

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited Current year quarter 31/03/2023 RM'000	Unaudited Preceding year corresponding quarter 31/03/2022 RM'000 Restated	Unaudited Three months to 31/03/2023 RM'000	Unaudited Three months to 31/03/2022 RM'000 Restated
Continuing operations				
Operating revenue	368,423	346,536	368,423	346,536
Operating expenses				
- depreciation and amortisation of property, plant and equipment and right-of-use assets	(41,016)	(34,832)	(41,016)	(34,832)
- other operating expenses	(207,612)	(202,639)	(207,612)	(202,639)
Other operating income (net)	7,566	417	7,566	417
Profit from operations	127,361	109,482	127,361	109,482
Income from investments	2,421	2,359	2,421	2,359
Finance costs	(4,619)	(5,106)	(4,619)	(5,106)
Share of profit from associates, net of tax	7,015	5,850	7,015	5,850
Profit before tax	132,178	112,585	132,178	112,585
Tax expense	(28,394)	(28,749)	(28,394)	(28,749)
Profit from continuing operations	103,784	83,836	103,784	83,836
Discontinued operations				
Profit from discontinued operations, net of tax	10,637	7,483	10,637	7,483
Profit for the period	114,421	91,319	114,421	91,319
Profit / (loss) attributable to:				
Owners of the Company	114,510	90,645	114,510	90,645
Non-controlling interests	(89)	674	(89)	674
Profit for the period	114,421	91,319	114,421	91,319

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 2022.

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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 31/03/2023 RM'000	Unaudited Preceding year corresponding quarter 31/03/2022 RM'000 Restated	Unaudited Three months to 31/03/2023 RM'000	Unaudited Three months to 31/03/2022 RM'000 Restated
Profit for the period	114,421	91,319	114,421	91,319
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 *	7,528	86	7,528	86
- Cash flow hedge – associate	27	58	27	58
	<u>7,555</u>	<u>144</u>	<u>7,555</u>	<u>144</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")	(402)	2,286	(402)	2,286
- Remeasurement of defined benefit plan - associate	473	-	473	-
	<u>71</u>	<u>2,286</u>	<u>71</u>	<u>2,286</u>
Total other comprehensive income for the period, net of tax	7,626	2,430	7,626	2,430
Total comprehensive income for the period	122,047	93,749	122,047	93,749
Total comprehensive income attributable to:				
Owners of the Company	122,136	93,075	122,136	93,075
Non-controlling interests	(89)	674	(89)	674
Total comprehensive income for the period	122,047	93,749	122,047	93,749
Earnings per share (based on weighted average number of ordinary shares)				
- Basic				
from continuing operations	5.65 sen	4.56 sen	5.65 sen	4.56 sen
from discontinued operations	0.58 sen	0.41 sen	0.58 sen	0.41 sen
	<u>6.23 sen</u>	<u>4.97 sen</u>	<u>6.23 sen</u>	<u>4.97 sen</u>
- Diluted				
from continuing operations	5.65 sen	4.55 sen	5.65 sen	4.55 sen
from discontinued operations	0.58 sen	0.41 sen	0.58 sen	0.41 sen
	<u>6.23 sen</u>	<u>4.96 sen</u>	<u>6.23 sen</u>	<u>4.96 sen</u>

* Inclusive in foreign currency translation differences for foreign operations is net loss of RM449,000 and net gain of RM20,000 in current quarter and preceding year corresponding quarter respectively from discontinued operations.

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 2022.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31/03/2023 RM'000	Audited As at 31/12/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,609,128	1,572,331
Investment property	1,436	1,445
Right-of-use assets	97,034	95,157
Intangible assets	140,126	140,127
Investment in associates	501,763	486,781
Other investments	54,625	55,027
Deferred tax assets	31,704	27,574
Trade and other receivables	1,773	1,814
	<u>2,437,589</u>	<u>2,380,256</u>
Current assets		
Tax recoverable	2,549	3,789
Trade and other receivables	615,776	563,837
Restricted cash	4,162	4,161
Cash and cash equivalents	461,007	484,635
	<u>1,083,494</u>	<u>1,056,422</u>
Assets classified as held for sale	754,474	752,711
	<u>1,837,968</u>	<u>1,809,133</u>
Total assets	<u><u>4,275,557</u></u>	<u><u>4,189,389</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	1,425,151	1,418,562
Reserves	1,533,719	1,683,225
Equity attributable to owners of the Company	2,958,870	3,101,787
Non-controlling interests	25,854	25,943
Total equity	<u>2,984,724</u>	<u>3,127,730</u>
Non-current liabilities		
Loans and borrowings	10,255	12,665
Lease liabilities	66,053	66,826
Trade and other payables	340,531	327,452
Deferred tax liabilities	114,424	92,338
	<u>531,263</u>	<u>499,281</u>
Current liabilities		
Loans and borrowings	210,289	16,935
Lease liabilities	10,993	9,875
Trade and other payables	365,399	359,476
Provision for tax	6,166	2,868
	<u>592,847</u>	<u>389,154</u>
Liabilities classified as held for sale	166,723	173,224
	<u>759,570</u>	<u>562,378</u>
Total liabilities	<u><u>1,290,833</u></u>	<u><u>1,061,659</u></u>
Total equity and liabilities	<u><u>4,275,557</u></u>	<u><u>4,189,389</u></u>
Net assets per share attributable to ordinary owners of the Company	<u>RM1.61</u>	<u>RM1.70</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 2022.

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II. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/03/2023 RM'000	Unaudited Three months to 31/03/2022 RM'000 Restated
Operating Activities		
Cash receipts from customers	392,118	340,808
Transfer to / (from) restricted cash	41	(2)
Cash payments to suppliers	(157,290)	(122,284)
Cash payments to employees and for administrative expenses	(87,113)	(78,968)
Cash generated from operations	147,756	139,554
Tax paid	(10,145)	(5,672)
Tax refunded	-	4
Net cash generated from operating activities	137,611	133,886
Investing Activities		
Acquisition of property, plant and equipment	(92,623)	(65,814)
Proceeds from disposal of property, plant and equipment	30	70
Investment income received	1,991	2,423
Net cash used in investing activities	(90,602)	(63,321)
Financing Activities		
Drawdown from loans and borrowings	200,000	-
Repayment of loans and borrowings	(10,507)	(5,644)
Finance charges paid	(1,353)	(804)
Payment of lease liabilities	(8,074)	(31,796)
Proceeds from issuance of additional shares	4,827	-
Shareholder loan from an associate	619	-
Repayment from previous associate	108	188
Dividend paid	(270,085)	(240,069)
Net cash used in financing activities	(84,465)	(278,125)
Net change in cash and cash equivalents	(37,456)	(207,560)
Effect of exchange rate fluctuations on cash held	552	(739)
Cash and cash equivalents as at beginning of financial period	524,990	796,090
Transfer to asset held for sale	(27,079)	(12,014)
Cash and cash equivalents as at end of financial period	Note (a) 461,007	575,777
Note:		
(a) Cash and cash equivalents comprise the following amounts:		
Cash and bank balances	160,512	169,121
Deposits with licensed banks	304,657	410,954
	465,169	580,075
Restricted cash	(4,162)	(4,298)
Cash and cash equivalents in the statement of financial position	461,007	575,777

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 2022.

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III. 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 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	
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
Dividend paid	-	-	-	-	-	(270,085)	(270,085)	-	(270,085)
Employee share grant option scheme	-	-	-	205	-	-	205	-	205
Issuance of shares pursuant to the share option granted	6,589	-	-	(1,762)	-	-	4,827	-	4,827
Profit for the period	-	-	-	-	-	114,510	114,510	(89)	114,421
Fair value loss on equity investments designated at fair value through other comprehensive income ("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 comprehensive income for the period	-	(402)	7,528	-	27	114,983	122,136	(89)	122,047
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 2022.

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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 2022 (unaudited)	Share Capital RM'000	FVOCI Reserve RM'000	Foreign Currency Translation Reserve RM'000	Share Grant/ Option Reserves RM'000	Hedging Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
Balance as at 1 January 2022	1,379,148	25,800	28,930	33,288	(275)	1,674,410	3,141,301	22,243	3,163,544
Dividend paid	-	-	-	-	-	(240,069)	(240,069)	-	(240,069)
Employee share grant plan/option scheme	-	-	-	9,490	-	-	9,490	-	9,490
Profit for the period	-	-	-	-	-	90,645	90,645	674	91,319
Fair value gain on equity investments designated at fair value through other comprehensive income ("FVOCI")	-	2,286	-	-	-	-	2,286	-	2,286
Exchange differences recognised directly in equity	-	-	86	-	-	-	86	-	86
Cash flow hedge - associate	-	-	-	-	58	-	58	-	58
Total comprehensive income for the period	-	2,286	86	-	58	90,645	93,075	674	93,749
Balance as at 31 March 2022	1,379,148	28,086	29,016	42,778	(217)	1,524,986	3,003,797	22,917	3,026,714

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 2022.

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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 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 2022. 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 2022.

2. Significant accounting policies

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the annual audited financial statements of the Group for the financial year ended 31 December 2022, except for the adoption of the following amendments to MFRSs with a date of initial application on 1 January 2023.

Description

MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 17	<i>Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements - Disclosures of Accounting Policies</i>
Amendments to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>
Amendments to MFRS 112	<i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

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

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

Description		Effective for annual periods beginning on or after
Amendments to MFRS 16	<i>Leases – Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101	<i>Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128	<i>Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date yet to be confirmed by MASB

The Group plans to apply the abovementioned accounting standards and amendments where applicable, when they become effective in the respective financial periods.

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

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3. Audit report in respect of the 2022 financial statements

The audit report on the Group's annual audited financial statements for the financial year ended 31 December 2022 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 2023.

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 2023.

7. Debt and equity securities

On 16 January 2023, Mr. Patrick Corso exercised 1,980,000 option shares granted to him at the adjusted option exercise price of RM2.438 per share. The Group received proceeds totalling RM4,827,240 as a result of the said exercise.

Pursuant to the special interim tax exempt (single tier) dividend of 2.36 sen per ordinary share for the financial year ended 31 December 2022 paid by the Company on 24 March 2023, the option exercise price for Mr Patrick Corso's remaining share options of 1,980,000 was adjusted from the previous adjusted option exercise price of RM2.438 per share to RM2.428 per share.

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current three months period ended 31 March 2023.

8. Dividends

On 24 March 2023, the Company paid an ordinary interim and a special interim tax exempt (single tier) dividends of 12.33 sen and 2.36 sen per ordinary share respectively, for the financial year ended 31 December 2022.

On 28 April 2023, the Board also declared a special interim tax exempt (single tier) dividend of 54.40 sen per ordinary share for the financial year ending 31 December 2023.

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9. Segmental Reporting

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/03/2023 RM'000	Preceding year corresponding quarter 31/03/2022 RM'000 Restated	Three months to 31/03/2023 RM'000	Three months to 31/03/2022 RM'000 Restated
Continuing Operations				
Operating Revenue				
Voice	13,449	13,732	13,449	13,732
Data	315,957	282,590	315,957	282,590
Data centre	38,556	49,725	38,556	49,725
Others	461	489	461	489
	368,423	346,536	368,423	346,536
Operating Expenses:				
Depreciation and amortisation of property, plant and equipment and right-of-use assets	(41,016)	(34,832)	(41,016)	(34,832)
Other operating expenses	(207,612)	(202,639)	(207,612)	(202,639)
Other operating income (net)	7,566	417	7,566	417
Profit from operations	127,361	109,482	127,361	109,482
Income from investments	2,421	2,359	2,421	2,359
Finance costs	(4,619)	(5,106)	(4,619)	(5,106)
Share of profit from associates, net of tax	7,015	5,850	7,015	5,850
Profit before tax	132,178	112,585	132,178	112,585
Tax expense	(28,394)	(28,749)	(28,394)	(28,749)
Profit from continuing operations	103,784	83,836	103,784	83,836
Profit from discontinued operations, net of tax	10,637	7,483	10,637	7,483
Profit for the period	114,421	91,319	114,421	91,319
Geographical locations				
Operating Revenue				
Within Malaysia	353,273	332,645	353,273	332,645
Outside Malaysia	15,150	13,891	15,150	13,891
	368,423	346,536	368,423	346,536
Timing of revenue recognition				
Over time	347,846	320,037	347,846	320,037
At a point in time	20,577	26,499	20,577	26,499
	368,423	346,536	368,423	346,536

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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 2022.

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

- (i) On 20 April 2023, the Company announced the completion of the below transactions in relation to the proposed strategic partnership for the AIMS Data Centre business via the partial divestment by the Company of shares in AIMS Data Centre Holding Sdn Bhd ("AIMS") and AIMS Data Centre (Thailand) Limited ("AIMS TH") to DB Arrow Pte Limited ("DBAPL"), a portfolio company managed by DigitalBridge Group, Inc. ("DigitalBridge"):
- (a) a conditional share sale and purchase agreement with DBAPL ("SPA 1") for the proposed 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 proposed divestment of the Company's 21% of the issued shares of AIMS TH for the provisional purchase price 2 of THB27.30 million (equivalent to RM3.47 million) ("Transaction 2"). The proceeds have been received from DBAPL on even date.
- (ii) On 2 May 2023, the Company incorporated a wholly-owned subsidiary, TIME Fibre Sdn Bhd. The principal activities of TIME Fibre Sdn Bhd are provision of voice, data, video and image communication services and other consumer home services.

Other than as stated above, there were no items, transactions or events of a material and unusual nature from 31 March 2023 to 11 May 2023 (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 2023

There were no changes in the composition of the Group during the financial period ended 31 March 2023.

13. Contingent liabilities/assets

There were no changes in the contingent liabilities or contingent assets since 31 December 2022.

14. Capital commitments

	As at 31/03/2023 RM'000
Property, plant and equipment	
Authorised but not contracted for	225,751
Contracted but not provided for	547,286

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.

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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 are as disclosed.

31 March 2023	←-----Total fair value-----→				Carrying value Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Financial instruments carried at fair value:					
Financial assets					
Other investments	-	-	54,625	54,625	54,625
Financial instruments not carried at fair value:					
Financial liabilities					
Term loans	-	-	10,050	10,050	10,281
Revolving Credit	-	-	210,263	210,263	210,263
	-	-	220,313	220,313	220,544

16. Tax expense

The income tax expense for the Group for the current quarter ended 31 March 2023 were made up as follows:

Group	Individual Quarter		Cumulative Quarter	
	Current quarter 31/03/2023 RM'000	Preceding year corresponding quarter 31/03/2022 RM'000	Three months to 31/03/2023 RM'000	Three months to 31/03/2022 RM'000
Tax expense on continuing operations	28,394	28,749	28,394	28,749
Tax expense on discontinued operations	4,563	3,206	4,563	3,206
Total tax expense	32,957	31,955	32,957	31,955
Tax expense:				
- Current year	11,979	6,896	11,979	6,896
- Under/(over) provision in prior year	2	(387)	2	(387)
	11,981	6,509	11,981	6,509
Deferred tax expense:				
- Origination of temporary differences	22,090	27,449	22,090	27,449
- Over provision in prior years	(1,114)	(2,003)	(1,114)	(2,003)
	20,976	25,446	20,976	25,446
Total tax expense	32,957	31,955	32,957	31,955

The effective tax rate of the Group for the current quarter ended 31 March 2023 is lower than the statutory tax rate of 24% principally due to non-taxable income and recognition of deferred tax assets.

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

On 18 April 2023, the Company announced the proposed establishment of a share grant plan of up to ten percent (10.0%) of the issued ordinary shares in the Company (excluding treasury shares, if any) ("Proposed SGP").

Bursa Securities had, via its letter dated 3 May 2023, approved the listing and quotation for up to ten percent (10.0%) of the total number of issued ordinary shares of the Company (excluding treasury shares) to be issued pursuant to the Proposed SGP. The Proposed SGP is subject to approval of the shareholders of the Company at an extraordinary general meeting ("EGM") to be convened.

Save as stated above, there were no other corporate proposals which have been announced but not completed as at 11 May 2023, being the latest practicable date.

18. Loans and borrowings

The loans and borrowings as at 31 March 2023 and 31 December 2022 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 2023			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	2,990	7,291	10,281
<u>Unsecured:</u>			
- Denominated in RM	207,299	2,964	210,263
As at 31 March 2023	210,289	10,255	220,544
31 December 2022			
Loans and borrowings			
<u>Secured:</u>			
- Denominated in RM	10,558	12,665	23,223
- Denominated in USD	6,377	-	6,377
As at 31 December 2022	16,935	12,665	29,600

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 3.50% to 7.20% per annum.

19. Off-balance sheet financial instruments

The cash and cash equivalents of the Group, as at 31 March 2023, do not include bank balances amounting to RM44,000 (31.12.2022: RM5,660,000) 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 11 May 2023, being the latest practicable date.

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21. Discontinued Operations

As stated in Note 11, the Company announced the completion of SPA 1 and SPA 2 on 20 April 2023.

As at 31 March 2023, Transaction 1 and Transaction 2 were disclosed as discontinued operations and classified as held for sale and the comparative consolidated statement of profit or loss and other comprehensive income has been represented to show the discontinued operations separately from continuing operations.

Profit attributable to the discontinued operations was as follows:

Results of discontinued operations

	Three months to 31 March 2023 RM'000	Three months to 31 March 2022 RM'000
Operating revenue	48,740	22,816
Operating expenses	(33,540)	(12,127)
Profit before tax	15,200	10,689
Tax expense	(4,563)	(3,206)
Profit for the period	10,637	7,483

The profit from discontinued operations of RM10,637,000 (YTD 31 March 2022: RM7,483,000) is attributable entirely to the owners of the Company. The results of the discontinued operations are prepared based on the assumption that the arrangement between continuing and discontinued operations remains subsequent to the divestment with certain elimination entries recorded in discontinued operations. Therefore, the results of discontinued operations constitute entries directly related to the asset held for sale. Following completion of the Proposed Transactions, the results of discontinued operations will be accounted for in the consolidated financial statements using the equity method and share the profit/loss after tax based on the ownership interest subsequent to completion of the Proposed Transactions.

	Three months to 31 March 2023 RM'000	Three months to 31 March 2022 RM'000
Cash flows from discontinued operations		
Net cash (used in)/from operating activities	(10,430)	1,547
Net cash used in investing activities	(18,532)	(3,712)
Net cash from/(used in) financing activities	15,698	(1,500)
Effect of exchange rate fluctuations on cash held	(13)	24
Effect on cash flows	<u>(13,277)</u>	<u>(3,641)</u>
		As at 31 March 2023 RM'000
Assets classified as held for sale		
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 classified as held for sale		
Loans and borrowings		89,139
Lease liabilities		23,130
Trade and other payables		54,454
		<u>166,723</u>

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22. Comparison between the current quarter (“Q1 2023”) and the immediately preceding quarter (“Q4 2022”)

	Q1 2023	Q4 2022	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	13,449	13,438	11	0.1
Data	315,957	322,478	(6,521)	(2.0)
Data centre	87,042	88,335	(1,293)	(1.5)
Others	715	1,062	(347)	(32.7)
Total revenue	417,163	425,313	(8,150)	(1.9)
Revenue from discontinued operations	(48,740)	(29,108)	19,632	67.4
Revenue from continuing operations	368,423	396,205	(27,782)	(7.0)
Profit before tax from continuing operations	132,178	127,528	4,650	3.6
Profit before tax from discontinued operations	15,200	9,078	6,122	67.4
Profit before tax	147,378	136,606	10,772	7.9

The Group reported a consolidated revenue of RM417.2 million in Q1 2023, which is RM8.1 million or 1.9% lower compared to RM425.3 million consolidated revenue recorded in Q4 2022. One-off non-recurring revenue of RM10.3 million was recorded from data centre in Q1 2023, as compared to one-off non-recurring revenue and adjustments of RM10.6 million and RM9.9 million from data and data centre respectively in Q4 2022. Excluding one-off non-recurring revenue and adjustments for better comparability, adjusted consolidated revenue increased by RM2.1 million or 0.5% in the current quarter. The growth in consolidated revenue (excluding one-off non-recurring revenue and adjustments) was mainly attributable to the increase in data revenue, primarily driven by retail customers.

The Group's consolidated profit before tax in Q1 2023 amounted to RM147.4 million, which is RM10.8 million or 7.9% higher than the consolidated profit of RM136.6 million in Q4 2022. The increase in Q1 2023 consolidated profit before tax was mainly due to the following:

- a) net gain on foreign exchange of RM7.1 million in Q1 2023 as compared to net loss of RM13.6 million in Q4 2022;
- b) lower advertising expenses of RM3.0 million;
- c) lower professional fee of RM6.7 million; and
- d) higher share of profit from associates of RM1.3 million,

offset by lower overall revenue in Q1 2023 and higher finance costs.

Revenue from discontinued operations of RM48.7 million was recorded in Q1 2023 which is RM19.6 million or 67.4% higher compared to RM29.1 million recorded in Q4 2022. Excluding one-off non-recurring revenue of RM10.3 million in Q1 2023 as compared to one-off revenue and adjustments of RM1.9 million in Q4 2022 for better comparability, revenue from discontinued operations increased by RM11.2 million or 41.2% in the current quarter.

Profit before tax from discontinued operations of RM15.2 million was recorded in Q1 2023, which is RM6.1 million higher than profit from discontinued operations of RM9.1 million in Q4 2022. This is mainly due to higher revenue, lower depreciation for property, plant and equipment, lower staff costs and partially offset by higher allowance for doubtful debts in Q1 2023.

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

(a) Comparison between the current quarter ("Q1 2023") versus three months period ended 31 March 2022 ("Q1 2022")

	Q1 2023	Q1 2022	Increase/(decrease)	
	RM'000	RM'000	RM'000	%
Revenue by product:				
Voice	13,449	13,732	(283)	(2.1)
Data	315,957	282,590	33,367	11.8
Data centre	87,042	72,460	14,582	20.1
Others	715	570	145	25.4
Total revenue	417,163	369,352	47,811	12.9
Revenue from discontinued operations	(48,740)	(22,816)	25,924	>100
Revenue from continuing operations	368,423	346,536	21,887	6.3
Profit before tax from continuing operations	132,178	112,586	19,592	17.4
Profit before tax from discontinued operations	15,200	10,688	4,512	42.2
Profit before tax	147,378	123,274	24,104	19.6

The Group reported consolidated revenue of RM417.2 million in Q1 2023, which is RM47.8 million or 12.9% higher compared to RM369.4 million of consolidated revenue recorded in Q1 2022. One-off non-recurring revenue of RM10.3 million was recorded from data centre in Q1 2023 as compared to RM1.0 million and RM0.7 million from data and data centre respectively in Q1 2022. Excluding one-off non-recurring revenue for better comparability, consolidated revenue increased by RM39.2 million or 10.7% in the current quarter. This was mainly due to higher recurring data revenue, which grew RM34.3 million or 12.2% and data centre revenue, which grew RM5.1 million or 7.1%. Solid year-on-year ("YoY") recurring revenue growth driven by retail and wholesale customers.

The Group recorded a current quarter consolidated profit before tax of RM147.4 million which is RM24.1 million or 19.6% higher than the consolidated profit before tax of RM123.3 million in Q1 2022. The increase in the Group's Q1 2023 profit before tax was mainly due to the following:

- a) higher overall revenue;
- b) higher share of profit from associates of RM1.2 million;
- c) net gain on foreign exchange of RM7.1 million in Q1 2023 as compared to net loss of RM3.9 million in Q1 2022;
- d) lower donation of RM1.0 million;
- e) lower property, plant and equipment written off of RM1.1 million;

offset by higher staff costs, depreciation and amortisation charged for property, plant and equipment and right-of-use assets and finance costs.

Revenue from discontinued operations of RM48.7 million was recorded in Q1 2023, which is RM25.9 million higher compared to RM22.8 million recorded in Q1 2022. Excluding one-off non-recurring revenue of RM10.3 million in Q1 2023 as compared to RM0.7 million in Q1 2022 for better comparability, revenue from discontinued operations increased by RM16.3 million or 73.8% in the current quarter.

Profit before tax from discontinued operations of RM15.2 million was recorded in Q1 2023, which is RM4.5 million higher than profit from discontinued operations of RM10.7 million in Q1 2022. This is mainly due to higher revenue offset by higher staff costs and higher depreciation for property, plant and equipment in Q1 2023.

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23. Profit for the period

Group	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	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	(51,359)	(42,603)	(51,359)	(42,603)
Amortisation of borrowing costs	(33)	(59)	(33)	(59)
Interest expense				
- Interest on borrowings	(2,074)	(1,466)	(2,074)	(1,466)
- Other interest expense	(3,895)	(4,198)	(3,895)	(4,198)
- Interest on lease liabilities	(1,303)	(1,460)	(1,303)	(1,460)
Interest income	2,485	2,395	2,485	2,395
Net bad debt recovered	352	102	352	102
Net gain / (loss) on foreign currency exchange	7,141	(3,926)	7,141	(3,926)
Net allowance for doubtful debts	(1,640)	(2,799)	(1,640)	(2,799)
Net gain on disposal of property, plant and equipment	30	69	30	69
Property, plant and equipment written off	-	(1,126)	-	(1,126)

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25. Prospects

The Group will continue to invest in expanding its network coverage and ensuring the high reliability and availability of its network as it looks toward capturing opportunities from the sustained demand for its products and services across all its core customer segments. With the completion of the strategic partnership in respect of the AIMS Data Centre business, the Group will be refining its strategic direction to accelerate the expansion of the Group's businesses. In parallel, it will continue to focus on enhancing its operational excellence and improving customer experience through innovation, whilst remaining cautious of existing and emerging risks and their possible impact.

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 31/03/2023	Preceding year corresponding quarter 31/03/2022 Restated	Three months to 31/03/2023	Three months to 31/03/2022 Restated
Basic EPS:				
Weighted average number of shares in issue ('000)	1,838,210	1,825,619	1,838,210	1,825,619
Profit for the period attributable to owners of the Company (RM'000)				
- Continuing operations	103,873	83,162	103,873	83,162
- Discontinued operations	10,637	7,483	10,637	7,483
	<u>114,510</u>	<u>90,645</u>	<u>114,510</u>	<u>90,645</u>
Basic EPS				
- Continuing operations	5.65 sen	4.56 sen	5.65 sen	4.56 sen
- Discontinued operations	0.58 sen	0.41 sen	0.58 sen	0.41 sen
	<u>6.23 sen</u>	<u>4.97 sen</u>	<u>6.23 sen</u>	<u>4.97 sen</u>
Diluted EPS:				
Weighted average number of shares in issue ('000) (Basic)	1,838,210	1,825,619	1,838,210	1,825,619
Effect of share options	1,088	1,610	1,088	1,610
Weighted average number of shares in issue ('000) (Diluted)	1,839,298	1,827,229	1,839,298	1,827,229
Profit for the period attributable to owners of the Company (RM'000)				
- Continuing operations	103,873	83,162	103,873	83,162
- Discontinued operations	10,637	7,483	10,637	7,483
	<u>114,510</u>	<u>90,645</u>	<u>114,510</u>	<u>90,645</u>
Diluted EPS				
- Continuing operations	5.65 sen	4.55 sen	5.65 sen	4.55 sen
- Discontinued operations	0.58 sen	0.41 sen	0.58 sen	0.41 sen
	<u>6.23 sen</u>	<u>4.96 sen</u>	<u>6.23 sen</u>	<u>4.96 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 31/03/2023 RM'000	Three months to 31/03/2022 RM'000
With related parties		
Revenue from data, voice and other services	20,815	12,476
Sales of IT related services	15,757	17,603
Interconnect revenue	318	332
Fee for wayleave and right of use of telecommunications facilities	(2,537)	(2,537)
Interconnect charges	(199)	(298)
Leased line and infrastructure costs	(16,226)	(12,947)
Network maintenance costs	(716)	(705)
Training expenses	(41)	(55)
Rental of office and utility charges	(30)	(29)
Professional fees	(264)	(95)
Marketing services	(375)	-
Interest on advances	<u>(244)</u>	<u>(160)</u>
With companies in which Directors have significant interest		
Revenue from data, voice and other services	<u>7</u>	<u>7</u>

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

By Order of the Board

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

Selangor Darul Ehsan
18 May 2023