TELEKOM MALAYSIA BERHAD (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad is pleased to announce the following audited results of the Group for the fourth quarter ended 31 December 2016.

AUDITED CONSOLIDATED INCOME STATEMENT

	4TH QUARTER ENDED		FINANCIAL YEAR ENDED	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
	RM Million	**RM Million**	**RM Million**	**RM Million**
OPERATING REVENUE	**3,237.0**	3,184.4	**12,060.9**	11,721.6
OPERATING COSTS				
- depreciation, other impairment and amortisation	**(685.0)**	(620.5)	**(2,634.6)**	(2,437.3)
- other operating costs	**(2,295.4)**	(2,337.4)	**(8,402.7)**	(8,150.9)
OTHER OPERATING INCOME (net)	**29.3**	32.7	**130.4**	123.7
OTHER GAINS/(LOSSES) (net)	**0.9**	(24.7)	**47.2**	(26.6)
OPERATING PROFIT BEFORE FINANCE COST	**286.8**	234.5	**1,201.2**	1,230.5
FINANCE INCOME	**34.0**	45.5	**155.3**	164.4
FINANCE COST	**(96.7)**	(86.5)	**(380.7)**	(323.4)
FOREIGN EXCHANGE (LOSS)/GAIN ON BORROWINGS	**(120.5)**	24.6	**(86.7)**	(184.4)
NET FINANCE COST	**(183.2)**	(16.4)	**(312.1)**	(343.4)
ASSOCIATES				
- share of results (net of tax)	**7.0**	6.5	**29.4**	24.7
PROFIT BEFORE TAXATION AND ZAKAT	**110.6**	224.6	**918.5**	911.8
TAXATION AND ZAKAT (part B, note 5)	**(5.6)**	(65.9)	**(305.1)**	(320.0)
PROFIT FOR THE FINANCIAL PERIOD/YEAR	**105.0**	158.7	**613.4**	591.8
ATTRIBUTABLE TO:				
- equity holders of the Company	**154.3**	192.5	**776.0**	700.3
- non-controlling interests	**(49.3)**	(33.8)	**(162.6)**	(108.5)
PROFIT FOR THE FINANCIAL PERIOD/YEAR	**105.0**	158.7	**613.4**	591.8
EARNINGS PER SHARE (sen) (part B, note 12)				
- basic/diluted	**4.1**	5.1	**20.6**	18.7

(The above audited consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015)

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4TH QUARTER ENDED 31/12/2016 RM Million	4TH QUARTER ENDED 31/12/2015 RM Million	FINANCIAL YEAR ENDED 31/12/2016 RM Million	FINANCIAL YEAR ENDED 31/12/2015 RM Million
PROFIT FOR THE FINANCIAL PERIOD/YEAR	**105.0**	158.7	**613.4**	591.8
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to income statement:				
- (decrease)/increase in fair value of available-for-sale investments	**(1.5)**	37.3	**13.0**	34.7
- increase in fair value of available-for-sale receivables	**#**	#	**#**	#
- reclassification adjustments relating to available-for-sale investments disposed	**(0.2)**	(1.5)	**(1.6)**	(2.3)
- cash flow hedge:				
- increase/(decrease) in fair value of cash flow hedge	**44.6**	(33.2)	**55.1**	241.6
- reclassification to foreign exchange (loss)/gain on borrowings	**(51.2)**	28.6	**(59.6)**	(209.9)
- fair value hedge:				
- increase in fair value	**11.7**	-	**5.2**	-
- currency translation differences				
- subsidiaries	**10.0**	5.2	**10.5**	22.1
- associate	**0.6**	(0.3)	**0.7**	1.7
Other comprehensive income for the financial period/year	**14.0**	36.1	**23.3**	87.9
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR	**119.0**	194.8	**636.7**	679.7
ATTRIBUTABLE TO:				
- equity holders of the Company	**168.3**	228.6	**799.3**	788.2
- non-controlling interests	**(49.3)**	(33.8)	**(162.6)**	(108.5)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR	**119.0**	194.8	**636.7**	679.7

Amount less than RM0.1 million

(The above audited consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015)

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/12/2016 RM Million	AS AT 31/12/2015 RM Million
SHARE CAPITAL	2,630.6	2,630.6
SHARE PREMIUM	964.9	964.9
OTHER RESERVES	(43.1)	17.0
RETAINED PROFITS	4,139.9	4,168.1
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7,692.3	7,780.6
NON-CONTROLLING INTERESTS	140.2	258.1
TOTAL EQUITY	7,832.5	8,038.7
Borrowings	7,662.6	7,175.4
Derivative financial instruments	301.9	321.9
Deferred tax liabilities	1,514.8	1,367.6
Deferred income	1,711.4	1,661.7
Trade and other payables	3.7	25.2
DEFERRED AND NON-CURRENT LIABILITIES	11,194.4	10,551.8
	19,026.9	**18,590.5**
Property, plant and equipment	16,010.6	15,186.9
Intangible assets	563.6	607.8
Associates	45.8	26.3
Available-for-sale investments	196.5	155.9
Available-for-sale receivables	4.8	6.0
Other non-current receivables	870.7	786.3
Derivative financial instruments	391.5	334.9
Deferred tax assets	30.6	11.5
NON-CURRENT ASSETS	18,114.1	17,115.6
Inventories	207.1	236.8
Non-current assets held for sale	19.0	20.3
Customer acquisition costs	53.2	59.1
Trade and other receivables	3,158.2	2,947.1
Available-for-sale investments	518.0	515.6
Derivative financial instruments	-	0.4
Financial assets at fair value through profit or loss	6.0	6.6
Cash and bank balances	2,926.0	3,511.6
CURRENT ASSETS	6,887.5	7,297.5
Trade and other payables	4,103.0	4,367.0
Customer deposits	443.1	467.6
Advance rental billings	667.4	545.0
Borrowings	700.7	408.3
Taxation and zakat	60.5	34.7
CURRENT LIABILITIES	5,974.7	5,822.6
NET CURRENT ASSETS	912.8	1,474.9
	19,026.9	**18,590.5**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	204.7	207.0

(The above audited consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015)

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Attributable to equity holders of the Company										
	Share Capital RM Million	**Share Premium RM Million**	**Fair Value Reserves RM Million**	**Hedging Reserve RM Million**	**Long Term Incentive Plan 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**	**Total Equity RM Million**
At 1 January 2016	2,630.6	964.9	90.2	95.2	-	71.6	(267.6)	27.6	4,168.1	258.1	8,038.7
Profit/(loss) for the financial year	-	-	-	-	-	-	-	-	776.0	(162.6)	613.4
Other comprehensive income											
Items that may be reclassified subsequently to income statement:											
- increase in fair value of available-for-sale investments	-	-	13.0	-	-	-	-	-	-	-	13.0
- increase in fair value of available-for-sale receivables	-	-	#	-	-	-	-	-	-	-	#
- reclassification adjustments relating to available-for-sale investments disposed	-	-	(1.6)	-	-	-	-	-	-	-	(1.6)
- cash flow hedge:											
- increase in fair value of cash flow hedge	-	-	-	55.1	-	-	-	-	-	-	55.1
- reclassification to foreign exchange loss on borrowings	-	-	-	(59.6)	-	-	-	-	-	-	(59.6)
- fair value hedge:											
- increase in fair value	-	-	-	5.2	-	-	-	-	-	-	5.2
- currency translation differences											
- subsidiaries	-	-	-	-	-	-	-	10.5	-	-	10.5
- associate	-	-	-	-	-	-	-	0.7	-	-	0.7
Total comprehensive income/(loss) for the financial year	-	-	11.4	0.7	-	-	-	11.2	776.0	(162.6)	636.7
Transactions with owners:											
- second interim dividend paid for the financial year ended 31 December 2015 (part A, note 6(a))	-	-	-	-	-	-	-	-	(454.7)	-	(454.7)
- interim dividend paid for the financial year ended 31 December 2016 (part A, note 6(b))	-	-	-	-	-	-	-	-	(349.5)	-	(349.5)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(41.6)	(41.6)
- transaction with non-controlling interests (part A, note 9(b))	-	-	-	-	-	-	(85.3)	-	-	85.3	-
- Long Term Incentive Plan (LTIP):											
- option granted*	-	-	-	-	1.9	-	-	-	-	-	1.9
- capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	-	1.0	1.0
Total transactions with owners	-	-	-	-	1.9	-	(85.3)	-	(804.2)	44.7	(842.9)
At 31 December 2016	**2,630.6**	**964.9**	**101.6**	**95.9**	**1.9**	**71.6**	**(352.9)**	**38.8**	**4,139.9**	**140.2**	**7,832.5**

Amount less than RM0.1 million

* 1st grant offer of 9,219,500 TM shares made to eligible employees of TM and its subsidiaries on 1 December 2016 which will be vested on 30 April 2019 subject to fulfilment of relevant vesting conditions.

(The above audited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015)

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	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**	**Other Reserve RM Million**	**Currency Translation Differences RM Million**	**Retained Profits RM Million**	**Non-controlling Interests RM Million**	**Total Equity 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 year	-	-	-	-	-	-	-	700.3	(108.5)	591.8
Other comprehensive income										
Items that may be reclassified subsequently to income statement:										
- increase in fair value of available-for-sale investments	-	-	34.7	-	-	-	-	-	-	34.7
- increase in fair value of available-for-sale receivables	-	-	#	-	-	-	-	-	-	#
- reclassification adjustments relating to available-for-sale investments disposed	-	-	(2.3)	-	-	-	-	-	-	(2.3)
- cash flow hedge:										
- increase in fair value of cash flow hedge	-	-	-	241.6	-	-	-	-	-	241.6
- reclassification to foreign exchange loss on borrowings	-	-	-	(209.9)	-	-	-	-	-	(209.9)
- currency translation differences										
- subsidiaries	-	-	-	-	-	-	22.1	-	-	22.1
- associate	-	-	-	-	-	-	1.7	-	-	1.7
Total comprehensive income/(loss) for the financial year	-	-	32.4	31.7	-	-	23.8	700.3	(108.5)	679.7
Transactions with owners:										
- shares issued pursuant to Dividend Reinvestment Scheme (DRS)	27.0	242.2	-	-	-	-	-	-	-	269.2
- final dividends paid for the financial year ended 31 December 2014	-	-	-	-	-	-	-	(498.4)	-	(498.4)
- interim dividends paid for the financial year ended 31 December 2015	-	-	-	-	-	-	-	(349.5)	-	(349.5)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(31.2)	(31.2)
- capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	7.3	7.3
- equity portion of convertible medium term notes subscribed by non-controlling interest	-	-	-	-	-	-	-	-	1.7	1.7
Total transactions with owners	27.0	242.2	-	-	-	-	-	(847.9)	(22.2)	(600.9)
At 31 December 2015	**2,630.6**	**964.9**	**90.2**	**95.2**	**71.6**	**(267.6)**	**27.6**	**4,168.1**	**258.1**	**8,038.7**

Amount less than RM0.1 million

(The above audited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015)

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FINANCIAL YEAR ENDED	
	31/12/2016	31/12/2015
	RM Million	RM Million
Receipts from customers	11,545.0	11,105.2
Payments to suppliers and employees	(8,206.8)	(7,526.1)
Payment of finance cost	(342.3)	(304.4)
Payment of income taxes and zakat (net)	(147.3)	(332.7)
CASH FLOWS FROM OPERATING ACTIVITIES	**2,848.6**	**2,942.0**
Contribution for purchase of property, plant and equipment	392.5	54.5
Disposal of property, plant and equipment	9.2	8.4
Purchase of property, plant and equipment	(3,683.5)	(2,547.2)
Subscription of Exchangeable Medium Term Notes	-	(67.5)
Disposal of current available-for-sale investments	300.7	307.6
Disposal of non-current available-for-sale investments	-	2.3
Purchase of current available-for-sale investments	(298.3)	(353.0)
Purchase of non-current available-for-sale investments	(31.8)	(23.5)
Disposal of non-current assets held for sale	2.9	10.8
Long term deposit	(16.6)	(16.6)
Repayments of loans by employees	12.2	9.9
Loans to employees	(97.7)	(88.0)
Disposal of housing loan	11.0	11.3
Interests received	123.2	134.0
Dividends received	16.7	7.1
CASH FLOWS USED IN INVESTING ACTIVITIES	**(3,259.5)**	**(2,549.9)**
Proceeds from issuance of shares	-	269.2
Capital contribution by non-controlling interest	1.0	7.3
Equity portion of Convertible Medium Term Notes subscribed by non-controlling interest	-	1.7
Proceeds from borrowings	2,479.8	1,779.8
Repayments of borrowings (net)	(1,832.2)	(1,031.8)
Repayments of finance lease	(9.6)	(4.6)
Dividend paid to shareholders (part A, note 6)	(804.2)	(847.9)
Dividend paid to non-controlling interests	(41.6)	(31.2)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	**(206.8)**	**142.5**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(617.7)	534.6
EFFECT OF EXCHANGE RATE CHANGES	32.1	1.2
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	3,510.8	2,975.0
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**2,925.2**	**3,510.8**

(The above audited consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The audited interim financial statements for the 4th quarter ended 31 December 2016 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 2015. 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 2015 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 2016.

(a) Amendments to published standards that are effective and applicable for the Group's financial year beginning on 1 January 2016

The amendments to published standards issued by MASB that are effective and applicable for the Group's financial year beginning on 1 January 2016 are as follows:

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 10, 12 and 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127	Equity Method in Separate Financial Statements

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.

1. Basis of Preparation (continued)

(b) New standards, Interpretation Committee (IC) Interpretation and amendments to published standards that are not yet effective and have not been early adopted

The new standards, IC Interpretation 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 2017

Amendments to MFRS 12	Disclosure of Interests in Other Entities
Amendments to MFRS 107	Statement of Cash Flows - Disclosure Initiative
Amendments to MFRS 112	Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 128	Investment in Associates and Joint Ventures
Amendments to MFRS 140	Transfers of Investment Property
Interpretation Committee (IC) Interpretation 22	Foreign Currency Transactions and Advance Consideration

Effective for annual periods beginning on or after 1 January 2019

MFRS 16	Leases

Effective for annual periods to be announced by MASB

Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above applicable new standards, IC Interpretation 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 2015 audited annual financial statements, as well as the impact of MFRS 16.

There are no other standards, amendments to published standards or 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.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the 4th quarter and financial year ended 31 December 2016.

4. Material Changes in Estimates

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

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

(a) Issuance of Multi-Currency Euro Medium Term Notes (EMTN) Sukuk Programme

On 3 March 2015, Telekom Malaysia Berhad (TM) through its wholly-owned subsidiary, Tulip Maple Berhad (Tulip Maple), received approval from the Securities Commission Malaysia for the establishment of a Multi-Currency Euro Medium Term Notes (EMTN) Sukuk programme of up to USD750.0 million in nominal value (or its equivalent in foreign currencies).

On 25 February 2016, Tulip Maple issued a 10-year USD50.0 million Sukuk due on 25 February 2026. The Sukuk carries a periodic distribution rate of 3.7% per annum payable semi-annually in arrears on 25 August and 25 February of each financial year commencing August 2016.

On 19 August 2016, Tulip Maple issued a 7-year USD50.0 million Sukuk due on 21 August 2023. The Sukuk carries a periodic distribution rate of 1 month LIBOR plus 1.35% per annum payable monthly in arrears on the 19th of every month commencing September 2016.

On 15 November 2016, Tulip Maple issued a 10-year USD75.0 million Sukuk due on 15 November 2026. The Sukuk carries a periodic distribution rate of 3.422% per annum payable semi-annually in arrears on 15 May and 15 November of each financial year commencing May 2017.

Proceeds from these transactions were utilised to finance TM’s capital expenditure and business operating requirements.

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

(b) Issuance of Islamic Commercial Papers (ICP) and Islamic Medium Term Notes (IMTN)

On 3 August 2016, the Company issued RM150.0 million nominal value ICP at 3.30% per annum (at discount) which was subsequently redeemed in full upon its maturity on 2 September 2016.

On 12 October 2016, the Company issued RM300.0 million nominal value ICP at 3.35% per annum (at discount) which was subsequently redeemed in full upon its maturity on 9 December 2016.

Save for the above, there were no other issuances, repurchases and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the 4th quarter and financial year ended 31 December 2016.

6. Dividends Paid

(a) A second interim single-tier cash dividend of 12.1 sen per share amounting to RM454.7 million in respect of financial year ended 31 December 2015 was paid on 23 March 2016.

(b) A interim single-tier cash dividend of 9.3 sen per share amounting to RM349.5 million in respect of financial year ended 31 December 2016 (1st Interim Dividend) was paid on 7 October 2016.

7. Segmental Information

Segmental information for the Group are as follows:

By Business Segment

All amounts are in RM Million 4th Quarter Ended 31 December 2016	Mass Market>	Managed Accounts	Global & Wholesale Business	Shared Services /Others	Total
Operating Revenue					
Total operating revenue	1,349.3	1,313.8	680.5	1,367.9	4,711.5
Inter-segment @	(39.9)	(101.1)	(107.6)	(1,225.9)	(1,474.5)
External operating revenue	1,309.4	1,212.7	572.9	142.0	3,237.0
Results					
Segment (losses)/profits	(24.8)[α]	177.7	218.7	0.1	371.7
Unallocated income/other losses*					(1.4)
Unallocated costs^					(83.5)
Operating profit before finance cost					286.8
Finance income					34.0
Finance cost					(96.7)
Foreign exchange loss on borrowings					(120.5)
Associates					
-share of results (net of tax)					7.0
Profit before taxation and zakat					110.6
Taxation and zakat					(5.6)
Profit for the financial period					105.0

[α] Includes accelerated depreciation and write-off of WiMAX assets amounting to RM54.2 million

7. Segmental Information (continued)

All amounts are in RM Million 4th Quarter Ended 31 December 2015	Mass Market>	Managed Accounts	Global & Wholesale Business	Shared Services /Others	Total
Operating Revenue					
Total operating revenue	1,292.4	1,326.0	650.9	1,370.6	4,639.9
Inter-segment @	(17.5)	(139.4)	(90.1)	(1,208.5)	(1,455.5)
External operating revenue	1,274.9	1,186.6	560.8	162.1	3,184.4
Results#					
Segment profits/(losses)	70.4α	247.8	110.7	(5.8)	423.1
Unallocated income/other losses*					(22.6)
Unallocated costs^					(166.0)
Operating profit before finance cost					234.5
Finance income					45.5
Finance cost					(86.5)
Foreign exchange gain on borrowings					24.6
Associates					
-share of results (net of tax)					6.5
Profit before taxation and zakat					224.6
Taxation and zakat					(65.9)
Profit for the financial period					158.7

α Includes accelerated depreciation, impairment and write-off of WiMAX assets amounting to RM28.2 million

7. Segmental Information (continued)

All amounts are in RM Million Financial Year Ended 31 December 2016	**Mass Market>**	**Managed Accounts**	**Global & Wholesale Business**	**Shared Services /Others**	**Total**
Operating Revenue					
Total operating revenue	5,216.4	4,907.3	2,330.1	5,323.0	17,776.8
Inter-segment @	(110.8)	(415.9)	(401.8)	(4,787.4)	(5,715.9)
External operating revenue	5,105.6	4,491.4	1,928.3	535.6	12,060.9
Results					
Segment profits	33.8$^{\alpha}$	938.0	452.2	8.1	1,432.1
Unallocated income/other gains*					69.1
Unallocated costs^					(300.0)
Operating profit before finance cost					1,201.2
Finance income					155.3
Finance cost					(380.7)
Foreign exchange loss on borrowings					(86.7)
Associates					
-share of results (net of tax)					29.4
Profit before taxation and zakat					918.5
Taxation and zakat					(305.1)
Profit for the financial year					613.4

$^{\alpha}$ Includes accelerated depreciation and write-off of WiMAX assets amounting to RM195.2 million

7. Segmental Information (continued)

All amounts are in RM Million **Financial Year Ended** **31 December 2015**	**Mass Market>**	**Managed Accounts**	**Global & Wholesale Business**	**Shared Services /Others**	**Total**
Operating Revenue					
Total operating revenue	4,985.3	4,825.3	2,236.5	5,422.6	17,469.7
Inter-segment @	(35.7)	(451.9)	(365.9)	(4,894.6)	(5,748.1)
External operating revenue	4,949.6	4,373.4	1,870.6	528.0	11,721.6
Results					
Segment profits	98.6 $^{\alpha}$	1,022.7	453.6	30.2	1,605.1
Unallocated income/other losses*					(10.7)
Unallocated costs^					(363.9)
Operating profit before finance cost					1,230.5
Finance income					164.4
Finance cost					(323.4)
Foreign exchange loss on borrowings					(184.4)
Associates					
-share of results (net of tax)					24.7
Profit before taxation and zakat					911.8
Taxation and zakat					(320.0)
Profit for the financial year					591.8

$^{\alpha}$ Includes accelerated depreciation, impairment and write-off of WiMAX assets amounting to RM52.0 million

7. Segmental Information (continued)

All amounts are in RM Million	Mass Market[>]	Managed Accounts	Global & Wholesale Business	Shared Services /Others	Total
Segment assets and liabilities					
As at 31 December 2016					
Segment assets	1,570.9	1,863.8	1,632.3	4,870.1	9,937.1
Associates					45.8
Unallocated assets[<]					15,018.7
Total assets					**25,001.6**
Segment liabilities	1,298.2	1,022.1	1,150.3	3,359.6	6,830.2
Borrowings					8,363.3
Unallocated liabilities[+]					1,975.6
Total liabilities					**17,169.1**
As at 31 December 2015					
Segment assets	1,575.0	2,005.0	1,702.3	4,302.6	9,584.9
Associates					26.3
Unallocated assets[<]					14,801.9
Total assets					24,413.1
Segment liabilities	1,123.9	832.6	1,120.5	3,870.1	6,947.1
Borrowings					7,583.7
Unallocated liabilities[+]					1,843.6
Total liabilities					16,374.4

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 general telecommunication network and information technology property, plant and equipment at business function division as well as those at corporate divisions.

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

> Mass Market segment for the current quarter and financial year as well as comparatives includes financial information of Webe Digital Sdn Bhd (Webe) (formerly known as Packet One Networks (Malaysia) Sdn Bhd (P1)) and its subsidiaries, reflective of Webe's current customer profile in aligning to the Group's overall operational segmentation.

Certain revenue and cost elements in the comparative period have been revised to better reflect realignment from the movement of Medium Enterprise Business (MEB) customers previously under SME in Mass Market to Enterprise under Managed Accounts cluster.

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 audited interim financial statements.

9. Effects of Changes in the Composition of the Group

There is no change in the composition of the Group for the 4th quarter and financial year ended 31 December 2016 save as disclosed below:

(a) Lyfe Medini Sdn Bhd (LMSB)

Pursuant to the Joint Venture and Shareholders Agreement (JVSHA) between TM's wholly-owned subsidiary, Intelsec Sdn Bhd (Intelsec) and Township Management Services Sdn Bhd (TMS), a wholly-owned subsidiary of Medini Iskandar Malaysia Sdn Bhd on 3 November 2015, Intelsec has on 15 September 2016 subscribed for additional 1,019,999 ordinary shares of RM1.00 each in LMSB, resulting in Intelsec holding 51% equity interest in LMSB.

(b) Investment by Mobikom Sdn Bhd (Mobikom), a wholly-owned subsidiary of the Group, in Webe Digital Sdn Bhd (Webe) (formerly known as Packet One Networks (Malaysia) Sdn Bhd (P1))

Subsequent to Mobikom's subscription of the Convertible Medium Term Notes (Convertible MTN) issued by Webe as disclosed in note 17(f) of the Group's audited financial statements for the financial year ended 31 December 2015, on 11 February 2016, Mobikom received 10,674,640 new Webe shares pursuant to an early conversion of the Convertible MTN subscribed by Mobikom (Early Conversion). The Early Conversion is a right for Packet One Sdn Bhd (Packet One) to require from Mobikom, as the subscribing noteholder of the Convertible MTN, for an early conversion of RM410,299,000.00 of the Convertible MTN into new ordinary shares of Webe, during a pre-determined conversion period subject to the fulfilment of certain conditions in accordance with the Investment Agreement as referred to in note 5(a) of the Group's audited financial statements for the financial year ended 31 December 2015.

In addition, Webe has also issued 133,726 new Webe shares to Mobikom due to a net debt adjustment in accordance to the terms of the Investment Agreement.

Pursuant to the above an additional 10,808,366 new Webe shares were issued to Mobikom. The Group's shareholding (via Mobikom) of Webe has increased from 55.3% to 72.9% while the remaining shares are held by Green Packet Berhad (GPB) (via Packet One) and SK Telecom Co. Ltd (SKT) at 18.9% and 8.2% respectively with changes in the non-controlling interest's share in Webe reflected as changes in the Group's reserves. On 29 April 2016, P1 changed its name to Webe Digital Sdn Bhd.

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

(b) Investment by Mobikom Sdn Bhd (Mobikom), a wholly-owned subsidiary of the Group, in Webe Digital Sdn Bhd (Webe) (formerly known as Packet One Networks (Malaysia) Sdn Bhd (P1)) (continued)

On 7 September 2016, Mobikom subscribed to RM495,000,000.00 nominal value of the second tranche issuance of the Convertible MTN under the Convertible MTN Programme issued by Webe. The proceeds of this Convertible MTN subscription will be utilised to fund the implementation of Webe's business plan.

As a result of Mobikom's subscription to the Convertible MTN, the Group's shareholding (via Mobikom) in Webe on a fully diluted basis is 82.0%, while GPB (via Packet One) and SKT is 13.2% and 4.8% respectively, under the terms of the Investment Agreement. However, the Group's shareholding (via Mobikom) in the ordinary equity of Webe remains at 72.9%, subject to further conversion of the Convertible MTNs and/or exchange and conversion of the Exchangeable Medium Term Note (Exchangeable MTN) into Webe's Shares.

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 2015.

11. Capital Commitments

	Group	
	31/12/2016 RM Million	**31/12/2015 RM Million**
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	**3,237.8**	3,570.9
Commitments in respect of expenditure approved but not contracted for	**3,240.4**	3,712.7

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. Related Party Transactions

Khazanah Nasional Berhad (Khazanah) is a major shareholder with 26.21% 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 year ended		**Corresponding outstanding balances as at**	
	31/12/2016 RM Million	**31/12/2015 RM Million**	**31/12/2016 RM Million**	**31/12/2015 RM Million**
Sales and Receivables	**721.4**	813.3	**61.0**	69.8

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 RM329.5 million (YTD December 2015: RM360.7 million) with corresponding receivables of RM43.0 million (31 December 2015: RM219.5 million).

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.

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 2015.

(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.

	31/12/2016				31/12/2015			
	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	**6.0**	**-**	**-**	**6.0**	6.6	-	-	6.6
Derivatives at fair value through profit or loss	**-**	**22.5**	**-**	**22.5**	-	8.2	-	8.2
Derivatives accounted for under hedge accounting	**-**	**142.4**	**226.6**	**369.0**	-	121.0	206.1	327.1
Available-for-sale financial assets								
-investments	**-**	**662.5**	**52.0**	**714.5**	-	612.8	58.7	671.5
-receivables	**-**	**4.8**	**-**	**4.8**	-	6.0	-	6.0
Total	**6.0**	**832.2**	**278.6**	**1,116.8**	6.6	748.0	264.8	1,019.4
Liabilities								
Derivatives accounted for under hedge accounting	**-**	**-**	**-**	**-**	-	16.7	-	16.7
Put option liability over shares held by non-controlling interest	**-**	**-**	**301.9**	**301.9**	-	-	305.2	305.2
Total	**-**	**-**	**301.9**	**301.9**	-	16.7	305.2	321.9

There has not been any change to the valuation techniques applied for the different financial instruments since 31 December 2015 and there were no transfers of any instruments between level 1, 2 and 3 of the fair valuation hierarchy during the financial year.

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 2015, other than below:

	As at 31/12/2016		As at 31/12/2015	
	Carrying amount RM Million	Net fair value RM Million	Carrying amount RM Million	Net fair value RM Million
Liabilities				
Borrowings	**8,363.3**	**8,865.9**	7,583.7	8,146.6

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 RM52.6 million (1.7%) to RM3,237.0 million as compared to RM3,184.4 million in the same quarter last year, mainly due to higher revenue from Internet and multimedia and non-telecommunication related services, partially offset by reduction in voice, data and other telecommunication related services.

Internet and multimedia services registered 10.3% higher revenue of RM950.8 million in the current quarter from RM861.8 million in the corresponding quarter last year which was mainly due to increase in UniFi customer base of 949,482 at the end of the current quarter compared to 839,454 at the end of corresponding quarter last year.

Operating profit before finance cost increased by RM52.3 million (22.3%) to RM286.8 million from RM234.5 million recorded in the same quarter last year due to higher revenue which was partially offset by the accelerated depreciation and write-off of WiMAX assets at Webe.

Group profit after tax and non-controlling interests (PATAMI) was RM154.3 million, RM38.2 million (19.8%) lower than the RM192.5 million recorded in corresponding quarter last year, primarily due to foreign exchange losses from borrowings of the Group arising from the weakening Malaysian Ringgit against US Dollar despite the recognition of investment tax allowances granted and recognised in the period.

(ii) Segment Performance

Mass Market

Revenue increased by RM56.9 million (4.4%) from RM1,292.4 million to RM1,349.3 million in the current quarter mainly due to higher cumulative UniFi customers of 932,405 as compared to 827,609 as at the end of corresponding quarter last year and continuing increase in the number of buys of Premium Channels and Video-on-Demand (VOD) despite decline in voice. The current quarter loss of RM24.8 million was mainly due to higher operating costs which included higher accelerated depreciation and write-off of WiMAX assets compared to corresponding quarter last year.

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

1. Review of Performance (continued)

(a) Quarter-on-Quarter (continued)

(ii) Segment Performance (continued)

Managed Accounts

Managed Accounts recorded a RM12.2 million (0.9%) decrease in revenue from RM1,326.0 million to RM1,313.8 million in the 4th quarter of 2016 due to lower revenue from other telecommunication and voice services, partially offset by higher revenue from Internet and multimedia services. This resulted in a decrease of profit by 28.3% (RM70.1 million) from RM247.8 million in the corresponding quarter last year to RM177.7 million in the current year quarter due to lower revenue and higher operating costs.

Global & Wholesale

Revenue for the current quarter increased RM29.6 million (4.5%) from RM650.9 million in 4th quarter last year to RM680.5 million in the 4th quarter of 2016 mainly due to higher other telecommunication services. Lower operating costs in the current quarter further increased profit by 97.6% (RM108.0 million) to RM218.7 million from RM110.7 million in the corresponding quarter last year.

1. Review of Performance (continued)

(b) Year-on-Year

(i) Group Performance

For the year under review, Group revenue increased by 2.9% to RM12,060.9 million as compared to RM11,721.6 million last year, mainly due to higher revenue from Internet and multimedia, other telecommunication related services, data and non-telecommunication related services.

Operating profit before finance cost decreased 2.4% (RM29.3 million) to RM1,201.2 million as compared to RM1,230.5 million recorded in the preceding year mainly due to higher operating costs which includes RM195.2 million accelerated depreciation and write-off of WiMAX assets.

Group profit after tax and non-controlling interests (PATAMI) increased 10.8% to RM776.0 million as compared to RM700.3 million last year due to lower foreign exchange losses on borrowings in the current financial year net of non-controlling interest's share of subsidiaries's losses.

(ii) Segment Performance

Mass Market

Revenue for the current financial year increased by 4.6% to RM5,216.4 million contributed by higher UniFi revenue in line with the increase in customer base from 827,609 as at 31 December 2015 to 932,405 as at 31 December 2016 and continuing higher number of buys of HyppTV Premium Channels, VOD and number of buys of TV-over-Streamyx (TVOS) content. Profit for the current financial year decreased by RM64.8 million (65.7%) to RM33.8 million from RM98.6 million last year mainly due to higher operating costs which included the RM195.2 million accelerated depreciation and write-off of WiMAX assets.

Managed Accounts

Managed Accounts recorded an increase in revenue by RM82.0 million from RM4,825.3 million to RM4,907.3 million in the current financial year mainly contributed by higher revenue from Internet and multimedia as well as other telecommunication services, which includes Business Process Outsourcing (BPO) revenue, partially offset by reduction in voice and data services. Profit for the current financial year decreased by 8.3% from RM1,022.7 million to RM938.0 million mainly due to higher increase in operating costs compared to increase in revenue.

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

1. Review of Performance (continued)

(b) Year-on-Year (continued)

(ii) Segment Performance (continued)

Global & Wholesale

Global & Wholesale registered revenue of RM2,330.1 million for the current financial year, registering a RM93.6 million (4.2%) increase from RM2,236.5 million reported last year. This was mainly due to higher data revenue from international capacity and wholesale ethernet. Correspondingly, profit decreased by 0.3% (RM1.4 million) from RM453.6 million last year to RM452.2 million in the current financial year with higher operating cost partially offsetting the increase in revenue.

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

1. Review of Performance (continued)

(c) Economic Profit Statement

	4th Quarter Ended		Financial Year Ended	
	31/12/2016 RM Million	**31/12/2015 RM Million**	**31/12/2016 RM Million**	**31/12/2015 RM Million**
EBIT	**285.9**	259.2	**1,154.0**	1,257.1
Adjusted Tax	68.6	64.8	277.0	314.3
NOPLAT	**217.3**	194.4	**877.0**	942.8
AIC	3,716.9	3,553.3	14,867.6	14,213.2
WACC	7.14%	7.33%	7.17%	7.36%
ECONOMIC CHARGE	**265.4**	260.5	**1,066.0**	1,046.1
ECONOMIC LOSS	**(48.1)**	(66.1)	**(189.0)**	(103.3)

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

TM Group recorded slightly lower Economic Loss during current quarter due to higher NOPLAT resulted from higher EBIT. Economic Loss was higher for the full financial year from the lower NOPLAT which resulted from lower EBIT caused by higher operating costs. Economic charge was slightly higher for both current quarter as well as full financial year, attributed to higher AIC despite lower WACC. The higher AIC was due to higher property, plant and equipment, trade and other receivables and other non-current receivables whilst lower WACC resulted from lower cost of equity.

2. Comparison with Preceding Quarter's Results

The current quarter Group revenue increased by 10.7% (RM313.9 million) to RM3,237.0 million as compared to RM2,923.1 million recorded in the third quarter of 2016 primarily due to higher revenue from all services.

Operating profit before finance cost decreased to RM286.8 million from RM304.0 million recorded in the preceding quarter due to the higher increase in operating costs compared to the increase in revenue. The increase in cost included higher write-off of WiMAX assets.

The above decrease in operating profit before finance cost and higher foreign exchange losses on borrowings resulted in a decrease of Group PATAMI from RM159.8 million in the preceding quarter to RM154.3 million.

3. Prospects for the Next Financial Year Ending 31 December 2017

2016 was a fulfilling 'Year of Convergence' for TM as we made good progress in steadily building our ecosystem towards becoming Malaysia's Convergence Champion.

With the data exchange moving at speeds beyond our imagination, and the Internet of Things (IoT) changing the digital landscape of businesses around the world, businesses must embrace digital innovation to stay relevant in today's competitive environment. Digital innovation allows for a more level playing field, enabling companies to increase their productivity and compete more efficiently. TM looks forward to continue its journey this year as it embraces its transformation focusing on convergence, going digital, innovation and productivity. As Malaysia's Convergence Champion, the Company will continue to boost its efforts to offer relevant fixed and mobile product convergence propositions, ICT and smart services solutions, across five (5) pillars namely Smarter Living, Smarter Businesses, Smarter Cities, Smarter Communities, and Smarter Nation; to cater for individual lifestyles of Malaysians and businesses alike, in line with its vision "To Make Life and Business Easier, for a Better Malaysia".

The successful launch of webe in September 2016 was an important milestone for us as it marks our entrance into the mobility space thus enabling our customers to enjoy a truly seamless connectivity experience with TM. Our converged suite of quad play service offerings is now finally complete, comprising of fixed (telephony and broadband), mobility, content, wi-fi and smart services all under one roof. We remain committed in our support to the Malaysian Government with the High Speed Broadband Phase 2 (HSBB 2) and Sub-Urban Broadband (SUBB) projects. The implementation of these projects are currently on track.

For Mass Market segment, our all new UniFi Advance and Pro plans also received good traction, achieving 509,000 customers to date, translating to 54% of our total UniFi customer base of over 949,000. The Broadband Improvement Plan (BIP) tabled during National Budget 2017 was also timely as we had already embarked on offering higher broadband speeds through UniFi Advance and Pro. We are fully supportive of the Government's objective towards improving the affordability, reach and quality of broadband services, thus

3. Prospects for the Next Financial Year Ending 31 December 2017 (continued)

in 2017 under the implementation of the BIP, we will accelerate our transformation plans and work on introducing package upgrade offerings, bringing the cost per Mbps down, enabling customers to enjoy higher broadband speeds at more competitive prices.

2016 also witnessed exciting developments on the business side as we revitalised and rebranded our Managed Accounts segment to 'TM Business Solutions', explored collaborations with property developers on smart solutions and services as well as launched VADS Marketplace, Malaysia's first cloud exchange service, aimed at small and medium-sized enterprises (SMEs). The year ended with TM expanding its regional footprints via a new South East Asia – Middle East – Western Europe 5 (SEA-ME-WE 5) submarine cable spanning over 18 countries from South East Asia to Western Europe.

We will continue to leverage on the strategic investments made earlier in webe and TM Business Solutions to realise our Convergence and Go Digital aspirations as we move beyond connectivity services into new value added digital services. We also foresee there is potential for new growth opportunities in our TM Business Solutions segment and we look forward to tap on these by shifting towards selling Converged Customer Solutions, (that includes Information and Communication Technology (ICT), Business Process Outsourcing (BPO), Smart Services), that meet the specific needs of our prioritised verticals. We will also focus on monetising our investments in VADS' Twin Core Data Centres, VADS Core Data Centre in Iskandar Putri, Johor, which will be operational in 2017 and VADS Klang Valley Core Data Centre in Cyberjaya subsequent to that.

Moving forward, despite the current challenging times, we foresee 2017 to be a promising year ahead for TM. The Malaysian Institute of Economic Research (MIER) forecasts Malaysia's real GDP growth for 2017 to improve to 4.5% from 4.2% in 2016, with domestic demand continuing to be the main growth for this year. (Source: MIER Economic Outlook dated 19 January 2017).

For TM, 2017 is very much about accelerating our Convergence action plans and pushing forward with our Go Digital agenda. We look forward to continue our transformation journey towards becoming Malaysia's Convergence Champion and will continue to be guided by our vision "To Make Life and Business Easier, for a Better Malaysia".

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 4th quarter and financial year ended 31 December 2016.

5. Taxation

The taxation charge for the Group comprises:

	4th Quarter Ended		**Financial Year Ended**	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
	RM Million	**RM Million**	**RM Million**	**RM Million**
Malaysia				
Income Tax:				
Current year	**54.3**	5.6	**176.9**	212.3
Prior year	**(7.4)**	(80.9)	**(7.3)**	(13.5)
Deferred tax (net)	**(44.1)**	136.8	**129.0**	113.6
	2.8	61.5	**298.6**	312.4
Overseas				
Income Tax:				
Current year	**0.9**	1.2	**1.7**	2.0
Prior year	**(0.1)**	(0.6)	**(0.6)**	(0.1)
Deferred tax (net)	#	(0.8)	**(0.7)**	#
	0.8	(0.2)	**0.4**	1.9
Taxation	**3.6**	61.3	**299.0**	314.3
Zakat	**2.0**	4.6	**6.1**	5.7
Taxation and Zakat	**5.6**	65.9	**305.1**	320.0

Amount less than RM0.1 million

The effective tax rate of the Group for the current year and comparatives are higher than the statutory tax rate primarily due to losses before tax from Webe for which no corresponding tax losses or deferred tax asset has been recognised at this juncture. The current quarter and financial year ended 31 December 2016 included recognition of investment tax allowances relating to qualifying expenditures assetised during the current and preceding financial year for which approval was granted to the Group post the financial year end.

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:

	31/12/2016		31/12/2015	
	Short Term Borrowings RM Million	Long Term Borrowings RM Million	Short Term Borrowings RM Million	Long Term Borrowings RM Million
Total Secured	**29.1**	**89.6**	119.9	134.1
Total Unsecured	**671.6**	**7,573.0**	288.4	7,041.3
Total Borrowings	**700.7**	**7,662.6**	408.3	7,175.4

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

	31/12/2016	31/12/2015
Foreign Currency	**RM Million**	**RM Million**
US Dollar	2,578.0	1,849.6
Canadian Dollars	3.1	3.1
Japanese Yen	299.4	278.3
Total	**2,880.5**	2,131.0

8. Derivative Financial Instruments

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

		Fair value as at 31/12/2016		**Fair value as at 31/12/2015**	
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 Contract	19.3	-	-	0.4	-
	19.3	**-**	**-**	0.4	-
2. Interest Rate Swaps (IRS)					
- less than 1 year	500.0	-	-	1.8	-
- more than 3 years	224.3	5.2	-	-	-
	724.3	**5.2**	**-**	1.8	-
3. Cross Currency Interest Rate Swaps (CCIRS)					
- less than 1 year	298.9	1.0	-	-	16.7
- more than 3 years	627.3	362.7	-	325.3	-
	926.2	**363.7**	**-**	325.3	16.7
4. Put Option liability over shares held by non-controlling interest					
- more than 3 years	-	-	301.9	-	305.2
	-	**-**	**301.9**	-	305.2
5. Call Option over shares held by non-controlling interest					
- more than 3 years	87.1	22.5	-	7.8	-
	87.1	**22.5**	**-**	7.8	-
Total	**1,756.9**	**391.4**	**301.9**	335.3	321.9

8. Derivative Financial Instruments (continued)

(b) Changes to Derivatives Financial Instrument

The changes to derivative financial instruments in the current financial year are as follows:

(i) Interest Rate Swap (IRS) Contract

Underlying Liability
USD50.0 million 1 month LIBOR plus 1.35% Islamic Euro Medium Term Notes (EMTN) due in 2023.

In 2016, the Company, through its wholly-owned subsidiary, Tulip Maple Berhad issued USD50.0 million Sukuk due in 2023.

Hedging Instrument

On 19 August 2016, the Company entered into an IRS agreement with a notional amount of USD50.0 million that entitles it to receive interest semi-annually at a monthly accrued floating rate of 1 month LIBOR plus 1.35% per annum. The Company is obliged to pay interest at a fixed rate of 2.85% per annum. The swap will mature on 21 August 2023.

(ii) Interest Rate Swap (IRS) Contract

Underlying Liability
RM925.0 million 4.87% TM Islamic Stapled Income Securities (TM ISIS) due in 2018.

In 2007, the Company issued RM925.0 million 5.25% TM ISIS due in 2018. The coupon was reset to 4.193% per annum payable semi-annually in arrears on 31 December 2008 and was reset again on 31 December 2013 to 4.87% per annum.

Hedging Instrument

On 2 November 2009, the Company entered into an IRS agreement with a notional principal of RM500.0 million that entitles it to receive interest at a fixed rate of 4.193% per annum and obliges it to pay interest at a floating rate of 6 month KLIBOR minus 0.035% per annum. On 31 December 2013, in tandem with the reset of the underlying liability's coupon to 4.87% per annum, the Company is obliged to pay interest at a floating rate of 6 months KLIBOR plus 0.642% instead. The swap has matured on 30 December 2016.

8. Derivative Financial Instruments (continued)

(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, 19 and 46 to 49 to the Group's audited financial statements for the financial year ended 31 December 2015.

(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 Group's audited financial statements for the financial year ended 31 December 2015.

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 derivative financial instruments for the current and cumulative quarters ended 31 December 2016 are as follows:

Derivatives (by maturity)	Contract or notional value RM Million	Fair value RM Million	Gains/(Losses) arising from fair value changes for the 4th quarter RM Million	Gains/(Losses) arising from fair value changes for the Financial Year RM Million
Financial Liabilities				
1. Put Option liability over shares held by non-controlling interest(i)				
- more than 3 years	-	301.9	(13.5)	31.8
	-	**301.9**	**(13.5)**	**31.8**
Total	**-**	**301.9**	**(13.5)**	**31.8**
Financial Assets				
1. Forward Foreign Currency Contract -matured on 13 January and 12 February 2016	19.3	-	-	(0.4)
	19.3	**-**	**-**	**(0.4)**
2. Interest Rate Swaps(ii)				
-matured on 30 December 2016	500.0	-	(1.1)	(1.8)
-more than 3 years	224.3	5.3	11.8	5.3
	724.3	**5.3**	**10.7**	**3.5**
3. Cross Currency Interest Rate Swaps(iii)				
- less than 1 year	298.9	1.0	(19.3)	17.7
- more than 3 years	627.3	362.7	63.9	37.4
	926.2	**363.7**	**44.6**	**55.1**
4. Call Option over shares held by non-controlling interest				
- more than 3 years	87.1	22.5	15.1	14.7
	87.1	**22.5**	**15.1**	**14.7**
Total	**1,756.9**	**391.5**	**70.4**	**72.9**

(i) Derivative relating to equity instrument accounted for under MFRS 132 Financial Instruments: Presentation for which the obligation at inception is recognised in Other Reserves. Gain for the financial year includes fair value movement arising from a dilution of non-controlling interests' effective shareholding of a subsidiary.

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

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

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 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:

	Group	
	31/12/2016	**31/12/2015**
	RM Million	**RM Million**
Retained profits		
- realised	**2,607.2**	2,367.7
- unrealised - in respect of deferred tax recognised in the income statement	**(1,484.2)**	(1,356.1)
- in respect of other items of income and expense	**445.1**	480.2
Share of accumulated profit from associates		
- realised	**67.3**	37.9
	1,635.4	1,529.7
Add: consolidation adjustments	**2,504.5**	2,638.4
Total Retained Profits	**4,139.9**	4,168.1

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.

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 Statement for the 4th quarter and financial year ended 31 December 2016:

	4th Quarter Ended		Financial Year Ended	
	31/12/2016 RM Million	31/12/2015 RM Million	31/12/2016 RM Million	31/12/2015 RM Million
Impairment of trade and other receivables (net of recoveries)	**(11.9)**	(1.2)	**(40.7)**	(165.6)
Inventory (charges)/reversal for write off and obsolescence	**(0.6)**	0.2	**(0.5)**	#
Gain on disposal of fixed income securities	**0.2**	1.5	**1.7**	2.3
Gain on foreign exchange on settlements and placements	**68.8**	10.2	**61.4**	138.1

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 2015, 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.

On 1 March 2016, the Federal Court dismissed the said application with costs of RM10,000.00.

Based on the Federal Court's decision and TM's external legal advice, the legal suit brought by MSI against TM has effectively ended.

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

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 Court of Appeal has yet to fix any hearing date for the appeal.

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

On 2 December 2015, the Court of Appeal allowed MIL's solicitors' application to discharge themselves from representing MIL with no order as to costs.

The Court of Appeal further allowed TMF's application for security for costs in the sum of RM30,000.00 with costs of RM3,000.00 to be paid by MIL to TMF. The appeal shall, unless the security for costs is paid to TMF within a period of 14 days, be dismissed by the Court of Appeal with costs to be paid by MIL to TMF.

On 3 February 2016, TMF's solicitors served the sealed copy of the order to MIL and demanded the payment of the security for costs within a period of 14 days from the date of service, failing which TMF's solicitors will file a motion by way of application to strike out MIL's appeal.

On 24 March 2016, TMF's solicitors filed a Notice of Motion to strike out MIL's appeal.

On 11 May 2016, the Court of Appeal allowed TMF's application to strike out MIL's appeal ("Order") with cost of RM1,000.00.

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

11. Material Litigation (continued)

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

On 15 August 2016, TMF's solicitors served the sealed Order on the registered and business addresses of MIL and MIL may file an application to the Court of Appeal to set aside the Order within a period of thirty (30) days from the date of receipt of the sealed Order by MIL.

On 15 September 2016, TMF's solicitors informed that the period of the said thirty (30) days has lapsed and they have not been served with any application from MIL to set aside the Order.

Based on the said Order and TMF's solicitors' legal advice, the legal suit brought by MIL against TMF has effectively comes to an end.

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.

12. Earnings per Share (EPS)

	4th Quarter Ended		Financial Year Ended	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
(a) Basic earnings per share				
Profit attributable to equity holders of the Company (RM million)	**154.3**	192.5	**776.0**	700.3
Weighted average number of ordinary shares (million)	**3,757.9**	3,757.9	**3,757.9**	3,740.2
Basic earnings per share (sen) attributable to equity holders of the Company	**4.1**	5.1	**20.6**	18.7

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/year.

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

12. Earnings per Share (EPS) (continued)

	4th Quarter Ended		Financial Year Ended	
	31/12/2016	**31/12/2015**	**31/12/2016**	**31/12/2015**
(b) Diluted earnings per share				
Profit attributable to equity holders of the Company (RM million)	**154.3**	192.5	**776.0**	700.3
Weighted average number of ordinary shares (million)	**3,757.9**	3,757.9	**3,757.9**	3,740.2
Adjustment for dilutive effect of Long Term Incentive Plan (million)	**0.1**	-	#	-
Weighted average number of ordinary shares (million)	**3,758.0**	3,757.9	**3,757.9**	3,740.2
Diluted earnings per share (sen) attributable to equity holders of the Company	**4.1**	5.1	**20.6**	18.7

Amount less than RM0.1 million

Diluted earnings per share for the current financial year 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 adjusted for conversion of all dilutive potential ordinary shares from share options granted to employees under the long term incentive plan (LTIP).

13. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2015 were not subject to any qualification.

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

14. Dividends

(a) The Board of Directors has declared an interim single-tier cash dividend of 9.3 sen per share for the financial year ending 31 December 2016 (2015: an interim single-tier dividend of 9.3 sen per share). The dividend was paid on 7 October 2016 to shareholders whose names appear in the Register of Members and Record of Depositors on 20 September 2016.

(b) The Board of Directors has declared a second interim single-tier cash dividend of 12.2 sen per share for the financial year ended 31 December 2016 (2015: second interim single-tier cash dividend of 12.1 sen per share). The dividend will be paid on 24 March 2017 to shareholders whose names appear in the Register of Members and Record of Depositors on 9 March 2017.

The Board of Directors do not recommend payment of any final dividend in respect of the financial year ended 31 December 2016. The total dividends for the current financial year ended 31 December 2016 is 21.5 sen per ordinary share (2015: 21.4 sen).

By Order of the Board

Hamizah Abidin (LS0007096)
Zaiton Ahmad (MAICSA 7011681)

Secretaries

Kuala Lumpur
22 February 2017