

**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 first quarter ended 31 March 2015.

**UNAUDITED CONSOLIDATED INCOME STATEMENT**

	1ST QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/03/2015 RM Million	31/03/2014 RM Million	31/03/2015 RM Million	31/03/2014 RM Million
OPERATING REVENUE	2,774.1	2,620.0	2,774.1	2,620.0
OPERATING COSTS				
- depreciation, impairment and amortisation	(604.2)	(579.9)	(604.2)	(579.9)
- other operating costs	(1,958.9)	(1,773.5)	(1,958.9)	(1,773.5)
OTHER OPERATING INCOME (net)	32.4	50.2	32.4	50.2
OTHER LOSSES (net)	(0.6)	(0.5)	(0.6)	(0.5)
OPERATING PROFIT BEFORE FINANCE COST	242.8	316.3	242.8	316.3
FINANCE INCOME	38.4	31.2	38.4	31.2
FINANCE COST	(73.4)	(71.7)	(73.4)	(71.7)
FOREIGN EXCHANGE (LOSS)/GAIN ON BORROWINGS	(41.2)	2.9	(41.2)	2.9
NET FINANCE COST	(76.2)	(37.6)	(76.2)	(37.6)
ASSOCIATES				
- share of results (net of tax)	5.5	0.9	5.5	0.9
PROFIT BEFORE TAXATION AND ZAKAT	172.1	279.6	172.1	279.6
TAXATION AND ZAKAT (part B, note 5)	(56.2)	(60.8)	(56.2)	(60.8)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>115.9</b>	<b>218.8</b>	<b>115.9</b>	<b>218.8</b>
ATTRIBUTABLE TO:				
- equity holders of the Company	128.9	210.6	128.9	210.6
- non-controlling interests	(13.0)	8.2	(13.0)	8.2
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>115.9</b>	<b>218.8</b>	<b>115.9</b>	<b>218.8</b>
EARNINGS PER SHARE (sen) (part B, note 12)				
- basic/diluted	3.5	5.9	3.5	5.9

(The above unaudited consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014)

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	1ST QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/03/2015 RM Million	31/03/2014 RM Million	31/03/2015 RM Million	31/03/2014 RM Million
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>115.9</b>	218.8	<b>115.9</b>	218.8
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that may be reclassified</b>				
<b>subsequently to income statement:</b>				
- increase/(decrease) in fair value of available-for-sale investments	2.3	(2.5)	2.3	(2.5)
- decrease in fair value of available-for-sale receivables	(0.1)	(0.6)	(0.1)	(0.6)
- reclassification adjustments relating to available-for-sale investments disposed	(0.4)	(0.6)	(0.4)	(0.6)
- cash flow hedge:				
- increase/(decrease) in fair value of cash flow hedge	64.4	(8.4)	64.4	(8.4)
- reclassification to foreign exchange loss	(54.0)	(1.1)	(54.0)	(1.1)
- currency translation differences				
- subsidiaries	2.6	(0.1)	2.6	(0.1)
- associate	0.2	(0.1)	0.2	(0.1)
Other comprehensive income/(loss) for the financial period	15.0	(13.4)	15.0	(13.4)
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>	<b>130.9</b>	205.4	<b>130.9</b>	205.4
ATTRIBUTABLE TO:				
- equity holders of the Company	143.9	197.2	143.9	197.2
- non-controlling interests	(13.0)	8.2	(13.0)	8.2
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>	<b>130.9</b>	205.4	<b>130.9</b>	205.4

(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 2014)

<b>UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
	<b>AS AT 31/03/2015 RM Million</b>	<b>AS AT 31/12/2014 RM Million</b>
SHARE CAPITAL	2,603.6	2,603.6
SHARE PREMIUM	722.7	722.7
OTHER RESERVES	(55.9)	(70.9)
RETAINED PROFITS	4,444.6	4,315.7
<b>TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	<b>7,715.0</b>	<b>7,571.1</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>375.8</b>	<b>388.8</b>
<b>TOTAL EQUITY</b>	<b>8,090.8</b>	<b>7,959.9</b>
Borrowings	6,317.6	6,251.4
Derivative financial instruments	331.5	337.8
Deferred tax liabilities	1,286.8	1,258.0
Deferred income	1,797.0	1,823.1
Trade and other payables	114.5	135.8
<b>DEFERRED AND NON-CURRENT LIABILITIES</b>	<b>9,847.4</b>	<b>9,806.1</b>
	<b>17,938.2</b>	<b>17,766.0</b>
Property, plant and equipment	14,477.0	14,785.1
Intangible assets	580.5	581.7
Associates	12.2	6.5
Available-for-sale investments	99.0	99.0
Available-for-sale receivables	6.4	6.9
Other non-current receivables	709.9	500.7
Derivative financial instruments	203.9	147.3
Deferred tax assets	13.9	14.8
<b>NON-CURRENT ASSETS</b>	<b>16,102.8</b>	<b>16,142.0</b>
Inventories	132.6	115.9
Non-current assets held for sale	13.0	13.0
Customer acquisition costs	64.7	62.7
Trade and other receivables	3,285.0	2,825.3
Available-for-sale investments	484.9	469.3
Financial assets at fair value through profit or loss	8.9	9.2
Cash and bank balances	2,897.5	2,985.8
<b>CURRENT ASSETS</b>	<b>6,886.6</b>	<b>6,481.2</b>
Trade and other payables	3,386.4	3,605.2
Customer deposits	480.3	482.4
Advance rental billings	525.5	416.1
Borrowings	498.5	197.0
Taxation and zakat	160.5	156.5
<b>CURRENT LIABILITIES</b>	<b>5,051.2</b>	<b>4,857.2</b>
<b>NET CURRENT ASSETS</b>	<b>1,835.4</b>	<b>1,624.0</b>
	<b>17,938.2</b>	<b>17,766.0</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)</b>	<b>207.4</b>	<b>203.6</b>

**(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 2014)**

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

	Attributable to equity holders of the Company									Total Equity RM Million
	Share Capital RM Million	Share Premium RM Million	Fair Value Reserves RM Million	Hedging Reserve RM Million	Capital Redemption Reserve RM Million	Other Reserve RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Non- controlling Interests RM Million	
At 1 January 2015	2,603.6	722.7	57.8	63.5	71.6	(267.6)	3.8	4,315.7	388.8	7,959.9
Profit/(loss) for the financial period	-	-	-	-	-	-	-	128.9	(13.0)	115.9
Other comprehensive income										
Items that may be reclassified subsequently to income statement:										
- increase in fair value of available-for-sale investments	-	-	2.3	-	-	-	-	-	-	2.3
- decrease in fair value of available-for-sale receivables	-	-	(0.1)	-	-	-	-	-	-	(0.1)
- reclassification adjustments relating to available-for-sale investments disposed	-	-	(0.4)	-	-	-	-	-	-	(0.4)
- cash flow hedge:										
- increase in fair value of cash flow hedge	-	-	-	64.4	-	-	-	-	-	64.4
- reclassification to foreign exchange loss	-	-	-	(54.0)	-	-	-	-	-	(54.0)
- currency translation differences										
- subsidiaries	-	-	-	-	-	-	2.6	-	-	2.6
- associate	-	-	-	-	-	-	0.2	-	-	0.2
Total comprehensive income/(loss) for the financial period	-	-	1.8	10.4	-	-	2.8	128.9	(13.0)	130.9
<b>At 31 March 2015</b>	<b>2,603.6</b>	<b>722.7</b>	<b>59.6</b>	<b>73.9</b>	<b>71.6</b>	<b>(267.6)</b>	<b>6.6</b>	<b>4,444.6</b>	<b>375.8</b>	<b>8,090.8</b>

(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 2014)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

**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 2014	2,504.2	43.2	56.3	46.5	71.6	(0.5)	4,415.4	162.6	7,299.3
Profit for the financial period	-	-	-	-	-	-	210.6	8.2	218.8
Other comprehensive income									
Items that may be reclassified subsequently to income statement:									
- decrease in fair value of available-for-sale investments	-	-	(2.5)	-	-	-	-	-	(2.5)
- decrease in fair value of available-for-sale receivables	-	-	(0.6)	-	-	-	-	-	(0.6)
- reclassification adjustments relating to available-for-sale investments disposed	-	-	(0.6)	-	-	-	-	-	(0.6)
- cash flow hedge:									
- decrease in fair value of cash flow hedge	-	-	-	(8.4)	-	-	-	-	(8.4)
- reclassification to foreign exchange loss	-	-	-	(1.1)	-	-	-	-	(1.1)
- currency translation differences									
- subsidiaries	-	-	-	-	-	(0.1)	-	-	(0.1)
- associate	-	-	-	-	-	(0.1)	-	-	(0.1)
Total comprehensive (loss)/income for the financial period	-	-	(3.7)	(9.5)	-	(0.2)	210.6	8.2	205.4
<b>At 31 March 2014</b>	<b>2,504.2</b>	<b>43.2</b>	<b>52.6</b>	<b>37.0</b>	<b>71.6</b>	<b>(0.7)</b>	<b>4,626.0</b>	<b>170.8</b>	<b>7,504.7</b>

(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 2014)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

	FINANCIAL PERIOD ENDED	
	31/03/2015	31/03/2014
	RM Million	RM Million
Receipts from customers	2,101.3	2,138.6
Payments to suppliers and employees	(1,876.4)	(1,635.4)
Payment of finance cost	(54.6)	(80.7)
Payment of income taxes and zakat (net)	(24.6)	(16.1)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>145.7</b>	<b>406.4</b>
Contribution for purchase of property, plant and equipment	9.9	-
Disposal of property, plant and equipment	1.6	3.4
Purchase of property, plant and equipment	(512.6)	(452.7)
Acquisition of subsidiaries*	-	(33.4)
Disposal of available-for-sale investments	84.7	77.6
Purchase of available-for-sale investments	(98.1)	(69.9)
Disposal of financial assets at fair value through profit or loss	-	2.9
Disposal of non-current assets held for sale	0.1	12.3
Long term deposit	(8.3)	(8.3)
Repayments of loans by employees	2.2	2.2
Loans to employees	(20.4)	(10.4)
Disposal of housing loan	3.7	3.9
Interests received	32.9	23.6
Dividends received	1.5	4.4
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(502.8)</b>	<b>(444.4)</b>
Proceeds from borrowings	380.0	317.8
Repayments of borrowings (net)	(110.1)	(4.1)
Repayments of finance lease	(1.1)	(1.0)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>268.8</b>	<b>312.7</b>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(88.3)	274.7
EFFECT OF EXCHANGE RATE CHANGES	0.1	(0.3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,975.0	2,514.5
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>2,886.8</b>	<b>2,788.9</b>

\*Net of cash and cash equivalents acquired

(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 2014)

**TELEKOM MALAYSIA BERHAD (128740-P)**  
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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. Basis of Preparation**

The unaudited interim financial statements for the 1st quarter ended 31 March 2015 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 2014. The accounting policies, method of computation and basis of consolidation applied in the audited interim financial statements are consistent with those used in the preparation of the 2014 audited financial statements except for the changes arising from the adoption of the amendments to MFRS issued by MASB that are effective for the Group’s financial year beginning on 1 January 2015.

**(a) Amendments to published standards that are effective and applicable for the Group’s financial year beginning on 1 January 2015**

The amendments to published standards issued by MASB that are effective and applicable for the Group’s financial year beginning on 1 January 2015 are as follows:

Amendments to MFRS 119	Defined Benefit Plans: Employee Contribution
Amendments to MFRS 2,3,8,13, 116,124 and 138	Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2010 – 2012 Cycle”
Amendments to MFRS 1,3,13 and 140	Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2010 – 2013 Cycle”

The adoption of the above amendments to published standards does not have any material impact to the Group’s financial result, position or disclosure for the current or previous periods nor any of the Group’s significant accounting policies.

**TELEKOM MALAYSIA BERHAD (128740-P)**  
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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. Basis of Preparation (continued)**

**(b) 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 for annual periods beginning on or after 1 January 2016**

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to MFRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 10, 12 and 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 10 and 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 5, 7, 119 and 134	Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2012 – 2014 Cycle”
Amendments to MFRS 101	Disclosure Initiative

**Effective for annual periods beginning on or after 1 January 2017**

MFRS 15	Revenue from Contracts with Customers
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**Effective for annual periods on or after 1 January 2018**

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
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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 and MFRS 15 as explained in the Group’s 2014 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.



**TELEKOM MALAYSIA BERHAD (128740-P)**  
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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**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 1st quarter ended 31 March 2015.

**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**

There were no issuances, repurchases or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the 1st quarter ended 31 March 2015.

**6. Dividends Paid**

No dividends have been paid during the 1st quarter ended 31 March 2015.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**7. Segmental Information**

Segmental information for the Group are as follows:

**By Business Segment**

All amounts are in RM Million 1st Quarter Ended 31 March 2015	Mass Market	Managed Accounts	Global & Wholesale Business	Shared Services /Others <sup>&gt;</sup>	Total
<b>Operating Revenue</b>					
Total operating revenue	1,179.5	1,108.8	481.7	1,415.7	4,185.7
Inter-segment @	(7.0)	(86.8)	(88.9)	(1,228.9)	(1,411.6)
External operating revenue	1,172.5	1,022.0	392.8	186.8	2,774.1
<b>Results</b>					
Segment profits/(losses)	123.7	172.8	65.2	(41.9)	319.8
Unallocated income/other losses*					2.4
Unallocated costs <sup>^</sup>					(79.4)
Operating profit before finance cost					242.8
Finance income					38.4
Finance cost					(73.4)
Foreign exchange loss on borrowings					(41.2)
Associates					
-share of results (net of tax)					5.5
Profit before taxation and zakat					172.1
Taxation and zakat					(56.2)
Profit for the financial period					115.9

**TELEKOM MALAYSIA BERHAD (128740-P)**  
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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**7. Segmental Information (continued)**

<b>All amounts are in RM Million</b>					
<b>1st Quarter Ended</b>					
<b>31 March 2014</b>					
<b>Operating Revenue</b>	<b>Mass Market</b>	<b>Managed Accounts</b>	<b>Global &amp; Wholesale Business</b>	<b>Shared Services /Others<sup>&gt;</sup></b>	<b>Total</b>
Total operating revenue	1,144.7	1,069.3	464.6	1,370.2	4,048.8
Inter-segment @	(2.8)	(87.5)	(76.3)	(1,262.2)	(1,428.8)
External operating revenue	<u>1,141.9</u>	<u>981.8</u>	<u>388.3</u>	<u>108.0</u>	<u>2,620.0</u>
<b>Results</b>					
Segment profits/(losses)	133.0	195.2	63.8	(11.3)	380.7
Unallocated income/other losses*					3.1
Unallocated costs <sup>^</sup>					<u>(67.5)</u>
Operating profit before finance cost					316.3
Finance income					31.2
Finance cost					(71.7)
Foreign exchange gain on borrowings					2.9
Associates					
-share of results (net of tax)					<u>0.9</u>
Profit before taxation and zakat					279.6
Taxation and zakat					<u>(60.8)</u>
Profit for the financial period					<u>218.8</u>

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**7. Segmental Information (continued)**

All amounts are in RM Million Segment assets and liabilities	Mass Market	Managed Accounts	Global & Wholesale Business	Shared Services /Others <sup>&gt;</sup>	Total
<b>As at 31 March 2015</b>					
Segment assets	472.4	2,105.9	1,378.7	15,502.0	19,459.0
Associates					12.2
Unallocated assets <sup>&lt;</sup>					<u>3,518.2</u>
<b>Total assets</b>					<b><u>22,989.4</u></b>
Segment liabilities	749.1	896.9	745.6	3,801.7	6,193.3
Borrowings					6,816.1
Unallocated liabilities <sup>+</sup>					<u>1,889.2</u>
<b>Total liabilities</b>					<b><u>14,898.6</u></b>
<b>As at 31 December 2014</b>					
Segment assets	445.4	1,844.9	1,295.0	15,712.7	19,298.0
Associates					6.5
Unallocated assets <sup>&lt;</sup>					<u>3,318.7</u>
Total assets					<u>22,623.2</u>
Segment liabilities	762.2	943.6	749.8	3,917.5	6,373.1
Borrowings					6,448.4
Unallocated liabilities <sup>+</sup>					<u>1,841.8</u>
Total liabilities					<u>14,663.3</u>

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**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 Company and property, plant and equipment of the Company's corporate divisions and office buildings.
- + Unallocated liabilities mainly include interest payable on borrowings, taxation and zakat liabilities, deferred tax liabilities and dividend payable.
- > Shared services/Others segment includes financial information of Packet One Networks (Malaysia) Sdn Bhd and its subsidiaries for the current quarter ended 31 March 2015. This includes revenue of RM69.3 million, segment loss of RM49.6 million whilst segment asset and segment liabilities as at 31 March 2015 were RM919.0 million and RM304.1 million respectively.

The prior year comparatives have been restated in line with business structure realignment in the current financial year to cluster the Consumer and Small and Medium Enterprise (SME) business under a single Mass Market segment cluster whilst Government and Enterprise businesses are clustered together with subsidiaries namely VADS Berhad group of companies (VADS), GTC Global Sdn Bhd and Intelsec Sdn Bhd, collectively known as Managed Accounts. The realignment also involved the movement of Medium Enterprise Business customers previously under SME in Mass Market to Enterprise under Managed Accounts cluster. In addition, the basis of allocation of certain cost elements have been revised to better reflect the consumption of network and other services by the different clusters of business segments.

**8. Material Events Subsequent to the End of the Quarter**

There is no other material event subsequent to the reporting date that requires disclosure or adjustments to the unaudited interim financial statements.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**9. Effects of Changes in the Composition of the Group**

There is no change in the composition of the Group for the 1st quarter ended 31 March 2015 save as disclosed below:

**Tulip Maple Berhad (Tulip)**

On 2 March 2015, TM acquired one (1) ordinary share of RM1.00 in Tulip for a total consideration of RM1.00, resulting in Tulip becoming a wholly-owned subsidiary of TM.

Tulip was incorporated on 6 January 2015 under the Companies Act, 1965 (Act), with an authorised capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each, of which RM2.00 has been issued and fully paid-up to TM. Tulip was acquired to facilitate the proposed issuance of offer for subscription or purchase of, or invitation to subscribe for or Purchase of Sukuk (Sukuk) pursuant to a Proposed Multicurrency Sukuk Programme under the Shariah Principle of Wakala (Sukuk Programme).

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

Other than material litigations as disclosed in part B, note 11 of this announcement, there was no other material changes in contingent liabilities since the latest audited financial statements of the Group for the financial year ended 31 December 2014.

**11. Capital Commitments**

	<b>Group</b>	
	<b>31/3/2015</b>	<b>31/12/2014</b>
	<b>RM Million</b>	<b>RM Million</b>
<b>Property, plant and equipment:</b>		
Commitments in respect of expenditure approved and contracted for	<u>2,913.3</u>	<u>3,271.0</u>
Commitments in respect of expenditure approved but not contracted for	<u>1,395.6</u>	<u>849.9</u>

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**12. Related Party Transactions**

Khazanah Nasional Berhad (Khazanah) is a major shareholder with 28.95% 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:

	<b>Total amount of individually significant transactions for the 1st quarter ended</b>		<b>Corresponding outstanding balances as at</b>	
	<b>31/3/2015 RM Million</b>	<b>31/3/2014 RM Million</b>	<b>31/3/2015 RM Million</b>	<b>31/12/2014 RM Million</b>
<b>Sales and Receivables</b>	<b>196.2</b>	208.3	<b>131.4</b>	77.5

The Group also has individually significant contracts with other Government-related entities where the Group was provided funding for projects of which the amortisation of grants to the income statement in the current year was RM51.1 million (YTD March 2014: RM47.7 million) with corresponding receivables of nil (31 December 2014: nil).

In addition to the above, the Group has 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.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**13. Fair Value**

The following should be read in conjunction with note 47 of the Group's audited financial statements for the financial year ended 31 December 2014.

**(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.

	31/3/2015				31/12/2014			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>Assets</b>								
Financial assets at fair value through profit or loss								
-quoted securities	8.9	-	-	8.9	9.2	-	-	9.2
Derivatives at fair value through profit or loss	-	8.4	-	8.4	-	9.0	-	9.0
Derivatives accounted for under hedge accounting	-	195.5	-	195.5	-	138.3	-	138.3
Available-for-sale financial assets								
-investments	-	535.5	48.4	583.9	-	519.9	48.4	568.3
-receivables	-	6.4	-	6.4	-	6.9	-	6.9
<b>Total</b>	<b>8.9</b>	<b>745.8</b>	<b>48.4</b>	<b>803.1</b>	<b>9.2</b>	<b>674.1</b>	<b>48.4</b>	<b>731.7</b>
<b>Liabilities</b>								
Derivatives at fair value through profit or loss	-	-	-	-	-	-	-	-
Derivatives accounted for under hedge accounting	-	59.0	-	59.0	-	67.7	-	67.7
Put option liability over shares held by non-controlling interest	-	-	272.5	272.5	-	-	270.1	270.1
<b>Total</b>	<b>-</b>	<b>59.0</b>	<b>272.5</b>	<b>331.5</b>	<b>-</b>	<b>67.7</b>	<b>270.1</b>	<b>337.8</b>

There has not been any change to the valuation techniques applied for the different financial instruments since 31 December 2014 and there were no transfers of any instruments between level 1, 2 and 3 of the fair valuation hierarchy during the financial period.



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**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 47(b) of the Group's audited financial statements for the financial year ended 31 December 2014, other than below:

	As at 31/3/2015		As at 31/12/2014	
	Carrying amount RM Million	Net fair value RM Million	Carrying amount RM Million	Net fair value RM Million
<b>Liabilities</b> Borrowings	<b>6,816.1</b>	<b>7,399.4</b>	6,448.4	6,953.0

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**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 5.9% to RM2,774.1 million as compared to RM2,620.0 million in the same quarter last year, mainly due to higher revenue from Internet and multimedia, other telecommunication related services and data services partially offset by decline in voice.

Internet and multimedia services registered higher revenue by 14.3% to RM829.9 million in the current quarter from RM726.1 million in the same quarter last year contributed by higher UniFi customer base at 756,844 at end of the current quarter from 652,578 at the end of the corresponding quarter last year, increase in the number of buys for Premium Channels and Video on Demand and the consolidation of broadband revenue from Packet One Networks (Malaysia) Sdn Bhd (P1) acquired on 30 September 2014.

Operating profit before finance cost decreased by 23.2% to RM242.8 million as compared to RM316.3 million recorded in the same quarter last year mainly due to the consolidation of the operational loss of P1 and that the results from corresponding quarter last year included the negative goodwill from the acquisition of a wholly-owned subsidiary in that quarter.

Group profit after tax and non-controlling interests (PATAMI) decreased to RM128.9 million as compared to RM210.6 million in the corresponding quarter last year primarily due to higher operating costs and higher foreign exchange losses from borrowings of the Group compared to a gain in the same quarter last year arising from the weakening Malaysian Ringgit against US Dollar.

(ii) Segment Performance

Mass Market

Revenue increased by RM34.8 million (3.0%) from RM1,144.7 million to RM1,179.5 million in the current quarter mainly due to higher cumulative Unifi customers of 749,190 as compared to 649,056 as at the end of corresponding quarter last year. The continuing increase in the number of buys for Premium Channels and Video on Demand (VOD) on UniFi and upgrade to higher bandwidth by Streamyx customers further contributed to the increase in revenue during the current quarter. Profit has however reduced by 7.0% from RM133.0 million to RM123.7 million mainly due to higher direct and overhead costs.

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LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**1. Review of Performance (continued)**

(a) Quarter-on-Quarter (continued)

Managed Accounts

Managed Accounts recorded RM1,108.8 million revenue in the 1st quarter of 2015, a RM39.5 million (3.7%) increase from RM1,069.3 million in the corresponding quarter last year mainly due to increase in Internet and multimedia, data and other telecommunication services revenue in the current quarter. Profit has reduced by 11.5% to RM172.8 million in the current quarter from RM195.2 million in the corresponding quarter last year due to higher direct and overhead costs.

Global & Wholesale

Revenue for the current quarter increased by RM17.1 million (3.7%) from RM464.6 million in 1st quarter last financial year to RM481.7 million in the current quarter mainly contributed by data and infra services despite the reduction in voice services. The increase in revenue led to a corresponding 2.2% increase in profit to RM65.2 million from RM63.8 million in the corresponding quarter last year.

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**1. Review of Performance (continued)**

**(b) Economic Profit Statement**

	<b>1st Quarter Ended</b>	
	<b>31/3/2015 RM Million</b>	<b>31/3/2014 RM Million</b>
<b>EBIT</b>	<b>243.4</b>	316.8
Adjusted Tax	60.9	79.2
<b>NOPLAT</b>	<b>182.5</b>	237.6
AIC	3,602.7	3,415.7
WACC	7.39%	6.90%
<b>ECONOMIC CHARGE</b>	<b>266.2</b>	235.7
<b>ECONOMIC PROFIT</b>	<b>(83.7)</b>	1.9

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 (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 Loss during first quarter 2015 due to lower NOPLAT and higher economic charge which is attributed to higher AIC and WACC. The higher AIC was due to higher trade and other receivables and other non-current receivables whilst higher WACC arising from higher cost of equity. The lower NOPLAT was mainly attributed to the increase in cost for the current quarter which was higher than the increase in revenue.

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**2. Comparison with Preceding Quarter's Results**

The current quarter Group revenue decreased by 12.1% to RM2,774.1 million as compared to RM3,157.3 million recorded in the fourth quarter of 2014 primarily due to lower revenue from all services except data and Internet and multimedia services.

Operating profit before finance cost decreased by 25.9% to RM242.8 million as compared to RM327.7 million recorded in the preceding quarter mainly due to reduction in revenue being higher than the reduction in operating costs.

Consequent from lower operating profit before finance cost, Group PATAMI decreased by 41.0% to RM128.9 million from RM218.3 million in the preceding quarter.

**3. Prospects for the Current Financial Year**

Bank Negara Malaysia (BNM) is expecting the Malaysian economy to register steady growth of 4.5% - 5.5% in 2015, supported mainly by sustained expansion in domestic demand amid strong domestic fundamentals and a resilient export sector. Domestic demand will continue to anchor growth in 2015, driven by private sector spending. On the international front, despite a sluggish first quarter, world growth is expected to rebound in the second quarter as business sentiments improve, downside risks decrease and the US economy continues on its expansion path. The International Monetary Fund (IMF) maintains its estimate for 2015 world economy growth to be 3.5%. (*Source: Outlook for the Malaysian Economy, BNM Annual Report 2014, 11 March 2015; Malaysian Economic Outlook, MIER, 22 April 2015*).

TM had a promising start to the year as we continue with our "Innovation Exchange" vision by launching a number of innovative offerings as well as participating in several strategic collaborations. We are further expanding our IPTV service, HyppTV, to reach a wider audience by introducing the HyppTV Everywhere mobile app in January 2015. This new feature allows customers to view HyppTV's content via their mobile devices, and is now also made available to the public and is no longer just limited to UniFi or Streamyx customers. Further to this, TM entered into a collaboration with Digi Telecommunications Sdn Bhd (Digi) in April 2015 to offer HyppTV Everywhere to Digi customers. With this partnership, Digi customers can now enjoy five (5) HyppTV packages and pay for the subscription via their Digi bill in addition to other payment options. With these developments, TM expects to attract more viewers amongst the tech-savvy Gen-Y segment, the largest number of consumers of mobile entertainment and content, while at the same time enabling more Malaysians to watch HyppTV anywhere and anytime, true to our promise of 'Life Made Easier' with TM.

On the business front, TM and Nusajaya Tech Park Sdn Bhd (NTPSB) inked three (3) agreements towards developing a flagship park in Iskandar Malaysia, Johor. The three (3) agreements involve the establishment of a carrier neutral Nusajaya Data Centre (NJDC), the provision of ICT infrastructure and services in the park by TM, and the development of smart services including safety and security services. For TM, the establishment of the NJDC and

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

**3. Prospects for the Current Financial Year (continued)**

the collaborations on smart services is a step forward in realising the Nusajaya Smart City aspiration.

TM will continue our commitment to support the Government's move to drive broadband adoption, accelerate household broadband penetration and increase reach, especially to the underserved, thus further bridging the digital divide. In March 2015, we embarked on another initiative for the benefit of the public by signing a Memorandum of Collaboration (MoC) with Wilayah Persekutuan Infrastructure Sdn Bhd (WPI), to work together towards deploying free and premium WiFi service in Wilayah Persekutuan. Following this, TM also recently announced the introduction of two (2) new lower priced Broadband Packages - the first is a RM38 a month for 1Mbps with a data usage cap of up to 1GB, made available starting 16 June 2015. The second is a reduced price UniFi 10Mbps triple play package offering at RM179 a month, to be introduced by 15 July 2015. We believe these new packages will further boost broadband take-up and encourage customers to upgrade to higher speeds. Our broadband offerings continue to experience new take-up with more than 757,000 UniFi customers to date.

These recent developments reflect TM's initiatives towards becoming Malaysia's Convergence Champion. We will continue to be guided by our "Information and Innovation Exchange" aspirations as we carry on with our transformation journey.

**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 1st quarter ended 31 March 2015.

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**5. Taxation**

The taxation charge for the Group comprises:

	<b>1st Quarter Ended</b>	
	<b>31/3/2015</b>	<b>31/3/2014</b>
	<b>RM Million</b>	<b>RM Million</b>
<u>Malaysia</u>		
<b>Income Tax:</b>		
Current year	<b>27.8</b>	23.3
Prior year	<b>(2.3)</b>	(3.7)
<b>Deferred tax (net)</b>	<b>28.2</b>	40.4
	<b>53.7</b>	60.0
<u>Overseas</u>		
<b>Income Tax:</b>		
Current year	<b>0.3</b>	0.7
Prior year	<b>0.5</b>	0.1
<b>Deferred tax (net)</b>	<b>1.7</b>	-
	<b>2.5</b>	0.8
<b>Taxation</b>	<b>56.2</b>	60.8
<b>Zakat</b>	<b>#</b>	#
<b>Taxation and Zakat</b>	<b>56.2</b>	60.8

# Amount less than RM0.1 million

The current quarter and financial year's effective tax rate of the Group is higher than the statutory tax rate primarily due to current quarter losses before tax from a subsidiary acquired in the 3rd quarter last year with no corresponding tax losses or deferred tax asset recognised at this juncture.

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**6. Status of Corporate Proposals**

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

**7. Group Borrowings and Debt Securities**

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

	31/3/2015		31/12/2014	
	Short Term Borrowings RM Million	Long Term Borrowings RM Million	Short Term Borrowings RM Million	Long Term Borrowings RM Million
<b>Total Secured</b>	<b>135.3</b>	<b>134.1</b>	81.3	164.9
<b>Total Unsecured</b>	<b>363.2</b>	<b>6,183.5</b>	115.7	6,086.5
<b>Total Borrowings</b>	<b>498.5</b>	<b>6,317.6</b>	197.0	6,251.4

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

	31/3/2015	31/12/2014
Foreign Currency	RM Million	RM Million
US Dollar	1,478.0	1,395.2
Canadian Dollars	3.0	3.1
Japanese Yen	240.5	227.8
<b>Total</b>	<b>1,721.5</b>	1,626.1



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**8. Derivative Financial Instruments**

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

Derivatives (by maturity)	Contract or notional amount RM Million	Fair value as at 31/3/2015		Fair value as at 31/12/2014	
		Assets RM Million	Liabilities RM Million	Assets RM Million	Liabilities RM Million
1. <u>Interest Rate Swaps</u> - 1 year to 3 years	500.0	5.1	-	3.6	-
	<b>500.0</b>	<b>5.1</b>	<b>-</b>	<b>3.6</b>	<b>-</b>
2. <u>Cross Currency Interest Rate Swaps</u> - more than 3 years	926.2	190.4	59.0	134.7	67.7
	<b>926.2</b>	<b>190.4</b>	<b>59.0</b>	<b>134.7</b>	<b>67.7</b>
3. <u>Put Option liability over shares held by non-controlling interest</u> - more than 3 years	-	-	272.5	-	270.1
	<b>-</b>	<b>-</b>	<b>272.5</b>	<b>-</b>	<b>270.1</b>
4. <u>Call Option over shares held by non-controlling interest</u> - more than 3 years	87.1	8.4	-	9.0	-
	<b>87.1</b>	<b>8.4</b>	<b>-</b>	<b>9.0</b>	<b>-</b>
<b>Total</b>	<b>1,513.3</b>	<b>203.9</b>	<b>331.5</b>	<b>147.3</b>	<b>337.8</b>

**(b) 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, 19 and 46 to 49 to the Group's audited financial statements for the financial year ended 31 December 2014.

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**8. Derivative Financial Instruments (continued)**

**(c) 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 Group's audited financial statements for the financial year ended 31 December 2014.

**(d) Gains/(Losses) Arising from Fair Value Changes of Financial Instruments**

The amount of gains/(losses) arising from fair value changes of derivative financial instruments for the current quarter ended 31 March 2015 are as follows:

<b>Derivatives (by maturity)</b>	<b>Contract or notional value RM Million</b>	<b>Fair value RM Million</b>	<b>Gains/(Losses) arising from fair value changes for the quarter RM Million</b>
<b>Financial Liabilities</b>			
1. <u>Cross Currency Interest Rate Swaps</u> <sup>(ii)</sup> - more than 3 years	298.9	59.0	8.7
	<b>298.9</b>	<b>59.0</b>	<b>8.7</b>
2. <u>Put Option liability over shares held by non- controlling interest</u> <sup>(iii)</sup> - more than 3 years	-	272.5	-
	-	<b>272.5</b>	-
<b>Total</b>	<b>298.9</b>	<b>331.5</b>	<b>8.7</b>
<b>Financial Assets</b>			
1. <u>Interest Rate Swaps</u> <sup>(i)</sup> - 1 year to 3 years	500.0	5.1	1.5
	<b>500.0</b>	<b>5.1</b>	<b>1.5</b>
2. <u>Cross Currency Interest Rate Swaps</u> <sup>(ii)</sup> - more than 3 years	627.3	190.4	55.7
	<b>627.3</b>	<b>190.4</b>	<b>55.7</b>
3. <u>Call Option over shares held by non- controlling interest</u> - more than 3 years	87.1	8.4	(0.6)
	<b>87.1</b>	<b>8.4</b>	<b>(0.6)</b>
<b>Total</b>	<b>1,214.4</b>	<b>203.9</b>	<b>56.6</b>

(i) Fair value hedges accounted for under hedge accounting.

(ii) Cash flow hedges accounted for under hedge accounting.

(iii) Derivative relating to equity instrument accounted for under MFRS 132 Financial Instruments: Presentation for which the obligation at inception is recognised in Other Reserves.

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**8. Derivative Financial Instruments (continued)**

**(d) 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 the relevant foreign currency against RM strengthens or the expectation of future RM interest rate increases 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:

	<b>Group</b>	
	<b>31/3/2015</b>	<b>31/12/2014</b>
	<b>RM Million</b>	<b>RM Million</b>
Retained profits		
- realised	<b>2,708.8</b>	2,473.8
- unrealised - in respect of deferred tax recognised in the income statement	<b>(1,272.9)</b>	(1,243.2)
- in respect of other items of income and expense	<b>455.1</b>	545.6
Share of accumulated profit from associates		
- realised	<b>18.7</b>	13.2
	<b>1,909.7</b>	1,789.4
Add: consolidation adjustments	<b>2,534.9</b>	2,526.3
<b>Total Retained Profits</b>	<b>4,444.6</b>	4,315.7

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 Main Market Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

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**10. Additional Disclosures**

Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the Consolidated Income Statement for the 1st quarter ended 31 March 2015:

	<b>1st Quarter Ended</b>	
	<b>31/3/2015</b>	<b>31/3/2014</b>
	<b>RM Million</b>	<b>RM Million</b>
Impairment of trade and other receivables (net of recoveries)	<b>(57.3)</b>	(36.4)
Reversal of inventory obsolescence (net)	<b>0.7</b>	#
Gain on disposal of fixed income securities	<b>0.4</b>	0.6
(Loss)/Gain on foreign exchange on settlements and placements	<b>(0.4)</b>	1.2

# Amount less than RM0.1 million

**11. Material Litigation**

With reference to the following material litigation cases as disclosed under Contingent Liabilities in note 50 to the audited financial statements of the Group for the financial year ended 31 December 2014, 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.

On 13 August 2012, MSI filed an appeal to the Court of Appeal against the decision of the High Court above. The appeal was dismissed on 30 October 2013.

On 28 November 2013, MSI filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal above stated. The application is fixed for further case management on 28 July 2015.

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

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**11. Material Litigation (continued)**

**(b) Menara Intan Langkawi Sdn Bhd (MIL) & HBA Development Bhd (HBA) vs TM Facilities Sdn Bhd (TMF)**

On 18 November 2013, TMF's solicitors were served with a Summary Judgment Application in which MIL seeks for the following Orders from the High Court:

- (i) An Order for declaration that TMF has wrongfully and unlawfully terminated the Agreement;
- (ii) An Order for assessment of damages to be paid by TMF to MIL for all the damages and losses suffered by MIL as compensation for the termination of the Agreement wrongfully and unlawfully;
- (iii) An Order for TMF to pay MIL immediately after the assessment of damages by the Court; and
- (iv) Interest and cost.

On 26 May 2014, MIL withdrew the Summary Judgment Application. The legal suit then proceeded for trial on 26 - 27 May 2014 and on 23 - 24 June 2014.

On 31 October 2014, the High Court dismissed MIL's claim and awarded costs in the sum of RM50,000.00 in favour of TMF.

On 12 November 2014, MIL filed its appeal against the said decision of the High Court. The appeal has been fixed for case management on 17 March 2015.

On 16 March 2015, MIL has filed its application for an extension of time in respect of the filing of the Record of Appeal.

On 15 April 2015, the Court of Appeal allowed the extension of time sought by MIL with cost in the sum of RM2,000.00 to be paid to TM.

The appeal is fixed for case management on 25 June 2015.

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

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 financial position or business of the Company and/or its subsidiaries.

**TELEKOM MALAYSIA BERHAD (128740-P)**  
**(Incorporated in Malaysia)**

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

**12. Earnings per Share (EPS)**

	<b>1st Quarter Ended</b>	
	<b>31/3/2015</b>	<b>31/3/2014</b>
<b>Basic/Diluted earnings per share</b>		
Profit attributable to equity holders of the Company (RM million)	<b>128.9</b>	210.6
Weighted average number of ordinary share (million)	<b>3,719.4</b>	3,577.4
Basic/Diluted earnings per share (sen) attributable to equity holders of the Company	<b>3.5</b>	5.9

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/year.

**13. Qualification of Preceding Audited Financial Statements**

The audited financial statements for the financial year ended 31 December 2014 were not subject to any qualification.

**14. Dividends**

On 26 February 2015, the Board of Directors of TM (Board) proposed a final dividend for the financial year ended 31 December 2014 of 13.4 sen per share (Final Dividend) for shareholders' approval at the Thirtieth Annual General Meeting (AGM). The Board has also determined that the Dividend Reinvestment Scheme (DRS) will be applicable to the entire Final Dividend.

On 28 April 2015, TM announced that approval has been obtained from Bursa Malaysia Securities Berhad (Bursa Securities) for the listing of and quotation for the new TM shares to be issued pursuant to the DRS in respect of the Final Dividend.

At the AGM held on 30 April 2015, the approval has been obtained from shareholders of TM for the Final Dividend and the proposed renewal of the authority for directors to allot and issue new ordinary shares of RM0.70 each in TM in relation to the DRS.

On 5 May 2015, TM announced that the issue price for the new TM shares to be issued pursuant to the DRS has been fixed at RM6.98 per share and the entitlement date is 19 May 2015. Barring any unforeseen circumstances, the new TM shares arising from the DRS in respect of the Final Dividend will be listed on the Main Market of Bursa Securities on 19 June 2015.

There were no other dividends recommended during 1st quarter ended 31 March 2015.

**TELEKOM MALAYSIA BERHAD (128740-P)**  
**(Incorporated in Malaysia)**

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

**By Order of the Board**

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

Secretaries

Kuala Lumpur  
29 May 2015