	229,077
Balance as at 30 September 2020	1,340,475	12,460	34,572	18,209	(891)	1,536,965	2,941,790	6,472	2,948,262

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

Nine months to 30 September 2019 (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	Equity attributable to owners of the Company RM'000
Balance as at 1 January 2019	1,186,659	2,415	24,751	27,247	1,278,643	2,519,715
Dividend paid	-	-	-	-	(120,009)	(120,009)
Employee share grant plan/option scheme	-	-	-	23,923	-	23,923
Issuance of shares pursuant to the share grant plan	13,476	-	-	(13,476)	-	-
Profit for the period	-	-	-	-	238,627	238,627
Fair value gain on equity investments designated at FVOCI	-	5,514	-	-	-	5,514
Exchange differences recognised directly in equity	-	-	16,084	-	-	16,084
Total comprehensive income for the period	-	5,514	16,084	-	238,627	260,225
Balance as at 30 September 2019	1,200,135	7,929	40,835	37,694	1,397,261	2,683,854

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

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V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of Preparation

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

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

2. Significant accounting policies

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

Description

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

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

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16	<i>Leases - Covid-19-Related Rent Concessions</i> 1 June 2020
Amendments to MFRS 9, 139, 7, 4 and 16	<i>Interest Rate Benchmark Reform – Phase 2</i> 1 January 2021
Amendments to MFRS 3	<i>Business Combinations – Reference to the Conceptual Framework</i> 1 January 2022
Amendments to MFRS 116	<i>Property, Plant and Equipment - Proceeds before Intended Use</i> 1 January 2022
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract</i> 1 January 2022
Amendments to MFRS 1, 9, 16 and 141	<i>First-time Adoption of Malaysian Financial Reporting Standards, Financial Instruments, Leases and Agriculture - Annual Improvements to MFRS Standards 2018–2020</i> 1 January 2022
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current</i> 1 January 2023
MFRS 17 and Amendments to MFRS 17	<i>Insurance Contracts</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 MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2023 as it is not applicable to the Group.

The initial application of the abovementioned standards and amendments, where applicable are not expected to have any material financial impact to the current period and prior period financial statements of the Group.

3. Audit report in respect of the 2019 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2019 was not qualified.

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4. Seasonal or cyclical factors

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

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

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence in the current period.

6. Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

7. Debt and equity securities

- (i) The exercise price for share options granted to Encik Afzal Abdul Rahim, the Chief Executive Officer and Non-Independent Executive Director of the Company, had been adjusted from the previous exercise price of RM5.657 per share to RM5.575 per share pursuant to the special dividend paid by the Company on 31 March 2020. The exercise price for share options granted to Mr. Patrick Corso, the Non-Independent Executive Director of the Company, was also adjusted pursuant to the special dividend paid by the Company on 31 March 2020 from previous exercise price of RM7.95 per share to RM7.835 per share. The adjustments made to the exercise price of share options granted to Encik Afzal Abdul Rahim and Mr. Patrick Corso were determined in line with the adjustment criteria stated in their respective Share Option Agreements taking into account of special dividend paid by the Company.
- (ii) Encik Afzal Abdul Rahim, the Chief Executive Officer and Non-Independent Executive Director of the Company, fully exercised all 17,215,907 share options granted to him. The exercise of his share options were completed in two tranches, the first on 8 April 2020 for 11,000,000 new ordinary shares and then the balance of 6,215,907 new ordinary shares on 16 April 2020. Both tranches were completed at the adjusted exercise price of RM5.575 per share. The Group received proceeds totalling RM95,978,682 as a result of the said exercise of share options.
- (iii) On 20 July 2020, the Company announced that its Board of Directors had approved the extension of the Company's Share Grant Plan ("SGP") for a further two years from 2 November 2020 to 1 November 2022, pursuant to Clause 14.3 of the By-Laws of the Annual Restricted Share Plan and Annual Performance Share Plan of the Company's SGP upon the recommendation of the Scheme Committee.
- (iv) On 21 July 2020, the Company issued 1,511,339 new ordinary shares in the Company to eligible employees under the Annual Restricted Share Plan and Annual Performance Share Plan portion of the Company's SGP. The closing share price on the vesting date 30 July 2020 was RM10.92 per share. The vesting of the shares under the SGP were subject to the Group achieving certain financial targets and upon the eligible employees meeting the minimum grading criteria in accordance with the performance management system adopted by the Group.

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the nine months period ended 30 September 2020.

8. Dividend

On 31 March 2020, the Group paid an ordinary interim and a special interim tax exempt (single tier) dividend of 9.95 sen and 19.08 sen per ordinary share respectively for the financial year ended 31 December 2019.

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9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 30/9/2020 RM'000	Preceding year corresponding quarter 30/9/2019 RM'000	Nine months to 30/9/2020 RM'000	Nine months to 30/9/2019 RM'000
Operating Revenue				
Voice	18,058	17,955	52,928	52,695
Data	251,924	225,318	740,674	661,891
Data centre	38,937	34,466	112,183	102,798
Others	626	425	2,512	1,146
	309,545	278,164	908,297	818,530
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(39,442)	(35,209)	(112,753)	(112,557)
Other operating expenses	(165,456) *	(158,372)	(488,516)	(454,596)
Other operating income (net)	(14,843) *	150	599	587
Profit from operations	89,804	84,733	307,627	251,964
Investment income	1,758	2,480	8,432	6,328
Finance expense	(5,810)	(6,566)	(15,336)	(21,123)
Share of profit from investment in associates, net of tax	4,519	4,072	13,046	11,044
Profit before income tax	90,271	84,719	313,769	248,213
Geographical locations				
Operating Revenue				
Within Malaysia	290,272	261,806	853,040	773,685
Outside Malaysia	19,273	16,358	55,257	44,845
	309,545	278,164	908,297	818,530
Timing of revenue recognition				
Over time	274,103	251,654	819,956	754,952
At a point in time	34,912	26,280	86,460	62,910
Revenue not within the scope of MFRS 15	530	230	1,881	668
	309,545	278,164	908,297	818,530

* Included in the current quarter other operating expenses and other operating income (net) is a net foreign exchange loss of RM5,769,000 and a net foreign exchange loss of RM14,851,000 respectively.

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

In the opinion of the Directors, there are no other items, transactions or events of a material and unusual nature which have arisen since 30 September 2020 to 20 November 2020 (being the latest practicable date) that will have a substantial effect on the financial results of the Group.

12. Changes in the composition of the Group during the financial period ended 30 September 2020

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

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

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

On 3 September 2020, ADC Thai increased its paid up capital from THB55,110,000 to THB100,000,000 by allotment and issuance of 448,900 new shares at THB100 per share. The Group had subscribed to 51% of the said new shares for cash consideration of THB22,893,900, whilst remaining 49% was subscribed by SYMC for cash consideration of THB21,996,100.

Other than stated above, there were no changes in the composition of the Group during the nine months period ended 30 September 2020.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2019.

14. Capital commitments

	As at 30/9/2020 RM’000
Property, plant and equipment	
a) Approved and contracted but not provided for in the financial statements	244,674
b) Approved but not contracted for	43,954

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.

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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.

	←-----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 2020					
Financial instruments carried at fair value:					
Financial assets					
Other unquoted investments	-	-	30,600	30,600	30,600
Financial instruments not carried at fair value:					
Financial liabilities					
Term loans	-	-	46,034	46,034	46,794
Revolving credit	-	-	12,512	12,512	12,512
	-	-	58,546	58,546	59,306

16. Income tax

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

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 30/9/2020 RM'000	Preceding year corresponding quarter 30/9/2019 RM'000	Nine months to 30/9/2020 RM'000	Nine months to 30/9/2019 RM'000
Income tax:				
- Current year	3,648	2,639	10,975	8,907
- Under/(Over) provision in prior year	449	(755)	449	(755)
	4,097	1,884	11,424	8,152
Deferred tax:				
- Origination of temporary differences	20,411	19,370	70,355	60,329
- Recognition of previously unrecognised temporary differences	-	(19,529)	(2,212)	(58,895)
- (Over)/Under provision in prior years	(144)	-	548	-
	20,267	(159)	68,691	1,434
Total	24,364	1,725	80,115	9,586

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

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

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

There are no other corporate proposals, which have been announced but not completed as at 20 November 2020, being the latest practicable date.

18. Loans and borrowings

The loans and borrowings as at 30 September 2020 and 31 December 2019 are as follows:

	Amount repayable in one year or on demand RM'000	Amount repayable after one year RM'000	Total RM'000
30 September 2020			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	2,510	11,957	14,467
- Denominated in USD	11,669	20,658	32,327
<u>Unsecured:</u>			
- Denominated in USD	12,512	-	12,512
As at 30 September 2020	26,691	32,615	59,306
31 December 2019			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	2,506	13,839	16,345
- Denominated in USD	11,651	29,563	41,214
<u>Unsecured:</u>			
- Denominated in USD	55,791	-	55,791
As at 31 December 2019	69,948	43,402	113,350

The Group's loans and borrowings have mainly been used to fund the Group's working capital requirements and investments in its international submarine cable systems. The Group's loans and borrowings comprise both fixed and floating rate facilities and bear interest at rates ranging from 1.23% to 4.85% per annum.

19. Off balance sheet financial instruments

The cash and cash equivalents of the Group, as at 30 September 2020, do not include bank balances amounting to RM24,196,000 (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 20 November 2020, being the latest practicable date.

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21. Comparison between the current quarter ("Q3 2020") and the immediate preceding quarter ("Q2 2020")

	Q3 2020	Q2 2020	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	18,058	17,323	735	4.2
Data	251,924	249,297	2,627	1.1
Data centre	38,937	36,837	2,100	5.7
Others	626	1,347	(721)	(53.5)
Total revenue	309,545	304,804	4,741	1.6
Profit before tax	90,271	97,944	(7,673)	(7.8)

The Group reported a consolidated revenue of RM309.5 million in Q3 2020, which is RM4.7 million or 1.6% higher when compared to the RM304.8 million consolidated revenue reported in Q2 2020. No one-off revenues from non-recurring data contracts in Q3 2020 (Q2 2020: RM1.8 million). Should one-off revenues from non-recurring contracts be excluded from consolidated revenue for better comparability, consolidated revenue in the current quarter would have been RM6.5 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, data centre sales and voice, which grew 1.8%, 5.7% and 4.2% quarter-on-quarter respectively. All core customer groups contributed to the growth in recurring revenue, led by retail and wholesale.

The Group's consolidated profit before tax in Q3 2020 amounted to RM90.3 million, which is RM7.7 million or 7.8% lower than the consolidated profit before tax of RM97.9 million in Q2 2020. The decrease in Q3 2020 consolidated profit before tax was mainly due to the following:

- a) higher net loss on foreign exchange of RM20.6 million in Q3 2020 compared to a net foreign exchange loss of RM12.3 million in Q2 2020;
- b) higher net provision for doubtful debts by RM4.6 million;
- c) higher depreciation and amortisation of property, plant and equipment and right-of-use assets by RM2.8 million;
- d) higher interest expenses by RM1.0 million;

offset by higher overall revenue, lower property, plant and equipment written off in current quarter (Q2 2020: RM1.9 million), higher share of profit from associates, lower staff related cost and lower advertising and promotion expenses.

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

(a) Comparison between the current quarter (“Q3 2020”) versus three month period ended 30 September 2019 (“Q3 2019”)

	Q3 2020	As restated Q3 2019	Re- classification	As previously reported Q3 2019	Increase/(decrease)	
	RM'000	RM'000	RM'000	RM'000	RM'000	%
Revenue by product:						
Voice	18,058	17,955	-	17,955	103	0.6
Data	251,924	225,318	2,530	227,848	26,606	11.8
Data centre	38,937	34,466	(3,059)	31,407	4,471	13.0
Others	626	425	529	954	201	47.3
Total revenue	309,545	278,164	-	278,164	31,381	11.3
Profit before tax	90,271	84,719	-	84,719	5,552	6.6

The Group had undertaken an exercise in the first quarter of the current year to review of its product group classifications to ensure that revenues stated in each product group category would properly represent that product group category and is aligned with current industry norms and practices. Some of the comparative figures for revenues in the preceding year corresponding 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 RM309.5 million in Q3 2020, which was RM31.4 million or 11.3% higher when compared to the RM278.2 million consolidated revenue recorded in Q3 2019. No one-off revenues from non-recurring contracts was recorded in both quarters. The increase in Q3 2020 consolidated revenue was mainly due to higher recurring data revenue, which grew RM26.6 million (or 11.8%) and data centre revenue, which grew RM4.5 million (or 13.0%) respectively. All core customer groups also registered solid year-on-year recurring revenue growth with the largest growth contributions seen coming from retail and wholesale customers.

The Group recorded a current quarter consolidated profit before tax of RM90.3 million which is RM5.6 million or 6.6% higher than the consolidated profit recorded in Q3 2019 of RM84.7 million. The increase in the Group's Q3 2020 profit before tax results was mainly due to the following:

- a) higher overall revenue growth in Q3 2020;
- b) lower staff related cost, travelling expenses, and advertising and promotion expenses;
- c) write off of property, plant and equipment of RM4.9 million in Q3 2019;

offset by higher net loss on foreign exchange of RM20.6 million in Q3 2020 compared to a net foreign exchange gain of RM1.7 million in Q3 2019, higher depreciation and amortisation charged for property, plant and equipment and right-of-use assets, higher net allowance for doubtful debts by RM2.2 million and net write back of construction deposit of RM0.7 million in Q3 2019.

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

(b) Nine month period ended 30 September 2020 ("9M 2020") versus nine month period ended 30 September 2019 ("9M 2019")

	9M 2020	As restated 9M 2019	Re- classification	As previously reported 9M 2019	Increase/(decrease)	
	RM'000	RM'000	RM'000	RM'000	RM'000	%
Revenue by product:						
Voice	52,928	52,695	-	52,695	233	0.4
Data	740,674	661,891	5,378	667,269	78,783	11.9
Data centre	112,183	102,798	(7,142)	95,656	9,385	9.1
Others	2,512	1,146	1,764	2,910	1,366	119.2
Total revenue	908,297	818,530	-	818,530	89,767	11.0
Profit before tax	313,769	248,213	-	248,213	65,556	26.4

The Group had undertaken an exercise in the first quarter of the current year to review of its product group classifications to ensure that revenues stated in each product group category would properly represent that product group category and is aligned with current industry norms and practices. Some of the comparative figures for revenues in the preceding year corresponding half year have been reclassified pursuant to this exercise to be consistent with the current year presentation. Analysis and comparisons to the results in the preceding year corresponding half year are done based on the restated numbers.

The Group reported a consolidated revenue of RM908.3 million in 9M 2020, which is RM89.8 million or 11.0% higher when compared to the RM818.5 million consolidated revenue recorded in 9M 2019. One-off revenues from non-recurring contracts accounted for RM4.5 million out of the total consolidated revenue recognised in 9M 2020 (9M 2019: RM3.0 million). Excluding one-off revenues from non-recurring contracts, the overall consolidated revenue in the nine months period would have shown an increase of RM88.2 million or 10.8% when compared to the similarly adjusted revenue in the preceding year corresponding period. The increase in 9M 2020 revenue (excluding one-off non-recurring contracts) is mainly due to higher sales recorded from all core product segments. All core customer groups also contributed positively to overall revenue growth in 9M 2020, led by contributions from retail and wholesale customer groups.

The Group recorded consolidated profit before tax of RM313.8 million in 9M 2020 which is RM65.6 million or 26.4% higher than the consolidated profit before tax recorded in 9M 2019 of RM248.2 million. The increase in the Group's 9M 2020 profit before tax results was mainly due to the following:

- a) higher overall revenue (including revenue from one-off non-recurring contracts) in the current nine month period;
- b) lower interest expense of RM15.1 million compared in 9M 2020 to RM20.1 million in 9M 2019;
- c) higher dividend income by RM2.6 million recorded in 9M 2020 (9M 2019: RM Nil);
- d) higher share of profits of RM13.0 million (9M 2019: RM11.0 million);
- e) lower write-off of property, plant and equipment of RM1.9 million (9M 2019: RM4.9 million);
- f) lower travelling cost and advertising and promotion expenses;

offset by higher staff related costs, higher net provision for doubtful debts, higher net loss on foreign exchange of RM5.8 million in 9M 2020 compared to a net foreign exchange loss of RM0.4 million in 9M 2019, lower interest income and higher donations.

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23. Profit before income tax

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	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	(39,442)	(35,209)	(112,753)	(112,557)
Amortisation of borrowing costs	(76)	(611)	(251)	(1,016)
Interest expense:				
- Interest on borrowings	(612)	(2,314)	(2,369)	(6,872)
- Interest from MFRS 15 adoption	(3,633)	(2,163)	(8,620)	(8,592)
- Interest from MFRS 16 adoption	(1,489)	(1,478)	(4,096)	(4,643)
Interest income	1,758	2,480	5,873	6,328
Dividend income	-	-	2,559	-
Net bad debt recovered	(403)*	133	164	202
Net (loss)/gain on foreign currency exchange	(20,620)	1,722	(5,769)	(382)
Net allowance for doubtful debts	(5,883)	(3,673)	(9,518)	(5,699)
Property, plant and equipment written off	(2)	(4,862)	(1,859)	(4,862)
Net gain on disposal of property, plant and equipment	25	-	25	-
Net write back for construction deposit recovered	-	691	-	691

*Inclusive of RM484,000 reclassified to net allowance for doubtful debts

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24. Prospects

The economy is expected to face continued uncertainties and challenges throughout the remainder of 2020 and into the first part of 2021, arising from the COVID-19 pandemic. The Group's business has been relatively fortunate as the impact from COVID-19 has so far been limited and seen to be affecting a portion of business that comes from certain customer groups, in particular, those involved in hospitality, tourism, aviation and SME related sectors. Notwithstanding this, the Group remains vigilant and will continue to closely monitor any changes or developments to this situation, whilst also focusing on the continued health and safety of its employees.

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.

By the end of the year the Group expects to launch its new wholly owned data centre in Cyberjaya, Malaysia. Whilst this data centre is capital intensive and may result in some profit margin compression for the Group in the early periods following completion, it represents an important source of future medium-term revenue growth and further reinforces the Group's strategic position as one of the leading data centre owners and operators in Malaysia.

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 30/9/2020	Preceding year corresponding quarter 30/9/2019	Nine months to 30/9/2020	Nine months to 30/9/2019
Basic EPS:				
Weighted average number of shares in issue ('000)	603,884	584,820	596,438	584,079
Profit for the period attributable to owners of the Company (RM'000)	65,945	82,994	233,692	238,627
Basic EPS	10.92 sen	14.19 sen	39.18 sen	40.86 sen
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	603,884	584,820	596,438	584,079
Effect of share options	1,050	6,911	815	6,364
Weighted average number of shares in issue ('000) (Diluted)	604,934	591,731	597,253	590,443
Profit for the period attributable to owners of the Company (RM'000)	65,945	82,994	233,692	238,627
Diluted EPS	10.90 sen	14.03 sen	39.13 sen	40.41 sen

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27. Related party transactions

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

	Cumulative Quarter	
	Nine months to 30/9/2020 RM'000	As restated Nine months to 30/9/2019 RM'000
Related parties		
Revenue from data, voice and other services	65,722	59,662
Interconnect revenue	1,546	2,589
Fee for wayleave and right of use of telecommunications facilities	(7,851)	(7,883)
Interconnect charges	(1,529)	(2,762)
Leased line and infrastructure costs	(28,885)	(26,336)
Network maintenance costs	(1,857)	(1,884)
Training expenses	(115)	(173)
Rental of office and utility charges	(105)	(76)
Professional fees on corporate exercise	(60)	(252)
	(60)	(252)
Companies in which Directors have significant financial interest		
Revenue from data, voice and other services	59	63
Professional legal fees costs	(51)	(54)
	(51)	(54)

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
26 November 2020