

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 30/06/2024 RM'000	Unaudited Preceding year corresponding quarter 30/06/2023 RM'000	Unaudited Six months to 30/06/2024 RM'000	Unaudited Six months to 30/06/2023 RM'000
Continuing operations				
Operating revenue	418,488	389,200	836,253	757,623
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(46,669)	(47,290)	(96,709)	(88,306)
- other operating expenses	(242,458)	(338,030)	(484,728)	(545,642)
Other operating (loss)/income - (net)*	(3,925)	17,333	831	24,899
Profit from operations	125,436	21,213	255,647	148,574
Income from investments	10,465	12,574	21,685	14,995
Finance costs	(6,242)	(5,464)	(12,233)	(10,083)
Share of profit from associates and jointly controlled entity, net of tax	5,810	6,912	21,207	13,927
Profit before tax	135,469	35,235	286,306	167,413
Tax expense	(35,696)	(32,718)	(74,256)	(61,112)
Profit from continuing operations	99,773	2,517	212,050	106,301
Discontinued operations				
Profit from discontinued operations, net of tax **	-	2,262,135	-	2,272,772
Profit for the period	99,773	2,264,652	212,050	2,379,073
Profit attributable to:				
Owners of the Company				
- from continuing operations	99,048	387	209,720	102,779
- from discontinued operations	-	2,262,477	-	2,274,595
	99,048	2,262,864	209,720	2,377,374
Non-controlling interests				
- from continuing operations	725	2,130	2,330	3,522
- from discontinued operations	-	(342)	-	(1,823)
	725	1,788	2,330	1,699
Profit for the period	99,773	2,264,652	212,050	2,379,073

* Included in the current quarter other operating (loss)/income - (net) is a net foreign exchange loss of RM6,637,000 as compared to a net foreign exchange gain of RM15,720,000 in the preceding year corresponding quarter.

** Included in the profit from discontinued operations, net of tax in the quarter and six months ended 30 June 2023, is a gain on divestment of RM2,259,351,000 (Refer Note 21).

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 30/06/2024 RM'000	Unaudited Preceding year corresponding quarter 30/06/2023 RM'000	Unaudited Six months to 30/06/2024 RM'000	Unaudited Six months to 30/06/2023 RM'000
Profit for the period	99,773	2,264,652	212,050	2,379,073
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	(7,993)	7,401	(12,257)	14,929
- Cash flow hedge – associate	-	3	-	30
	<u>(7,993)</u>	<u>7,404</u>	<u>(12,257)</u>	<u>14,959</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")	(2,346)	(12)	(3,060)	(414)
- Remeasurement of defined benefit plan - associate	-	-	-	473
	<u>(2,346)</u>	<u>(12)</u>	<u>(3,060)</u>	<u>59</u>
Discontinued operations				
Other comprehensive income, net of tax:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
- Reclassification of currency translation differences on divestment of subsidiaries	-	2,545	-	2,545
	<u>-</u>	<u>2,545</u>	<u>-</u>	<u>2,545</u>
Total other comprehensive income for the period, net of tax	(10,339)	9,937	(15,317)	17,563
Total comprehensive income for the period	89,434	2,274,589	196,733	2,396,636
Total comprehensive income attributable to:				
Owners of the Company				
- from continuing operations	88,709	12,869	194,403	122,887
- from discontinued operations	-	2,259,932	-	2,272,050
	<u>88,709</u>	<u>2,272,801</u>	<u>194,403</u>	<u>2,394,937</u>
Non-controlling interests				
- from continuing operations	725	2,130	2,330	3,522
- from discontinued operations	-	(342)	-	(1,823)
	<u>725</u>	<u>1,788</u>	<u>2,330</u>	<u>1,699</u>
Total comprehensive income for the period	89,434	2,274,589	196,733	2,396,636

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 30/06/2024 RM'000	Unaudited Preceding year corresponding quarter 30/06/2023 RM'000	Unaudited Six months to 30/06/2024 RM'000	Unaudited Six months to 30/06/2023 RM'000
Earnings per share (based on weighted average number of ordinary shares)				
- Basic				
from continuing operations	5.36 sen	0.02 sen	11.34 sen	5.59 sen
from discontinued operations	-	123.06 sen	-	123.73 sen
	<u>5.36 sen</u>	<u>123.08 sen</u>	<u>11.34 sen</u>	<u>129.32 sen</u>
- Diluted				
from continuing operations	5.35 sen	0.02 sen	11.30 sen	5.59 sen
from discontinued operations	-	122.98 sen	-	123.65 sen
	<u>5.35 sen</u>	<u>123.00 sen</u>	<u>11.30 sen</u>	<u>129.24 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 30/06/2024 RM'000	Audited As at 31/12/2023 RM'000
Non-current assets		
Property, plant and equipment	1,718,110	1,646,592
Investment property	1,394	1,411
Right-of-use assets	88,122	88,664
Intangible assets	140,122	140,124
Investment in associates	526,566	524,739
Investment in jointly controlled entity	688,608	685,001
Other investments	52,289	55,017
Deferred tax assets	34,497	31,348
Trade and other receivables	96,650	130,918
	<u>3,346,358</u>	<u>3,303,814</u>
Current assets		
Tax recoverable	5,249	2,872
Trade and other receivables	501,740	418,409
Contract assets	43,841	53,383
Restricted cash	1,352	1,349
Cash and bank balances	1,406,850	1,535,041
	<u>1,959,032</u>	<u>2,011,054</u>
Total assets	<u>5,305,390</u>	<u>5,314,868</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,473,403	1,467,424
Reserves	2,599,080	2,672,150
Equity attributable to owners of the Company	4,072,483	4,139,574
Non-controlling interests	32,038	36,009
Total equity	<u>4,104,521</u>	<u>4,175,583</u>
Non-current liabilities		
Loans and borrowings	2,874	-
Lease liabilities	48,061	63,767
Contract liabilities	389,140	385,344
Deferred tax liabilities	112,236	121,304
Redemption liability	41,428	41,428
	<u>593,739</u>	<u>611,843</u>
Current liabilities		
Loans and borrowings	2,095	10,913
Lease liabilities	26,177	11,548
Trade and other payables	404,237	362,131
Contract liabilities	91,016	82,402
Provision for tax	83,605	46,888
Redemption liability	-	13,560
	<u>607,130</u>	<u>527,442</u>
Total liabilities	<u>1,200,869</u>	<u>1,139,285</u>
Total equity and liabilities	<u>5,305,390</u>	<u>5,314,868</u>
Net assets per share attributable to ordinary owners of the Company	<u>RM2.20</u>	<u>RM2.24</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 2023.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/06/2024 RM'000	Unaudited Six months to 30/06/2023 RM'000
Operating Activities		
Cash receipts from customers	850,569	838,238
Transfer to restricted cash	(2)	(3)
Cash payments to suppliers	(288,209)	(289,948)
Cash payments to employees and for administrative expenses	(200,969)	(220,696)
Cash generated from operations	361,389	327,591
Tax paid	(51,061)	(9,271)
Tax refunded	-	53
Net cash generated from operating activities	310,328	318,373
Investing Activities		
Acquisition of property, plant and equipment	(147,346)	(148,043)
Acquisition of subsidiaries	(18,560)	-
Acquisition of other investments	-	(441)
Proceeds from disposal of property, plant and equipment	-	30
Proceeds from divestment of subsidiaries	-	2,029,280
Investment income received	32,794	10,149
Net cash (used in)/generated from investing activities	(133,112)	1,890,975
Financing Activities		
Proceeds from term loans and other borrowings	3,832	200,000
Repayment of term loans and borrowings	(9,793)	(211,582)
Finance charges paid	(853)	(2,048)
Payment of lease liabilities	(11,384)	(13,376)
Proceeds from issuance of additional shares	4,217	4,827
Purchase of shares held by Share Grant Plan ("SGP") trust	(12,465)	-
Repayment from previous associate	-	108
Repayment from a joint venture	-	179,443
Dividend paid to owners	(280,096)	(1,270,265)
Net cash used in financing activities	(306,542)	(1,112,893)
Net change in cash and cash equivalents	(129,326)	1,096,455
Effect of exchange rate fluctuations on cash held	1,135	3,817
Cash and cash equivalents as at beginning of financial year	1,235,041	484,635
Placement of deposits maturing more than three (3) months as at beginning of financial year	300,000	-
Cash and cash equivalents	Note (a) 1,406,850	1,584,907
Note (a):		
Cash and bank balances	674,830	205,922
Deposit with licensed bank	732,020	1,378,985
Cash and cash equivalents	1,406,850	1,584,907
Restricted cash	1,352	4,164
Cash and bank balances	1,408,202	1,589,071

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 (CONTINUED)

	← Attributable to the owners of the Company →								
	← Non-distributable →					Distributable			
Six months to 30 June 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	-	-	-	-	-	2,377,374	2,377,374	1,699	2,379,073
Fair value gain on equity investments designated at FVOCI	-	(414)	-	-	-	-	(414)	-	(414)
Exchange differences recognised directly in equity	-	-	14,929	-	-	-	14,929	-	14,929
Cash flow hedge - associate	-	-	-	-	30	-	30	-	30
Remeasurement of defined benefit plan	-	-	-	-	-	473	473	-	473
Divestment of subsidiaries	-	-	2,545	-	-	-	2,545	-	2,545
Total other comprehensive income for the period	-	(414)	17,474	-	30	473	17,563	-	17,563
Total comprehensive income for the period	-	(414)	17,474	-	30	2,377,847	2,394,937	1,699	2,396,636
<i>Contributions by and distributions to owners of the Company</i>									
Dividend paid	-	-	-	-	-	(1,270,265)	(1,270,265)	-	(1,270,265)
Divestment of subsidiaries	-	-	-	-	-	-	-	6,004	6,004
Employee share grant option scheme	-	-	-	49,761	-	-	49,761	-	49,761
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	-	-	47,999	-	(1,270,265)	(1,215,677)	6,004	(1,209,673)
Balance as at 30 June 2023	1,425,151	38,682	47,084	51,113	(54)	2,719,071	4,281,047	33,646	4,314,693

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 for annual periods beginning on or after 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 121	<i>Lack of Exchangeability</i>	1 January 2025
MFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
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 30 June 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 30 June 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.

During the current quarter ended 30 June 2024, the Group had undertaken a purchase of its shares through its share grant trustee, for purposes of granting the purchased Company shares to eligible employees in accordance with its SGP. A total of 4,392,300 shares was purchased at a weighted average share price of RM5.07 and recorded as shares held by SGP trust as at 30 June 2024.

Other than above, the Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations and resale of treasury shares during the current six months period ended 30 June 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.

On 26 August 2024, the Board declared a special interim tax exempt (single tier) dividend of 18.93 sen per ordinary share for the financial year ending 31 December 2024.

9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Continuing Operations				
Operating Revenue				
Voice	11,719	11,837	23,660	25,286
Data	363,379	325,154	719,843	641,111
Cloud and other services	42,882	51,925	91,476	90,481
Others	508	284	1,274	745
	418,488	389,200	836,253	757,623
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(46,669)	(47,290)	(96,709)	(88,306)
Other operating expenses	(242,458)	(338,030)	(484,728)	(545,642)
Other operating (loss)/income - (net)	(3,925)	17,333	831	24,899
Profit from operations	125,436	21,213	255,647	148,574
Income from investments	10,465	12,574	21,685	14,995
Finance costs	(6,242)	(5,464)	(12,233)	(10,083)
Share of profit from associates and jointly controlled entity, net of tax	5,810	6,912	21,207	13,927
Profit before tax	135,469	35,235	286,306	167,413
Tax expense	(35,696)	(32,718)	(74,256)	(61,112)
Profit from continuing operations	99,773	2,517	212,050	106,301
Profit from discontinued operations, net of tax	-	2,262,135	-	2,272,772
Profit for the period	99,773	2,264,652	212,050	2,379,073

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9. Segmental Reporting (continued)

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 30/06/2024 RM'000	Preceding year corresponding quarter 30/06/2023 RM'000	Six months to 30/06/2024 RM'000	Six months to 30/06/2023 RM'000
Geographical locations				
Operating Revenue				
Within Malaysia	398,909	372,402	797,422	725,455
Outside Malaysia	19,579	16,798	38,831	32,168
	418,488	389,200	836,253	757,623
Timing of revenue recognition				
Over time	397,745	361,752	791,873	709,598
At a point in time	20,743	27,448	44,380	48,025
	418,488	389,200	836,253	757,623

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 30 June 2024 to 19 August 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 30 June 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%.
- (iii) On 31 July 2024, the Company granted 4,380,022 of the Company's shares purchased during the current quarter to eligible employees pursuant to the SGP. The closing price on the vesting date of 31 July 2024 was RM 5.140 per share. The vesting of the shares under the SGP was 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.

There were no other changes in the composition of the Group during the financial period ended 30 June 2024.

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13. Contingent liabilities/assets

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

14. Capital commitments

	As at 30/06/2024 RM'000
Property, plant and equipment	
Authorised but not contracted for	88,647
Contracted but not provided for	<u>223,641</u>

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
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000
30 June 2024					
Financial instruments carried at fair value:					
Financial assets					
Other investments	<u>-</u>	<u>-</u>	<u>52,289</u>	<u>52,289</u>	<u>52,289</u>

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16. Tax expense

The income tax expense for the Group for the current quarter and financial period ended 30 June 2024 were made up as follows:

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 30/06/2024 RM'000	Preceding year corresponding quarter 30/06/2023 RM'000	Six months to 30/06/2024 RM'000	Six months to 30/06/2023 RM'000
Tax expense on continuing operations	35,696	32,718	74,256	61,112
Tax expense on discontinued operations	-	1,094	-	5,657
Total tax expense	35,696	33,812	74,256	66,769
Tax expense:				
- Current year	42,729	32,220	86,269	44,199
- Under provision in prior year	-	-	2	2
	42,729	32,220	86,271	44,201
Deferred tax (credit)/expense:				
- Origination of temporary differences	(5,964)	6,224	(10,604)	28,314
- Over provision in prior years	(1,069)	(4,632)	(1,411)	(5,746)
	(7,033)	1,592	(12,015)	22,568
Total tax expense	35,696	33,812	74,256	66,769

The effective tax rate of the Group for the current quarter ended 30 June 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 19 August 2024, being the latest practicable date.

18. Loans and borrowings

The loans and borrowings as at 30 June 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
30 June 2024			
Loans and borrowings			
Secured:			
- Denominated in RM	2,095	2,874	4,969
As at 30 June 2024	2,095	2,874	4,969
31 December 2023			
Loans and borrowings			
Secured:			
- Denominated in RM	10,913	-	10,913
As at 31 December 2023	10,913	-	10,913

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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. The Group's loans and borrowings comprise both fixed and floating rate facilities and bear interest at rates ranging from 4.87% to 5.12% per annum.

19. Off-balance sheet financial instruments

The cash and cash equivalents of the Group, as at 30 June 2024, did not include bank balances amounting to RM11,813,000 (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 19 August 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 30 June 2024 is as follows:

Purpose	Timeframe for utilisation from completion of item (a) and (b)	Estimated amount as per Circular to Shareholders 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	296.01	203.99	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	1,800.37	208.61	

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 30 June 2024 are as follows:

(a) Financial performance	Current year quarter [#] 30/06/2024	Preceding year corresponding quarter* 30/06/2023	Six months to [#] 30/06/2024	Six months to* 30/06/2023
	RM'000	RM'000	RM'000	RM'000
Operating revenue	-	12,189	-	60,929
Operating expenses	-	(8,311)	-	(41,851)
Profit before tax	-	3,878	-	19,078
Tax expense	-	(1,094)	-	(5,657)
Profit for the period	-	2,784	-	13,421
Gain on divestment of subsidiaries (refer to (i))	-	2,259,351	-	2,259,351
Profit from discontinued operations	-	2,262,135	-	2,272,772
Currency translation difference	-	(2,545)	-	(2,545)
Total comprehensive income from discontinued operations	-	2,259,590	-	2,270,227

(i) Details of the gain on divestment of subsidiaries:

	RM'000
Consideration received	2,029,280
Expenses directly attributable	(40,199)
Total net divestment consideration	1,989,081
Retained interest in joint venture	679,999
Carrying amount of net asset disposed (refer to (ii))	(407,184)
Reclassification of foreign currency translation reserve	(2,545)
Net gain on divestment of subsidiaries	2,259,351

No financial results recorded for current quarter and six months to 30 June 2024 as the Transactions had been completed on 20 April 2023.

* Preceding year corresponding quarter consists of 1 month of financial results and six months to 30 June 2023 consists of 4 months of financial results.

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21. Discontinued Operations (continued)

(ii) The carrying amount of assets and liabilities as at 20 April 2023:

	RM'000
Assets	
Property, plant and equipment	502,923
Right-of-use assets	24,426
Intangible assets	111,858
Trade and other receivables	80,195
Deferred tax assets	14,948
Tax recoverable	390
Restricted cash	268
Cash and cash equivalents	48,976
	783,984
Liabilities	
Loans and borrowings	(88,676)
Lease liabilities	(22,305)
Trade and other payables	(270,965)
Provision for tax	(858)
	(382,804)
Total net asset disposed	401,180
Less: Non-controlling interest	6,004
Total net assets disposed attributable to the owners of the Company	407,184

(b) Cash flows from discontinued operations

	Six months to* 30/06/2024	Six months to* 30/06/2023
	RM'000	RM'000
Net cash used in from operating activities	-	(17,815)
Net cash used in investing activities	-	(21,394)
Net cash from financing activities	-	47,935
Effect of exchange rate fluctuations on cash held	-	(105)
Effect on cash flows	-	8,621

* No financial results recorded for six months to 30 June 2024 as the Transactions had been completed on 20 April 2023, as compared to six months to 30 June 2023 which consists of 4 months of financial results from discontinued operations.

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

(a) Comparison between the current quarter ("Q2 2024") and the immediately preceding quarter ("Q1 2024")

	Q2 2024	Q1 2024	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	11,719	11,941	(222)	(1.9)
Data	363,379	356,464	6,915	1.9
Cloud and other services	42,882	48,594	(5,712)	(11.8)
Others	508	766	(258)	(33.7)
Revenue from continuing operations	418,488	417,765	723	0.2
Profit before tax from continuing operations	135,469	150,837	(15,368)	(10.2)

The Group reported consolidated revenue from continuing operations of RM418.5 million in Q2 2024, which is RM0.7 million or 0.2% higher compared to RM417.8 million of consolidated revenue recorded in Q1 2024. One-off non-recurring revenue of RM7.6 million was recorded from cloud and other services in Q2 2024 (Q1 2024: RM8.1 million from cloud and other services). Excluding one-off non-recurring revenue for better comparability, consolidated revenue increased by RM1.2 million or 0.3% in the current quarter. The increase in consolidated revenue (excluding one-off non-recurring revenue) was mainly contributed by retail customers.

The Group's consolidated profit before tax from continuing operations in Q2 2024 amounted to RM135.5 million, which is RM15.4 million lower than the consolidated profit of RM150.8 million in Q1 2024. Lower Q2 2024 consolidated profit before tax was mainly due to:

- a) lower interest income of RM0.7 million in Q2 2024;
- b) lower share of profit from associates and jointly controlled entity of RM9.6 million in Q2 2024;
- c) higher net foreign exchange loss of RM6.6 million in Q2 2024 as compared to net foreign exchange gain of RM4.5 million in Q1 2024;
- d) higher write off of property, plant and equipment of RM1.6 million in Q2 2024; and

offset with lower depreciation and amortisation of property, plant and equipment and right-of-use assets and personnel costs.

No revenue and profit before tax from discontinued operations were disclosed in Q2 2024 and Q1 2024 respectively, as the Transactions were completed on 20 April 2023.

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

(b) Comparison between the current quarter ("Q2 2024") versus three months period ended 30 June 2023 ("Q2 2023")

	Q2 2024	Q2 2023	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	11,719	11,837	(118)	(1.0)
Data	363,379	325,154	38,225	11.8
Cloud and other services	42,882	51,925	(9,043)	(17.4)
Others	508	284	224	78.9
Revenue from continuing operations	418,488	389,200	29,288	7.5
Revenue from discontinued operations	-	12,189	(12,189)	(100.0)
Total revenue	418,488	401,389	17,099	4.3
Profit before tax	135,469	39,113	96,356	>100.0
Profit before tax from discontinued operations*	-	(3,878)	3,878	(100.0)
Profit before tax from continuing operations	135,469	35,235	100,234	>100.0

* Exclude gain on divestment of subsidiaries of RM2,259,351,000 (note 21).

The Group reported consolidated revenue from continuing operations of RM418.5 million in Q2 2024, which is RM29.3 million or 7.5% higher compared to RM389.2 million of consolidated revenue recorded in Q2 2023. One-off non-recurring revenue of RM7.6 million was recorded from cloud and other services in Q2 2024 (Q2 2023: RM7.5 million from cloud and other services). Excluding one-off non-recurring revenue for better comparability, consolidated revenue increased by RM29.3 million or 7.7 % in the current quarter. Solid year-on-year ("YoY") recurring revenue growth was recorded across all customer groups, with the largest growth coming from retail, followed by wholesale and enterprise customers.

The Group recorded consolidated profit before tax from continuing operations of RM135.5 million for the current quarter, which is RM100.2 million higher than the consolidated profit before tax from continuing operations of RM35.2 million recorded in Q2 2023. The increase in the Group's Q2 2024 profit before tax was mainly due to the following:

- a) lower personnel cost of RM53.7 million in Q2 2024 as compared to Q2 2023 which included adjustments for expired share grant scheme of RM27.3 million and AIMS transaction related one-off expenses of RM26.1 million;
- b) lower provision for impairment of submarine cable asset (Q2 2024: RM Nil, Q2 2023: RM27.7 million);
- c) lower provision for construction deposit (Q2 2024: RM Nil, Q2 2023: RM15.7 million);
- d) lower inventory written off of RM1.3 million;
- e) higher overall revenue in Q2 2024; and

offset with lower net foreign exchange loss by RM22.3 million (Q2 2024: net loss of RM6.6 million; Q2 2023: net gain of RM15.7 million), lower interest income and share of profits from associates and jointly controlled entity.

No revenue and profit before tax from discontinued operations were disclosed in Q2 2024 as the Transactions were completed on 20 April 2023.

Revenue and profit before tax from discontinued operations recorded in Q2 2023 consists of 1 month of financial results.

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

(c) Comparison between the half-year period ended 30 June 2024 (“HY 2024”) versus half-year period ended 30 June 2023 (“HY 2023”)

	HY 2024	HY 2023	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	23,660	25,286	(1,626)	(6.4)
Data	719,843	641,111	78,732	12.3
Cloud and other services	91,476	90,481	995	1.1
Others	1,274	745	529	71.0
Revenue from continuing operations	836,253	757,623	78,630	10.4
Revenue from discontinued operations	-	60,929	(60,929)	(100.0)
Total revenue	836,253	818,552	17,701	2.2
Profit before tax	286,306	186,491	99,815	53.5
Profit before tax from discontinued operations*	-	(19,078)	19,078	(100.0)
Profit before tax from continuing operations	286,306	167,413	118,893	71.0

* Exclude gain on divestment of subsidiaries of RM2,259,351,000 (note 21).

The Group reported consolidated revenue from continuing operations of RM836.2 million in HY 2024, which is RM78.6 million or 10.4% higher compared to RM757.6 million of consolidated revenue recorded in HY 2023. One-off non-recurring revenue of RM15.7 million was recorded from cloud and other services in HY 2024 as compared to RM7.5 million from data in HY 2023. Excluding one-off non-recurring revenue for better comparability, consolidated revenue increased by RM70.4 million or 9.4% in HY 2024. This was mainly due to higher recurring data revenue, which grew RM78.7 million or 12.3%, driven by retail and wholesale customers.

The Group recorded a half yearly consolidated profit before tax from continuing operations of RM286.3 million which is RM118.9 million or 71.0% higher than the consolidated profit before tax of RM167.4 million in HY 2023. The increase in the Group's HY 2024 profit before tax was mainly due to the following:

- a) higher overall revenue in HY 2024;
- b) higher interest income of RM6.7 million;
- c) higher share of profit from associates and jointly controlled entity of RM7.3 million;
- d) lower personnel cost of RM49.2 million in HY 2024 as compared to HY 2023 which included adjustments for expired share grant scheme of RM27.3 million and AIMS transaction related one-off expenses of RM26.1 million;
- e) lower provision for impairment of submarine cable asset (HY 2024: RM Nil, HY 2023: RM27.7 million);
- f) lower provision for construction deposit (HY 2024: RM Nil, HY 2023: RM15.7 million);
- g) lower inventory written off of RM1.3 million; and

offset with higher depreciation and amortisation of property, plant and equipment and right-of-use assets, finance costs and lower net foreign exchange loss (HY 2024: net loss of RM2.2 million, HY 2023: net gain of RM22.7 million).

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

Revenue and profit before tax from discontinued operations recorded in HY 2023 consists of 4 months of financial results.

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23. Profit for the period

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 30/06/2024	Preceding year corresponding quarter 30/06/2023	Six months to 30/06/2024	Six months to 30/06/2023
	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	(46,669)	(50,623)	(96,709)	(101,982)
Amortisation of borrowing costs	-	(366)	(17)	(399)
Interest expense				
- Interest on borrowings	(84)	(860)	(137)	(2,934)
- Other interest expense	(4,751)	(4,207)	(9,456)	(8,102)
- Interest on lease liabilities	(1,407)	(1,102)	(2,623)	(2,405)
Interest income	10,465	12,612	21,685	15,097
Net bad debt recovered	107	194	376	546
Net (loss)/gain on foreign currency exchange	(6,637)	15,610	(2,172)	22,751
Net allowance for doubtful debts	(2,192)	(3,541)	(9,634)	(5,181)
Net gain on disposal of property, plant and equipment	-	-	-	30
Net impairment of construction deposit	-	(15,676)	-	(15,676)
Inventories written off	-	(1,399)	-	(1,399)
Property, plant and equipment written off	(1,599)	(4,807)	(1,599)	(4,807)
Impairment of property, plant and equipment	-	(27,681)	-	(27,681)

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24. Prospects

The Group remains committed to expanding coverage footprint and investing in its network. Concurrently, the Group will continue to optimise operations and enhance its approach to delivering market-leading products and services across all customer segments whilst continuing to reinforce its sustainability commitment.

Cognisant of external and other factors that could impact performance and long-term growth, the Group will stay vigilant regarding developments in the landscape both domestically and globally. In so doing, the Group shall continue to proactively carry out robust risk mitigation in addition to augmenting its commitment to sustainability.

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 30/06/2024	Preceding year corresponding quarter 30/06/2023	Six months to 30/06/2024	Six months to 30/06/2023
Basic EPS:				
Weighted average number of shares in issue ('000)	1,848,819	1,838,566	1,848,786	1,838,390
Profit for the period attributable to owners of the Company (RM'000)				
- Continuing operations	99,048	387	209,720	102,779
- Discontinued operations	-	2,262,477	-	2,274,595
	<u>99,048</u>	<u>2,262,864</u>	<u>209,720</u>	<u>2,377,374</u>
Basic EPS				
- Continuing operations	5.36 sen	0.02 sen	11.34 sen	5.59 sen
- Discontinued operations	-	123.06 sen	-	123.73 sen
	<u>5.36 sen</u>	<u>123.08 sen</u>	<u>11.34 sen</u>	<u>129.32 sen</u>
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	1,848,819	1,838,566	1,848,786	1,838,390
Effect of share option	-	1,169	-	1,171
Effect of share grant reserve	3,230	-	6,642	-
Weighted average number of shares in issue ('000) (Diluted)	<u>1,852,049</u>	<u>1,839,735</u>	<u>1,855,428</u>	<u>1,839,561</u>
Profit for the period attributable to owners of the Company (RM'000)				
- Continuing operations	99,048	387	209,720	102,779
- Discontinued operations	-	2,262,477	-	2,274,595
	<u>99,048</u>	<u>2,262,864</u>	<u>209,720</u>	<u>2,377,374</u>
Diluted EPS				
- Continuing operations	5.35 sen	0.02 sen	11.30 sen	5.59 sen
- Discontinued operations	-	122.98 sen	-	123.65 sen
	<u>5.35 sen</u>	<u>123.00 sen</u>	<u>11.30 sen</u>	<u>129.24 sen</u>

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27. Related party transactions

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

	Cumulative Quarter	
	Six months to 30/06/2024 RM'000	Six months to 30/06/2023 RM'000
With related parties		
Revenue from data, voice and other services	39,888	41,457
Sales of IT related services	26,401	37,043
Interconnect revenue	394	583
Fee for wayleave and right of use of telecommunications facilities	(5,074)	(5,074)
Interconnect charges	(204)	(365)
Leased line and infrastructure costs	(49,202)	(34,828)
Network maintenance costs	(3,203)	(1,470)
Training expenses	(95)	(136)
Rental of office and utility charges	(61)	(30)
Professional fees	(102)	(266)
Marketing services	-	(464)
Interest on advances	-	(304)
	-	9
With companies in which Directors have significant interest		
Revenue from data, voice and other services	-	9

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
26 August 2024