TELEKOM MALAYSIA BERHAD (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad is pleased to announce the following unaudited results of the Group for the third quarter ended 30 September 2012.

UNAUDITED CONSOLIDATED INCOME STATEMENT

	3RD QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
	RM Million	RM Million	RM Million	RM Million
OPERATING REVENUE	**2,375.4**	2,321.7	**7,184.2**	6,703.5
OPERATING COSTS				
- depreciation, impairment and amortisation	**(529.9)**	(580.7)	**(1,538.4)**	(1,592.1)
- other operating costs	**(1,644.4)**	(1,537.0)	**(4,943.9)**	(4,497.1)
OTHER OPERATING INCOME (net)	**20.5**	27.8	**91.2**	83.9
OTHER GAINS/(LOSSES) (net)	**0.8**	278.3	**(0.2)**	281.0
OPERATING PROFIT BEFORE FINANCE COST	**222.4**	510.1	**792.9**	979.2
FINANCE INCOME	**32.3**	31.0	**108.0**	97.4
FINANCE COST	**(81.0)**	(81.9)	**(245.2)**	(232.0)
FOREIGN EXCHANGE GAIN/(LOSS) ON BORROWINGS	**64.8**	(122.5)	**68.0**	(73.0)
NET FINANCE INCOME/(COST)	**16.1**	(173.4)	**(69.2)**	(207.6)
ASSOCIATES				
- share of results (net of tax)	**#**	0.5	**(0.3)**	#
PROFIT BEFORE TAXATION AND ZAKAT	**238.5**	337.2	**723.4**	771.6
TAXATION AND ZAKAT (part B, note 5)	**72.7**	(21.3)	**204.9**	(144.0)
PROFIT FOR THE FINANCIAL PERIOD	**311.2**	315.9	**928.3**	627.6
ATTRIBUTABLE TO:				
- equity holders of the Company	**301.4**	302.2	**900.5**	592.7
- non-controlling interests	**9.8**	13.7	**27.8**	34.9
PROFIT FOR THE FINANCIAL PERIOD	**311.2**	315.9	**928.3**	627.6
EARNINGS PER SHARE (sen) (part B, note 12)				
- basic/diluted	**8.4**	8.4	**25.2**	16.6

Amount less than RM0.1 million

(The above unaudited consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3RD QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/9/2012	30/9/2011	30/9/2012	30/9/2011
	RM Million	RM Million	RM Million	RM Million
PROFIT FOR THE FINANCIAL PERIOD	**311.2**	315.9	**928.3**	627.6
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to income statement:				
- increase in fair value of available-for-sale investments	**0.8**	8.2	**1.2**	37.0
- increase/(decrease) in fair value of available-for-sale receivables	**0.1**	(0.5)	**0.2**	0.3
- reclassification adjustments relating to available-for-sale investments disposed	**(1.2)**	(284.4)	**(3.2)**	(285.5)
- cash flow hedge:				
- decrease in fair value of cash flow hedge	**(5.5)**	-	**(2.8)**	-
- reclassification to foreign exchange gain	**11.4**	-	**11.4**	-
- currency translation differences - subsidiaries	**(2.4)**	3.2	**(3.4)**	2.5
Other comprehensive income for the financial period	**3.2**	(273.5)	**3.4**	(245.7)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	**314.4**	42.4	**931.7**	381.9
ATTRIBUTABLE TO:				
- equity holders of the Company	**304.6**	28.7	**903.9**	347.0
- non-controlling interests	**9.8**	13.7	**27.8**	34.9
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	**314.4**	42.4	**931.7**	381.9

(The above unaudited consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30/9/2012	AS AT 31/12/2011 (AUDITED & RESTATED)	AS AT 1/1/2011 (AUDITED & RESTATED)
	RM Million	**RM Million**	**RM Million**
SHARE CAPITAL	2,504.2	3,577.4	3,568.1
SHARE PREMIUM	43.2	43.2	1,055.1
OTHER RESERVES	179.1	175.7	366.8
RETAINED PROFITS	3,827.0	3,627.7	3,174.6
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	6,553.5	7,424.0	8,164.6
NON-CONTROLLING INTERESTS	150.8	162.9	150.8
TOTAL EQUITY	6,704.3	7,586.9	8,315.4
Borrowings	6,562.2	6,402.7	5,506.0
Derivative financial instruments	26.2	18.9	28.0
Deferred tax liabilities	1,266.7	1,541.8	1,646.4
Deferred income	2,122.6	2,072.7	1,432.1
DEFERRED AND NON-CURRENT LIABILITIES	9,977.7	10,036.1	8,612.5
	16,682.0	**17,623.0**	**16,927.9**
Property, plant and equipment	14,000.4	14,121.7	13,620.8
Investment property	5.7	-	-
Intangible assets	323.7	320.9	312.3
Associates	0.2	0.6	0.5
Available-for-sale investments	104.8	104.8	114.6
Available-for-sale receivables	7.2	11.1	14.9
Other non-current receivables	214.5	199.5	89.4
Derivative financial instruments	57.6	66.2	3.6
Deferred tax assets	18.9	21.7	86.7
NON-CURRENT ASSETS	14,733.0	14,846.5	14,242.8
Inventories	362.1	325.3	281.4
Non-current assets held for sale	9.9	-	-
Customer acquisition costs	105.5	106.1	87.1
Trade and other receivables	2,327.9	2,323.2	2,628.3
Available-for-sale investments	397.3	418.1	838.1
Financial assets at fair value through profit or loss	16.2	20.1	21.5
Cash and bank balances	2,715.0	4,213.0	3,488.5
CURRENT ASSETS	5,933.9	7,405.8	7,344.9
Trade and other payables	3,202.9	3,995.2	4,009.5
Customer deposits	523.2	544.5	580.5
Borrowings	157.2	7.7	26.0
Taxation and zakat	101.6	81.9	43.8
CURRENT LIABILITIES	3,984.9	4,629.3	4,659.8
NET CURRENT ASSETS	1,949.0	2,776.5	2,685.1
	16,682.0	**17,623.0**	**16,927.9**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	183.2	207.5	228.8

(The above unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	Attributable to equity holders of the Company								
	Share Capital RM Million	Share Premium RM Million	Fair Value Reserves RM Million	Hedging Reserve RM Million	Capital Redemption Reserve RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Non-controlling Interests RM Million	Total Equity RM Million
At 1 January 2012	3,577.4	43.2	72.3	32.1	71.6	(0.3)	3,627.7	162.9	7,586.9
Profit for the financial period	-	-	-	-	-	-	900.5	27.8	928.3
Other comprehensive income									
Items that may be reclassified subsequently to income statement:									
- increase in fair value of available-for-sale investments	-	-	1.2	-	-	-	-	-	1.2
- increase in fair value of available-for-sale receivables	-	-	0.2	-	-	-	-	-	0.2
- reclassification adjustments relating to available-for-sale investments disposed	-	-	(3.2)	-	-	-	-	-	(3.2)
- cash flow hedge:									
- decrease in fair value of cash flow hedge	-	-	-	(2.8)	-	-	-	-	(2.8)
- reclassification to foreign exchange gain	-	-	-	11.4	-	-	-	-	11.4
- currency translation differences - subsidiaries	-	-	-	-	-	(3.4)	-	-	(3.4)
Total comprehensive (loss)/income for the financial period	-	-	(1.8)	8.6	-	(3.4)	900.5	27.8	931.7
Transactions with owners									
- capital repayment (part A, note 5(a))	(1,073.2)	-	-	-	-	-	-	-	(1,073.2)
- capital return to non-controlling interests on winding up of a subsidiary	-	-	-	-	-	-	-	(0.6)	(0.6)
- final dividends paid for the financial year ended 31 December 2011 (part A, note 6)	-	-	-	-	-	-	(350.6)	-	(350.6)
- interim dividends paid for the financial year ending 31 December 2012 (part A, note 6)	-	-	-	-	-	-	(350.6)	-	(350.6)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	(39.3)	(39.3)
Total transactions with owners	(1,073.2)	-	-	-	-	-	(701.2)	(39.9)	(1,814.3)
At 30 September 2012	**2,504.2**	**43.2**	**70.5**	**40.7**	**71.6**	**(3.7)**	**3,827.0**	**150.8**	**6,704.3**

(The above unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	Attributable to equity holders of the Company							
	Share Capital RM Million	Share Premium RM Million	Fair Value Reserves RM Million	Capital Redemption Reserve RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Non-controlling Interests RM Million	Total Equity RM Million
At 1 January 2011								
As previously reported	3,568.1	1,055.1	332.4	35.8	(1.4)	2,719.4	150.8	7,860.2
Adjustments arising from the transition into MFRS Framework (part A, note 13(I))	-	-	-	-	-	508.7	-	508.7
Adjustment to prior years (part A, note 13(II)(i))	-	-	-	-	-	(53.5)	-	(53.5)
At 1 January 2011, as restated	3,568.1	1,055.1	332.4	35.8	(1.4)	3,174.6	150.8	8,315.4
Profit for the financial period	-	-	-	-	-	592.7	34.9	627.6
Other comprehensive income								
Items that may be reclassified subsequently to income statement:								
- increase in fair value of available-for-sale investments	-	-	37.0	-	-	-	-	37.0
- increase in fair value of available-for-sale receivables	-	-	0.3	-	-	-	-	0.3
- reclassification adjustments relating to available-for-sale investments disposed	-	-	(285.5)	-	-	-	-	(285.5)
- currency translation differences - subsidiaries	-	-	-	-	2.5	-	-	2.5
Total comprehensive (loss)/income for the financial period	-	-	(248.2)	-	2.5	592.7	34.9	381.9
Transactions with owners								
- shares issued upon disposal of shares attributed to lapsed options	9.3	25.5	-	-	-	-	-	34.8
- bonus issue of Redeemable Preference Shares (RPS)	35.8	(35.8)	-	-	-	-	-	-
- redemption of RPS	(35.8)	(1,001.6)	-	-	-	-	-	(1,037.4)
- creation of capital redemption reserve upon redemption of RPS	-	-	-	35.8	-	(35.8)	-	-
- final dividends paid for the financial year ended 31 December 2010	-	-	-	-	-	(351.5)	-	(351.5)
- interim dividends paid for the financial year ending 31 December 2011	-	-	-	-	-	(350.6)	-	(350.6)
- disposal of equity interest in a former subsidiary	-	-	-	-	-	-	(4.3)	(4.3)
- dividends paid to non-controlling interests	-	-	-	-	-	-	(29.7)	(29.7)
Total transactions with owners	9.3	(1,011.9)	-	35.8	-	(737.9)	(34.0)	(1,738.7)
At 30 September 2011	**3,577.4**	**43.2**	**84.2**	**71.6**	**1.1**	**3,029.4**	**151.7**	**6,958.6**

(The above unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FINANCIAL PERIOD ENDED	
	30/9/2012	**30/9/2011**
	RM Million	**RM Million**
Receipts from customers	6,899.2	6,516.1
Payments to suppliers and employees	(5,272.2)	(4,642.8)
Payment of finance cost	(240.7)	(225.6)
(Payment)/Refund of income taxes and zakat (net)	(51.2)	14.1
CASH FLOWS FROM OPERATING ACTIVITIES	**1,335.1**	**1,661.8**
Contribution for purchase of property, plant and equipment	178.5	575.6
Disposal of property, plant and equipment	8.3	8.9
Purchase of property, plant and equipment	(1,738.1)	(1,831.1)
Disposal of available-for-sale investments	343.3	740.2
Purchase of available-for-sale investments	(321.0)	(267.0)
Disposal of financial assets at fair value through profit or loss	0.5	0.8
Disposal of non-current assets held for sale	14.9	-
Disposal of a former subsidiary*	-	(2.3)
Long term deposit	(16.6)	-
Repayments of loans by employees	9.5	12.4
Loans to employees	(11.9)	(9.8)
Disposal of housing loan	6.9	9.0
Interests received	108.8	92.7
Dividends received	1.0	17.0
CASH FLOWS USED IN INVESTING ACTIVITIES	**(1,415.9)**	**(653.6)**
Issue of share capital	-	34.8
Redemption of Redeemable Preference Shares	-	(1,037.4)
Capital repayment (part A, note 5(a))	(1,073.2)	-
Capital return to non-controlling interests on winding up of a subsidiary	(0.6)	-
Proceeds from borrowings	631.5	920.0
Repayments of borrowings	(233.1)	(342.9)
Repayments of finance lease	(2.7)	(3.1)
Dividends paid to shareholders (part A, note 6)	(701.2)	(702.1)
Dividends paid to non-controlling interests	(39.3)	(29.7)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(1,418.6)**	**(1,160.4)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,499.4)	(152.2)
EFFECT OF EXCHANGE RATE CHANGES	1.4	(4.6)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	4,212.6	3,488.0
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	**2,714.6**	**3,331.2**

*Net of cash & cash equivalents disposed

(The above unaudited consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The unaudited interim financial statements for the 3rd quarter and financial period ended 30 September 2012 of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) 134 “Interim Financial Reporting” issued by Malaysian Accounting Standards Board (MASB), paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2011.

(I) New and revised standards and amendments to published standard issued by the MASB that are effective and applicable for the Group’s financial year beginning on 1 January 2012

Subsequent to the last financial year end, the Group has adopted the Malaysian Financial Reporting Standard Framework (MFRS Framework) issued by the MASB with effect from 1 January 2012. The adoption of MFRS Framework enables entities to assert that their financial statements are in full compliance with International Financial Reporting Standards (IFRSs) because the MFRS Framework is a fully-IFRS-compliant framework and its standards are equivalent to IFRSs.

The Group’s interim financial statements for the 3rd quarter ended 30 September 2012 are prepared in accordance to MFRS framework and the Group has applied MFRS 1 “First-time Adoption of MFRS” in the transition to MFRS Framework. Subject to certain transition elections provided by MFRS 1 which is disclosed further in part A, note 13 (A13) of this announcement, the Group has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2011 (transition date) and throughout all periods presented in this set of interim financial statements, as if these policies had always been in effect. The comparative figures have been restated to give effect to these changes. Further explanation on how the transition into MFRS Framework has affected the Group’s financial position is provided in note A13. In addition, the Group has adopted a new accounting policy on non-current assets held for sale as disclosed in sub-note (IV) below.

Other than the transition elections arising from adoption of the MFRS framework and MFRS 1 as explained in note A13, the method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2011 audited financial statements.

The other new and revised standard and amendments to published standard that have been issued by MASB that are effective and applicable for the Group’s financial year beginning on 1 January 2012, being considered in this announcement are as follows:

		Effective date
MFRS 124 (revised)	Related Party Disclosures	1 January 2012
Amendments to MFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets	1 January 2012

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation (continued)

(I) New and revised standards and amendments to published standard issued by the MASB that are effective and applicable for the Group's financial year beginning on 1 January 2012 (continued)

- The revised MFRS 124 "Related Party Disclosures" remove the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government-related entities:

  - the name of the government and the nature of their relationship;
  - the nature and amount of each individually significant transactions; and
  - the extent of any collectively significant transactions, qualitatively or quantitatively.

  There are also additional disclosures required on commitments with related parties. The adoption of the revised MFRS 124 does not have any impact on the financial results and financial position of the Group for the current and previous periods but requires additional disclosures of material transactions with the government and all other government- related entities as disclosed in part A, note 12.

- Amendments to MFRS 7 "Financial Instruments: Disclosures – Transfer of Financial Assets" promotes transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The adoption of this amendment does not have any impact on the financial results and financial position of the Group as this amendment relates solely to disclosure.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation (continued)

(II) Standard that is not yet effective but has been early adopted

The amendment to published standard that is applicable to the Group, which the Group has early adopted, is as follows:

		Effective date
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012

Amendments to MFRS 101 "Presentation of Items of Other Comprehensive Income" requires entities to separate items presented in 'other comprehensive income' (OCI) in the Statement of Comprehensive Income into two groups, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

The Group has early adopted the amendments to MFRS 101 which is effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the other comprehensive income which will now disclose separately items that may be reclassified subsequently to profit or loss from those which will not be.

(III) Standards and amendments to published standards that are not yet effective and have not been early adopted

The new standards and amendments to published standards that are applicable to the Group, which the Group has not early adopted, are as follows:

		Effective date
Amendments to MFRS 1, 101, 116, 132 and 134	Amendments to MFRSs contained in the document entitled "Annual Improvements 2009–2011 Cycle"	1 January 2013
Amendments to MFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
MFRS 3	Business Combinations (IFRS 3 issued by IASB March 2004)	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013

1. Basis of Preparation (continued)

(III) Standards and amendments to published standards that are not yet effective and have not been early adopted (continued)

The new standards and amendments to published standards that are applicable to the Group, which the Group have not early adopted, are as follows: (continued)

		Effective date
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015

The adoption of the above applicable standards and amendments to published standards are not expected to have a material impact on the financial statements of the Group except for MFRS 9 as explained in the 2011 audited annual financial statements.

There are no other standards, amendments to published standards or Interpretation Committee (IC) Interpretation that are not yet effective that would be expected to have a material impact on the Group.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation (continued)

(IV) Accounting policies adopted in the current financial year

During the 1st quarter 2012, the Group has reclassified land and building previously accounted for as property, plant and equipment as non-current assets held for sale in accordance to MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The accounting policy applied for non-current assets held for sale is as below:

Non-current assets held for sale
Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2. Seasonal or Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical factors.

3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the 3rd quarter and financial period ended 30 September 2012 other than as mentioned in note A5(a) and A13 in the unaudited interim financial statements.

4. Material Changes in Estimates

There was no material changes in estimates reported in the prior interim period or prior financial year.

5. Issuances, Repurchases and Repayments of Debt and Equity Securities

(a) On 24 February 2012, the Company announced a proposed capital repayment to its shareholders of approximately RM1,073.2 million or RM0.30 for each ordinary share of RM1.00 each in the Company (Capital Repayment).

The proposal was approved by its shareholders at the Extraordinary General Meeting (EGM) held on 8 May 2012. To facilitate the implementation of the Capital Repayment, the Company had, at the EGM, amended the Memorandum and Articles of Association to reflect the reduction in the par value of each ordinary share from RM1.00 to RM0.70 per share.

5. Issuances, Repurchases and Repayments of Debt and Equity Securities (continued)

Consequently, on 13 July 2012 the High Court of Malaya had granted an order confirming the Proposed Capital Repayment to be carried out based on the special resolution approved by the shareholders at the EGM. The Capital Repayment was implemented by way of a reduction of the issued and paid-up share capital of the Company under Section 64 of the Companies Act, 1965, whereby the par value of each ordinary share held was reduced from RM1.00 to RM0.70 per share. The total number of ordinary shares of the Company in issue remained unchanged at 3,577.4 million shares.

On 16 July 2012, the Company had announced the Entitlement Date of 31 July 2012 for the Capital repayment. The cash capital repayment to eligible shareholders was made on 15 August 2012.

(b) On 13 March 2012, the Company issued RM150.0 million nominal value Islamic Commercial Papers (ICP) at 3.25% per annum which will mature on 15 May 2012. On 15 May 2012, the Company issued RM250.0 million nominal value Islamic Medium Term Notes (IMTN) at a rate of 4.00% per annum and repaid the ICP of RM150.0 million on maturity. The IMTN will mature on 13 May 2022.

On 31 July 2012, the Company issued another RM80.0 million nominal value ICP at 3.20% per annum which will mature on 10 September 2012. Subsequently, on 10 September 2012, the Company issued another ICP of RM150.0 million nominal value at 3.20% per annum and repaid the former ICP of RM80.0 million on maturity. The latter ICP matured on 10 October 2012 and was subsequently rolled over to 21 November 2012 at 3.20% per annum.

Save for the above, there were no other issuance, repurchases and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the 3rd quarter and financial period ended 30 September 2012.

6. Dividends Paid

(i) A final single-tier dividend of 9.8 sen per share amounting to RM350.6 million in respect of financial year ended 31 December 2011 was paid on 8 June 2012.

(ii) An interim single-tier dividend of 9.8 sen per share amounting to RM350.6 million for the financial year ending 31 December 2012 was paid on 28 September 2012.

7. Segmental Information

Segmental information for the Group are as follows:

By Business Segment

All amounts are in RM Million	**Retail Business**				**Total Retail Business**	**Wholesale Business**	**Global Business**	**Shared Services /Others**	**Total**
3rd Quarter Ended 30 September 2012	**Consumer**	**SME**	**Enterprise**	**Government**					
Operating Revenue									
Total operating revenue	677.8	475.8	277.7	371.5	1,802.8	267.4	254.3	1,431.2	3,755.7
Inter-segment @	(11.4)	(0.5)	(2.5)	#	(14.4)	(70.1)	(65.6)	(1,230.2)	(1,380.3)
External operating revenue	666.4	475.3	275.2	371.5	1,788.4	197.3	188.7	201.0	2,375.4
Results									
Segment profits	0.8	67.2	64.9	76.7	209.6	40.5	9.7	(2.9)	256.9
Unallocated income/other gains *									3.1
Unallocated costs ^									(37.6)
Operating profit before finance cost									222.4
Finance income									32.3
Finance cost									(81.0)
Foreign exchange gain on borrowings									64.8
Associates									
- share of results (net of tax)									#
Profit before taxation and zakat									238.5
Taxation and zakat									72.7
Profit for the financial period									311.2

Amount less than RM0.1 million

7. Segmental Information (continued)

All amounts are in RM Million	**Retail Business**				**Total Retail**	**Wholesale**	**Global**	**Shared Services**	
3rd Quarter Ended 30 September 2011	**Consumer**	**SME**	**Enterprise**	**Government**	**Business**	**Business**	**Business**	**/Others**	**Total**
Operating Revenue									
Total operating revenue	634.9	458.4	276.8	360.6	1,730.7	275.3	267.9	1,387.8	3,661.7
Inter-segment @	(5.3)	(0.6)	(0.3)	-	(6.2)	(84.0)	(53.1)	(1,196.7)	(1,340.0)
External operating revenue	629.6	457.8	276.5	360.6	1,724.5	191.3	214.8	191.1	2,321.7
Results									
Segment profits	(16.6)	52.5	49.2	85.7	170.8	39.9	66.9	32.5	310.1
Unallocated income/other gains *									282.2
Unallocated costs ^									(82.2)
Operating profit before finance cost									510.1
Finance income									31.0
Finance cost									(81.9)
Foreign exchange loss on borrowings									(122.5)
Associates									
- share of results (net of tax)									0.5
Profit before taxation and zakat									337.2
Taxation and zakat									(21.3)
Profit for the financial period									315.9

7. Segmental Information (continued)

All amounts are in RM Million Financial Period Ended 30 September 2012	Retail Business				Total Retail Business	Wholesale Business	Global Business	Shared Services /Others	Total
	Consumer	SME	Enterprise	Government					
Operating Revenue									
Total operating revenue	2,019.0	1,424.9	822.4	1,183.5	5,449.8	786.4	817.7	4,230.6	11,284.5
Inter-segment @	(26.3)	(1.3)	(2.9)	(0.1)	(30.6)	(219.4)	(192.2)	(3,658.1)	(4,100.3)
External operating revenue	1,992.7	1,423.6	819.5	1,183.4	5,419.2	567.0	625.5	572.5	7,184.2
Results									
Segment profits	5.9	218.1	190.6	293.9	708.5	87.5	80.7	60.7	937.4
Unallocated income/other losses *									7.8
Unallocated costs ^									(152.3)
Operating profit before finance cost									792.9
Finance income									108.0
Finance cost									(245.2)
Foreign exchange gain on borrowings									68.0
Associates									
- share of results (net of tax)									(0.3)
Profit before taxation and zakat									723.4
Taxation and zakat									204.9
Profit for the financial period									928.3

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information (continued)

All amounts are in RM Million	**Retail Business**				**Total Retail**	**Wholesale**	**Global**	**Shared Services**	
Financial Period Ended 30 September 2011	**Consumer**	**SME**	**Enterprise**	**Government**	**Business**	**Business**	**Business**	**/Others**	**Total**
Operating Revenue									
Total operating revenue	1,843.3	1,366.5	821.3	1,016.0	5,047.1	795.3	741.6	3,984.7	10,568.7
Inter-segment @	(22.8)	(1.9)	(0.7)	-	(25.4)	(226.2)	(152.6)	(3,461.0)	(3,865.2)
External operating revenue	1,820.5	1,364.6	820.6	1,016.0	5,021.7	569.1	589.0	523.7	6,703.5
Results									
Segment profits	5.4	208.2	157.9	253.4	624.9	110.4	91.8	28.5	855.6
Unallocated income/other gains *									298.0
Unallocated costs ^									(174.4)
Operating profit before finance cost									979.2
Finance income									97.4
Finance cost									(232.0)
Foreign exchange loss on borrowings									(73.0)
Associates									
- share of results (net of tax)									#
Profit before taxation and zakat									771.6
Taxation and zakat									(144.0)
Profit for the financial period									627.6

Amount less than RM0.1 million

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information (continued)

All amounts are in RM Million	Retail Business				Total Retail Business	Wholesale Business	Global Business	Shared Services /Others	Total
	Consumer	SME	Enterprise	Government					
Segment assets									
As at 30 September 2012									
Segment assets	485.8	236.4	163.1	993.0	1,878.3	630.6	436.7	14,541.5	17,487.1
Associates									0.2
Unallocated assets **									3,179.6
Total									**20,666.9**
As at 31 December 2011 (Audited & Restated)									
Segment assets	518.8	236.4	142.7	922.1	1,820.0	570.7	487.2	14,757.4	17,635.3
Associates									0.6
Unallocated assets **									4,616.4
Total									22,252.3

7. Segmental Information (continued)

@ Inter-segment operating revenue relates to inter-division recharge and inter-company revenue and has been eliminated at the respective segment operating revenue. The inter-division recharge was agreed between the relevant lines of business. These inter-segment trading arrangements are subject to periodic review. The inter-company revenue was entered into in the normal course of business.

* Unallocated income/other gains or losses comprises other operating income and other gains or losses such as dividend income and gain or losses on disposal of available-for-sale investments which has not been allocated to a particular business segment.

^ Unallocated costs represent expenses incurred by corporate divisions such as Group Human Capital, Group Finance, Company Secretary, Group Procurement and special purpose entities and foreign exchange differences arising from translation of foreign currency placements which were not allocated to a particular business segment.

** Unallocated assets mainly include available-for-sale investments, available-for-sale receivables, other non-current receivables, financial assets at fair value through profit or loss, deferred tax assets, cash and bank balances of the Company and property, plant and equipment of the Company's corporate divisions and office buildings.

The prior year comparatives have been restated in line with business structure realignment in the current financial year and the changes arising from optional exemption elected by the Group and reclassification as explained in note A13(I) and (II).

8. Material Events Subsequent to the End of the Quarter

On 3 October 2012, the Company issued a RM150.0 million nominal value Islamic Commercial Papers (ICP) at 3.20% per annum which matured on 21 November 2012. On 20 November 2012, TM through its wholly owned subsidiary, TM Global Incorporated, obtained a 5-year fixed rate foreign currency loan and concurrently entered into a Cross Currency Interest Rate Swap contract which effectively converted the loan into a RM liability equivalent to about RM298.9 million. The loan is utilised to redeem the two ICPs of RM150.0 million each, which matured on 21 November 2012 as mentioned above and part A, note 5(b).

Save for the above, there is no other material event subsequent to the reporting date that requires disclosure or adjustment to the unaudited interim financial statements.

9. Effects of Changes in the Composition of the Group

There is no change in the composition of the Group for the 3rd quarter and financial period ended 30 September 2012 save as below:

(a) TM SPV Sdn Bhd (TM SPV)

On 11 October 2010, TM commenced the members' voluntary winding up of TM SPV, a wholly owned subsidiary in accordance with Section 254(1)(b) of the Companies Act, 1965 (the Act). Accordingly, pursuant to Section 272(5) of the Act, TM SPV was dissolved effective from 29 March 2012.

9. Effects of Changes in the Composition of the Group (continued)

(b) Telekom Consultancy Sdn Bhd (TCSB)

On 16 March 2009, TM had petitioned to the High Court of Malaya (High Court) for the winding up of TCSB, a 51% subsidiary, in accordance with Section 217(1)(c) of the Companies Act, 1965 (the Act). Subsequently on 25 June 2009, the High Court granted an order for the winding up of TCSB and that Encik Mohd Afrizan Husain (MAH) of Aftaas Consulting Sdn Bhd is appointed as the approved liquidator.

On 20 July 2012, the High Court granted an order for the discharge of MAH as TCSB's liquidator and the dissolution of TCSB pursuant to Section 239(d) of the Act. With this order, TCSB was dissolved effective 20 July 2012.

10. Changes in Contingent Liabilities Since the Last Annual Reporting Period

Other than material litigations disclosed in part B, note 11 of this announcement, there are no other material changes in contingent liabilities since the latest audited financial statements of the Group for the financial year ended 31 December 2011.

11. Capital Commitments

	Group	
	30/9/2012 RM Million	**31/12/2011 RM Million (Audited)**
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	**2,562.2**	2,770.8
Commitments in respect of expenditure approved but not contracted for	**3,422.1**	4,570.2

The above includes expenditure in relation to High Speed Broadband (HSBB) project. The project involves the deployment of access, domestic core and international networks to deliver an end-to-end HSBB infrastructure covering 1.34 million premises nationwide by end of 2012 under the public-private-partnership arrangement executed with the Government of Malaysia in 2008.

12. Related Party Transactions

Khazanah Nasional Berhad (Khazanah) is a major shareholder with 28.73% equity interest in the Group and is a related party of the Group. Khazanah is a wholly-owned entity of MOF Inc, which is in turn owned by the Ministry of Finance.

The individually significant transactions that the Group entered into with identified related parties and their corresponding balances as at the respective reporting dates are as follows:

	Total amount of individually significant transactions for the financial period ended		**Corresponding outstanding balances as at**	
	30/9/2012 RM Million	**30/9/2011 RM Million**	**30/9/2012 RM Million**	**30/9/2011 RM Million**
Sales & Receivables				
Bandwidth and IP data	**48.9**	39.5	**28.5**	6.0
Business Process Outsourcing	**43.3**	43.6	**4.7**	4.9
Total	**92.2**	83.1	**33.2**	10.9

Other than the above, the Group also has transactions that are collectively, but not individually significant with other entities related via Khazanah and MOF Inc in respect of the provision of telecommunications related services as well as procurement of telecommunications and related equipments and services in the normal course of business. These related party transactions have been carried out on normal trade terms and conditions negotiated amongst the related parties.

Notwithstanding the disclosure above, the Group continues to assess and discuss the application of MFRS 124 “Related Party Disclosures” with other government linked entities to ensure consistency in interpretation as well as comparability of information disclosed.

13. Impact of the Transition into MFRS Framework, Adjustment to Prior Years and Other Reclassification

(I) Impact of the transition into MFRS Framework

These unaudited interim financial statements of the Group represent part of the financial year ending 31 December 2012 and are prepared in accordance with MFRS Framework, including MFRS 1 “First-time Adoption of MFRS”.

The MFRS Framework is generally required to be applied retrospectively with certain mandatory exceptions and optional exemptions provided by MFRS 1 to facilitate entities transitioning into the MFRS Framework. The mandatory exceptions and optional exemptions of MFRS 1 have no financial impact to the Group’s financial statements, except for certain optional exemption elected by the Group as described below, giving rise to financial impact as set out below.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

13. Impact of the Transition into MFRS Framework, Adjustment to Prior Years and Other Reclassification (continued)

(I) Impact of the transition into MFRS Framework (continued)

(i) Impact of Electing MFRS 1 Optional Exemption for Fair Value as Deemed Cost on Property, Plant & Equipment

In transitioning into the MFRS Framework, the Group has elected to measure the Group's freehold land at fair value as at the transition date (1 January 2011) as their deemed cost as at that date.

The aggregate fair value and adjustments to the carrying amount reported under FRS at the transition date are as follows:

	Aggregate fair value RM Million	Aggregate adjustments to the carrying amount reported under FRS RM Million
Freehold land	725.5	508.7

(ii) Impact of FRS 201_{2004} "Property Development Activities"

FRS 201 is a locally developed standard with no equivalent standard under IFRS and therefore does not form part of the MFRS Framework. With the removal of FRS 201, the Group has reclassified its entire land held for property development as at the transition date to inventories as these are properties which are held for planned development. Under the FRS framework, land held for property development was carried at cost less accumulated impairment loss which is comparable to net realisable value when classified as inventory under MFRS. As such, there is no financial impact to the income statement arising from this reclassification.

13. Impact of the Transition into MFRS Framework, Adjustment to Prior Years and Other Reclassification (continued)

(I) Impact of the transition into MFRS Framework (continued)

(iii) Reconciliation of equity arising from adoption of MFRS Framework

	1 January 2011 RM Million	30 September 2011 RM Million	31 December 2011 RM Million
Total equity as previously reported under FRS Framework	7,860.2	6,503.4	7,131.7
Add transitioning adjustments:			
Fair value as deemed cost for freehold land	508.7	508.7	508.7
Total equity upon transition to MFRS Framework	8,368.9	7,012.1	7,640.4

(II) Adjustment to prior years and other reclassification

(i) Adjustment to prior years

Rental billings are raised in advance. The Group recognises advance rental billings as revenue on a straight line basis in accordance with contractual terms.

Rental revenue recognition requires an assessment of services to customers at the point of billing to ascertain the portion of revenue accruing to the Group and the portion that should be deferred as advance rental. For monthly billings, advance rentals are deferred only to be recognised in the following month.

During the current financial period, and in conjunction with the implementation of a new billing system, the Group had reviewed the basis applied in calculating monthly advance rental. Based on this review, additional advance Streamyx customer billing revenue should be deferred. The impact of this adjustment is not material to the income statements for the quarter and nine months ended 30 September 2012 and the corresponding quarter and corresponding nine months ended 30 September 2011.

Consequently, the Group has effected this change as an adjustment to retained profits.

(ii) Other reclassification

The Group has reclassified advance rental billings from trade and other receivables to trade and other payables to better reflect the nature and substance of the transaction and amounts receivable from customers.

13. Impact of the Transition into MFRS Framework, Adjustment to Prior Years and Other Reclassification (continued)

The following discloses the impacts of item (I) and (II) above to the financial statements of the Group:

Statement of Financial Position	As previously reported under FRS Framework RM Million	Transition into MFRS Framework (I) (i) Adjustments to opening balance RM Million	Transition into MFRS Framework (I) (ii) Reclassification RM Million	As restated/ adjusted under MFRS Framework RM Million	Adjustment to prior years & other reclassification (II) (i) Adjustment to prior years RM Million	Adjustment to prior years & other reclassification (II) (ii) Other reclassification RM Million	As restated RM Million
As at 1 January 2011							
Retained profits	2,719.4	508.7	-	3,228.1	(53.5)	-	3,174.6
Deferred tax liabilities	1,664.2	-	-	1,664.2	(17.8)	-	1,646.4
Non-current Assets							
Property, plant & equipment	13,112.1	508.7	-	13,620.8	-	-	13,620.8
Land held for property development	107.4	-	(107.4)	-	-	-	-
Current Assets							
Inventories	174.0	-	107.4	281.4	-	-	281.4
Trade and other receivables	2,329.3	-	-	2,329.3	-	299.0	2,628.3
Current Liabilities							
Trade and other payables	3,639.2	-	-	3,639.2	71.3	299.0	4,009.5

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

13. Impact of the Transition into MFRS Framework, Adjustment to Prior Years and Other Reclassification (continued)

The following discloses the impacts of item (I) and (II) above to the financial statements of the Group: (continued)

Statement of Financial Position	As previously reported under FRS Framework RM Million	Transition into MFRS Framework (I) (i) Adjustments to opening balance RM Million	Transition into MFRS Framework (I) (ii) Reclassification RM Million	As restated/ adjusted under MFRS Framework RM Million	Adjustment to prior years & other reclassification (II) (i) Adjustment to prior years RM Million	Adjustment to prior years & other reclassification (II) (ii) Other reclassification RM Million	As restated RM Million
As at 31 December 2011							
Retained profits	3,172.5	508.7	-	3,681.2	(53.5)	-	3,627.7
Deferred tax liabilities	1,559.6	-	-	1,559.6	(17.8)	-	1,541.8
Non-current Assets							
Property, plant & equipment	13,613.0	508.7	-	14,121.7	-	-	14,121.7
Land held for property development	108.4	-	(108.4)	-	-	-	-
Current Assets							
Inventories	216.9	-	108.4	325.3	-	-	325.3
Trade and other receivables	1,951.4	-	-	1,951.4	-	371.8	2,323.2
Current Liabilities							
Trade and other payables	3,552.1	-	-	3,552.1	71.3	371.8	3,995.2

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

(a) Quarter-on-Quarter

(i) Group Performance

For the current quarter under review, Group revenue increased by 2.3% to RM2,375.4 million as compared to RM2,321.7 million in the third quarter 2011, primarily contributed by higher data, Internet and multimedia services and other telecommunications related services, partially offset by lower revenue from voice services and non-telecommunications related services.

Internet and multimedia services registered higher revenue by 15.9% to RM600.7 million in the current year quarter mainly arising from increased UniFi customers from 164,375 in the last year quarter to 427,136 in the current quarter.

Operating profit before finance cost of RM222.4 million was 56.4% lower from RM510.1 million recorded in the same quarter last year, largely due to lower other gains. Previous year corresponding quarter included gain on disposal of Axiata shares of RM283.5 million.

Group profit after tax and non-controlling interests (PATAMI) decreased by 0.3% to RM301.4 million as compared to RM302.2 million in the corresponding quarter in 2011 mainly due to lower other gains as explained above, partially offset by unrealised foreign exchange gain on translation of foreign currency borrowings and recognition of deferred tax income on unutilised tax incentives. Current quarter recorded an unrealised foreign exchange gain of RM64.8 million as compared to a loss of RM122.5 million in last year corresponding quarter.

(ii) Segment Performance

Consumer

Revenue increased by 6.8% primarily attributed to higher UniFi revenue despite lower voice performance. UniFi customers continue to steadily increase from 139,891 at the end of 3rd quarter 2011 to 359,162 as at the end of the current quarter. Profit for the quarter is higher by RM17.4 million in line with higher revenue.

SME

SME posted a revenue growth of 3.8%, registering revenue of RM475.8 million in the current quarter, driven by growth in Internet and multimedia services, partially offset by lower voice revenue in line with lower usage. UniFi customers in the current year quarter increased to 66,798 as compared to 24,024 as at end of last year corresponding quarter.

Profit increased by 28.0% to RM67.2 million in the current quarter from RM52.5 million recorded in the corresponding quarter of previous year due to the higher revenue whilst operating costs were maintained at consistent levels.

1. Review of Performance (continued)

(a) Quarter-on-Quarter (continued)

Enterprise

Enterprise recorded revenue of RM277.7 million in the current quarter which is comparable to the RM276.8 million recorded in the corresponding quarter last year. This is mainly due to higher revenue from Internet and multimedia and one-off customer projects, which was partially offset by lower voice revenue.

Profit increased by 31.9% to RM64.9 million from RM49.2 million in the corresponding quarter of previous year due to lower operating costs.

Government

Current quarter registered RM371.5 million revenue, higher by 3.0% from the RM360.6 million recorded in last year corresponding quarter, attributed primarily to higher data and Internet and multimedia in line with additional physical lines subscription as well as upgrades to higher bandwidth. Profit was lower by 10.5% mainly due to recognition of non-recurring project cost.

Wholesale

Revenue decreased by 2.9% for the current quarter to RM267.4 million mainly due to lower voice services in line with lower usage minutes and price revision of infra services despite significant increase in IP Data.

The current quarter profit of RM40.5 million is 1.5% higher from RM39.9 million recorded in the corresponding quarter last year.

Global

Current quarter revenue is lower by RM13.6 million or 5.1% as compared to corresponding quarter last year mainly attributed by lower voice performance. Profit for the quarter is lower by RM57.2 million mainly due to higher outpayment. Oceania and North Asia regions remain the significant contributors to Global’s revenue for the quarter followed closely by South Asia region.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance (continued)

(b) Year-on-Year

(i) Group Performance

For the period under review, Group revenue increased by 7.2% to RM7,184.2 million as compared to RM6,703.5 million recorded in the corresponding period last year, mainly attributed to higher revenue from data, Internet and multimedia services and other telecommunications related services.

Operating profit before finance cost of RM792.9 million was lower by 19.0% as compared to RM979.2 million recorded in the preceding year corresponding period mainly due to lower other gains.

Group PATAMI increased by 51.9% to RM900.5 million as compared to RM592.7 million recorded in the corresponding period last year primarily due to higher revenue as mentioned above, recognition of deferred tax income on unutilised tax incentives and higher unrealised foreign exchange gain on foreign currency borrowings in the current year period, partially offset by lower other gains.

(ii) Segment Performance

Consumer

Consequent from continued growth of UniFi customers, revenue recorded a steady growth of RM175.7 million or 9.5% in the current period. Current period recorded a profit of RM5.9 million as compared to RM5.4 million recorded in the same period in 2011 due to higher revenue.

SME

SME posted a revenue growth of 4.3% year-on-year, from RM1,366.5 million to RM1,424.9 million, driven primarily by Internet and multimedia services. The growth was in line with the increase in cumulative UniFi customers to 66,798 as compared to 24,024 as at 3rd quarter 2011. Profit increased by RM9.9 million to RM218.1 million in the current period due to higher revenue.

Enterprise

Revenue increased marginally by RM1.1 million to RM822.4 million due to higher revenue from one-off customer projects despite lower revenue from voice. Profit increased by 20.7% from RM157.9 million in 2011 to RM190.6 million in the current period due to lower operating cost.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance (continued)

(b) Year-on-Year (continued)

Government

For the financial period under review, revenue increased by 16.5% to RM1,183.5 million as compared to RM1,016.0 million in the same period last year, driven primarily by data, Internet and multimedia as well as increase in customer projects which improved revenue under other telecommunications services.

Profit increased by 16.0% from RM253.4 million in the previous year to RM293.9 million in current financial period consequent from higher revenue.

Wholesale

Wholesale recorded revenue of RM786.4 million for the financial period ended 30 September 2012, a slight decrease by 1.1% from RM795.3 million reported in the corresponding period last year. This was due to lower revenue from voice services, traditional data and infra services but mitigated by a 30.8% growth in IP data.

Consequent from lower revenue and higher operating cost, profit for the period of RM87.5 million declined by 20.7% as compared to the same period last year.

Global

Year to date revenue for 2012 is 10.3% higher, at RM817.7 million as compared to the RM741.6 million recorded in the same period previous year mainly contributed by strong voice performance. Profit for the period is lower by RM11.1 million due to higher direct cost. South Asia region contributed the most to Global’s revenue followed closely by Oceania and North Asia regions.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance (continued)

(c) Economic Profit Statement

	3rd Quarter Ended		Financial Period Ended	
	30/9/2012 RM Million	**30/9/2011 RM Million (Restated)***	**30/9/2012 RM Million**	**30/9/2011 RM Million (Restated)***
EBIT	**221.6**	231.8	**793.1**	698.2
Adjusted Tax	55.4	58.0	198.3	174.6
NOPLAT	**166.2**	173.8	**594.8**	523.6
AIC	3,245.1	3,106.6	9,735.4	9,319.9
WACC	6.22%	6.41%	6.17%	6.39%
ECONOMIC CHARGE	**201.8**	199.1	**600.7**	595.5
ECONOMIC LOSS	**(35.6)**	(25.3)	**(5.9)**	(71.9)

Definitions:
EBIT = Earnings before Interest & Taxes
NOPLAT = Net Operating Profit less Adjusted Tax
AIC = Average Invested Capital
WACC = Weighted Average Cost of Capital

* Prior period comparatives were restated arising from adoption of MFRS Framework and optional exemption elected by the Group and adjustment to prior years as explained in note A13 of this Announcement.

Economic Profit is a yardstick to measure shareholder value as it provides a more accurate picture of underlying economic performance of the Group vis-à-vis its financial accounting reports, i.e. it explains how much returns a business generates over its cost of capital. This is measured by the difference of NOPLAT and Economic Charge.

TM Group recorded Economic Loss (EL) of RM35.6 million in third quarter 2012 as compared to EL of RM25.3 million in the same quarter last year. The higher EL was contributed by lower EBIT which decreased by RM10.2 million (4.4%) and higher economic charge by RM2.7 million (1.4%).

The higher economic charge was due to higher AIC by RM138.5 million (4.5%) despite the decrease in WACC (-0.19 percentage point). The higher AIC was due to significant reduction in payables coupled with increase in inventories whilst the lower WACC was contributed by lower after tax cost of debt (-0.4 percentage point) and cost of equity (-0.4 percentage point).

On year to date basis, TM recorded EL of RM5.9 million, an improvement of RM66.0 million from EL of RM71.9 million reported in the corresponding period last year. This was due to higher EBIT by RM94.9 million (13.6%) despite the increase in economic charge by RM5.2 million (0.9%) consequent from higher AIC by RM415.5 million (4.5%).

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

2. Comparison with Preceding Quarter's Results

The current quarter Group revenue decreased by 2.0% to RM2,375.4 million as compared to RM2,425.0 million recorded in the second quarter 2012 due to lower revenue from voice services, other telecommunications and non-telecommunications related services, partially offset by higher data and Internet and multimedia services.

Operating profit before finance cost decreased by 25.1% to RM222.4 million as compared to RM297.1 million recorded in the preceding quarter mainly due to lower revenue and other operating income.

Group PATAMI decreased from RM348.5 million in the preceding quarter to RM301.4 million in the current quarter mainly due to lower deferred tax income, operating revenue, other operating income net of higher unrealised foreign exchange gain on foreign currency borrowings.

3. Prospects for the Current Financial Year

With domestic demand remaining resilient despite negative developments overseas, Malaysian Institute of Economic Research (MIER) has upgraded the 2012 growth forecast for the Malaysian economy from 4.2% to 4.9%. The growth for 2013 is forecasted to be 5.4%. All key economic sectors namely services, manufacturing and construction, had expanded year-on-year in Q2 2012. Industrial production however may see more contraction in the months ahead considering export declines to ASEAN, China, and the Euro zone (Source: MIER Malaysian Economic Outlook, October 2012).

The communications subsector which falls under the 'services' sector of the National Transformation Programme is estimated to grow by 9.3% in 2012 (2011: 7.6%), attributed to strong expansion in broadband and cellular technology (Source Economic Report 2012/2013, Ministry of Finance). As at end June 2012, Malaysia's broadband subscribers reached 5.8 million with household penetration rate of 63.7% (Source: MCMC Q2 2012 Report). Broadband subscribers are expected to increase to 5.9 million by end 2012 supported by the ongoing expansion of UniFi coverage and the Government's initiatives to provide broadband connectivity nationwide (Source: Economic Report 2012/2013, Ministry of Finance).

TM's outlook for 2012 remains positive driven by broadband and data services. UniFi has further expanded to the East Coast i.e. Pahang in September 2012. At present, TM has approximately 2.05 million broadband subscribers with more than 462,000 UniFi subscribers. We expect to maintain the momentum of increasing the subscriber base for UniFi with higher subscription of Value Added Services such as HyppTV. UniFi with its triple-play capabilities enables HyppTV to currently offer 105 channels from various genres including sports in high definition. These 105 channels consist of 64 premium linear channels, 22 Video-On-Demand (VOD) genres and 19 interactive channels.

Barring unforeseen circumstances, the Board of Directors expects TM's growth prospects for 2012 to remain positive.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

4. Variance of Actual Profit from Forecast Profit/Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the 3rd quarter and financial period ended 30 September 2012.

5. Taxation

The taxation charge for the Group comprises:

	3rd Quarter Ended		Financial Period Ended	
	30/9/2012	**30/9/2011**	**30/9/2012**	**30/9/2011**
	RM Million	**RM Million**	**RM Million**	**RM Million**
Malaysia				
Income Tax:				
Current year	**17.2**	16.9	**57.9**	49.6
Prior year	**5.5**	(99.6)	**6.2**	(104.1)
Deferred tax (net)	**(96.3)**	102.3	**(277.7)**	193.3
	(73.6)	19.6	**(213.6)**	138.8
Overseas				
Income Tax:				
Current year	**0.9**	1.5	**2.9**	2.5
Prior year	**-**	-	**0.3**	1.2
Deferred tax (net)	**-**	-	**5.4**	(0.8)
	0.9	1.5	**8.6**	2.9
Taxation	**(72.7)**	21.1	**(205.0)**	141.7
Zakat	**-**	0.2	**0.1**	2.3
Taxation and Zakat	**(72.7)**	21.3	**(204.9)**	144.0

The current quarter and financial period effective tax rate of the Group is lower than the statutory tax rate primarily due to recognition of deferred tax income on unutilised tax incentives.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

6. Status of Corporate Proposals

There is no corporate proposal announced and not completed as at the latest practicable date.

7. Group Borrowings and Debt Securities

(a) Analysis of the Group's borrowings and debt securities are as follows:

	30 September 2012		31 December 2011 (Audited)	
	Short Term Borrowings RM Million	**Long Term Borrowings RM Million**	**Short Term Borrowings RM Million**	**Long Term Borrowings RM Million**
Total Unsecured	**157.2**	**6,562.2**	7.7	6,402.7

(b) Foreign currency borrowings and debt securities are as follows:

	30 September 2012	**31 December 2011 (Audited)**
Foreign Currency	**RM Million**	**RM Million**
US Dollar	2,336.5	2,423.2
Canadian Dollars	3.6	3.7
Total	**2,340.1**	2,426.9

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

8. Derivative Financial Instruments

(a) Analysis of the Group's Derivative Financial Instruments is as follows:

		Fair value as at 30 September 2012		Fair value as at 31 December 2011 (Audited)	
Derivatives (by maturity)	**Contract or notional amount RM Million**	**Assets RM Million**	**Liabilities RM Million**	**Assets RM Million**	**Liabilities RM Million**
1. Forward Foreign Currency Contracts - 1 year to 3 years	498.7	-	26.2	-	18.9
	498.7	**-**	**26.2**	-	18.9
2. Interest Rate Swaps - 1 year to 3 years - more than 3 years	1,500.0 500.0	4.9 19.7	- -	10.0 20.4	- -
	2,000.0	**24.6**	**-**	30.4	-
3. Cross Currency Interest Rate Swaps - more than 3 years	310.5	33.0	-	35.8	-
	310.5	**33.0**	**-**	35.8	-
Total	**2,809.2**	**57.6**	**26.2**	66.2	18.9

(b) Changes to Derivative Financial Instruments

The changes to derivative financial instruments since the last financial year are as follows:

Forward Foreign Currency Contracts
Underlying Liability
USD465.055 million 5.25% Guaranteed Notes due in 2014

In 2004, TM Global Incorporated issued USD500.0 million 5.25% Guaranteed Notes due in 2014 as disclosed in note 19 to the financial statements. The Notes are redeemable in full on 22 September 2014. On 4 December 2009, the Company repurchased USD34.9 million of the Notes.

8. Derivative Financial Instruments (continued)

(b) Changes to Derivative Financial Instruments (continued)

Derivative Financial Instruments

On 12 September 2012, the Company entered into a forward foreign currency contract which will mature on 19 September 2014. On the maturity date, the Company would receive USD50.0 million from the counterparty in return for a payment to be determined later. If the exchange rate at maturity date is below the predetermined rate, TM will buy USD for MYR for the notional amount at the minimum rate. If the exchange rate at maturity date is above the predetermined rate, TM will buy USD for MYR for the notional amount based on the exchange rate adjusted for the difference between the predetermined rate and the minimum rate.

The objective of forward foreign currency is to effectively convert the USD liability into a RM principal liability.

(c) Financial Risk Management Objectives and Policies

There have been no changes since the end of the previous financial year in respect of the following:

(i) The types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts; and

(ii) The risk management policies in place for mitigating and controlling the risks associated with these derivative financial instrument contracts.

The details on the above, the valuation and the financial effects of derivative financial instruments that the Group has entered into are discussed in note 4, 20 and 45 to 48 to the audited financial statements for the financial year ended 31 December 2011.

(d) Related Accounting Policies

The related accounting policies of the Group in respect of derivative financial instruments and hedge accounting are disclosed in note 2 to the audited financial statements for the financial year ended 31 December 2011.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

8. Derivative Financial Instruments (continued)

(e) Losses Arising from Fair Value Changes of Financial Instruments

The amount of losses arising from fair value changes of financial instruments for the current and cumulative quarters ended 30 September 2012 are as follows:

Derivatives (by maturity)	Contract or notional value RM Million	Fair value RM Million	Losses arising from fair value changes for the 3rd quarter RM Million	Losses arising from fair value changes for the Period to date RM Million
Financial Liabilities				
1. Forward Foreign Currency Contracts [(i)]				
- 1 year to 3 years	498.7	26.2	(10.9)	(7.3)
Total	**498.7**	**26.2**	**(10.9)**	**(7.3)**
Financial Assets				
1. Interest Rate Swaps				
- 1 year to 3 years	1,500.0	4.9	(1.3)	(5.1)
- more than 3 years	500.0	19.7	(1.2)	(0.7)
	2,000.0	**24.6**	**(2.5)**	**(5.8)**
2. Cross Currency Interest Rate Swaps				
- more than 3 years	310.5	33.0	(5.5)	(2.8)
	310.5	**33.0**	**(5.5)**	**(2.8)**
Total	**2,310.5**	**57.6**	**(8.0)**	**(8.6)**

[(i)] Forward foreign currency contracts are carried at fair value through profit or loss (FVTPL).

The fair value of existing interest rate swaps arise from the changes in present value of its future cash flows against the prevailing market interest rates. The fair value of existing forward foreign exchange contracts is determined by comparing forward exchange market rates at the balance sheet date against its prevailing foreign exchange rates.

The Marked to Market (MTM) on the IRS is positive when the expectation of relevant future interest rate decreases and vice versa. The MTM on forward contract is positive when the expectation of USD against RM currency is strengthened and vice versa.

The MTM on the CCIRS is positive when the expectation of relevant future interest rate decreases and the expectation of USD against RM strengthen and vice versa.

9. Realised and Unrealised Profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits is as follows:

	Group	
	30/9/2012 RM Million	**31/12/2011 RM Million (Audited & Restated)**
Retained profits		
- realised	**2,558.7**	2,827.9
- unrealised - in respect of deferred tax recognised in the income statement	**(1,247.8)**	(1,520.1)
- in respect of other items of income and expense	**948.9**	874.4
Share of accumulated losses from associates		
- realised	**(1.2)**	(0.9)
	2,258.6	2,181.3
Add: consolidation adjustments	**1,568.4**	1,446.4
Total Retained Profits	**3,827.0**	3,627.7

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

10. Additional Disclosures

Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the consolidated Income Statements for the 3rd quarter and financial period ended 30 September 2012:

	3rd Quarter Ended		Financial Period Ended	
	30/9/2012 RM Million	**30/9/2011 RM Million**	**30/9/2012 RM Million**	**30/9/2011 RM Million**
Impairment of trade and other receivables (net of recoveries)	**(2.9)**	(6.8)	**(67.6)**	(53.0)
Inventory write off and obsolescence	**(1.7)**	(1.1)	**(3.3)**	(6.8)
Gain on disposal of quoted securities	**-**	283.5	**0.1**	283.5
Gain on disposal of fixed income securities	**1.2**	0.9	**3.2**	2.0
Gain/(Loss) on foreign exchange on settlements and placements	**10.8**	(9.4)	**(7.5)**	(9.0)

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

11. Material Litigation

I. With reference to the following material litigation cases as disclosed under Contingent Liabilities in note 49 to the audited financial statements of the Group for the financial year ended 31 December 2011, listed below are updates of the relevant cases since the date of the last audited financial statements:

(a) Mohd Shuaib Ishak (MSI) vs TM, TESB, Celcom and 11 Others

On 6 July 2012, the High Court proceeded with the hearing of the Striking Out Application. On 20 July 2012, the High Court found in favour of TM and granted an order in terms of the Striking Out Application.

MSI had on 13 August 2012 filed an appeal to the Court of Appeal against the decision of the High Court above. The Court of Appeal has fixed 28 February 2013 as the hearing date for the appeal.

The Directors, based on legal advice, are of the view that TM and TESB have a good chance of success in the appeal.

(b) Network Guidance (M) Sdn Bhd (NGSB) vs TM and TM Net Sdn Bhd (TM Net)

On 2 July 2012, the Court has dismissed NGSB’s legal suit with cost.

NGSB had on 1 August 2012 filed an appeal to the Court of Appeal against the decision of the High Court above. The Court of Appeal has yet to fix a hearing date for the appeal.

The Directors, based on legal advice, are of the view that TM has a good chance of success in the appeal.

(c) AINB Tech (M) Sdn Bhd vs TM

On 30 June 2011, the High Court has dismissed the AINB Tech (M) Sdn Bhd’s entire legal suit against TM with costs.

On 22 March 2012, AINB’s appeal to the Court of Appeal against the High Court’s decision above was struck out.

The Directors, based on the legal advice, are of the view that the legal suit has ended.

11. Material Litigation (continued)

II. The following is a new material litigation case arising during the current financial year:

(a) One Visa Sdn Bhd vs TM

The legal suit was commenced by One Visa Sdn Bhd (OVSB) against TM on 21 September 2012.

In brief, the legal suit is premised on the allegation that TM is a trespasser on 5 pieces of land belonging to OVSB known as HS(D) 23474 Lot 3181, HS(D) 23475 Lot 3182, HS(D) 23477 Lot 3183, HS(D) 23478 Lot 3184 and HS(D) 23479 Lot 3185 of Pekan Ulu Temiang, Negeri Sembilan (the Land) due to the existence of TM's network infrastructures thereon. OVSB further alleges that it was prevented from developing the Land to its full potential as a result of the supply of telecommunication services by TM to certain illegal occupiers (Squatters) on the Land.

OVSB is claiming the following sums from TM -

(i) damages amounting to RM23,077,116.00 which is the total rental value of the Land allegedly payable by TM to OVSB, based on current prevailing market value rate calculated with effect from 22 March 2011 and continuing until cessation of the telecommunication services and the date of removal of TM's offending infrastructure from the Land;

(ii) damages amounting to RM198,110,908.00 which OVSB alleges as being its loss of opportunity and/or loss of profit by reason of the continued wrongful occupation of the Squatters on the Land which was caused, encouraged or facilitated by TM resulting in OVSB being prevented from developing the Land to its full potential;

(iii) quit rent and assessment for the Land for the year 2012 amounting to RM234,677.00 and RM49,360.00 respectively; and

(iv) general damages, aggravated/exemplary damages, interest and costs.

On 28 September 2012, TM filed its Memorandum of Appearance in the High Court. The Statement of Defence was later filed on 22 October 2012. The High Court had fixed 11 December 2012 for Case Management of the legal suit.

The Directors, based on legal advice, are of the view that TM has a reasonably good arguable defence to dismiss the legal suit.

Apart from the above, the Directors are not aware of any other proceedings pending against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Company and/or its subsidiaries.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

12. Earnings per Share (EPS)

	3rd Quarter Ended		Financial Period Ended	
	30/9/2012	**30/9/2011**	**30/9/2012**	**30/9/2011**
Basic/Diluted earnings per share				
Profit attributable to equity holders of the Company (RM million)	**301.4**	302.2	**900.5**	592.7
Weighted average number of ordinary shares (million)	**3,577.4**	3,577.4	**3,577.4**	3,576.2
Basic/Diluted earnings per share (sen) attributable to equity holders of the Company	**8.4**	8.4	**25.2**	16.6

Basic earnings per share was calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of issued and paid-up ordinary shares during the financial quarter.

There is no dilutive potential ordinary share as at 30 September 2012. Thus, diluted earnings per share is equal to basic earnings per share.

13. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2011 were not subject to any qualification.

14. Dividends

(i) The Board of Directors has declared an interim single-tier dividend of 9.8 sen per share for the financial year ending 31 December 2012 (2011: an interim single-tier dividend of 9.8 sen per share). The dividend was paid on 28 September 2012 to shareholders whose names appear in the Register of Members and Record of Depositors on 14 September 2012.

(ii) No dividend is declared for the 3rd quarter ended 30 September 2012.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

By Order of the Board

Idrus Ismail (LS0008400)
Hamizah Abidin (LS0007096)
Zaiton Ahmad (MAICSA 7011681)

Secretaries

Kuala Lumpur
30 November 2012