

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 31/03/2024 RM'000	Unaudited Preceding year corresponding quarter 31/03/2023 RM'000	Unaudited Three months to 31/03/2024 RM'000	Unaudited Three months to 31/03/2023 RM'000
Continuing operations				
Operating revenue	417,765	368,423	417,765	368,423
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(50,040)	(41,016)	(50,040)	(41,016)
- other operating expenses	(242,270)	(207,612)	(242,270)	(207,612)
Other operating income (net)	4,756	7,566	4,756	7,566
Profit from operations	130,211	127,361	130,211	127,361
Income from investments	11,220	2,421	11,220	2,421
Finance costs	(5,991)	(4,619)	(5,991)	(4,619)
Share of profit from associates and jointly controlled entity, net of tax	15,397	7,015	15,397	7,015
Profit before tax	150,837	132,178	150,837	132,178
Tax expense	(38,560)	(28,394)	(38,560)	(28,394)
Profit from continuing operations	112,277	103,784	112,277	103,784
Discontinued operations				
Profit from discontinued operations, net of tax	-	10,637	-	10,637
Profit for the period	112,277	114,421	112,277	114,421
Profit attributable to:				
Owners of the Company				
- from continuing operations	110,672	102,392	110,672	102,392
- from discontinued operations	-	12,118	-	12,118
	110,672	114,510	110,672	114,510
Non-controlling interests				
- from continuing operations	1,605	1,392	1,605	1,392
- from discontinued operations	-	(1,481)	-	(1,481)
	1,605	(89)	1,605	(89)
Profit for the period	112,277	114,421	112,277	114,421

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 2023.

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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 31/03/2024 RM'000	Unaudited Preceding year corresponding quarter 31/03/2023 RM'000	Unaudited Three months to 31/03/2024 RM'000	Unaudited Three months to 31/03/2023 RM'000
Profit for the period	112,277	114,421	112,277	114,421
Continuing operations				
Other comprehensive income, net of tax:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Foreign currency translation differences for foreign operations	(4,264)	7,528	(4,264)	7,528
- Cash flow hedge – associate	-	27	-	27
	<u>(4,264)</u>	<u>7,555</u>	<u>(4,264)</u>	<u>7,555</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")	(714)	(402)	(714)	(402)
- Remeasurement of defined benefit plan - associate	-	473	-	473
	<u>(714)</u>	<u>71</u>	<u>(714)</u>	<u>71</u>
Total other comprehensive income for the period, net of tax	(4,978)	7,626	(4,978)	7,626
Total comprehensive income for the period	107,299	122,047	107,299	122,047
Total comprehensive income attributable to:				
Owners of the Company				
- from continuing operations	105,694	110,018	105,694	110,018
- from discontinued operations	-	12,118	-	12,118
	<u>105,694</u>	<u>122,136</u>	<u>105,694</u>	<u>122,136</u>
Non-controlling interests				
- from continuing operations	1,605	1,392	1,605	1,392
- from discontinued operations	-	(1,481)	-	(1,481)
	<u>1,605</u>	<u>(89)</u>	<u>1,605</u>	<u>(89)</u>
Total comprehensive income for the period	107,299	122,047	107,299	122,047

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 2023.

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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 31/03/2024 RM'000	Unaudited Preceding year corresponding quarter 31/03/2023 RM'000	Unaudited Three months to 31/03/2024 RM'000	Unaudited Three months to 31/03/2023 RM'000
Earnings per share (based on weighted average number of ordinary shares)				
- Basic				
from continuing operations	5.99 sen	5.57 sen	5.99 sen	5.57 sen
from discontinued operations	-	0.66 sen	-	0.66 sen
	<u>5.99 sen</u>	<u>6.23 sen</u>	<u>5.99 sen</u>	<u>6.23 sen</u>
- Diluted				
from continuing operations	5.96 sen	5.57 sen	5.96 sen	5.57 sen
from discontinued operations	-	0.66 sen	-	0.66 sen
	<u>5.96 sen</u>	<u>6.23 sen</u>	<u>5.96 sen</u>	<u>6.23 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 financial year ended 31 December 2023.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/03/2024 RM'000	Audited As at 31/12/2023 RM'000
Non-current assets		
Property, plant and equipment	1,678,709	1,646,592
Investment property	1,403	1,411
Right-of-use assets	90,062	88,664
Intangible assets	140,123	140,124
Investment in associates	532,371	524,739
Investment in jointly controlled entity	688,531	685,001
Other investments	54,303	55,017
Deferred tax assets	33,032	31,348
Trade and other receivables	96,863	130,918
	3,315,397	3,303,814
Current assets		
Tax recoverable	4,185	2,872
Trade and other receivables	509,810	418,409
Contract assets	45,023	53,383
Restricted cash	1,350	1,349
Cash and bank balances	1,307,378	1,535,041
	1,867,746	2,011,054
Total assets	5,183,143	5,314,868
EQUITY AND LIABILITIES		
Equity		
Share capital	1,473,403	1,467,424
Reserves	2,512,659	2,672,150
Equity attributable to owners of the Company	3,986,062	4,139,574
Non-controlling interests	31,313	36,009
Total equity	4,017,375	4,175,583
Non-current liabilities		
Loans and borrowings	2,874	-
Lease liabilities	62,774	63,767
Contract liabilities	393,915	385,344
Deferred tax liabilities	117,624	121,304
Redemption liability	41,427	41,428
	618,614	611,843
Current liabilities		
Loans and borrowings	3,920	10,913
Lease liabilities	13,394	11,548
Trade and other payables	384,089	362,131
Contract liabilities	86,102	82,402
Provision for tax	59,649	46,888
Redemption liability	-	13,560
	547,154	527,442
Total liabilities	1,165,768	1,139,285
Total equity and liabilities	5,183,143	5,314,868
Net assets per share attributable to ordinary owners of the Company	RM2.16	RM2.24

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 2023.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/03/2024 RM'000	Unaudited Three months to 31/03/2023 RM'000
Operating Activities		
Cash receipts from customers	436,014	392,118
Transfer (to)/from restricted cash	(1)	41
Cash payments to suppliers	(150,293)	(157,290)
Cash payments to employees and for administrative expenses	(112,276)	(87,113)
Cash generated from operations	173,444	147,756
Tax paid	(32,084)	(10,145)
Net cash generated from operating activities	141,360	137,611
Investing Activities		
Acquisition of property, plant and equipment	(83,313)	(92,623)
Acquisition of subsidiaries	(18,560)	-
Proceeds from disposal of property, plant and equipment	-	30
Investment income received	18,394	1,991
Net cash used in investing activities	(83,479)	(90,602)
Financing Activities		
Proceeds from term loans and other borrowings	3,832	200,000
Repayment of term loans and borrowings	(7,968)	(10,507)
Finance charges paid	(637)	(1,353)
Payment of lease liabilities	(7,334)	(8,074)
Proceeds from issuance of additional shares	4,217	4,827
Shareholder loan from an associate	-	619
Repayment from previous associate	-	108
Dividend paid to owners	(280,096)	(270,085)
Net cash used in financing activities	(287,986)	(84,465)
Net change in cash and cash equivalents	(230,105)	(37,456)
Effect of exchange rate fluctuations on cash held	2,442	552
Cash and cash equivalents as at beginning of financial year	1,235,041	524,990
Placement of deposits maturing more than three (3) months as at beginning of financial year	300,000	-
Transfer to asset held for sale	-	(27,079)
Cash and cash equivalents	Note (a) 1,307,378	461,007
Note (a):		
Cash and bank balances	585,069	156,350
Deposit with licensed bank	722,309	304,657
Cash and cash equivalents	1,307,378	461,007
Restricted cash	1,350	4,162
Cash and bank balances	1,308,728	465,169

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 2023.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to the owners of the Company →								Total Equity RM'000
	← Non-distributable →				Distributable				
Three months to 31 March 2024 (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 2024	1,467,424	38,645	44,921	(21,829)	(52)	2,610,465	4,139,574	36,009	4,175,583
Profit for the period	-	-	-	-	-	110,672	110,672	1,605	112,277
Fair value loss on equity investments designated at FVOCI	-	(714)	-	-	-	-	(714)	-	(714)
Exchange differences recognised directly in equity	-	-	(4,264)	-	-	-	(4,264)	-	(4,264)
Total other comprehensive income for the period	-	(714)	(4,264)	-	-	-	(4,978)	-	(4,978)
Total comprehensive income for the period	-	(714)	(4,264)	-	-	110,672	105,694	1,605	107,299
<i>Contributions by and distributions to owners of the Company</i>									
Dividend paid to owners of the Company	-	-	-	-	-	(280,096)	(280,096)	-	(280,096)
Employee share grant plan/option scheme	-	-	-	10,372	-	-	10,372	-	10,372
Issuance of shares pursuant to the share option scheme	5,979	-	-	(1,762)	-	-	4,217	-	4,217
Exercise of put option to acquire non- controlling interest	-	-	-	13,560	-	(7,259)	6,301	(6,301)	-
Total transactions with owners of the Company	5,979	-	-	22,170	-	(287,355)	(259,206)	(6,301)	(265,507)
Balance as at 31 March 2024	1,473,403	37,931	40,657	341	(52)	2,433,782	3,986,062	31,313	4,017,375

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 2023

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

	← Attributable to the owners of the Company →								
	← Non-distributable →				Distributable				
Three months to 31 March 2023 (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 2023	1,418,562	39,096	29,610	3,114	(84)	1,611,489	3,101,787	25,943	3,127,730
Profit for the period	-	-	-	-	-	114,510	114,510	(89)	114,421
Fair value gain on equity investments designated at FVOCI	-	(402)	-	-	-	-	(402)	-	(402)
Exchange differences recognised directly in equity	-	-	7,528	-	-	-	7,528	-	7,528
Cash flow hedge - associate	-	-	-	-	27	-	27	-	27
Remeasurement of defined benefit plan	-	-	-	-	-	473	473	-	473
Total other comprehensive income for the period	-	(402)	7,528	-	27	473	7,626	-	7,626
Total comprehensive income for the period	-	(402)	7,528	-	27	114,983	122,136	(89)	122,047
<i>Contributions by and distributions to owners of the Company</i>									
Dividend paid	-	-	-	-	-	(270,085)	(270,085)	-	(270,085)
Employee share grant plan/option scheme	-	-	-	205	-	-	205	-	205
Issuance of shares pursuant to the share option scheme	6,589	-	-	(1,762)	-	-	4,827	-	4,827
Total transactions with owners of the Company	6,589	-	-	(1,557)	-	(270,085)	(265,053)	-	(265,053)
Balance as at 31 March 2023	1,425,151	38,694	37,138	1,557	(57)	1,456,387	2,958,870	25,854	2,984,724

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 2023.

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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. 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 2023. 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 2023.

2. Significant accounting policies

The accounting policies and presentation adopted for this interim financial statements are consistent with those adopted in the annual audited financial statements of the Group for the financial year ended 31 December 2023, except for the adoption of the following amendments to MFRSs with a date of initial application on 1 January 2024.

Description

Amendments to MFRS 16	<i>Leases – Lease Liability in a Sale and Leaseback</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current</i>

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

At the date of this interim financial statements, 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 periods beginning on or after
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 year.

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

3. Audit report in respect of the 2023 financial statements

The audit report on the Group's annual audited financial statements for the financial year ended 31 December 2023 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 ended 31 March 2024.

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 ended 31 March 2024.

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7. Debt and equity securities

On 4 January 2024, Mr Patrick Corso exercised 1,980,000 option shares granted to him at the adjusted option exercise price of RM2.130 per share. The Group received proceeds totalling RM4,217,400 as a result of the said exercise.

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 three months period ended 31 March 2024.

8. Dividends

On 27 March 2024, the Company paid an ordinary interim and a special interim tax exempt (single tier) dividends of 8.25 sen and 6.90 sen per ordinary share respectively, for the financial year ended 31 December 2023.

9. Segmental Reporting

	Individual Quarter		Cumulative Quarter	
	Current quarter 31/03/2024 RM'000	Preceding year corresponding quarter 31/03/2023 RM'000	Three months to 31/03/2024 RM'000	Three months to 31/03/2023 RM'000
Group				
Continuing Operations				
Operating Revenue				
Voice	11,941	13,449	11,941	13,449
Data	356,464	315,957	356,464	315,957
Cloud and other services	48,594	38,556	48,594	38,556
Others	766	461	766	461
	417,765	368,423	417,765	368,423
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(50,040)	(41,016)	(50,040)	(41,016)
Other operating expenses	(242,270)	(207,612)	(242,270)	(207,612)
Other operating income (net)	4,756	7,566	4,756	7,566
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Income from investments	11,220	2,421	11,220	2,421
Finance costs	(5,991)	(4,619)	(5,991)	(4,619)
Share of profit from associates and jointly controlled entity, net of tax	15,397	7,015	15,397	7,015
Profit before tax	150,837	132,178	150,837	132,178
Tax expense	(38,560)	(28,394)	(38,560)	(28,394)
Profit from continuing operations	112,277	103,784	112,277	103,784
Profit from discontinued operations, net of tax	-	10,637	-	10,637
Profit for the period	112,277	114,421	112,277	114,421

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9. Segmental Reporting (continued)

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/03/2024 RM'000	Preceding year corresponding quarter 31/03/2023 RM'000	Three months to 31/03/2024 RM'000	Three months to 31/03/2023 RM'000
Geographical locations				
Operating Revenue				
Within Malaysia	398,513	353,273	398,513	353,273
Outside Malaysia	19,252	15,150	19,252	15,150
	417,765	368,423	417,765	368,423
Timing of revenue recognition				
Over time	394,128	347,846	394,128	347,846
At a point in time	23,637	20,577	23,637	20,577
	417,765	368,423	417,765	368,423

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 2023.

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

There were no items, transactions or events of a material and unusual nature from 31 March 2024 to 23 May 2024 (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 31 March 2024

- (i) On 10 January 2024, the Company completed the First Completion of the Subscription Agreement dated 14 December 2023 between the Company, Thiruchandran A/L Thiruchelvam and Charge N Go Sdn Bhd ("CnG") and the subscription consideration for the First Completion amounted to RM4,187,494. The Company had simultaneously on the same date further completed a Share Sale and Purchase Agreement dated 14 December 2023 between the Company and RWC1 Sdn Bhd in relation to the purchase of 44,643 ordinary shares in CnG by the Company from RWC1 Sdn Bhd at a total purchase consideration of RM812,502. Consequently, CnG became a 51% owned subsidiary of the Company. The Subscription Agreement dated 14 December 2023 in relation to CnG further provides for two further closings of up to RM10 million in subscription consideration into CnG subject to CnG meeting certain performance conditions.
- (ii) On 18 January 2024, the Company acquired 76,341 ordinary shares in AVM Cloud Sdn Bhd ("AVM") at a total purchase consideration of RM13,560,430.78 from Choong Yoke Khang @ Choong Yoke Can arising from the exercise of a put option by Choong Yoke Khang @ Choong Yoke Can as provided for in the Shareholders Agreement between the Company, its minority shareholders and AVM dated 7 January 2021. Consequently, the Company's shareholding in AVM had increased from 60% to 67%.

There were no other changes in the composition of the Group during the financial period ended 31 March 2024.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since the financial year ended 31 December 2023.

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14. Capital commitments

	As at 31/03/2024 RM'000
Property, plant and equipment	
Authorised but not contracted for	97,116
Contracted but not provided for	201,154

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
31 March 2024	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000
Financial instruments carried at fair value:					
Financial assets					
Other investments	-	-	54,303	54,303	54,303
Financial instruments not carried at fair value:					
Financial liabilities					
Revolving Credit	-	-	6,794	6,794	6,794

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16. Tax expense

The income tax expense for the Group for the current quarter ended 31 March 2024 were made up as follows:

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/03/2024 RM'000	Preceding year corresponding quarter 31/03/2023 RM'000	Three months to 31/03/2024 RM'000	Three months to 31/03/2023 RM'000
Tax expense on continuing operations	38,560	28,394	38,560	28,394
Tax expense on discontinued operations	-	4,563	-	4,563
Total tax expense	38,560	32,957	38,560	32,957
Tax expense:				
- Current year	43,540	11,979	43,540	11,979
- Under provision in prior year	2	2	2	2
	43,542	11,981	43,822	11,981
Deferred tax (credit)/expense:				
- Origination of temporary differences	(4,640)	22,090	(4,640)	22,090
- Over provision in prior years	(342)	(1,114)	(342)	(1,114)
	(4,982)	20,976	(4,982)	20,976
Total tax expense	38,560	32,957	38,560	32,957

The effective tax rate of the Group for the current quarter ended 31 March 2024 is slightly higher than the statutory tax rate of 24% principally due to non-deductible expenses and loss making subsidiaries.

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

There were no corporate proposals which have been announced but not completed as at 23 May 2024, being the latest practicable date.

18. Loans and borrowings

The loans and borrowings as at 31 March 2024 and 31 December 2023 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 2024			
Loans and borrowings			
Secured:			
- Denominated in RM	3,920	2,874	6,794
As at 31 March 2024	<u>3,920</u>	<u>2,874</u>	<u>6,794</u>
31 December 2023			
Loans and borrowings			
Secured:			
- Denominated in RM	10,913	-	10,913
As at 31 December 2023	<u>10,913</u>	<u>-</u>	<u>10,913</u>

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18. Loans and borrowings (continued)

The Group's loans and borrowings were mainly used to fund the Group's working capital requirements and foreign investments. The Group's loans and borrowings comprise both fixed and floating rate facilities and bear interest at rates ranging from 4.87% to 5.30% per annum.

19. Off-balance sheet financial instruments

The cash and cash equivalents of the Group, as at 31 March 2024, did not include bank balances amounting to RM9,912,000 (31 December 2023: RM1,576,000) 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 23 May 2024, being the latest practicable date.

21. Discontinued Operations

On 20 April 2023, the Company announced the completion of the transactions below in relation to the 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"), a portfolio company managed by DigitalBridge Group, Inc. ("DigitalBridge"):

- (a) a conditional share sale and purchase agreement with DBAPL ("SPA 1") for the divestment of 49% of the issued ordinary shares ("OS") and 100% of the irredeemable convertible preference shares ("ICPS") of AIMS with the provisional purchase price 1 fixed at RM2,025.79 million ("Transaction 1"). The proceeds have been received from DBAPL (which includes security deposit) on even date;
- (b) 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) ("SPA 2"), for the divestment of the Company's 21% of the issued shares of AIMS TH for the provisional purchase price 2 fixed at THB27.30 million (equivalent to RM3.49 million) ("Transaction 2"). The proceeds have been received from DBAPL on even date,

collectively referred to as the "Transactions".

On 19 October 2023, an additional consideration of RM10.34 million was received. Thus, total final consideration received for the Transactions amounted to RM2,039.62 million.

The status of utilisation of proceeds up to 31 March 2024 is as follows:

Purpose	Timeframe for utilisation from completion of item (a) and (b)	Estimated amount as per Circular dated 16 January 2023 (RM'million)	Actual amount incurred (RM'million)	Balance to utilise (RM'million)	Deviation from estimated amount (%)
Special dividend	within 6 months	1,000.00	1,000.18	(0.18)	0.02%
Capital expenditure	within 36 months	500.00	238.28	261.72	Not fully utilised
General working capital	within 36 months	463.98	463.98	-	Fully utilised
Estimated expenses	within 6 months	45.00	40.20	4.80	Not fully utilised
Total		2,008.98	1,742.64	266.34	

Accordingly, pursuant to the disposal, the Company has 30% effective interest remaining in AIMS despite 51% legal ownership of the ordinary shares in AIMS. As the Company no longer control AIMS and AIMS TH respectively pursuant to the disposal, the asset and liabilities of AIMS and AIMS TH have been deconsolidated from that date. The Company therefore presents and discloses the financial results of AIMS up to 20 April 2023 as discontinued operations and thereafter as a share of profit from jointly controlled entity.

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21. Discontinued Operations (continued)

The financial performance and cash flow information of the discontinued operations up to 31 March 2023 are as follows:

(a) Financial performance

	Three months to* 31/03/2024	Three months to* 31/03/2023
	RM'000	RM'000
Operating revenue	-	48,740
Operating expenses	-	(33,540)
Profit before tax	-	15,200
Tax expense	-	(4,563)
Profit from discontinued operations	-	10,637

The carrying amount of assets and liabilities as at 31 March 2023 was:

	RM'000
Assets	
Property, plant and equipment	502,749
Right-of-use assets	25,621
Intangible assets	111,858
Trade and other receivables	72,479
Deferred tax assets	13,124
Tax recoverable	1,296
Restricted cash	268
Cash and cash equivalents	27,079
	<u>754,474</u>
Liabilities	
Loans and borrowings	(89,139)
Lease liabilities	(23,130)
Trade and other payables	(54,454)
	<u>(166,723)</u>

(b) Cash flows from discontinued operations

	Three months to* 31/03/2024	Three months to* 31/03/2023
	RM'000	RM'000
Net cash used in from operating activities	-	(10,430)
Net cash used in investing activities	-	(18,532)
Net cash from financing activities	-	15,698
Effect of exchange rate fluctuations on cash held	-	(13)
Effect on cash flows	-	<u>(13,277)</u>

* No financial results recorded for three months to 31 March 2024 as the Transactions had completed on 20 April 2023, as compared to three months to 31 March 2023 which consists of 3 months of financial results for discontinued operations.

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22. Comparison between the current quarter ("Q1 2024") and the immediately preceding quarter ("Q4 2023")

	Q1 2024	Q4 2023	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	11,941	12,343	(402)	(3.3)
Data	356,464	364,608	(8,144)	(2.2)
Cloud and other services	48,594	44,268	4,326	9.8
Others	766	1,037	(271)	(26.1)
Revenue from continuing operations	417,765	422,256	(4,491)	(1.1)
Profit before tax from continuing operations	150,837	118,159	32,678	27.6

The Group reported consolidated revenue from continuing operations of RM417.8 million in Q1 2024, which is RM4.5 million or 1.1% lower compared to the RM422.3 million of consolidated revenue recorded in Q4 2023. One-off non-recurring revenue of RM8.1 million was recorded from cloud and other services in Q1 2024 (Q4 2023: RM8.4 million from data contracts). Excluding one-off non-recurring revenue for better comparability, consolidated revenue decreased by RM4.2 million or 1.0% in the current quarter. The decrease in consolidated revenue (excluding one-off non-recurring revenue) were mainly contributed by wholesale.

The Group's consolidated profit before tax from continuing operations in Q1 2024 amounted to RM150.8 million, which is RM32.7 million higher than the consolidated profit of RM118.2 million in Q4 2023. Higher Q1 2024 consolidated profit before tax was mainly due to:

- a) lower provision for impairment of property, plant and equipment of RM20.3 million in Q1 2024;
- b) lower inventory written off of RM1.2 million in Q1 2024;
- c) net foreign exchange gain of RM4.5 million in Q1 2024 as compared to a net foreign exchange loss of RM1.2 million in Q4 2023;
- d) higher share of profit from associates and jointly controlled entity of RM4.9 million in Q1 2024;

offset with lower interest income and higher depreciation for property, plant and equipment.

No revenue and profit before tax from discontinued operations were disclosed in Q1 2024 and Q4 2023 as the Transactions were completed on 20 April 2023.

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23. **Review of performance for the current quarter and year to date**

(a) **Comparison between the current quarter (“Q1 2024”) versus three months period ended 31 March 2023 (“Q1 2023”)**

	Q1 2024	Q1 2023	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	11,941	13,449	(1,508)	(11.2)
Data	356,464	315,957	40,507	12.8
Cloud and other services	48,594	38,556	10,038	26.0
Others	766	461	305	66.2
Revenue from continuing operations	417,765	368,423	49,342	13.4
Revenue from discontinued operations	-	48,740	(48,740)	(100.0)
Total revenue	417,765	417,163	602	0.1
Profit before tax	150,837	147,378	3,459	2.3
Profit before tax from discontinued operations	-	(15,200)	15,200	100.0
Profit before tax from continuing operations	150,837	132,178	18,659	14.1

The Group reported consolidated revenue from continuing operations of RM417.8 million in Q1 2024, which is RM49.3 million or 13.4% higher compared to the RM368.4 million of consolidated revenue recorded in Q1 2023. One-off non-recurring revenue of RM8.1 million was recorded from cloud and other services in Q1 2024 (Q1 2023: RM Nil). Excluding one-off non-recurring revenue for better comparability, consolidated revenue increased by RM41.2 million or 11.2% in the current quarter. Solid year-on-year (“YoY”) recurring revenue growth was recorded across all customer groups, with the largest growth coming from enterprise, followed by retail and wholesale customers.

The Group recorded consolidated profit before tax from continuing operations of RM150.8 million for the current quarter, which is RM18.6 million or 14.1% higher than the consolidated profit before tax from continuing operations of RM132.2 million recorded in Q1 2023. The increase in the Group’s Q1 2024 profit before tax was mainly due to the following:

- a) higher overall revenue in Q1 2024;
- b) higher interest income of RM8.8 million in Q1 2024;
- c) higher share of profits from associates and jointly controlled entity of RM8.4 million;

offset with higher personnel costs, depreciation for property, plant and equipment and lower net foreign exchange gain by RM2.5 million (Q1 2024: RM4.5 million; Q1 2023: RM7.0 million)

No revenue and profit before tax from discontinued operations were disclosed in Q1 2024 as the Transactions were completed on 20 April 2023.

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24. Profit for the period

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after (charging)/crediting:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(50,040)	(51,359)	(50,040)	(51,359)
Amortisation of borrowing costs	(17)	(33)	(17)	(33)
Interest expense				
- Interest on borrowings	(53)	(2,074)	(53)	(2,074)
- Other interest expense	(4,705)	(3,895)	(4,705)	(3,895)
- Interest on lease liabilities	(1,216)	(1,303)	(1,216)	(1,303)
Interest income	11,220	2,485	11,220	2,485
Net bad debt recovered	269	352	269	352
Net gain on foreign currency exchange	4,465	7,141	4,465	7,141
Net allowance for doubtful debts	(7,442)	(1,640)	(7,442)	(1,640)
Net gain on disposal of property, plant and equipment	-	30	-	30

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25. Prospects

The Group remains resolutely focused on expanding its network coverage and simultaneously enhancing operational excellence to deliver the best in quality of products and customer experience. In parallel, the Group is actively refining its strategies and investing in core businesses, with the aim of strengthening its value proposition and remaining competitive across the Retail, Enterprise and Wholesale segments. The Group remains vigilant and continuously monitors for external developments that could potentially impact its performance and long-term business sustainability.

26. Profit forecast and profit guarantee

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

27. Earnings per share (“EPS”)

	Individual Quarter		Cumulative Quarter	
	Current quarter 31/03/2024	Preceding year corresponding quarter 31/03/2023	Three months to 31/03/2024	Three months to 31/03/2023
Basic EPS:				
Weighted average number of shares in issue ('000)	1,848,753	1,838,210	1,848,753	1,838,210
Profit for the period attributable to owners of the Company (RM'000)				
- Continuing operations	110,672	102,392	110,672	102,392
- Discontinued operations	-	12,118	-	12,118
	<u>110,672</u>	<u>114,510</u>	<u>110,672</u>	<u>114,510</u>
Basic EPS				
- Continuing operations	5.99 sen	5.57 sen	5.99 sen	5.57 sen
- Discontinued operations	-	0.66 sen	-	0.66 sen
	<u>5.99 sen</u>	<u>6.23 sen</u>	<u>5.99 sen</u>	<u>6.23 sen</u>
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	1,848,753	1,838,210	1,848,753	1,838,210
Effect of share option, if exercised	-	1,088	-	1,088
Effect of share grant reserve	6,779	-	6,779	-
Weighted average number of shares in issue ('000) (Diluted)	<u>1,855,532</u>	<u>1,839,298</u>	<u>1,855,532</u>	<u>1,839,298</u>
Profit for the period attributable to owners of the Company (RM'000)				
- Continuing operations	110,672	102,392	110,672	102,392
- Discontinued operations	-	12,118	-	12,118
	<u>110,672</u>	<u>114,510</u>	<u>110,672</u>	<u>114,510</u>
Diluted EPS				
- Continuing operations	5.96 sen	5.57 sen	5.96 sen	5.57 sen
- Discontinued operations	-	0.66 sen	-	0.66 sen
	<u>5.96 sen</u>	<u>6.23 sen</u>	<u>5.96 sen</u>	<u>6.23 sen</u>

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28. Related party transactions

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

	Cumulative Quarter	
	Three months to 31/03/2024 RM'000	Three months to 31/03/2023 RM'000
With related parties		
Revenue from data, voice and other services	19,413	20,815
Sales of IT related services	9,508	15,757
Interconnect revenue	211	318
Fee for wayleave and right of use of telecommunications facilities	(2,537)	(2,537)
Interconnect charges	(106)	(199)
Leased line and infrastructure costs	(21,133)	(16,226)
Network maintenance costs	(1,530)	(716)
Training expenses	(6)	(41)
Rental of office and utility charges	(31)	(30)
Professional fees	(51)	(264)
Marketing services	-	(375)
Interest on advances	-	(244)
	-	(244)
With companies in which Directors have significant interest		
Revenue from data, voice and other services	-	7
	-	7

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
29 May 2024