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 second quarter ended 30 June 2013.

UNAUDITED CONSOLIDATED INCOME STATEMENT

	2ND QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM Million	RM Million	RM Million	RM Million
OPERATING REVENUE	**2,613.8**	2,425.0	**5,038.4**	4,808.8
OPERATING COSTS				
- depreciation, impairment and amortisation	**(530.8)**	(497.9)	**(1,039.5)**	(1,008.5)
- other operating costs	**(1,775.7)**	(1,671.7)	**(3,424.3)**	(3,299.5)
OTHER OPERATING INCOME (net)	**22.5**	44.1	**53.2**	70.7
OTHER GAINS/(LOSSES) (net)	**3.0**	(2.4)	**2.9**	(1.0)
OPERATING PROFIT BEFORE FINANCE COST	**332.8**	297.1	**630.7**	570.5
FINANCE INCOME	**36.1**	37.5	**74.2**	75.7
FINANCE COST	**(92.5)**	(84.4)	**(180.2)**	(164.2)
FOREIGN EXCHANGE (LOSS)/GAIN ON BORROWINGS	**(34.1)**	(64.7)	**(52.7)**	3.2
NET FINANCE COST	**(90.5)**	(111.6)	**(158.7)**	(85.3)
ASSOCIATES				
- share of results (net of tax)	**(0.4)**	0.1	**(0.6)**	(0.3)
PROFIT BEFORE TAXATION AND ZAKAT	**241.9**	185.6	**471.4**	484.9
TAXATION AND ZAKAT (part B, note 5)	**(19.8)**	172.9	**(27.0)**	132.2
PROFIT FOR THE FINANCIAL PERIOD	**222.1**	358.5	**444.4**	617.1
ATTRIBUTABLE TO:				
- equity holders of the Company	**213.9**	348.5	**427.1**	599.1
- non-controlling interests	**8.2**	10.0	**17.3**	18.0
PROFIT FOR THE FINANCIAL PERIOD	**222.1**	358.5	**444.4**	617.1
EARNINGS PER SHARE (sen) (part B, note 12)				
- basic/diluted	**6.0**	9.7	**11.9**	16.7

(The above unaudited consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2ND QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/6/2013	**30/6/2012**	**30/6/2013**	**30/6/2012**
	RM Million	**RM Million**	**RM Million**	**RM Million**
PROFIT FOR THE FINANCIAL PERIOD	**222.1**	358.5	**444.4**	617.1
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to income statement:				
- (decrease)/increase in fair value of available-for-sale investments	**(1.3)**	(0.9)	**(1.2)**	0.4
- increase/(decrease) in fair value of available-for-sale receivables	**0.2**	(0.1)	**0.2**	0.1
- reclassification adjustments relating to available-for-sale investments disposed	**(0.3)**	(0.8)	**(0.4)**	(2.0)
- cash flow hedge:				
- (decrease)/increase in fair value of cash flow hedge	**(26.3)**	10.9	**(51.7)**	2.7
- reclassification to foreign exchange gain/(loss)	**0.9**	(10.9)	**16.2**	#
- currency translation differences				
- subsidiaries	**(0.9)**	3.2	**0.1**	(1.0)
- associates	**#**	-	**#**	-
Other comprehensive (loss)/income for the financial period	**(27.7)**	1.4	**(36.8)**	0.2
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	**194.4**	359.9	**407.6**	617.3
ATTRIBUTABLE TO:				
- equity holders of the Company	**186.2**	349.9	**390.3**	599.3
- non-controlling interests	**8.2**	10.0	**17.3**	18.0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	**194.4**	359.9	**407.6**	617.3

Amount less than RM0.1 million

(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 2012)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30/6/2013 RM Million	AS AT 31/12/2012 RM Million
SHARE CAPITAL	2,504.2	2,504.2
SHARE PREMIUM	43.2	43.2
OTHER RESERVES	120.4	157.2
RETAINED PROFITS	4,180.9	4,190.2
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	6,848.7	6,894.8
NON-CONTROLLING INTERESTS	152.4	165.2
TOTAL EQUITY	7,001.1	7,060.0
Borrowings	5,830.0	5,130.2
Derivative financial instruments	75.2	51.5
Deferred tax liabilities	1,195.5	1,202.6
Deferred income	2,087.5	2,129.4
DEFERRED AND NON-CURRENT LIABILITIES	9,188.2	8,513.7
	16,189.3	**15,573.7**
Property, plant and equipment	14,286.1	14,637.6
Investment property	5.5	5.6
Intangible assets	321.4	322.1
Associates	13.6	1.5
Available-for-sale investments	98.7	98.7
Available-for-sale receivables	6.4	7.6
Other non-current receivables	307.6	252.3
Derivative financial instruments	26.7	43.1
Deferred tax assets	14.8	18.6
NON-CURRENT ASSETS	15,080.8	15,387.1
Inventories	292.1	235.3
Non-current assets held for sale	22.6	8.0
Customer acquisition costs	90.6	100.1
Trade and other receivables	2,839.7	2,207.0
Derivative financial instruments	1.2	2.6
Available-for-sale investments	476.4	500.6
Financial assets at fair value through profit or loss	19.1	16.5
Cash and bank balances	3,446.3	3,738.7
CURRENT ASSETS	7,188.0	6,808.8
Trade and other payables	2,782.2	3,545.5
Customer deposits	511.3	518.2
Advance rental billings	640.3	423.6
Borrowings	2,008.9	2,010.2
Taxation and zakat	136.8	124.7
CURRENT LIABILITIES	6,079.5	6,622.2
NET CURRENT ASSETS	1,108.5	186.6
	16,189.3	**15,573.7**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	191.4	192.7

(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 2012)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

	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 2013	2,504.2	43.2	62.6	26.9	71.6	(3.9)	4,190.2	165.2	7,060.0
Profit for the financial period	-	-	-	-	-	-	427.1	17.3	444.4
Other comprehensive income									
Items that may be reclassified subsequently to income statement:									
- decrease 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	-	-	(0.4)	-	-	-	-	-	(0.4)
- cash flow hedge:									
- decrease in fair value of cash flow hedge	-	-	-	(51.7)	-	-	-	-	(51.7)
- reclassification to foreign exchange gain	-	-	-	16.2	-	-	-	-	16.2
- currency translation differences									
- subsidiaries	-	-	-	-	-	0.1	-	-	0.1
- associates	-	-	-	-	-	#	-	-	#
Total comprehensive (loss)/income for the financial period	-	-	(1.4)	(35.5)	-	0.1	427.1	17.3	407.6
Transactions with owners									
- final dividends paid for the financial year ended 31 December 2012 (part A, note 6)	-	-	-	-	-	-	(436.4)	-	(436.4)
- dividends attributable to non-controlling interests	-	-	-	-	-	-	-	(30.1)	(30.1)
Total transactions with owners	-	-	-	-	-	-	(436.4)	(30.1)	(466.5)
At 30 June 2013	**2,504.2**	**43.2**	**61.2**	**(8.6)**	**71.6**	**(3.8)**	**4,180.9**	**152.4**	**7,001.1**

Amount less than RM0.1 million

(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 2012)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 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)	3,681.2	162.9	7,640.4
Profit for the financial period	-	-	-	-	-	-	599.1	18.0	617.1
Other comprehensive income									
Items that may be reclassified subsequently to income statement:									
- increase in fair value of available-for-sale investments	-	-	0.4	-	-	-	-	-	0.4
- increase in fair value of available-for-sale receivables	-	-	0.1	-	-	-	-	-	0.1
- reclassification adjustments relating to available-for-sale investments disposed	-	-	(2.0)	-	-	-	-	-	(2.0)
- cash flow hedge:									
- increase in fair value of cash flow hedge	-	-	-	2.7	-	-	-	-	2.7
- currency translation differences - subsidiaries	-	-	-	-	-	(1.0)	-	-	(1.0)
Total comprehensive (loss)/income for the financial period	-	-	(1.5)	2.7	-	(1.0)	599.1	18.0	617.3
Transactions with owners									
- final dividends paid for the financial year ended 31 December 2011	-	-	-	-	-	-	(350.6)	-	(350.6)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	(29.0)	(29.0)
Total transactions with owners	-	-	-	-	-	-	(350.6)	(29.0)	(379.6)
At 30 June 2012	**3,577.4**	**43.2**	**70.8**	**34.8**	**71.6**	**(1.3)**	**3,929.7**	**151.9**	**7,878.1**

(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 2012)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FINANCIAL PERIOD ENDED	
	30/6/2013	**30/6/2012**
	RM Million	**RM Million**
Receipts from customers	4,524.5	4,643.3
Payments to suppliers and employees	(3,819.7)	(3,746.0)
Payment of finance cost	(174.9)	(163.4)
Payment of income taxes and zakat (net)	(29.3)	(30.6)
CASH FLOWS FROM OPERATING ACTIVITIES	**500.6**	**703.3**
Contribution for purchase of property, plant and equipment	10.9	35.5
Disposal of property, plant and equipment	4.8	6.8
Acquisition of an associate	(12.7)	-
Purchase of property, plant and equipment	(1,067.9)	(1,147.2)
Disposal of available-for-sale investments	199.5	187.6
Purchase of available-for-sale investments	(175.1)	(236.0)
Disposal of financial assets at fair value through profit or loss	-	0.5
Long term deposit	(8.3)	(8.3)
Repayments of loans by employees	4.1	6.9
Loans to employees	(11.7)	(8.0)
Disposal of housing loan	6.8	6.9
Interests received	65.4	77.4
Dividends received	5.6	0.6
CASH FLOWS USED IN INVESTING ACTIVITIES	**(978.6)**	**(1,077.3)**
Proceeds from borrowings	898.7	399.2
Repayments of borrowings	(249.2)	(150.0)
Repayments of finance lease	(1.9)	(1.8)
Dividend paid to shareholders (part A, note 6)	(436.4)	(350.6)
Dividend paid to non-controlling interests	(23.6)	(29.0)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**187.6**	**(132.2)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	(290.4)	(506.2)
EFFECT OF EXCHANGE RATE CHANGES	(2.0)	(1.7)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	3,738.3	4,212.6
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	**3,445.9**	**3,704.7**

(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 2012)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The unaudited interim financial statements for the 2nd quarter ended 30 June 2013 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 2012. The accounting policies, method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2012 audited financial statements except for the changes arising from the adoption of the new MFRSs issued by MASB that are effective for the Group's financial year beginning on 1 January 2013.

(I) New standards and amendments to published standards that are effective and applicable for the Group's financial year beginning on 1 January 2013

The new standards and amendments to published standards issued by the MASB that are effective for the Group's financial year beginning 1 January 2013 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 International Accounting Standards Board (IASB) in 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
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013

1. Basis of Preparation (continued)

(I) New standards and amendments to published standards MASB that are effective and applicable for the Group's financial year beginning on 1 January 2013 (continued)

		Effective date
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

- MFRS 10 changes the definition of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. The adoption of MFRS 10 has called for the re-evaluation of the Company's involvement with investees, which led to the consolidation of an additional entity, Yayasan Telekom Malaysia from its inception. The impact of this change on the Group's reported financial position, financial performance and cash flows is not material.

- MFRS 13 has given rise to consequential amendments to MFRS 134 "Interim Financial Reporting" and requires additional fair value disclosures of financial instruments in the Group's interim financial reports, which has been disclosed in part A, note 13.

- Amendments to MFRS 116 clarify the classification of serving equipments such as spare parts, stand-by equipment and services equipment to be recognised as property, plant and equipment (PPE) when the definition of PPE is met. The Group's inventories include maintenance spares and supplies that could either be utilised for the purpose of constructing new PPE items or replacing damaged or faulty plant which would lead to capitalisation as PPE or used in maintaining the Group's network in which the cost of the spare equipments are expensed off as repair and maintenance cost. As such, the fulfilment of the definition of PPE for these spares and supplies can only be reasonably determined when they are taken out from inventories and either charged to expenses or capitalised as PPE based on their actual usage. As such, there has been no financial impact to the Group arising from the application of the amendments to MFRS 116.

- With the amendments to MFRS 134 "Interim Financial Reporting" which require consistency with MFRS 8 "Operating Segments" to disclose total assets and liabilities for reportable segments when there are material changes from the amount disclosed in the last annual financial statements, the Group has disclosed its segment liabilities in part A, note 7.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation (continued)

(II) 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 have not early adopted, are as follows:

		Effective date
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, 12 and 127	Investment Entities	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 2012 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.

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 2nd quarter and financial period ended 30 June 2013.

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

Details of Islamic Commercial Papers (ICP) and Islamic Medium Term Notes (IMTN) issued during the 2nd quarter and financial period ended 30 June 2013 are as follows:

Debt Securities	**Date of Issue**	**Nominal Value**	**Maturity Date**
ICP	20 February 2013	RM200.0 million	30 April 2013
ICP	15 April 2013	RM50.0 million	30 April 2013
IMTN	30 April 2013	RM400.0 million	28 April 2023
IMTN	24 June 2013	RM250.0 million	23 June 2023

All 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 2nd quarter and financial period ended 30 June 2013.

6. Dividends Paid

A final single-tier dividend of 12.2 sen per share amounting to RM436.4 million in respect of financial year ended 31 December 2012 was paid on 27 May 2013.

7. Segmental Information

Segmental information for the Group are as follows:

By Business Segment

All amounts are in RM Million 2nd Quarter Ended 30 June 2013	Retail Business				Total Retail Business	Global & Wholesale Business	Shared Services /Others	Total
	Consumer	SME	Enterprise	Government				
Operating Revenue								
Total operating revenue	734.4	466.4	299.6	464.9	1,965.3	474.6	1,570.6	4,010.5
Inter-segment @	(7.2)	(0.4)	(0.7)	-	(8.3)	(62.4)	(1,326.0)	(1,396.7)
External operating revenue	727.2	466.0	298.9	464.9	1,957.0	412.2	244.6	2,613.8
Results								
Segment profits	48.2	67.8	70.0	125.6	311.6	59.6	16.5	387.7
Unallocated income/other losses*								4.3
Unallocated costs^								(59.2)
Operating profit before finance cost								332.8
Finance income								36.1
Finance cost								(92.5)
Foreign exchange loss on borrowings								(34.1)
Associates								
- share of results (net of tax)								(0.4)
Profit before taxation and zakat								241.9
Taxation and zakat								(19.8)
Profit for the financial period								222.1

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information (continued)

Segmental information for the Group are as follows:

<u>By Business Segment</u>

All amounts are in RM Million 2nd Quarter Ended 30 June 2012	Retail Business				Total Retail Business	Global & Wholesale Business	Shared Services /Others	Total
	Consumer	SME	Enterprise	Government				
Operating Revenue								
Total operating revenue	681.3	486.1	277.1	397.5	1,842.0	486.0	1,391.3	3,719.3
Inter-segment @	(10.2)	(0.5)	(0.2)	(0.1)	(11.0)	(86.9)	(1,196.4)	(1,294.3)
External operating revenue	671.1	485.6	276.9	397.4	1,831.0	399.1	194.9	2,425.0
Results								
Segment profits	12.5	87.8	56.0	42.1	198.4	87.6	72.0	358.0
Unallocated income/other losses*								0.7
Unallocated costs^								(61.6)
Operating profit before finance cost								297.1
Finance income								37.5
Finance cost								(84.4)
Foreign exchange loss on borrowings								(64.7)
Associates								
- share of results (net of tax)								0.1
Profit before taxation and zakat								185.6
Taxation and zakat								172.9
Profit for the financial period								358.5

7. Segmental Information (continued)

All amounts are in RM Million	Retail Business				Total Retail	Global & Wholesale	Shared Services	
Financial Period Ended	**Consumer**	**SME**	**Enterprise**	**Government**	**Business**	**Business**	**/Others**	**Total**
30 June 2013								
Operating Revenue								
Total operating revenue	1,454.8	934.4	569.3	871.2	3,829.7	929.2	3,026.4	7,785.3
Inter-segment @	(16.1)	(0.8)	(2.1)	-	(19.0)	(143.5)	(2,584.4)	(2,746.9)
External operating revenue	1,438.7	933.6	567.2	871.2	3,810.7	785.7	442.0	5,038.4
Results								
Segment profits	96.5	147.4	121.3	259.4	624.6	107.9	1.1	733.6
Unallocated income/other gains*								10.9
Unallocated costs^								(113.8)
Operating profit before finance cost								630.7
Finance income								74.2
Finance cost								(180.2)
Foreign exchange loss on borrowings								(52.7)
Associates								
- share of results (net of tax)								(0.6)
Profit before taxation and zakat								471.4
Taxation and zakat								(27.0)
Profit for the financial period								444.4

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information (continued)

All amounts are in RM Million	**Retail Business**				**Total Retail**	**Global & Wholesale**	**Shared Services**	
Financial Period Ended	**Consumer**	**SME**	**Enterprise**	**Government**	**Business**	**Business**	**/Others**	**Total**
30 June 2012								
Operating Revenue								
Total operating revenue	1,341.2	949.1	544.7	812.0	3,647.0	966.5	2,799.4	7,412.9
Inter-segment @	(14.9)	(0.8)	(0.4)	(0.1)	(16.2)	(160.0)	(2,427.9)	(2,604.1)
External operating revenue	1,326.3	948.3	544.3	811.9	3,630.8	806.5	371.5	4,808.8
Results								
Segment profits	44.5	183.1	115.1	148.2	490.9	126.0	63.6	680.5
Unallocated income/other gains*								4.7
Unallocated costs^								(114.7)
Operating profit before finance cost								570.5
Finance income								75.7
Finance cost								(164.2)
Foreign exchange gain on borrowings								3.2
Associates								
- share of results (net of tax)								(0.3)
Profit before taxation and zakat								484.9
Taxation and zakat								132.2
Profit for the financial period								617.1

7. Segmental Information (continued)

All amounts are in RM Million	Retail Business				Total Retail Business	Global & Wholesale Business	Shared Services /Others	Total
	Consumer	SME	Enterprise	Government				
Segment assets and liabilities								
As at 30 June 2013								
Segment assets	368.0	221.8	275.5	1,208.8	2,074.1	1,154.0	15,112.3	18,340.4
Associates								13.6
Unallocated assets#								3,914.8
Total assets								**22,268.8**
Segment liabilities	331.3	408.5	232.1	612.2	1,584.1	561.8	3,805.6	5,951.5
Borrowings								7,838.9
Unallocated liabilities+								1,477.3
Total liabilities								**15,267.7**
As at 31 December 2012								
Segment assets	461.7	224.5	88.9	894.7	1,669.8	1,073.0	15,276.7	18,019.5
Associates								1.5
Unallocated assets#								4,174.9
Total assets								22,195.9
Segment liabilities	338.5	395.7	121.6	538.9	1,394.7	576.2	4,586.9	6,557.8
Borrowings								7,140.4
Unallocated liabilities+								1,437.7
Total liabilities								15,135.9

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 Management, Group Finance, Group Legal, Compliance & 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.

+ Unallocated liabilities mainly include interest payable on borrowings, taxation and zakat liabilities, deferred tax liabilities and dividend payable.

The prior year comparatives has been restated in line with business structure realignment in the current financial year to cluster the Global Business and Wholesale Business segments as part of the Group's new market approach to increase focus on key customer segments. In addition, the basis of allocation of certain cost elements has been revised to better reflect the consumption of network services by the different business segments.

8. Material Events Subsequent to the End of the Quarter

There is no 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 2nd quarter and financial period ended 30 June 2013 save as below:

Bluetel Networks Pte Ltd

On 15 August 2012, TM via its wholly owned subsidiary, Telekom Malaysia (S) Pte Ltd (TMS) has entered into a Subscription Agreement and Shareholders' Agreement with the shareholders of Bluetel Networks Pte Ltd (BTN), for the subscription by TMS of 1,266,000 ordinary shares (Shares Subscription) for a purchase consideration of SGD5.1 million, representing 29.0% of the total number of issued ordinary shares in BTN.

BTN is a provider of telecommunications and network solutions. Upon satisfaction of the conditions precedents, the Shares Subscription was duly completed on 26 March 2013 and BTN effectively became an associate of the Group. The financial impact of the acquisition for the current financial period is not material to the Group.

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 2012.

11. Capital Commitments

	Group	
	30/6/2013	**31/12/2012**
	RM Million	**RM Million**
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	**3,328.3**	3,156.7
Commitments in respect of expenditure approved but not contracted for	**271.6**	1,570.3

12. Related Party Transactions

Khazanah Nasional Berhad (Khazanah) is a major shareholder with 28.73% equity interest 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, a ministry of the Federal Government of Malaysia. Therefore, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group.

The individually significant transactions that the Group entered into with identified related parties and their corresponding balances for the provision of telecommunications related services 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**	
	30/6/2013 RM Million	**30/6/2012 RM Million**	**30/6/2013 RM Million**	**31/12/2012 RM Million**
Sales and Receivables	**165.6**	144.2	**52.8**	102.3

In addition to the above, the Group and the Company have transactions that are collectively, but not individually significant with other Government-related entities 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.

13. Fair Value

The following should be read in conjunction with note 45 of the Group's audited financial statements for the financial year ended 31 December 2012.

(a) Financial Instruments Carried at Fair Value

The following table presents the Group's financial assets and liabilities that are measured at fair value as at the respective reporting date.

	30/06/2013				31/12/2012			
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total RM**	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Assets								
Financial assets at fair value through profit or loss								
-quoted securities	**19.1**	**-**	**-**	**19.1**	16.5	-	-	16.5
Derivatives at fair value through profit or loss	**-**	**9.3**	**-**	**9.3**	-	0.3	-	0.3
Derivatives accounted for under hedge accounting	**-**	**18.6**	**-**	**18.6**	-	45.4	-	45.4
Available-for-sale financial assets								
-investments	**-**	**525.8**	**49.3**	**575.1**	-	550.0	49.3	599.3
-receivables	**-**	**6.4**	**-**	**6.4**	-	7.6	-	7.6
Total	**19.1**	**560.1**	**49.3**	**628.5**	16.5	603.3	49.3	669.1
Liabilities								
Derivatives at fair value through profit or loss	**-**	**20.0**	**-**	**20.0**	-	25.6	-	25.6
Derivatives accounted for under hedge accounting	**-**	**55.2**	**-**	**55.2**	-	25.9	-	25.9
Total	**-**	**75.2**	**-**	**75.2**	-	51.5	-	51.5

There has not been any change to the valuation techniques applied for the different financial instruments since 31 December 2012 and there were no transfers of any instruments between level 1, 2 and 3 of the fair valuation hierarchy during the period.

The fair value of financial instruments which are at Level 3 of the fair value hierarchy has not changed since 31 December 2012.

13. Fair Value (continued)

(b) Financial Instruments Other Than Those Carried at Fair Value.

There has not been significant changes in the differences between the carrying amount and fair value of financial instruments carried at other than fair value from the disclosures in note 45(b) of the Group's audited financial statements for the financial year ended 31 December 2012, other than below:

	As at 30/06/2013		**As at 31/12/2012**	
	Carrying Amount RM Million	**Net Fair Value RM Million**	**Carrying Amount RM Million**	**Net Fair Value RM Million**
Liabilities				
Borrowings	**7,838.9**	**8,356.2**	7,140.4	7,784.9

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 7.8% to RM2,613.8 million as compared to RM2,425.0 million in the second quarter 2012, primarily contributed by revenue from all services.

Data services recorded higher revenue by 20.7% to RM605.8 million in the current year quarter from RM501.8 million last year quarter due to higher recurring charges in line with higher number of service lines in second half 2012 as well as demand for higher bandwidth.

Internet and multimedia services registered higher revenue by 9.6% to RM637.6 million in the current year quarter mainly arising from increased UniFi customers from 384,024 in the last year quarter to 576,559 in the current quarter.

Operating profit before finance cost of RM332.8 million was 12.0% higher from RM297.1 million recorded in the same quarter last year in line with higher operating revenue as explained above.

Group profit after tax and non-controlling interests (PATAMI) decreased by 38.6% to RM213.9 million as compared to RM348.5 million in the corresponding quarter in 2012 mainly due to recognition of higher deferred tax income on unutilised tax incentives in last year corresponding quarter.

(ii) Segment Performance

Consumer

Consumer posted revenue growth of 7.8% primarily attributed to the continued increase in UniFi customer base to 483,820 at the end of the current quarter as compared to 325,557 at the end of the same quarter in 2012. Revenue from IPTV also increased by 65.7% reflective of the increase in the subscription for Premium Channels as well as Video On Demand (VOD). A lower increase in operating expenses during the current quarter further improved the profit recorded by RM35.7 million compared to the same quarter last year.

1. Review of Performance (continued)

(a) Quarter-on-Quarter (continued)

SME

SME's current quarter revenue was lower by 4.1% as compared to the corresponding quarter last year mainly due to the migration of upgraded customers from SME to Enterprise business segment. This is to enhance and ensure more effective account management and thus maximising potential revenue growth for the Group as a whole. Other telecommunications related services also experienced a reduction giving rise to lower profit by RM20.0 million in the current quarter.

Enterprise

Revenue for the current quarter increased by 8.1% to RM299.6 million from RM277.1 million in the same quarter last year mainly due to migrated customers from SME as mentioned above. In addition, there is higher revenue from one-off customer projects The above increase in revenue has led to higher profit by 25.0% to RM70.0 million in the current quarter.

Government

Government recorded revenue of RM464.9 million in the current quarter, an increase of 17.0% as compared to RM397.5 million in the corresponding quarter last year, largely attributed to higher revenue from data services and Internet and multimedia. Data services remains as the main contributor to revenue improvement, mainly from additional physical circuits as well as customers upgrading to higher bandwidth. A combination of higher revenue and lower cost in the current quarter has resulted in profit of RM125.6 million in the current quarter, a two-fold increase from RM42.1 million in corresponding quarter last year.

Global & Wholesale

Global & Wholesale recorded revenue of RM474.6 million in the current quarter, 2.3% lower from RM486.0 million recorded in the corresponding quarter last year. This was contributed by lower domestic and international minutes of usage for voice services despite growth in data services. Current quarter profit was lower by 32.0% to RM59.6 million due to higher operating costs.

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 4.8% to RM5,038.4 million as compared to RM4,808.8 million recorded in the corresponding period last year, mainly attributed to higher revenue from data, Internet and multimedia services partially offset by lower contribution from voice services.

Operating profit before finance cost of RM630.7 million was higher by 10.6% as compared to RM570.5 million recorded in the preceding year corresponding period mainly due to higher revenue.

Group PATAMI decreased by 28.7% to RM427.1 million as compared to RM599.1 million recorded in the corresponding period last year primarily due to higher unrealised foreign exchange loss on borrowings and lower deferred tax income on unutilised tax incentives.

(ii) Segment Performance

Consumer

Higher revenue by 8.5% mainly contributed by significant increase in UniFi customers which stood at 483,820 at the end of June 2013 compared to 325,557 at the end of June 2012, coupled with higher take-ups from the IPTV Premium Channels and VOD as well as positive year-on-year improvements for Streamyx through upselling activities and lower churn rate. Consequent from higher revenue, profit for the current period of RM96.5 million was higher by RM52.0 million.

SME

SME posted lower revenue by 1.5% to RM934.4 million for first half of 2013 primarily due to reduction in voice revenue following upgrade of selected customers to Enterprise business segment to leverage on more effective account management. This was mitigated by growth in Internet and multimedia revenue in line with the increase in UniFi business customers which grew to 90,530 as at the end of June 2013 from 57,721 as at the end of June 2012. Correspondingly, the current period profit of RM147.4 million is RM35.7 million lower as compared to the same period last year.

1. Review of Performance (continued)

(b) Year-on-Year (continued)

Enterprise

Revenue increased by 4.5% to RM569.3 million as compared to RM544.7 million recorded in the corresponding period last year mainly contributed by migrated customers from SME as explained above as well as higher revenue from one-off customer projects. Consequent from higher revenue, profit increased by 5.4% to RM121.3 million from RM115.1 million in the first half of the previous year.

Government

Higher revenue by 7.3% to RM871.2 million in the current period contributed by higher revenue from data services and Internet and multimedia due to increase in physical circuits as well as upgrades to higher bandwidth. The increase however was mitigated by decline in voice and other telecommunications services. The revenue increase coupled with reduction in operating expenses led to higher profit by 75.0% to RM259.4 million in the first half of the current financial year.

Global & Wholesale

Global & Wholesale recorded lower revenue by 3.9% to RM929.2 million for the first half of 2013 from RM966.5 million recorded in the same period last year. This was mainly due to decrease in both domestic and international minutes of usage for voice services mitigated by growth in data services. In line with the lower revenue, profit registered for the first half 2013 of RM107.9 million was lower by RM18.1 million.

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) Economic Profit Statement

	2nd Quarter Ended		Financial Period Ended	
	30/6/2013 RM Million	**30/6/2012 RM Million**	**30/6/2013 RM Million**	**30/6/2012 RM Million**
EBIT	**329.8**	299.5	**627.8**	571.5
Adjusted Tax	82.5	74.9	157.0	142.9
NOPLAT	**247.3**	224.6	**470.8**	428.6
AIC	3,382.8	3,269.5	6,765.6	6,539.0
WACC	6.04%	6.17%	6.03%	6.15%
ECONOMIC CHARGE	**204.3**	201.7	**408.0**	402.1
ECONOMIC PROFIT	**43.0**	22.9	**62.8**	26.5

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

Economic Profit 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 RM43.0 million in the second quarter 2013, an increase of RM20.1 million from the same quarter last year. This was due to higher EBIT by RM30.3 million (10.1%) despite higher economic charge by RM2.6 million (1.3%).

Higher economic charge was due to increase in AIC by RM113.3 million (3.5%) despite lower WACC (0.13 percentage point) contributed by lower cost of equity (0.07 percentage point). The higher AIC was contributed by increased property, plant and equipment. Whilst, the higher EBIT by RM30.3 million was mainly attributed to the increase in operating revenue which was higher than the increase in operating cost.

On year to date basis, TM recorded EP of RM62.8 million, an increase of RM36.3 million from EP of RM26.5 million reported in the corresponding period last year. This was due to higher EBIT by RM56.3 million (9.9%) despite higher economic charge of RM5.9 million (1.5%). Higher economic charge was due to increase in AIC by RM226.6 million (3.5%) mainly contributed by increase in property, plant and equipment.

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 increased by 7.8% to RM2,613.8 million as compared to RM2,424.6 million recorded in the first quarter 2013 primarily due to higher revenue from all services.

Consequent from the higher revenue, operating profit before finance cost increased by 11.7% to RM332.8 million as compared to RM297.9 million recorded in the preceding quarter.

Group PATAMI increased by 0.3% to RM213.9 million from RM213.2 million in the preceding quarter mainly due to higher increase in operating revenue comparative to operating cost partially offset by higher unrealised foreign exchange loss on borrowings and tax expense.

3. Prospects for the Current Financial Year

For 2013, the Malaysian growth forecast is revised from 5.6% to 4.8% considering the moderation of domestic demand and uncertain external environment. Notwithstanding, domestic demand is still expected to continue powering growth and the outlook for 2014 is projected to be between 5.0% - 5.5%. On the global front, growth has also been revised down to 3.1% in 2013 and 3.8% in 2014, pointing to a weaker global environment (Source: MIER, 25 July 2013).

TM's outlook for the remaining months in 2013 continues to remain positive with continued focus on broadband. Broadband revenue is expected to improve with the introduction of Streamyx 8Mbps and IPTV packages in 1st half 2013 such as the HyppTV Mega Pack, Sports Pack, Ruby Pack and enhanced Platinum Pack bundling sports, entertainment, Asian and edutainment channels as well as "HyppTV Everywhere" and "HyppTV Over Broadband". In addition, with HyppTV Over Broadband launched for Streamyx 4 and Streamyx 8, HyppTV is now made available to beyond UniFi coverage areas. For business customers, particularly SMEs, TM has also recently introduced Hospitality Entertainment Solution, a package comprising broadband, IPTV and Call Center Service targeting hotels, hospitals and high tenancy buildings. TM remains steadfast in our commitment to provide more value and enhanced HyppTV viewing experience to our broadband customers. At present, TM's UniFi customer base remains strong with more than 590,000 customers. Meanwhile, the execution of the Performance Improvement Program (PIP) 3.0 which focuses on continued growth and institution building towards greater efficiency and productivity will continue to be the focal point for the Group for the rest of the year.

On the global front, TM continues its efforts to provide connectivity diversity by signing an agreement with five other regional telco players to establish the Bay of Bengal Gateway (BBG) submarine cable system. With a distance of approximately 8,000km, BBG which will provide connectivity to South East Asia, South Asia, the Middle East, Europe and Africa by 2014. This new submarine cable system will expand TM's regional coverage and capacity to serve the growing communication needs of the customers in Malaysia and other countries.

Given the above, the Board of Directors expects TM's growth prospects for 2013 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 2nd quarter and financial period ended 30 June 2013.

5. Taxation

The taxation charge for the Group comprises:

	2nd Quarter Ended		Financial Period Ended	
	30/6/2013	**30/6/2012**	**30/6/2013**	**30/6/2012**
	RM Million	**RM Million**	**RM Million**	**RM Million**
Malaysia				
Income Tax:				
Current year	**20.6**	19.0	**39.2**	40.7
Prior year	**(6.5)**	(0.4)	**(9.2)**	0.7
Deferred tax (net)	**4.5**	(198.7)	**(5.9)**	(181.4)
	18.6	(180.1)	**24.1**	(140.0)
Overseas				
Income Tax:				
Current year	**(0.2)**	1.5	**1.4**	2.0
Prior year	**(1.4)**	0.3	**(1.4)**	0.3
Deferred tax (net)	**2.8**	5.4	**2.8**	5.4
	1.2	7.2	**2.8**	7.7
Taxation	**19.8**	(172.9)	**26.9**	(132.3)
Zakat	**-**	-	**0.1**	0.1
Taxation and Zakat	**19.8**	(172.9)	**27.0**	(132.2)

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.

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:

	30/6/2013		31/12/2012	
	Short Term Borrowings RM Million	**Long Term Borrowings RM Million**	**Short Term Borrowings RM Million**	**Long Term Borrowings RM Million**
Total Unsecured	**2,008.9**	**5,830.0**	2,010.2	5,130.2

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

	30/6/2013	**31/12/2012**
Foreign Currency	**RM Million**	**RM Million**
US Dollar	2,415.4	2,337.7
Canadian Dollars	3.3	3.5
Japanese Yen	248.6	275.0
Total	**2,667.3**	2,616.2

8. Derivative Financial Instruments

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

		Fair value as at 30/06/2013		**Fair value as at 31/12/2012**	
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					
- existing at 31 December 2012	593.6	3.2	20.0	0.3	25.6
- additions	220.4	6.1	-	-	-
	814.0	**9.3**	**20.0**	0.3	25.6
2. Interest Rate Swaps					
- less than 1 year	1,500.0	1.2	-	2.6	-
- more than 3 years	500.0	13.0	-	16.0	-
	2,000.0	**14.2**	**-**	18.6	-
3. Cross Currency Interest Rate Swaps					
- more than 3 years	609.4	4.4	55.2	26.8	25.9
	609.4	**4.4**	**55.2**	26.8	25.9
Total	**3,423.4**	**27.9**	**75.2**	45.7	51.5

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. 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 3 January 2013 and 11 January 2013, the Company entered into two forward foreign currency contracts which will mature on 19 September 2014. On the maturity date, the Company would receive USD30.0 million and USD40.0 million from the counterparties in return for a payment of RM94.8 million and RM125.6 million respectively.

The forward foreign currency contracts effectively convert part of the USD liability into 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, 18 and 44 to 47 to the audited financial statements for the financial year ended 31 December 2012.

(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 2012.

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 30 June 2013 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 2nd quarter RM Million	Period to date RM Million
Financial Liabilities				
1. Forward Foreign Currency Contracts (i)				
- 1 year to 3 years	344.3	20.0	4.2	5.6
	344.3	**20.0**	**4.2**	**5.6**
2. Cross Currency Interest Rate Swaps (iii)				
- more than 3 years	298.9	55.2	(7.2)	(29.3)
	298.9	**55.2**	**(7.2)**	**(29.3)**
Total	**643.2**	**75.2**	**(3.0)**	**(23.7)**
Financial Assets				
1. Forward Foreign Currency Contracts (i)				
- 1 year to 3 years	469.7	9.3	5.5	9.0
	469.7	**9.3**	**5.5**	**9.0**
2. Interest Rate Swaps (ii)				
- less than 1 year	1,500.0	1.2	(1.6)	(1.4)
- more than 3 years	500.0	13.0	(3.4)	(3.0)
	2,000.0	**14.2**	**(5.0)**	**(4.4)**
3. Cross Currency Interest Rate Swaps (iii)				
- more than 3 years	310.5	4.4	(19.1)	(22.4)
	310.5	**4.4**	**(19.1)**	**(22.4)**
Total	**2,780.2**	**27.9**	**(18.6)**	**(17.8)**

(i) Forward foreign currency contracts are carried at fair value through profit or loss (FVTPL).
(ii) Fair value hedges accounted for under hedge accounting.
(iii) Cash flow hedges accounted for under hedge accounting.

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 (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	
	30/6/2013 RM Million	**31/12/2012 RM Million**
Retained profits		
- realised	**2,780.1**	2,801.1
- unrealised - in respect of deferred tax recognised in the income statement	**(1,180.7)**	(1,184.0)
- in respect of other items of income and expense	**932.9**	973.2
Share of accumulated losses from associates		
- realised	**(0.6)**	-
	2,531.7	2,590.3
Add: consolidation adjustments	**1,649.2**	1,599.9
Total Retained Profits	**4,180.9**	4,190.2

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.

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

10. Additional Disclosures

Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the consolidated Income Statements for the 2nd quarter and financial period ended 30 June 2013:

	2nd Quarter Ended		**Financial Period Ended**	
	30/6/2013	**30/6/2012**	**30/6/2013**	**30/6/2012**
	RM Million	**RM Million**	**RM Million**	**RM Million**
Impairment of trade and other receivables (net of recoveries)	**(9.7)**	(11.5)	**(41.1)**	(64.7)
Inventory write off and obsolescence	**(0.6)**	(0.6)	**(1.4)**	(1.6)
(Loss)/Gain on disposal of quoted securities	**-**	(0.1)	**-**	0.1
Gain on disposal of fixed income securities	**0.3**	0.8	**0.4**	2.0
Gain/(Loss) on foreign exchange on settlements and placements	**0.7**	5.3	**(1.3)**	3.3

11. Material Litigation

I. With reference to the following material litigation cases as disclosed under Contingent Liabilities in note 48 to the audited financial statements of the Group for the financial year ended 31 December 2012, 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 appeal has been fixed for case management on 3 September 2013 and for hearing on 30 October 2013.

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. It is pending a hearing date to be fixed by the Court of Appeal.

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

(c) One Visa Sdn Bhd vs TM

The trial date for the legal suit has been rescheduled from 17 to 21 February 2014.

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

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

(a) Menara Intan Langkawi Sdn Bhd & HBA Development Bhd vs TM Facilities Sdn Bhd

On 6 March 2013, TM Facilities Sdn Bhd (TMF), a wholly owned subsidiary of the Group, has through its solicitors, been served with a Writ and Statement of Claim by Menara Intan Langkawi Sdn Bhd (MIL) and HBA Development Bhd (HBA), through their solicitors.

The claim by HBA is premised upon an alleged wrongful termination of an Agreement to Lease dated 14 August 2003 between MIL and TMF (Agreement). Under the Agreement, TMF had agreed to take a lease of a telecommunication tower to be constructed at the Mukim of Kuah in Langkawi, from MIL, a joint venture company between Lembaga Pembangunan Langkawi and HBA, for a lease period of 15 years and at a lease rental of RM17.0 million per annum.

The Lease Agreement was subsequently terminated by TMF on 6 February 2007, as TMF was of the view that MIL has failed to secure the necessary approvals and commence construction of the telecommunication tower despite the time given.

11. Material Litigation (continued)

(a) Menara Intan Langkawi Sdn Bhd & HBA Development Bhd vs TM Facilities Sdn Bhd (continued)

Based on the Amended Writ and Statement of Claim (Statement of Claim), MIL and HBA are seeking for the following:-

(a) Damages in respect of loss of profit of RM168,701,922.00;

(b) Damages in respect of works and expenses of RM86,298,078.60;

(c) Damages in respect of the value of a land measuring 28.49 acres of RM80,600,000.00;

(d) General Damages;

(e) Interest; and

(f) Costs.

On 28 March 2013, TMF filed an application to strike out the Statement of Claim by the 2nd Plaintiff, HBA against TMF (Striking Out Application).

On 1 April 2013, TMF was served with an Amended Statement of Claim dated 29 March 2013 by both the Plaintiffs in the legal suit. In the Amended Statement of Claim, the Plaintiffs have amended their claim of loss of profits from RM168,701,922.00 to RM225,000,000.00.

On 17 May 2013, the Striking Out Application was allowed with cost by the High Court. On the same day, TMF filed its Defence to the Amended Statement of Claim by the 1st Plaintiff, MIL.

On 1 July 2013, the High Court ordered MIL to provide security for cost in the sum of RM175,000.00 within a period of 45 days and further ordered for the legal suit to be stayed pending payment of the same. The legal suit is fixed for case management on 5 September 2013 in order for both parties to update the High Court on the status of the said payment.

The Directors, based on legal advice, are of the view that TMF has more than reasonable prospects of successfully defending and dismissing 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)

	2nd Quarter Ended		**Financial Period Ended**	
	30/6/2013	**30/6/2012**	**30/6/2013**	**30/6/2012**
Basic/Diluted earnings per share				
Profit attributable to equity holders of the Company (RM million)	**213.9**	348.5	**427.1**	599.1
Weighted average number of ordinary shares (million)	**3,577.4**	3,577.4	**3,577.4**	3,577.4
Basic/Diluted earnings per share (sen) attributable to equity holders of the Company	**6.0**	9.7	**11.9**	16.7

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 period.

There is no dilutive potential ordinary share as at 30 June 2013. 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 2012 were not subject to any qualification.

14. Dividends

The Board of Directors has declared an interim single-tier dividend of 9.8 sen per share for the financial year ending 31 December 2013 (2012: an interim single-tier dividend of 9.8 sen per share). The dividend will be paid on 27 September 2013 to shareholders whose names appear in the Register of Members and Record of Depositors on 12 September 2013.

By Order of the Board

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

Secretaries

Kuala Lumpur
29 August 2013