TELEKOM MALAYSIA BERHAD (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad is pleased to announce the following audited results of the Group for the fourth quarter ended 31 December 2012.

AUDITED CONSOLIDATED INCOME STATEMENT

	4TH QUARTER ENDED		FINANCIAL YEAR ENDED	
	31/12/2012 RM Million	31/12/2011 RM Million	31/12/2012 RM Million	31/12/2011 RM Million
OPERATING REVENUE	**2,809.3**	2,447.2	**9,993.5**	9,150.7
OPERATING COSTS				
- depreciation, impairment and amortisation	**(506.3)**	(535.9)	**(2,044.7)**	(2,128.0)
- other operating costs	**(1,983.4)**	(1,688.1)	**(6,927.3)**	(6,185.2)
OTHER OPERATING INCOME (net)	**74.2**	37.0	**165.4**	120.9
OTHER GAINS (net)	**0.5**	5.5	**0.3**	286.5
OPERATING PROFIT BEFORE FINANCE COST	**394.3**	265.7	**1,187.2**	1,244.9
FINANCE INCOME	**31.6**	35.6	**139.6**	133.0
FINANCE COST	**(86.3)**	(86.2)	**(331.5)**	(318.2)
FOREIGN EXCHANGE GAIN/(LOSS) ON BORROWINGS	**5.4**	14.4	**73.4**	(58.6)
NET FINANCE COST	**(49.3)**	(36.2)	**(118.5)**	(243.8)
ASSOCIATES				
- share of results (net of tax)	**1.2**	0.1	**0.9**	0.1
PROFIT BEFORE TAXATION AND ZAKAT	**346.2**	229.6	**1,069.6**	1,001.2
TAXATION AND ZAKAT (part B, note 5)	**31.4**	379.9	**236.3**	235.9
PROFIT FOR THE FINANCIAL PERIOD/YEAR	**377.6**	609.5	**1,305.9**	1,237.1
ATTRIBUTABLE TO:				
- equity holders of the Company	**363.2**	598.3	**1,263.7**	1,191.0
- non-controlling interests	**14.4**	11.2	**42.2**	46.1
PROFIT FOR THE FINANCIAL PERIOD/YEAR	**377.6**	609.5	**1,305.9**	1,237.1
EARNINGS PER SHARE (sen) (part B, note 12)				
- basic/diluted	**10.2**	16.7	**35.3**	33.3

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

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4TH QUARTER ENDED		FINANCIAL YEAR ENDED	
	31/12/2012 RM Million	31/12/2011 RM Million	31/12/2012 RM Million	31/12/2011 RM Million
PROFIT FOR THE FINANCIAL PERIOD/YEAR	**377.6**	609.5	**1,305.9**	1,237.1
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to income statement:				
- (decrease)/increase in fair value of available-for-sale investments	**(6.5)**	(10.2)	**(5.3)**	26.8
- (decrease)/increase in fair value of available-for-sale receivables	**(1.3)**	#	**(1.1)**	0.3
- reclassification adjustments relating to available-for-sale investments disposed	**(0.1)**	(1.7)	**(3.3)**	(287.2)
- cash flow hedge:				
- (decrease)/increase in fair value of cash flow hedge	**(32.1)**	35.8	**(34.9)**	35.8
- reclassification to foreign exchange gain/(loss)	**18.3**	(3.7)	**29.7**	(3.7)
- currency translation differences - subsidiaries	**(0.2)**	(1.4)	**(3.6)**	1.1
Other comprehensive (loss)/income for the financial period/year	**(21.9)**	18.8	**(18.5)**	(226.9)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR	**355.7**	628.3	**1,287.4**	1,010.2
ATTRIBUTABLE TO:				
- equity holders of the Company	**341.3**	617.1	**1,245.2**	964.1
- non-controlling interests	**14.4**	11.2	**42.2**	46.1
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR	**355.7**	628.3	**1,287.4**	1,010.2

Amount less than RM0.1 million

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

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/12/2012	AS AT 31/12/2011 (RESTATED)	AS AT 1/1/2011 (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	157.2	175.7	366.8
RETAINED PROFITS	4,190.2	3,627.7	3,174.6
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	6,894.8	7,424.0	8,164.6
NON-CONTROLLING INTERESTS	165.2	162.9	150.8
TOTAL EQUITY	7,060.0	7,586.9	8,315.4
Borrowings	5,130.2	6,402.7	5,506.0
Derivative financial instruments	51.5	18.9	28.0
Deferred tax liabilities	1,202.6	1,541.8	1,646.4
Deferred income	2,129.4	2,072.7	1,432.1
DEFERRED AND NON-CURRENT LIABILITIES	8,513.7	10,036.1	8,612.5
	15,573.7	**17,623.0**	**16,927.9**
Property, plant and equipment	14,637.6	14,121.7	13,620.8
Investment property	5.6	-	-
Intangible assets	322.1	320.9	312.3
Associates	1.5	0.6	0.5
Available-for-sale investments	98.7	104.8	114.6
Available-for-sale receivables	7.6	11.1	14.9
Other non-current receivables	252.3	199.5	89.4
Derivative financial instruments	43.1	66.2	3.6
Deferred tax assets	18.6	21.7	86.7
NON-CURRENT ASSETS	15,387.1	14,846.5	14,242.8
Inventories	235.3	325.3	281.4
Non-current assets held for sale	8.0	-	-
Customer acquisition costs	100.1	106.1	87.1
Trade and other receivables	2,207.0	2,323.2	2,628.3
Derivative financial instruments	2.6	-	-
Available-for-sale investments	500.6	418.1	838.1
Financial assets at fair value through profit or loss	16.5	20.1	21.5
Cash and bank balances	3,738.7	4,213.0	3,488.5
CURRENT ASSETS	6,808.8	7,405.8	7,344.9
Trade and other payables	3,545.5	3,552.1	3,639.2
Customer deposits	518.2	544.5	580.5
Advance rental billings	423.6	443.1	370.3
Borrowings	2,010.2	7.7	26.0
Taxation and zakat	124.7	81.9	43.8
CURRENT LIABILITIES	6,622.2	4,629.3	4,659.8
NET CURRENT ASSETS	186.6	2,776.5	2,685.1
	15,573.7	**17,623.0**	**16,927.9**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	192.7	207.5	228.8

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

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	-	-	1,263.7	42.2	1,305.9
Other comprehensive income									
Items that may be reclassified subsequently to income statement:									
- decrease in fair value of available-for-sale investments	-	-	(5.3)	-	-	-	-	-	(5.3)
- decrease in fair value of available-for-sale receivables	-	-	(1.1)	-	-	-	-	-	(1.1)
- reclassification adjustments relating to available-for-sale investments disposed	-	-	(3.3)	-	-	-	-	-	(3.3)
- cash flow hedge:									
- decrease in fair value of cash flow hedge	-	-	-	(34.9)	-	-	-	-	(34.9)
- reclassification to foreign exchange gain	-	-	-	29.7	-	-	-	-	29.7
- currency translation differences - subsidiaries	-	-	-	-	-	(3.6)	-	-	(3.6)
Total comprehensive (loss)/income for the financial year	-	-	(9.7)	(5.2)	-	(3.6)	1,263.7	42.2	1,287.4
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 dividend paid for the financial year ended 31 December 2011 (part A, note 6)	-	-	-	-	-	-	(350.6)	-	(350.6)
- interim dividend paid for the financial year ended 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 31 December 2012	**2,504.2**	**43.2**	**62.6**	**26.9**	**71.6**	**(3.9)**	**4,190.2**	**165.2**	**7,060.0**

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

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	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 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 to MFRS (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 year	-	-	-	-	-	-	1,191.0	46.1	1,237.1
Other comprehensive income									
Items that may be reclassified subsequently to income statement:									
- increase in fair value of available-for-sale investments	-	-	26.8	-	-	-	-	-	26.8
- increase in fair value of available-for-sale receivables	-	-	0.3	-	-	-	-	-	0.3
- reclassification adjustments relating to available-for-sale investments disposed	-	-	(287.2)	-	-	-	-	-	(287.2)
- cash flow hedge:									
- increase in fair value of cash flow hedge	-	-	-	35.8	-	-	-	-	35.8
- reclassification to foreign exchange loss	-	-	-	(3.7)	-	-	-	-	(3.7)
- currency translation differences - subsidiaries	-	-	-	-	-	1.1	-	-	1.1
Total comprehensive (loss)/income for the financial year	-	-	(260.1)	32.1	-	1.1	1,191.0	46.1	1,010.2
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 dividend paid for the financial year ended 31 December 2010	-	-	-	-	-	-	(351.5)	-	(351.5)
- interim dividend paid for the financial year ended 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 31 December 2011	**3,577.4**	**43.2**	**72.3**	**32.1**	**71.6**	**(0.3)**	**3,627.7**	**162.9**	**7,586.9**

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

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FINANCIAL YEAR ENDED	
	31/12/2012	31/12/2011
	RM Million	RM Million
Receipts from customers	9,817.3	9,188.3
Payments to suppliers and employees	(6,693.3)	(5,988.0)
Payment of finance cost	(331.8)	(312.6)
(Payment)/Refund of income taxes and zakat (net)	(68.5)	143.0
CASH FLOWS FROM OPERATING ACTIVITIES	**2,723.7**	**3,030.7**
Contribution for purchase of property, plant and equipment	251.9	772.6
Disposal of property, plant and equipment	10.9	17.6
Purchase of property, plant and equipment	(2,547.9)	(2,735.0)
Disposal of available-for-sale investments	432.0	840.2
Purchase of available-for-sale investments	(513.0)	(383.6)
Disposal of financial assets at fair value through profit or loss	0.5	0.8
Disposal of non-current assets held for sale	10.4	-
Disposal of a former subsidiary*	-	(2.3)
Long term deposit	(16.6)	(8.3)
Repayments of loans by employees	12.4	12.9
Loans to employees	(17.5)	(10.7)
Disposal of housing loan	11.3	14.4
Interests received	136.4	125.7
Dividends received	1.3	17.7
CASH FLOWS USED IN INVESTING ACTIVITIES	**(2,227.9)**	**(1,338.0)**
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	1,479.4	1,268.3
Repayments of borrowings	(632.0)	(493.0)
Repayments of finance lease	(3.6)	(3.4)
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	**(970.5)**	**(962.5)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(474.7)	730.2
EFFECT OF EXCHANGE RATE CHANGES	0.4	(5.6)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	4,212.6	3,488.0
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**3,738.3**	**4,212.6**

*Net of cash & cash equivalents disposed

(The above audited 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 audited interim financial statements for the 4th quarter and financial year ended 31 December 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) Revised standard 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 4th quarter ended 31 December 2012 are prepared in accordance with MFRS including MFRS 1 "First-time Adoption of MFRS". 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 years 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 to MFRS 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 MFRS as explained in note A13, the method of computation and basis of consolidation applied in the audited interim financial statements are consistent with those used in the preparation of the 2011 audited financial statements.

The other 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) Revised standard 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.

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 now discloses separately items that may be reclassified subsequently to profit or loss.

(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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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.

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 4th quarter and financial year ended 31 December 2012 other than as mentioned in note A5(a) and A13 in the audited 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 capital repayment was completed upon cash payment to eligible shareholders on 15 August 2012.

(b) Details of the issuance of Islamic Commercial Papers (ICP) and Islamic Medium Term Notes (IMTN) during the financial year are as follows:

Issuance Date (by debt securities)	**Nominal value RM Million**	**Rate per annum**	**Maturity date**
1. Islamic Commercial Papers			
13 March 2012	150.0	3.25%	15 May 2012
31 July 2012	80.0	3.20%	10 September 2012
10 September 2012	150.0	3.20%	10 October 2012#
3 October 2012	150.0	3.20%	21 November 2012
19 November 2012	100.0	3.17%	19 December 2012
Total	**630.0**		
2. Islamic Medium Term Notes			
15 May 2012	250.0	4.00%	13 May 2022
19 December 2012	300.0	3.95%	19 December 2022
Total	**550.0**		

#The ICP was subsequently rolled over to mature on 21 November 2012

All of the ICP have been fully repaid on their maturity dates.

Save for the above, there were no other issuances, 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 4th quarter and financial year ended 31 December 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 ended 31 December 2012 was paid on 28 September 2012.

7. Segmental Information

Segmental information for the Group are as follows:

<u>By Business Segment</u>

All amounts are in RM Million 4th Quarter Ended 31 December 2012	Retail Business				Total Retail Business	Wholesale Business	Global Business	Shared Services /Others	Total
	Consumer	SME	Enterprise	Government					
Operating Revenue									
Total operating revenue	705.0	487.3	277.6	571.2	2,041.1	279.4	328.7	1,563.8	4,213.0
Inter-segment @	(5.4)	(0.4)	(0.8)	#	(6.6)	(72.1)	(79.1)	(1,245.9)	(1,403.7)
External operating revenue	699.6	486.9	276.8	571.2	2,034.5	207.3	249.6	317.9	2,809.3
Results									
Segment profits	16.7	80.8	51.1	215.7	364.3	45.2	47.0	12.5	469.0
Unallocated income/other gains *									39.9
Unallocated costs ^									(114.6)
Operating profit before finance cost									394.3
Finance income									31.6
Finance cost									(86.3)
Foreign exchange gain on borrowings									5.4
Associates									
- share of results (net of tax)									1.2
Profit before taxation and zakat									346.2
Taxation and zakat									31.4
Profit for the financial year									377.6

7. Segmental Information (continued)

All amounts are in RM Million	Retail Business				Total Retail	Wholesale	Global	Shared Services	
4th Quarter Ended 31 December 2011	**Consumer**	**SME**	**Enterprise**	**Government**	**Business**	**Business**	**Business**	**/Others**	**Total**
Operating Revenue									
Total operating revenue	644.5	474.1	266.7	417.9	1,803.2	272.2	337.4	1,335.3	3,748.1
Inter-segment @	(5.9)	(0.6)	(0.6)	(0.5)	(7.6)	(71.3)	(81.1)	(1,140.9)	(1,300.9)
External operating revenue	638.6	473.5	266.1	417.4	1,795.6	200.9	256.3	194.4	2,447.2
Results									
Segment profits	26.1	95.7	48.0	94.4	264.2	41.0	75.4	(51.4)	329.2
Unallocated income/other gains *									9.8
Unallocated costs ^									(73.3)
Operating profit before finance cost									265.7
Finance income									35.6
Finance cost									(86.2)
Foreign exchange gain on borrowings									14.4
Associates									
- share of results (net of tax)									0.1
Profit before taxation and zakat									229.6
Taxation and zakat									379.9
Profit for the financial year									609.5

7. Segmental Information (continued)

All amounts are in RM Million	Retail Business				Total Retail	Wholesale	Global	Shared Services	
Financial Year Ended 31 December 2012	**Consumer**	**SME**	**Enterprise**	**Government**	**Business**	**Business**	**Business**	**/Others**	**Total**
Operating Revenue									
Total operating revenue	2,724.0	1,912.2	1,100.0	1,754.7	7,490.9	1,065.8	1,146.4	5,794.4	15,497.5
Inter-segment @	(31.7)	(1.7)	(3.7)	(0.1)	(37.2)	(291.5)	(271.3)	(4,904.0)	(5,504.0)
External operating revenue	2,692.3	1,910.5	1,096.3	1,754.6	7,453.7	774.3	875.1	890.4	9,993.5
Results									
Segment profits	22.6	298.9	241.7	509.6	1,072.8	132.7	127.7	73.2	1,406.4
Unallocated income/other gains *									47.7
Unallocated costs ^									(266.9)
Operating profit before finance cost									1,187.2
Finance income									139.6
Finance cost									(331.5)
Foreign exchange gain on borrowings									73.4
Associates									
- share of results (net of tax)									0.9
Profit before taxation and zakat									1,069.6
Taxation and zakat									236.3
Profit for the financial year									1,305.9

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information (continued)

All amounts are in RM Million Financial Year Ended 31 December 2011	Retail Business				Total Retail Business	Wholesale Business	Global Business	Shared Services /Others	Total
	Consumer	SME	Enterprise	Government					
Operating Revenue									
Total operating revenue	2,487.8	1,840.6	1,088.0	1,433.9	6,850.3	1,067.5	1,079.0	5,320.0	14,316.8
Inter-segment @	(28.7)	(2.5)	(1.3)	(0.5)	(33.0)	(297.5)	(233.7)	(4,601.9)	(5,166.1)
External operating revenue	2,459.1	1,838.1	1,086.7	1,433.4	6,817.3	770.0	845.3	718.1	9,150.7
Results									
Segment profits	31.5	303.9	205.9	347.8	889.1	151.4	167.2	(22.9)	1,184.8
Unallocated income/other gains *									307.8
Unallocated costs ^									(247.7)
Operating profit before finance cost									1,244.9
Finance income									133.0
Finance cost									(318.2)
Foreign exchange loss on borrowings									(58.6)
Associates									
- share of results (net of tax)									0.1
Profit before taxation and zakat									1,001.2
Taxation and zakat									235.9
Profit for the financial year									1,237.1

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 31 December 2012									
Segment assets	461.7	224.5	88.9	894.7	1,669.8	607.9	465.1	15,276.7	18,019.5
Associates									1.5
Unallocated assets **									4,174.9
Total									**22,195.9**
As at 31 December 2011 (Restated)									
Segment assets	518.8	236.4	142.7	922.1	1,820.0	570.7	437.4	14,807.2	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 Group and property, plant and equipment of the Group'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 January 2013, the Company entered into a forward foreign currency contract which will mature on 19 September 2014. On the maturity date, the Company would receive USD30.0 million from the counterparty in return for a payment of RM94.8 million.

On 11 January 2013, the Company entered into a forward foreign currency contract which will mature on 19 September 2014. On the maturity date, the Company would receive USD40.0 million from the counterparty in return for a payment of RM125.6 million.

The objective of these contracts is to effectively convert part of the USD465.1 million 5.25% Guaranteed Notes of the Group which are due in 2014, into RM principal liability.

Save for the above, there is no other material event subsequent to the reporting date that requires disclosure or adjustment to the audited 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 4th quarter and financial year ended 31 December 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.

(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 were 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	
	31/12/2012 RM Million	**31/12/2011 RM Million**
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	**3,156.7**	2,770.8
Commitments in respect of expenditure approved but not contracted for	**1,570.3**	4,570.2

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.

From the assessment performed by the Group, there were no individually significant transactions and commitments with entities related to the Group via Khazanah and MOF Inc during the current quarter and financial year ended 31 December 2012 and the corresponding quarter and financial year ended 31 December 2011. The Group however does have transactions that are collectively, but not individually significant with other entities related via Khazanah and MOF Inc in respect of the provision of telecommunication related services as well as procurement of telecommunication and related equipments and services in the normal course of business.

13. Impact of the Transition to MFRS and Other Reclassification

(I) Impact of the transition to MFRS

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

The MFRS is generally required to be applied retrospectively with certain mandatory exceptions and optional exemptions provided by MFRS 1 to facilitate entities transitioning to MFRS. 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.

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

In transitioning to MFRS, 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

13. Impact of the Transition to MFRS and Other Reclassification (continued)

(I) Impact of the transition to MFRS (continued)

(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.

(iii)Reconciliation of equity arising from transition to MFRS

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

13. Impact of the Transition to MFRS and Other Reclassification (continued)

(II) Other reclassification

(i) Other reclassification

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

(ii) 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 year, 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 financial year ended 31 December 2012 and the corresponding quarter and financial year ended 31 December 2011.

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

13. Impact of the Transition to MFRS and Other Reclassification (continued)

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

		Transition to MFRS (I)			**Other reclassification (II)**		
Statement of Financial Position	**As previously reported under FRS RM Million**	**(i) Adjustments to opening balance RM Million**	**(ii) Reclassifi-cation RM Million**	**As restated/ adjusted under MFRS RM Million**	**(i) Other reclassifi-cation RM Million**	**(ii) Adjustment to prior years 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							
Advance rental billings	-	-	-	-	299.0	71.3	370.3

13. Impact of the Transition to MFRS and Other Reclassification (continued)

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

		Transition to MFRS (I)			Other reclassification (II)		
Statement of Financial Position	**As previously reported under FRS RM Million**	**(i) Adjustments to opening balance RM Million**	**(ii) Reclassifi-cation RM Million**	**As restated/ adjusted under MFRS RM Million**	**(i) Other reclassifi-cation RM Million**	**(ii) Adjustment to prior years 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							
Advance rental billings	-	-	-	-	371.8	71.3	443.1

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 14.8% to RM2,809.3 million as compared to RM2,447.2 million in the fourth quarter 2011, primarily contributed by higher data, Internet and multimedia, other telecommunications and non-telecommunications related services.

Data services recorded higher revenue by RM100.5 million or 18.4% to RM646.4 million in the current year quarter from RM545.9 million in last year quarter due to demand for higher bandwidth and additional installation of service lines.

Internet and multimedia services registered higher revenue by 15.7% to RM626.1 million in the current year quarter mainly arising from increased UniFi customers from 236,501 in the last year quarter to more than 482,000 in the current quarter.

Operating profit before finance cost of RM394.3 million was 48.4% higher from RM265.7 million recorded in the same quarter last year due to increase in revenue and other operating income.

Group profit after tax and non-controlling interests (PATAMI) decreased by 39.3% to RM363.2 million as compared to RM598.3 million in the corresponding quarter in 2011 mainly due to lower deferred tax income on unutilised tax incentives.

(ii) Segment Performance

Consumer

Higher revenue by 9.4% in the current quarter mainly driven by growth in UniFi customers to 406,009 as at 31 December 2012 as well as increased number of subscriptions for Premium Channels under HyppTV. Profit for the quarter was lower by 36.0% from RM26.1 million to RM16.7 million due to higher customer acquisition cost.

SME

SME segment posted a revenue growth of 2.8%, registering revenue of RM487.3 million in current quarter as compared to RM474.1 million in previous year corresponding quarter. The growth was driven by Internet and multimedia services, marginally offset by lower voice revenue due to lower usage. UniFi customers increased in current year quarter to 75,089 as compared to 34,015 at end of corresponding quarter last year.

Profit decreased by 15.6% to RM80.8 million in the current quarter from RM95.7 million recorded in previous year corresponding quarter due to higher customer acquisition 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)

(a) Quarter-on-Quarter (continued)

Enterprise

Revenue increased by 4.1% (RM10.9 million) mainly due to higher revenue from data and one-off customer projects. Correspondingly, profit increased by RM3.1 million from RM48.0 million in the previous year corresponding quarter to RM51.1 million in the current quarter.

Government

Government segment registered RM571.2 million revenue in the current quarter, an increase of 36.7% as compared to RM417.9 million recorded in last year corresponding quarter, contributed by increased revenue from all services. The increase in data revenue was due to additional number of service lines as well as upgrades to higher bandwidth whilst the increase in other telecommunications revenue was due to one-off customer projects. The higher revenue contributed to higher profit by RM121.3 million in the current quarter under review.

Wholesale

Wholesale recorded higher revenue by 2.6% to RM279.4 million in the current quarter from the RM272.2 million recorded in the corresponding quarter of last year. This is mainly due to growth in Internet Protocol (IP) data as well as infra services together with grant revenue for backhaul broadband services in East Malaysia. Lower operating cost further improved profit by 10.2% for the current quarter to RM45.2 million from RM41.0 million recorded in the corresponding quarter last year.

Global

Current quarter revenue was lower by RM8.7 million as compared to the corresponding quarter last year mainly attributed by lower data performance. Profit for the quarter is lower by RM28.4 million contributed by reversal of provision for outpayment in the corresponding quarter last year.

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 year under review, Group revenue increased by 9.2% to RM9,993.5 million as compared to RM9,150.7 million recorded in the previous year, mainly attributed to higher revenue from data, Internet and multimedia services, other telecommunications and non-telecommunications related services which mitigated the decline in voice revenue.

Operating profit before finance cost of RM1,187.2 million was lower by 4.6% as compared to RM1,244.9 million recorded in the preceding year mainly due to lower gain from disposal of investments.

Group PATAMI increased by 6.1% to RM1,263.7 million as compared to RM1,191.0 million recorded in the previous year primarily due to higher revenue as mentioned above, higher unrealised foreign exchange gain on foreign currency borrowings in the current year net of lower other gains.

(ii) Segment Performance

Consumer

Revenue increased by RM236.2 million in 2012 due to higher cumulative UniFi customers at 406,009 as at the end of the current year (2011: 202,609). Profit however was lower by RM8.9 million due to higher customer acquisition cost.

SME

SME posted a revenue growth of 3.9% year-on-year, from RM1,840.6 million to RM1,912.2 million, driven primarily by Internet and multimedia services in line with increase in cumulative UniFi customers net of lower voice revenue. Current year profit of RM298.9 million is lower by RM5.0 million in the current year due to increased customer acquisition cost.

Enterprise

Enterprise recorded higher revenue by RM12.0 million to RM1,100.0 million as compared to RM1,088.0 million last year mainly contributed by higher revenue from customer projects. Correspondingly, profit also increased by 17.4% from RM205.9 million in the previous year to RM241.7 million in the current year.

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 year under review, revenue increased by 22.4% to RM1,754.7 million as compared to RM1,433.9 million last year, driven primarily by data, Internet and other telecommunications services which mitigated the impact of lower revenue from voice. Consequent from higher revenue, profit also increased by 46.5% from RM347.8 million recorded in the previous year to RM509.6 million in the current financial year.

Wholesale

Revenue for the year reduced slightly by 0.2% to RM1,065.8 million in 2012 attributed to lower minutes of usage in voice services and termination of services in traditional data but cushioned by growth in IP data services. Profit of RM132.7 million is 12.4% lower from the RM151.4 million in 2011 arising from increase in operating costs.

Global

Revenue was higher by RM67.4 million as compared to RM1,079.0 million recorded last year mainly attributed to strong voice performance. Profit for the period is lower by RM39.5 million due to higher outpayment cost. South Asia region contributed the most to Global's revenue followed closely by Oceania and North 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)

(c) Economic Profit Statement

	4th Quarter Ended		**Financial Year Ended**	
	31/12/2012 RM Million	**31/12/2011 RM Million (Restated)***	**31/12/2012 RM Million**	**31/12/2011 RM Million (Restated)***
EBIT	**393.8**	260.2	**1,186.9**	958.4
Adjusted Tax	98.5	65.1	296.7	239.6
NOPLAT	**295.3**	195.1	**890.2**	718.8
AIC	3,210.2	3,084.3	12,840.8	12,337.0
WACC	6.13%	6.38%	6.10%	6.33%
ECONOMIC CHARGE	**196.8**	196.8	**783.3**	780.9
ECONOMIC PROFIT/(LOSS)	**98.5**	(1.7)	**106.9**	(62.1)

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

* Prior year 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 (EP) is a yardstick to measure shareholder value as it provides a more accurate picture of underlying economic performance of TM 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 Profit (EP) of RM98.5 million in fourth quarter 2012, an increase of RM100.2 million from Economic Loss (EL) of RM1.7 million recorded in the same period last year consequent from higher EBIT by RM133.6 million (51.3%) whilst economic charge maintained at RM196.8 million.

The higher EBIT was mainly attributed to the increase in operating revenue and other income was higher than the increase in operating cost. Despite the higher AIC by RM125.9 million, economic charge maintained as per corresponding period due to lower WACC (0.25 percentage point) arising from lower after tax cost of debt (0.4 percentage point) and also cost of equity (0.3 percentage point).

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 (continued)

On full financial year basis, TM recorded EP of RM106.9 million, an improvement of RM169.0 million from EL of RM62.1 million reported in the preceding financial year due to higher EBIT and higher NOPLAT by RM228.5 million and RM171.4 million respectively despite higher economic charge by RM2.4 million.

2. Comparison with Preceding Quarter's Results

The current quarter Group revenue increased by 18.3% to RM2,809.3 million as compared to RM2,375.4 million recorded in the third quarter 2012 primarily due to higher revenue from all services.

Operating profit before finance cost increased by 77.3% to RM394.3 million as compared to RM222.4 million recorded in the preceding quarter mainly due to higher revenue and other operating income.

Group PATAMI increased from RM301.4 million in the preceding quarter to RM363.2 million in the current quarter mainly due to higher operating revenue net of higher net finance cost and lower deferred tax income.

3. Prospects for the Next Financial Year Ending 31 December 2013

The growth outlook for the Malaysian economy in 2013 remains positive. Domestic demand, one of the key drivers of growth, is expected to remain resilient. The Malaysian Institute of Economic Research (MIER) has revised upwards the Gross Domestic Product (GDP) growth forecast for 2013 from 5.4% to 5.6%. Inflation rate is expected to rise to 2.5% in 2013 from 1.7% in 2012. Unemployment rate is maintained at 3.0% for both years (Source: MIER 18 January 2013). IDC forecasts that the Malaysian telecommunications industry will show a stable growth rate at 4.8% (CAGR 2012 – 2015) (Source: IDC Tracker 1H 2012).

Broadband and data services showed strong growth in 2012. Unifi customers grew by a significant 104.0% during the financial year to more than 482,000 as of 31 December 2012. Total TM broadband customers now exceed 2 million. TM expects this momentum to continue in 2013. For areas outside UniFi coverage areas, a new initiative was launched in early January 2013 that allows both Consumer and SME customers in such areas to enjoy 8Mbps Streamyx. This is targeted at new customers and also to attract existing customers to upgrade their services. TM believes that high speed Streamyx has good growth potential.

TM anticipates healthy competition in the broadband space moving forward which will benefit the end-users. We believe 4G LTE (Long Term Evolution) will complement TM's fixed high speed broadband services, the same way 3G and Streamyx/ADSL complemented one another. Today, our HyppTV (TM's IPTV offering) is attracting more viewers with high quality HD content where we offer 114 channels including 10 sports channels.

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

3. Prospects for the Next Financial Year Ending 31 December 2013 (continued)

In 2013, TM continues its focus to be Malaysia's leading provider of high speed fibre based broadband and data services anchoring on Streamyx and UniFi. TM maintains its strategy to improve quality of customer experience at all touch points. TM shall also continue to boost its footing in Information, Communication and Technology (ICT) and Business Process Outsourcing (BPO) services, primarily for the business and enterprise segments, in line with our transformation into an integrated 'Information Exchange'. The goal remains the same – to make Telecommunications and ICT synonymous with TM.

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

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 4th quarter and financial year ended 31 December 2012.

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

5. Taxation

The taxation charge for the Group comprises:

	4th Quarter Ended		Financial Year Ended	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
	RM Million	**RM Million**	**RM Million**	**RM Million**
Malaysia				
Income Tax:				
Current year	**14.9**	(4.8)	**72.8**	44.8
Prior year	**13.1**	(150.0)	**19.3**	(254.1)
Deferred tax (net)	**(63.6)**	(232.6)	**(341.3)**	(39.3)
	(35.6)	(387.4)	**(249.2)**	(248.6)
Overseas				
Income Tax:				
Current year	**1.9**	2.6	**4.8**	5.1
Prior year	**-**	-	**0.3**	1.2
Deferred tax (net)	**0.1**	0.7	**5.5**	(0.1)
	2.0	3.3	**10.6**	6.2
Taxation	**(33.6)**	(384.1)	**(238.6)**	(242.4)
Zakat	**2.2**	4.2	**2.3**	6.5
Taxation and Zakat	**(31.4)**	(379.9)	**(236.3)**	(235.9)

The current quarter and financial year 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.

6. Status of Corporate Proposals

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

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

7. Group Borrowings and Debt Securities

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

	31 December 2012		31 December 2011	
	Short Term Borrowings RM Million	Long Term Borrowings RM Million	Short Term Borrowings RM Million	Long Term Borrowings RM Million
Total Unsecured	**2,010.2**	**5,130.2**	7.7	6,402.7

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

	31 December 2012	31 December 2011
Foreign Currency	**RM Million**	**RM Million**
US Dollar	2,337.7	2,423.2
Canadian Dollars	3.5	3.7
Japanese Yen	275.0	-
Total	**2,616.2**	2,426.9

8. Derivative Financial Instruments

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

		Fair value as at 31 December 2012		Fair value as at 31 December 2011	
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	593.6	0.3	25.6	-	18.9
	593.6	**0.3**	**25.6**	-	18.9
2. Interest Rate Swaps - less than 1 year - more than 3 years	1,500.0 500.0	2.6 16.0	- -	10.0 20.4	- -
	2,000.0	**18.6**	**-**	30.4	-
3. Cross Currency Interest Rate Swaps - more than 3 years	609.4	26.8	25.9	35.8	-
	609.4	**26.8**	**25.9**	35.8	-
Total	**3,203.0**	**45.7**	**51.5**	66.2	18.9

8. Derivative Financial Instruments (continued)

(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
USD465.1 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.

Hedging 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.

On 17 October 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 USD30.0 million from the counterparty in return for a payment of RM94.9 million.

The forward foreign currency contracts effectively convert part of the USD liability into RM principal liability.

8. Derivative Financial Instruments (continued)

(b) Changes to Derivative Financial Instruments (continued)

Cross Currency Interest Rate Swap (CCIRS) Contracts
Underlying Liability
JPY7.8 billion 0.91375% Loan due in 2017

In 2012, the Company, through its wholly owned subsidiary, TM Global Incorporated, obtained a 5 year JPY7.8 billion loan from a financial institution.

Hedging Instrument

On 20 November 2012, the Company entered into a CCIRS agreement with a notional amount of JPY7.8 billion that entitles it to receive interest at a fixed rate of 0.91375% per annum on JPY notional amount and obliges it to pay interest at a fixed rate of 3.62% on the RM notional amount (calculated at a pre-determined exchange rate). The swap will mature on 20 November 2017. On the maturity, the Company would receive the JPY notional amount and pay the counterparty an equivalent RM amount of RM298.9 million.

The CCIRS contracts effectively convert the JPY liability into RM 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) Gains/(Losses) Arising from Fair Value Changes of Financial Instruments

The amount of gains/(losses) arising from fair value changes of financial instruments for the current and cumulative quarters ended 31 December 2012 are as follows:

Derivatives (by maturity)	Contract or notional value RM Million	Fair value RM Million	Gains/(Losses) arising from fair value changes for the	
			4th quarter RM Million	Year to date RM Million
Financial Liabilities				
1. Forward Foreign Currency Contracts [(i)]				
- 1 year to 3 years	344.3	25.6	0.6	(6.7)
	344.3	**25.6**	**0.6**	**(6.7)**
2. Cross Currency Interest Rate Swaps				
- more than 3 years	298.9	25.9	(25.9)	(25.9)
	298.9	**25.9**	**(25.9)**	**(25.9)**
Total	**643.2**	**51.5**	**(25.3)**	**(32.6)**
Financial Assets				
1. Forward Foreign Currency Contracts [(i)]				
- 1 year to 3 years	249.3	0.3	0.3	0.3
	249.3	**0.3**	**0.3**	**0.3**
2. Interest Rate Swaps				
- less than 1 year	1,500.0	2.6	(2.3)	(7.4)
- more than 3 years	500.0	16.0	(3.7)	(4.4)
	2,000.0	**18.6**	**(6.0)**	**(11.8)**
3. Cross Currency Interest Rate Swaps				
- more than 3 years	310.5	26.8	(6.2)	(9.0)
	310.5	**26.8**	**(6.2)**	**(9.0)**
Total	**2,559.8**	**45.7**	**(11.9)**	**(20.5)**

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

8. Derivative Financial Instruments (continued)

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

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	
	31/12/2012 RM Million	**31/12/2011 RM Million (Restated)**
Retained profits		
- realised	**2,801.1**	2,827.9
- unrealised - in respect of deferred tax recognised in the income statement	**(1,184.0)**	(1,520.1)
- in respect of other items of income and expense	**973.2**	874.4
Share of accumulated losses from associates		
- realised	**-**	(0.9)
	2,590.3	2,181.3
Add: consolidation adjustments	**1,599.9**	1,446.4
Total Retained Profits	**4,190.2**	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 4th quarter and financial year ended 31 December 2012:

	4th Quarter Ended		**Financial Year Ended**	
	31/12/2012 RM Million	**31/12/2011 RM Million**	**31/12/2012 RM Million**	**31/12/2011 RM Million**
Impairment of trade and other receivables (net of recoveries)	**4.0**	(19.8)	**(63.6)**	(72.8)
Inventory write off and obsolescence	**(1.0)**	(0.4)	**(4.3)**	(7.2)
(Loss)/Gain on disposal of quoted securities	**(0.1)**	-	**-**	283.5
Gain on disposal of fixed income securities	**0.1**	1.7	**3.3**	3.7
Gain/(Loss) on foreign exchange on settlements and placements	**5.0**	(12.9)	**(2.5)**	(21.9)

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.

11. Material Litigation (continued)

(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.

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;

11. Material Litigation (continued)

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

(a) One Visa Sdn Bhd vs TM (continued)

(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 trial date is fixed on 21 to 25 October 2013.

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.

12. Earnings per Share (EPS)

	4th Quarter Ended		**Financial Year Ended**	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Basic/Diluted earnings per share				
Profit attributable to equity holders of the Company (RM million)	**363.2**	598.3	**1,263.7**	1,191.0
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	**10.2**	16.7	**35.3**	33.3

12. Earnings per Share (EPS) (continued)

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 31 December 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 ended 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) The Board is now recommending a final single-tier dividend of 12.2 sen per share (2011: a final single-tier dividend of 9.8 sen per share) for shareholders' approval at the forthcoming Twenty-Eighth Annual General Meeting of the Company.

By Order of the Board

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

Secretaries

Kuala Lumpur
27 February 2013