

**TELEKOM MALAYSIA BERHAD**

Reg. No.: 198401016183 (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad wish to announce the following unaudited results of the Group for the 2nd quarter ended 30 June 2020.

**UNAUDITED CONSOLIDATED INCOME STATEMENT**

	2ND QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM Million	RM Million	RM Million	RM Million
OPERATING REVENUE	2,592.0	2,768.6	5,149.1	5,547.5
OPERATING COSTS				
- depreciation, impairment and amortisation	(535.6)	(698.1)	(1,119.2)	(1,258.5)
- net impairment loss on financial and contract assets	(39.5)	(14.5)	(38.0)	(9.2)
- other operating costs	(1,609.3)	(1,804.5)	(3,279.6)	(3,546.4)
OTHER OPERATING INCOME (net)	18.7	21.6	40.1	44.5
OTHER LOSSES (net)	(8.3)	(7.6)	(12.8)	(6.8)
OPERATING PROFIT BEFORE FINANCE COST	418.0	265.5	739.6	771.1
FINANCE INCOME	40.4	36.6	87.4	74.0
FINANCE COST	(135.4)	(138.8)	(267.1)	(268.2)
FOREIGN EXCHANGE GAIN/(LOSS) ON BORROWINGS	19.2	(18.9)	(60.9)	(0.9)
NET FINANCE COST	(75.8)	(121.1)	(240.6)	(195.1)
ASSOCIATE				
- share of results (net of tax)	3.0	3.1	6.3	8.7
PROFIT BEFORE TAX AND ZAKAT	345.2	147.5	505.3	584.7
TAX AND ZAKAT (part B, note 5)	(69.6)	(59.9)	(89.1)	(196.2)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>275.6</b>	<b>87.6</b>	<b>416.2</b>	<b>388.5</b>
ATTRIBUTABLE TO:				
- equity holders of the Company	274.7	114.2	427.2	422.5
- non-controlling interests	0.9	(26.6)	(11.0)	(34.0)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>275.6</b>	<b>87.6</b>	<b>416.2</b>	<b>388.5</b>
EARNINGS PER SHARE (sen) (part B, note 11)				
- basic / diluted	7.3	3.0	11.3	11.2

(The above unaudited consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019)

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	2ND QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/06/2020 RM Million	30/06/2019 RM Million	30/06/2020 RM Million	30/06/2019 RM Million
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>275.6</b>	87.6	<b>416.2</b>	388.5
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that may be reclassified</b>				
<b>subsequently to income statement:</b>				
- increase in fair value of investments at fair value through other comprehensive income (FVOCI)	<b>0.6</b>	1.9	<b>3.4</b>	1.6
- reclassification adjustments relating to FVOCI investments disposed	<b>(0.3)</b>	(0.2)	<b>(0.6)</b>	(0.3)
- increase in fair value of receivables at FVOCI	<b>3.2</b>	0.7	<b>3.0</b>	7.1
- cash flow hedge:				
- (decrease)/increase in fair value of cash flow hedge	<b>(21.9)</b>	17.5	<b>35.3</b>	17.3
- change in fair value of currency basis	<b>11.2</b>	1.8	<b>(4.3)</b>	(4.0)
- reclassification of foreign exchange gain/(loss) on borrowings	<b>10.7</b>	(10.0)	<b>(31.2)</b>	0.3
- fair value hedge:				
- decrease in fair value of fair value hedge	-	(6.0)	-	(7.9)
- currency translation differences				
- subsidiaries	<b>(0.8)</b>	1.0	<b>(0.8)</b>	55.2
- associate	<b>0.1</b>	#	<b>(0.2)</b>	(0.1)
Other comprehensive income for the financial period	<b>2.8</b>	6.7	<b>4.6</b>	69.2
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>	<b>278.4</b>	94.3	<b>420.8</b>	457.7
ATTRIBUTABLE TO:				
- equity holders of the Company	<b>277.5</b>	120.9	<b>431.8</b>	491.7
- non-controlling interests	<b>0.9</b>	(26.6)	<b>(11.0)</b>	(34.0)
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>	<b>278.4</b>	94.3	<b>420.8</b>	457.7

# Amount less than RM0.1 million

(The above unaudited consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019)

<b>UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
	<b>AS AT 30/06/2020 RM Million</b>	<b>AS AT 31/12/2019 RM Million</b>
SHARE CAPITAL	3,699.0	3,698.6
OTHER RESERVES	(57.1)	(79.1)
RETAINED PROFITS	3,784.4	3,733.8
<b>TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	<b>7,426.3</b>	<b>7,353.3</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>(813.2)</b>	<b>(800.2)</b>
<b>TOTAL EQUITY</b>	<b>6,613.1</b>	<b>6,553.1</b>
Borrowings	7,478.3	7,698.8
Lease liabilities	1,598.5	1,619.1
Derivative financial instruments	11.2	1.7
Deferred tax liabilities	1,424.3	1,424.1
Deferred income	1,683.0	1,744.1
Trade and other payables	77.8	82.4
<b>NON-CURRENT LIABILITIES</b>	<b>12,273.1</b>	<b>12,570.2</b>
	<b>18,886.2</b>	<b>19,123.3</b>
Property, plant and equipment	13,756.6	14,259.5
Intangible assets	495.7	493.2
Right-of-use assets	1,164.2	1,115.2
Associate	79.0	81.1
Equity investments at fair value through other comprehensive income (FVOCI)	139.8	139.8
Investments at fair value through profit or loss (FVTPL)	65.4	49.6
Receivables at FVOCI	276.1	268.0
Other non-current receivables	351.5	425.0
Derivative financial instruments	184.1	158.4
Deferred tax assets	36.4	18.5
<b>NON-CURRENT ASSETS</b>	<b>16,548.8</b>	<b>17,008.3</b>
Inventories	96.7	102.0
Non-current assets held for sale	0.6	0.6
Trade and other receivables	2,793.8	2,434.5
Contract assets	686.8	641.6
Contract cost assets	259.2	219.1
Receivables at FVOCI	14.7	14.3
Derivative financial instruments	110.4	95.6
Investments at fair value through other comprehensive income (FVOCI)	160.6	157.8
Investments at fair value through profit or loss (FVTPL)	6.0	6.0
Financial assets at fair value through profit or loss (FVTPL)	0.8	1.5
Cash and bank balances	4,407.2	4,918.4
<b>CURRENT ASSETS</b>	<b>8,536.8</b>	<b>8,591.4</b>
Trade and other payables	3,040.4	3,604.4
Contract liabilities	1,053.2	987.4
Customer deposits	283.9	298.0
Borrowings	1,295.1	1,034.3
Lease liabilities	297.0	295.8
Tax and zakat	229.8	256.5
<b>CURRENT LIABILITIES</b>	<b>6,199.4</b>	<b>6,476.4</b>
<b>NET CURRENT ASSETS</b>	<b>2,337.4</b>	<b>2,115.0</b>
	<b>18,886.2</b>	<b>19,123.3</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)</b>	<b>197.2</b>	<b>195.3</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 2019)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	Attributable to equity holders of the Company									Total Equity RM Million
	Share Capital RM Million	FVOCI Reserve RM Million	Hedging Reserve RM Million	Cost of Hedging Reserve RM Million	Long Term Incentive Plan Reserve RM Million	Other Reserve RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Non- controlling Interests RM Million	
At 1 January 2020	3,698.6	102.1	17.4	39.7	88.4	(352.9)	26.2	3,733.8	(800.2)	6,553.1
Profit/(loss) for the financial period	-	-	-	-	-	-	-	427.2	(11.0)	416.2
Other comprehensive income										
Items that may be reclassified subsequently to income statement:										
- increase in fair value of investments at fair value through other comprehensive income (FVOCI)	-	3.4	-	-	-	-	-	-	-	3.4
- reclassification adjustments relating to FVOCI investments disposed	-	(0.6)	-	-	-	-	-	-	-	(0.6)
- increase in fair value of receivables at FVOCI	-	3.0	-	-	-	-	-	-	-	3.0
- cash flow hedge:										
- increase in fair value of cash flow hedge	-	-	35.3	-	-	-	-	-	-	35.3
- change in fair value of currency basis	-	-	-	(4.3)	-	-	-	-	-	(4.3)
- reclassification of foreign exchange loss on borrowings	-	-	(31.2)	-	-	-	-	-	-	(31.2)
- currency translation differences										
- subsidiaries	-	-	-	-	-	-	(0.8)	-	-	(0.8)
- associate	-	-	-	-	-	-	(0.2)	-	-	(0.2)
Total comprehensive income/(loss) for the financial period	-	5.8	4.1	(4.3)	-	-	(1.0)	427.2	(11.0)	420.8
Transactions with owners:										
- final interim dividend paid for the financial year ended 31 December 2019 (part A, note 6)	-	-	-	-	-	-	-	(376.6)	-	(376.6)
- dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(2.0)	(2.0)
- Long Term Incentive Plan (LTIP):										
- ordinary shares granted*	-	-	-	-	17.8	-	-	-	-	17.8
- transfer from LTIP reserve upon issuance of shares on vesting (part A, note 5) <sup>^</sup>	0.4	-	-	-	(0.4)	-	-	-	-	-
Total transactions with owners	0.4	-	-	-	17.4	-	-	(376.6)	(2.0)	(360.8)
<b>At 30 June 2020</b>	<b>3,699.0</b>	<b>107.9</b>	<b>21.5</b>	<b>35.4</b>	<b>105.8</b>	<b>(352.9)</b>	<b>25.2</b>	<b>3,784.4</b>	<b>(813.2)</b>	<b>6,613.1</b>

\* The apportionment over the vesting period of the fair value of the Group's granting of TM shares made to eligible employees of TM and its subsidiaries subject to fulfilment of relevant vesting conditions.

<sup>^</sup> Issuance of shares pursuant to the Group's LTIP RS.

(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 2019)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Attributable to equity holders of the Company									
	Share Capital RM Million	FVOCI Reserve RM Million	Hedging Reserve RM Million	Cost of Hedging Reserve RM Million	Long Term Incentive Plan 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 31 December 2018, as reported	3,667.1	88.8	28.3	29.7	83.4	(352.9)	(36.6)	4,017.4	(509.7)	7,015.5
Impacts arising from the application of: - MFRS 16	-	-	-	-	-	-	-	(841.1)	(215.2)	(1,056.3)
At 1 January 2019	3,667.1	88.8	28.3	29.7	83.4	(352.9)	(36.6)	3,176.3	(724.9)	5,959.2
Profit/(loss) for the financial period	-	-	-	-	-	-	-	422.5	(34.0)	388.5
Other comprehensive income										
Items that may be reclassified subsequently to income statement:										
- increase in fair value of investments at fair value through other comprehensive income (FVOCI)	-	1.6	-	-	-	-	-	-	-	1.6
- reclassification adjustments relating to FVOCI investments disposed	-	(0.3)	-	-	-	-	-	-	-	(0.3)
- increase in fair value of receivables at FVOCI	-	7.1	-	-	-	-	-	-	-	7.1
- cash flow hedge:										
- increase in fair value of cash flow hedge	-	-	17.3	-	-	-	-	-	-	17.3
- change in fair value of currency basis	-	-	-	(4.0)	-	-	-	-	-	(4.0)
- reclassification of foreign exchange gain on borrowings	-	-	0.3	-	-	-	-	-	-	0.3
- fair value hedge:										
- decrease in fair value of fair value hedge	-	-	(7.9)	-	-	-	-	-	-	(7.9)
- currency translation differences										
- subsidiaries	-	-	-	-	-	-	55.2	-	-	55.2
- associate	-	-	-	-	-	-	(0.1)	-	-	(0.1)
Total comprehensive income/(loss) for the financial period	-	8.4	9.7	(4.0)	-	-	55.1	422.5	(34.0)	457.7
Transactions with owners:										
- interim dividend paid for the financial year ended 31 December 2018	-	-	-	-	-	-	-	(75.2)	-	(75.2)
- Long Term Incentive Plan (LTIP): - ordinary shares granted*	-	-	-	-	20.7	-	-	-	-	20.7
Total transactions with owners	-	-	-	-	20.7	-	-	(75.2)	-	(54.5)
<b>At 30 June 2019</b>	<b>3,667.1</b>	<b>97.2</b>	<b>38.0</b>	<b>25.7</b>	<b>104.1</b>	<b>(352.9)</b>	<b>18.5</b>	<b>3,523.6</b>	<b>(758.9)</b>	<b>6,362.4</b>

\* The apportionment over the vesting period of the fair value of the Group's granting of TM shares made to eligible employees of TM and its subsidiaries subject to fulfilment of relevant vesting conditions.

(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 2019)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

	FINANCIAL PERIOD ENDED	
	30/06/2020	30/06/2019
	RM Million	RM Million
Receipts from customers	4,545.0	5,277.6
Payments to suppliers and employees*	(3,549.2)	(3,880.5)
Payment to suppliers for short term lease and leases of low value assets	(17.6)	(21.8)
Payment of finance cost*	(198.2)	(205.7)
Payment of income taxes and zakat (net)	(84.8)	(83.4)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>695.2</b>	<b>1,086.2</b>
Contribution for purchase of property, plant and equipment	9.2	75.5
Disposal of property, plant and equipment	1.9	9.1
Purchase of property, plant and equipment	(626.3)	(632.3)
Disposal/Maturity of current investments at fair value to other comprehensive income	25.3	38.5
Purchase of current investments at fair value to other comprehensive income	(24.7)	(39.0)
Purchase of long term investments	(27.8)	(9.5)
Disposal of non-current assets held for sale	0.2	-
Long term deposit	(8.3)	(8.3)
Repayments of loans by employees	19.4	30.0
Loans to employees	(17.6)	(33.2)
Interests received	77.3	64.1
Dividends received	-	3.0
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(571.4)</b>	<b>(502.1)</b>
Proceeds from borrowings	151.5	443.0
Repayments of borrowings	(212.4)	(362.5)
Repayments of lease liabilities	(205.7)	(221.1)
Dividend paid to shareholders (part A, note 6)	(376.6)	(75.2)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(643.2)</b>	<b>(215.8)</b>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(519.4)	368.3
EFFECT OF EXCHANGE RATE CHANGES	7.6	2.0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	4,786.1	2,756.5
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>4,274.3</b>	<b>3,126.8</b>

\* Comparative disclosures have been restated

**(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 2019)**

**TELEKOM MALAYSIA BERHAD**  
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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. Basis of Preparation**

The unaudited interim financial statements for the 2nd quarter and period ended 30 June 2020 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 2019. The accounting policies, method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2019 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 2020.

**(a) Amendments to published standards that are effective and applicable for the Group’s financial year beginning on 1 January 2020**

The amendments to published standards issued by MASB that are effective and applicable for the Group’s financial year beginning on 1 January 2020 are as follows:

MFRS 2, 3, 6, 14, 101, 108, 134, 137, 138 & IC Interpretations 12, 19, 20, 22 and 132	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 9, MFRS 139 & MFRS 7	Interest Rate Benchmark Reform

**(b) Amendments to published standards that are effective and applicable for the Group’s financial year beginning after 1 June 2020**

Amendments to MFRS 16	Covid-19-Related Rent Concessions
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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.

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

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

**(c) 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 2022**

Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract [Onerous Contracts – Cost of Fulfilling a Contract]
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 1, 9 & Illustrative Examples accompanying MFRS 16	Annual Improvements to MFRS Standards 2018-2020

**Effective for annual periods beginning on or after 1 January 2023**

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
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**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
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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.

**2. Seasonal or Cyclical Factors**

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the 2nd quarter and financial period ended 30 June 2020.

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

**4. Material Changes in Estimates**

There were no material changes in estimates reported in the prior interim period or prior financial year that may have given rise to a material impact on the financials reported by the Group for the financial period ended 30 June 2020.

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

During the financial period, the Company issued 100,300 new ordinary shares amounting to RM0.4 million pursuant to the vesting of shares from the Restricted Shares under the Long Term Incentive Plan (LTIP) granted to employees on 1 December 2016.

Details on the LTIP which comprises Restricted Share and Performance Share Grant are disclosed in note 14 of the audited financial statements for the financial year ended 31 December 2019.

**6. Dividends Paid**

The final interim single-tier cash dividend of 10.0 sen per share amounting to RM376.6 million in respect of financial year ended 31 December 2019 declared on 21 February 2020, was paid on 3 April 2020.

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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

2nd Quarter Ended

30 June 2020

**Operating Revenue**

	unifi>	TM ONE	TM Wholesale	Shared Services /Others^	Elimination	Total
Total operating revenue	1,124.6	928.9	561.6	81.0		2,696.1
Inter-segment @	(7.5)	(64.2)	(30.4)	(2.0)		(104.1)
External operating revenue	<u>1,117.1</u>	<u>864.7</u>	<u>531.2</u>	<u>79.0</u>		<u>2,592.0</u>

**Results**

EBIT	153.5	256.5	112.2	(123.3)	27.4	426.3
Other losses (net)						(8.3)
Finance income						40.4
Finance cost						(135.4)
Foreign exchange gain on borrowings						19.2
Associate						
- share of results (net of tax)						<u>3.0</u>
Profit before tax and zakat						345.2
Tax and zakat						(69.6)
Profit for the financial period						<u>275.6</u>

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

**7. Segmental Information (continued)**

Segmental information for the Group are as follows:

All amounts are in RM Million

2nd Quarter Ended 30 June 2019	unifi <sup>o</sup>	TM ONE	TM Wholesale	Shared Services /Others <sup>^</sup>	Elimination	Total
<b>Operating Revenue</b>						
Total operating revenue	1,204.8	1,045.2	553.3	92.6		2,895.9
Inter-segment @	(5.1)	(87.9)	(32.8)	(1.5)		(127.3)
External operating revenue	<u>1,199.7</u>	<u>957.3</u>	<u>520.5</u>	<u>91.1</u>		<u>2,768.6</u>
<b>Results</b>						
EBIT	66.8	251.3	52.4	(117.0)	19.6	273.1
Other losses (net)						(7.6)
Finance income						36.6
Finance cost						(138.8)
Foreign exchange loss on borrowings						(18.9)
Associate						
- share of results (net of tax)						<u>3.1</u>
Profit before tax and zakat						147.5
Tax and zakat						<u>(59.9)</u>
Profit for the financial period						<u>87.6</u>

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

**7. Segmental Information (continued)**

Segmental information for the Group are as follows:

**By Business Segment**

All amounts are in RM Million

Financial Period Ended	unifi <sup>&gt;</sup>	TM ONE	TM Wholesale	Shared Services /Others <sup>^</sup>	Elimination	Total
<b>30 June 2020</b>						
<b>Operating Revenue</b>						
Total operating revenue	2,249.5	1,888.9	1,029.5	187.4		5,355.3
Inter-segment @	(11.8)	(132.0)	(58.2)	(4.2)		(206.2)
External operating revenue	<u>2,237.7</u>	<u>1,756.9</u>	<u>971.3</u>	<u>183.2</u>		<u>5,149.1</u>
<b>Results</b>						
EBIT	235.9	539.8	170.2	(250.8)	57.3	752.4
Other losses (net)						(12.8)
Finance income						87.4
Finance cost						(267.1)
Foreign exchange loss on borrowings						(60.9)
Associate						
- share of results (net of tax)						<u>6.3</u>
Profit before tax and zakat						505.3
Tax and zakat						<u>(89.1)</u>
Profit for the financial period						<u>416.2</u>

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

**7. Segmental Information (continued)**

Segmental information for the Group are as follows:

**By Business Segment**

All amounts are in RM Million

Financial Period Ended	unifi <sup>&gt;</sup>	TM ONE	TM Wholesale	Shared Services /Others <sup>^</sup>	Elimination	Total
<b>30 June 2019</b>						
<b>Operating Revenue</b>						
Total operating revenue	2,433.1	2,051.6	1,075.6	205.7		5,766.0
Inter-segment @	(8.0)	(148.2)	(59.2)	(3.1)		(218.5)
External operating revenue	<u>2,425.1</u>	<u>1,903.4</u>	<u>1,016.4</u>	<u>202.6</u>		<u>5,547.5</u>
<b>Results</b>						
EBIT	269.9	515.2	112.9	(204.7)	84.6	777.9
Other losses (net)						(6.8)
Finance income						74.0
Finance cost						(268.2)
Foreign exchange loss on borrowings						(0.9)
Associate						
- share of results (net of tax)						<u>8.7</u>
Profit before tax and zakat						584.7
Tax and zakat						<u>(196.2)</u>
Profit for the financial period						<u>388.5</u>

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### 7. Segmental Information (continued)

- @ Inter-segment operating revenue relates to inter-company revenue and has been eliminated at the respective segment operating revenue. These inter-segment trading arrangements are subject to periodic review. The inter-company revenue was entered into in the normal course of business.
- ^ Expenses incurred by corporate divisions such as Human Capital Management, Finance, Strategy and Regulatory, Company Secretary, 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 are disclosed as part of shared services/others. These are considered non-operating segments.
- > unifi segment for the current quarter and financial period as well as comparatives includes financial information of Webe Digital Sdn Bhd (webe) and its subsidiaries, reflective of webe's current customer profile in aligning to the Group's overall operational segmentation.

Information on segmental assets and liabilities have not been included in the disclosure in alignment with the information used internally to discuss segment performance and allocate resources. Significant portions of the Group's assets and liabilities are maintained and monitored at each entity level. Consistently across the Group, network assets are maintained and economically utilised and monitored as a single network in generating the portfolio of products offered by each entity. The corresponding liabilities, including financing, are also similarly monitored.

The prior year comparatives have been restated for better comparability with alignment to current business structure. This includes the movement of Telekom Applied Business Sdn Bhd previously under Others cluster to TM ONE cluster, Customer Experience division from unifi to Others and disclosing trade intra-Group transactions between TM Wholesale and webe in the comparative periods at net of impairment.

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

Other than the corporate proposal disclosed in part B, note 6(a) of this announcement, there are no material events subsequent to the reporting date that require disclosures or adjustments to the unaudited interim financial statements.

The full extent and duration of the effect from the Covid-19 pandemic may not have materialised as at 30 June 2020. The Group continues to closely monitor relevant indicators which would influence the estimates used in arriving to the Group's reported financial results. As part of the review of subsequent event, the Group assess this on a monthly basis which includes review of forward looking macro-economic indicators used to determine expected loss rates of trade receivables and contract assets, as well as impact on expected cash flows attributable to the Group's assets. This is to ensure adjusting subsequent events are reflected in estimates, where relevant.

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

There are no changes in the composition of the Group for the 2nd quarter and financial period ended 30 June 2020.

**10. Changes in Contingent Liabilities Since the Last Annual Balance Sheet Date**

Other than the material litigation disclosed in part B, note 10 of this announcement, there were no other material changes in contingent liabilities since the audited financial statements of the Group for the financial year ended 31 December 2019.

**11. Capital Commitments**

(a)

	<b>Group</b>	
	<b>As at 30/06/2020</b>	<b>As at 31/12/2019</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>1,933.7</u>	<u>2,412.9</u>

(b)

	<b>Group</b>	
	<b>As at 30/06/2020</b>	<b>As at 31/12/2019</b>
	<b>RM Million</b>	<b>RM Million</b>
The Group's remaining capital commitment in a Technology Investment Fund (disclosed as part of the Group's Non-Current Investments at FVTPL)	<u>40.7</u>	<u>66.0</u>

Refer to note 30(b) of the audited financial statements of the Group for the financial year ended 31 December 2019.

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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 21.58% equity interest and is a related party of the Group. Khazanah is a wholly-owned entity of MOF Inc, which is in turn owned by the Ministry of Finance, a ministry of the Federal Government of Malaysia. Therefore, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group.

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

	Total amount of individually significant transactions for the financial period ended		Corresponding outstanding balances as at	
	30/06/2020 RM Million	30/06/2019 RM Million	30/06/2020 RM Million	31/12/2019 RM Million
<b>Sales and Receivables</b>	<b>391.2</b>	334.3	<b>148.0</b>	106.2

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 period was RM147.2 million (YTD June 2019: RM134.3 million) with corresponding receivables of RM449.7 million (31 December 2019: RM443.0 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 equipment and services in the normal course of business.

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**13. Fair Value**

The following should be read in conjunction with note 49 of the Group's audited financial statements for the financial year ended 31 December 2019.

**(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.

	As at 30/06/2020				As at 31/12/2019			
	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	<b>0.8</b>	-	-	<b>0.8</b>	1.5	-	-	1.5
Exchangeable Medium Term Notes*	-	-	-	-	-	-	-	-
Derivatives accounted for under hedge accounting	-	<b>294.5</b>	-	<b>294.5</b>	-	254.0	-	254.0
Investments at fair value through OCI	-	<b>160.6</b>	-	<b>160.6</b>	-	157.8	-	157.8
Investments at fair value through profit or loss	-	-	<b>71.4</b>	<b>71.4</b>	-	-	55.6	55.6
Equity investments at fair value through OCI	-	-	<b>139.8</b>	<b>139.8</b>	-	-	139.8	139.8
Receivables at fair value through OCI	-	-	<b>290.8</b>	<b>290.8</b>	-	-	282.3	282.3
<b>Total</b>	<b>0.8</b>	<b>455.1</b>	<b>502.0</b>	<b>957.9</b>	1.5	411.8	477.7	891.0
<b>Liabilities</b>								
Derivatives accounted for under hedge accounting	-	<b>11.2</b>	-	<b>11.2</b>	-	1.7	-	1.7
<b>Total</b>	-	<b>11.2</b>	-	<b>11.2</b>	-	1.7	-	1.7

There have not been any changes to the valuation techniques applied for the different financial instruments since 31 December 2019 and there were no transfers of any instruments between level 1, 2 and 3 of the fair valuation hierarchy during the financial period.

\* This financial instrument is carried at fair value of nil.

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**13. Fair Value (continued)**

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

There have not been any 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 49(b) of the Group's audited financial statements for the financial year ended 31 December 2019, other than below:

	<b>As at 30/06/2020</b>		<b>As at 31/12/2019</b>	
	<b>Carrying amount RM Million</b>	<b>Net fair value RM Million</b>	<b>Carrying amount RM Million</b>	<b>Net fair value RM Million</b>
<b>Liabilities</b>				
Borrowings	<b>8,773.4</b>	<b>9,682.7</b>	8,733.1	9,340.9

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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) 2nd Quarter 2020 vs 2nd Quarter 2019

##### (i) Group Performance

Group revenue decreased 6.4% (RM176.6 million) to RM2,592.0 million compared to RM2,768.6 million recorded in the same quarter last year with decline in revenue for all lines of products except for data services reflective of impact from the Streamyx price adjustments effective from September of the previous financial year as well as impact from lower volume and restricted economic activities during the Movement Control Order (MCO).

Notwithstanding this, the Group recorded 57.4% (RM152.5 million) increase in operating profits before finance cost of RM418.0 million, from RM265.5 million recorded in the 2nd quarter of 2019 which included a RM124.6 million impairment loss on fixed network assets triggered by the earlier mentioned price adjustments on Streamyx.

Consequently, Group profit after tax and non-controlling interests (PATAMI) increased quarter-on-quarter by 140.5% (RM160.5 million) from RM114.2 million to RM274.7 million.

##### (ii) Segment Performance

#### unifi

Revenue decreased 6.7% (RM80.2 million) from RM1,204.8 million to RM1,124.6 million in the current quarter from reduction in voice services from lower usage and decrease in cumulative customer base, whilst Internet and multimedia revenue services declined following the Streamyx price adjustment provided to customers from September 2019 onwards.

Lower operating cost with absence of any further impairment of network fixed assets contributed to higher EBIT of RM153.5 million, compared to RM66.8 million in the corresponding quarter last year.

#### TM ONE

TM ONE recorded a 11.1% (RM116.3 million) decrease in revenue from RM1,045.2 million to RM928.9 million in the 2nd quarter of 2020 mainly due to voice, data and other telecommunication related services through reduction in usage volume and deferment of customer project activities.

Reported EBIT increased 2.1% (RM5.2 million) to RM256.5 million in the current quarter from RM251.3 million in the same quarter last year, contributed by lower direct and other operating costs, corresponding to the lower revenue.

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### 1. Review of Performance (continued)

#### (a) 2nd Quarter 2020 vs 2nd Quarter 2019 (continued)

##### TM Wholesale

Revenue for the current quarter increased 1.5% (RM8.3 million) from RM553.3 million in 2nd quarter last year to RM561.6 million mainly contributed by stronger revenue from data services.

Corresponding lower direct and other operating costs in the current quarter led to a 114.1% (RM59.8 million) increase in EBIT compared to the RM52.4 million reported for the same quarter last year.

#### (b) Year-on-Year

##### (i) Group Performance

For the financial period under review, Group revenue decreased by 7.2% (RM398.4 million) to RM5,149.1 million as compared to RM5,547.5 million last year, mainly due to lower revenue from all lines of products, affected by the Streamyx price adjustments introduced during the second half of previous financial year as well as lower volume and restricted economic activities mainly at the enterprise and business segments caused by the MCO restrictions during the first half of the current financial year.

Consequently, operating profit before finance cost reduced 4.1% (RM31.5 million) to RM739.6 million compared to RM771.1 million in 2019, cushioned by lower direct and operating costs in the current year period.

Notwithstanding this, Group profit after tax and non-controlling interests (PATAMI) increased by 1.1% (RM4.7 million) to RM427.2 million from RM422.5 million in the corresponding period last year contributed partly by lower tax charges.

##### (ii) Segment Performance

###### unifi

Revenue for the current financial period decreased 7.5% (RM183.6 million) to RM2,249.5 million from RM2,433.1 million with lower revenue from voice, Internet and multimedia services, as well as other telecommunication related services. The reduction in Internet and multimedia services revenue was partly due to Streamyx price adjustments in second half of 2019 and correspondingly, profit for the current financial period decreased by 12.6% (RM34.0 million) to RM235.9 million from RM269.9 million last year.

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### 1. Review of Performance (continued)

#### (b) Year-on-Year (continued)

##### TM ONE

TM ONE recorded a 7.9% (RM162.7 million) decrease in revenue from RM2,051.6 million to RM1,888.9 million in the current financial period mainly due to decline in voice, data and other telecommunication related services.

Consequently, reduction in direct and other operational costs led to 4.8% (RM24.6 million) increase in profit from RM515.2 million to RM539.8 million with reduction in direct cost.

##### TM Wholesale

TM Wholesale registered revenue of RM1,029.5 million for the current financial period, a 4.3% (RM46.1 million) decrease from RM1,075.6 million reported in the first half of the previous financial year mainly driven by decrease in voice.

Corresponding lower direct and other operating costs in the current financial period led to a 50.8% (RM57.3 million) increase in profit from RM112.9 million in the corresponding period last year to RM170.2 million in the current financial period.

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

The Group's revenue increased 1.4% (RM34.9 million) in the current quarter to RM2,592.0 million from RM2,557.1 million recorded in 1st quarter of 2020 despite the full quarter impact of MCO, with higher revenue from voice and data services.

Operating profit before finance cost correspondingly increased 30.0% (RM96.4 million) to RM418.0 million from RM321.6 million recorded in the preceding quarter mainly due to reduction in operating cost from continued optimised spending. This subsequently led to a 80.1% (RM122.2 million) increase in Group PATAMI from RM152.5 million in the preceding quarter to RM274.7 million.

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

The Group continues to provide our services to the nation amidst the uncertainty created by the Covid-19 pandemic. Since mid-May 2020, TM has resumed our on-the-ground sales activities together with service installation and restoration activities at customer premises. TMpoint outlets nationwide too have since reopened at full normal hours. We will continue to provide the best service and experience for our customers in the remaining quarters of 2020 as more sectors of the economy open up with less restrictions under the Recovery Movement Control Order (RMCO).

We continue our commitment to maintain business profitability for the coming quarters of 2020. This has been made evident through the resilient financial performance recorded in the current quarter ended, being a full quarter under MCO. In our unique role as the enabler of our country's Digital Malaysia aspiration, we continue to ensure that our network is always available to customers, so they can stay connected, productive, and continue to be served.

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

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the 2nd quarter and financial period ended 30 June 2020.

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**5. Tax**

The tax charge for the Group comprises:

	2nd Quarter Ended		Financial Period Ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM Million	RM Million	RM Million	RM Million
<u>Malaysia</u>				
<b>Income Tax:</b>				
Current year	<b>70.2</b>	50.3	<b>111.1</b>	140.4
Prior year	<b>(3.0)</b>	(0.4)	<b>(8.9)</b>	1.5
<b>Deferred tax (net)</b>	<b>(1.2)</b>	9.4	<b>(17.9)</b>	53.4
	<b>66.0</b>	59.3	<b>84.3</b>	195.3
<u>Overseas</u>				
<b>Income Tax:</b>				
Current year	#	0.2	#	(0.6)
Prior year	<b>1.9</b>	0.4	<b>2.2</b>	0.4
<b>Deferred tax (net)</b>	#	#	<b>(0.3)</b>	#
	<b>1.9</b>	0.6	<b>1.9</b>	(0.2)
<b>Taxation</b>	<b>67.9</b>	59.9	<b>86.2</b>	195.1
<b>Zakat</b>	<b>1.7</b>	#	<b>2.9</b>	1.1
<b>Taxation and Zakat</b>	<b>69.6</b>	59.9	<b>89.1</b>	196.2

# Amount less than RM0.1 million

The effective tax rates of the Group for the comparatives are higher than the statutory tax rate primarily due to losses before tax from Webe Digital Sdn Bhd for which no corresponding tax losses or deferred tax asset have been recognised at this juncture.

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**6. Status of Corporate Proposals**

There were no corporate proposals announced and not completed as at the latest practicable date, except as disclosed below:

**(a) Investment by Mobikom Sdn Bhd (Mobikom), a wholly-owned subsidiary of the Group, in Webe Digital Sdn Bhd (webe) (Investment in webe)**

Subsequent to Mobikom's subscription of the Convertible Medium Term Notes (Convertible MTN) issued by webe as disclosed in note 17(d) of the Group's audited financial statements for the financial year ended 31 December 2019, Mobikom had on 24 July 2020, entered into an agreement, with amongst others, Green Packet Berhad (GPB) in relation to the exchange of all the Exchangeable Medium Term Note (EMTN) issued by GPB and held by Mobikom for the following forms of securities held by Packet One Sdn Bhd:

- (i) ordinary shares of webe; and
  - (ii) Convertible Medium Term Notes (Convertible MTN) issued by webe
- (collectively referred to as Scheduled Exchange).

Upon completion of the Scheduled Exchange, TM (via Mobikom) and SK Telecom Co Ltd will hold 91.8% and 8.2% of webe's share capital respectively. The Scheduled Exchange will not have any material effect on the issued share capital as well as the substantial shareholders' shareholding of TM as the corporate proposal does not involve any issuance of shares or other securities of TM. The proforma impact of the Scheduled Exchange on gearing earnings and net asset per share is disclosed in our announcement to Bursa Malaysia Securities Berhad on the Scheduled Exchange on 24 July 2020.

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

	As at 30/06/2020		As at 31/12/2019	
	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>6.9</b>	<b>14.5</b>	17.5	16.0
<b>Total Unsecured</b>	<b>1,288.2</b>	<b>7,463.8</b>	1,016.8	7,682.8
<b>Total Borrowings</b>	<b>1,295.1</b>	<b>7,478.3</b>	1,034.3	7,698.8

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

Foreign Currency	As at 30/06/2020 RM Million	As at 31/12/2019 RM Million
US Dollar	<b>2,462.4</b>	2,369.6
Canadian Dollars	<b>2.4</b>	2.4
<b>Total</b>	<b>2,464.8</b>	2,372.0

(c) There have not been any significant changes in the Group's borrowings since the end of the previous financial year (as disclosed in note 17 of the Group's audited financial statements for financial year ended 31 December 2019) except for repayments of borrowings as they become due, draw down of current facilities and impact of foreign exchange retranslation for the financial period.

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(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 30/06/2020		Fair value as at 31/12/2019	
		Assets RM Million	Liabilities RM Million	Assets RM Million	Liabilities RM Million
<u>Interest Rate Swaps (IRS)</u>					
- more than 3 years	214.4	-	11.2	-	1.7
	<b>214.4</b>	-	<b>11.2</b>	-	1.7
<u>Cross Currency Interest Rate Swaps (CCIRS)</u>					
- less than 1 year	316.8	110.4	-	95.6	-
- more than 3 years	310.5	184.1	-	158.4	-
	<b>627.3</b>	<b>294.5</b>	-	254.0	-
<b>Total</b>	<b>841.7</b>	<b>294.5</b>	<b>11.2</b>	254.0	1.7

**(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 notes 4, 20 and 48 to 51 to the Group's audited financial statements for the financial year ended 31 December 2019.

**(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 2019.

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The amount of gains/(losses) arising from fair value changes of derivative financial instruments for the current and cumulative quarters ended 30 June 2020 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>Gains/(Losses) arising from fair value changes for the period RM Million</b>
<b>Financial Liabilities</b>				
1. <u>Interest Rate Swaps</u> *				
- more than 3 years	214.4	11.2	(7.5)	(9.5)
<b>Total</b>	<b>214.4</b>	<b>11.2</b>	<b>(7.5)</b>	<b>(9.5)</b>
<b>Financial Assets</b>				
1. <u>Cross Currency Interest Rate Swaps</u> *				
- less than 1 year	316.8	110.4	(4.4)	14.8
- more than 3 years	310.5	184.1	1.2	25.7
<b>Total</b>	<b>627.3</b>	<b>294.5</b>	<b>(3.2)</b>	<b>40.5</b>

\* Cash flow hedges accounted for under hedge accounting.

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 component of the 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.

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**9. Additional Disclosures**

Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the Consolidated Income Statement for the 2nd quarter and financial period ended 30 June 2020:

	2nd Quarter Ended		Financial Period Ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	RM Million	RM Million	RM Million	RM Million
Inventory reversal/(charges) for write off and obsolescence	1.1	(0.7)	1.6	(0.5)
Gain on disposal of fixed income securities	0.3	0.2	0.6	0.3
Gain/(Loss) on foreign exchange on settlements and placements	0.9	11.4	(13.5)	3.2

**10. Material Litigation**

The following is the material litigation arising subsequent to the previous financial year end:

**(a) In the Matter of Arbitration between Vodoke Pte Ltd ("VPL") and Telekom Malaysia Berhad ("TM")**

On 4 March 2020, TM received an official notification from the Registrar of Singapore Arbitration Centre ("SIAC") that Vodoke Pte Lte ("VPL") has filed its Notice of Arbitration dated 21 February 2020 against TM. Based on the said notice, VPL has referred its dispute with TM in relation to a Collaboration Agreement entered into between VPL and TM ("CA") to arbitration under the SIAC.

On 19 June 2020, TM received VPL's Statement of Claim and VPL is seeking for the reliefs from TM which include the following:

- (a) a declaration that TM has acted in repudiatory breach of the Collaboration Agreement ("CA"), which said breach VPL has accepted on or about 20 February 2020;
- (b) an order that TM pays VPL the sum of US\$ 540,000 owing in respect of VPL's invoice no. TM16090001 dated 1 September 2016 or alternatively, damages in the sum US\$540,000, being the balance amount that ought to have been paid by TM to VPL in respect of the initial order of 30,000 units of the VPL IPTV Package in 2015;

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**10. Material Litigation (continued)**

- (a) **In the Matter of Arbitration between Vodoke Pte Ltd ("VPL") and Telekom Malaysia Berhad ("TM") (continued)**
- (c) an order that TM pays VPL reasonable damages, such damages to be assessed, for its breach of clause 3.1, 5.2, 11.2 and 11.3 of the CA;
  - (d) an order that TM pays VPL the costs of warehousing TM's stocks from 15 August 2020 until such time that TM takes possession of the same or such date as the Tribunal deems appropriate;
  - (e) costs of the present arbitration proceedings and all related hearings on an indemnity basis, pursuant to clause 21.1 of the CA;
  - (f) interest on all sums found due, pursuant to section 20 of the International Arbitration Act; and
  - (g) such further and/or other relief as the Tribunal deems appropriate.

TM is scheduled to file its Statement of Defence and Counterclaim (if any) by 28 August 2020.

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

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.

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

	2nd Quarter Ended		Financial Period Ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
<b>(a) Basic earnings per share</b>				
Profit attributable to equity holders of the Company (RM million)	274.7	114.2	427.2	422.5
Weighted average number of ordinary shares (million)	3,765.8	3,757.9	3,765.8	3,757.9
Basic earnings per share (sen) attributable to equity holders of the Company	7.3	3.0	11.3	11.2

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.

	2nd Quarter Ended		Financial Period Ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
<b>(b) Diluted earnings per share</b>				
Profit attributable to equity holders of the Company (RM million)	274.7	114.2	427.2	422.5
Weighted average number of ordinary shares (million)	3,765.8	3,757.9	3,765.8	3,757.9
Adjustment for dilutive effect of Long Term Incentive Plan (million)	27.6	23.0	27.7	22.0
Weighted average number of ordinary shares (million)	3,793.4	3,780.9	3,793.5	3,779.9
Diluted earnings per share (sen) attributable to equity holders of the Company	7.3	3.0	11.3	11.2

Diluted earnings per share for the current financial period 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 potential conversion of all dilutive ordinary shares from shares granted to employees under the Group's Long Term Incentive Plan (LTIP), as disclosed in note 14 to the Group's audited financial statements for financial year ended 31 December 2019.

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

The audited financial statements for the financial year ended 31 December 2019 were not subject to any qualification.

**13. Dividends**

The Board of Directors has declared an interim single-tier cash dividend of 6.8 sen per share for the financial year ending 31 December 2020. The declaration of this dividend is in line with the Group's dividend policy of annual dividend distribution out of 40% to 60% of the Group's reported PATAMI.

The proposed dividend will be paid on 2 October 2020 to shareholders whose names appear in the Register of Members and Record of Depositors on 11 September 2020.

**By Order of the Board**

Mohammad Yazmi Mat Raschid (MAICSA 7028878)  
(Practising Certificate No. 202008001905)

Secretary

Kuala Lumpur  
27 August 2020