

**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 3rd quarter ended 30 September 2020.

**UNAUDITED CONSOLIDATED INCOME STATEMENT**

	3RD QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM Million	RM Million	RM Million	RM Million
OPERATING REVENUE	2,689.9	2,852.6	7,839.0	8,400.1
OPERATING COSTS				
- depreciation, impairment and amortisation	(573.2)	(572.0)	(1,692.4)	(1,830.5)
- net impairment loss on financial and contract assets	(7.8)	(19.2)	(45.8)	(28.4)
- other operating costs	(1,699.2)	(1,876.7)	(4,978.8)	(5,423.1)
OTHER OPERATING INCOME (net)	46.5	39.8	86.6	84.3
OTHER GAINS/(LOSSES) (net)	3.6	(7.3)	(9.2)	(14.1)
<b>OPERATING PROFIT BEFORE FINANCE COST</b>	<b>459.8</b>	<b>417.2</b>	<b>1,199.4</b>	<b>1,188.3</b>
FINANCE INCOME	31.6	34.0	119.0	108.0
FINANCE COST	(129.2)	(131.7)	(396.3)	(399.9)
FOREIGN EXCHANGE GAIN/(LOSS) ON BORROWINGS	49.9	(21.1)	(11.0)	(22.0)
<b>NET FINANCE COST</b>	<b>(47.7)</b>	<b>(118.8)</b>	<b>(288.3)</b>	<b>(313.9)</b>
ASSOCIATE				
- share of results (net of tax)	2.3	3.1	8.6	11.8
<b>PROFIT BEFORE TAX AND ZAKAT</b>	<b>414.4</b>	<b>301.5</b>	<b>919.7</b>	<b>886.2</b>
TAX AND ZAKAT (part B, note 5)	(93.8)	(65.1)	(182.9)	(261.3)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>320.6</b>	<b>236.4</b>	<b>736.8</b>	<b>624.9</b>
ATTRIBUTABLE TO:				
- equity holders of the Company	329.5	261.3	756.7	683.8
- non-controlling interests	(8.9)	(24.9)	(19.9)	(58.9)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>320.6</b>	<b>236.4</b>	<b>736.8</b>	<b>624.9</b>
EARNINGS PER SHARE (sen) (part B, note 11)				
- basic	8.8	7.0	20.1	18.2
- diluted	8.6	6.9	19.9	18.1

(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**

	3RD QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/09/2020 RM Million	30/09/2019 RM Million	30/09/2020 RM Million	30/09/2019 RM Million
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>320.6</b>	236.4	<b>736.8</b>	624.9
<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>2.0</b>	2.1	<b>5.4</b>	3.7
- reclassification adjustments relating to FVOCI investments disposed	<b>(1.4)</b>	(0.7)	<b>(2.0)</b>	(1.0)
- (decrease)/increase in fair value of receivables at FVOCI	<b>(1.4)</b>	7.0	<b>1.6</b>	14.1
- cash flow hedge:				
- (decrease)/increase in fair value of cash flow hedge	<b>(21.4)</b>	12.7	<b>13.9</b>	30.0
- change in fair value of currency basis	<b>(8.8)</b>	0.7	<b>(13.1)</b>	(3.3)
- reclassification of foreign exchange gain/(loss) on borrowings	<b>25.1</b>	(10.8)	<b>(6.1)</b>	(10.5)
- fair value hedge*:				
- decrease in fair value of fair value hedge	-	(0.5)	-	(8.4)
- currency translation differences				
- subsidiaries	<b>(4.5)</b>	7.7	<b>(5.3)</b>	62.9
- associate	<b>(0.1)</b>	#	<b>(0.3)</b>	(0.1)
Other comprehensive (loss)/income for the financial period	<b>(10.5)</b>	18.2	<b>(5.9)</b>	87.4
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>	<b>310.1</b>	254.6	<b>730.9</b>	712.3
ATTRIBUTABLE TO:				
- equity holders of the Company	<b>319.0</b>	279.5	<b>750.8</b>	771.2
- non-controlling interests	<b>(8.9)</b>	(24.9)	<b>(19.9)</b>	(58.9)
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>	<b>310.1</b>	254.6	<b>730.9</b>	712.3

# Amount less than RM0.1 million

\* Classified as cash flow hedge in current quarter and financial period

**(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 30/09/2020 RM Million</b>	<b>AS AT 31/12/2019 RM Million</b>
SHARE CAPITAL	3,728.6	3,698.6
OTHER RESERVES	263.9	(79.1)
RETAINED PROFITS	2,883.0	3,733.8
<b>TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	<b>6,875.5</b>	<b>7,353.3</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>(149.2)</b>	<b>(800.2)</b>
<b>TOTAL EQUITY</b>	<b>6,726.3</b>	<b>6,553.1</b>
Borrowings	7,067.1	7,698.8
Lease liabilities	1,593.1	1,619.1
Derivative financial instruments	8.9	1.7
Deferred tax liabilities	1,413.5	1,424.1
Deferred income	1,634.8	1,744.1
Trade and other payables	71.3	82.4
<b>NON-CURRENT LIABILITIES</b>	<b>11,788.7</b>	<b>12,570.2</b>
	<b>18,515.0</b>	<b>19,123.3</b>
Property, plant and equipment	13,640.4	14,259.5
Intangible assets	494.9	493.2
Right-of-use assets	1,181.6	1,115.2
Associate	80.9	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)	65.5	49.6
Receivables at FVOCI	278.0	268.0
Other non-current receivables	354.7	425.0
Derivative financial instruments	163.4	158.4
Deferred tax assets	16.5	18.5
<b>NON-CURRENT ASSETS</b>	<b>16,415.7</b>	<b>17,008.3</b>
Inventories	92.6	102.0
Non-current assets held for sale	0.6	0.6
Trade and other receivables	2,378.5	2,434.5
Contract assets	606.3	641.6
Contract cost assets	305.2	219.1
Receivables at FVOCI	14.9	14.3
Derivative financial instruments	98.6	95.6
Investments at fair value through other comprehensive income (FVOCI)	166.2	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)	0.9	1.5
Cash and bank balances	4,890.4	4,918.4
<b>CURRENT ASSETS</b>	<b>8,560.2</b>	<b>8,591.4</b>
Trade and other payables	3,126.0	3,604.4
Contract liabilities	1,019.1	987.4
Customer deposits	271.2	298.0
Borrowings	1,224.9	1,034.3
Lease liabilities	309.3	295.8
Tax and zakat	253.8	256.5
Dividends payable	256.6	-
<b>CURRENT LIABILITIES</b>	<b>6,460.9</b>	<b>6,476.4</b>
<b>NET CURRENT ASSETS</b>	<b>2,099.3</b>	<b>2,115.0</b>
	<b>18,515.0</b>	<b>19,123.3</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)</b>	<b>182.2</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 SEPTEMBER 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	-	-	-	-	-	-	-	756.7	(19.9)	736.8
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)	-	5.4	-	-	-	-	-	-	-	5.4
- reclassification adjustments relating to FVOCI investments disposed	-	(2.0)	-	-	-	-	-	-	-	(2.0)
- increase in fair value of receivables at FVOCI	-	1.6	-	-	-	-	-	-	-	1.6
- cash flow hedge:										
- increase in fair value of cash flow hedge	-	-	13.9	-	-	-	-	-	-	13.9
- change in fair value of currency basis	-	-	-	(13.1)	-	-	-	-	-	(13.1)
- reclassification of foreign exchange loss on borrowings	-	-	(6.1)	-	-	-	-	-	-	(6.1)
- currency translation differences										
- subsidiaries	-	-	-	-	-	-	(5.3)	-	-	(5.3)
- associate	-	-	-	-	-	-	(0.3)	-	-	(0.3)
Total comprehensive income/(loss) for the financial period	-	5.0	7.8	(13.1)	-	-	(5.6)	756.7	(19.9)	730.9
Transactions with owners:										
- final interim dividend paid for the financial year ended 31 December 2019 (part A, note 6)	-	-	-	-	-	-	-	(376.6)	-	(376.6)
- interim dividend payable for the financial year ending 31 December 2020 (part B, note 13)	-	-	-	-	-	-	-	(256.6)	-	(256.6)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(2.0)	(2.0)
- transaction with non-controlling interests (part A, note 9)	-	-	-	-	-	352.9	-	(974.3)	672.9	51.5
- Long Term Incentive Plan (LTIP):										
- ordinary shares granted*	-	-	-	-	26.0	-	-	-	-	26.0
- transfer from LTIP reserve upon issuance of shares on vesting (part A, note 5(b))^	30.0	-	-	-	(30.0)	-	-	-	-	-
Total transactions with owners	30.0	-	-	-	(4.0)	352.9	-	(1,607.5)	670.9	(557.7)
<b>At 30 September 2020</b>	<b>3,728.6</b>	<b>107.1</b>	<b>25.2</b>	<b>26.6</b>	<b>84.4</b>	<b>-</b>	<b>20.6</b>	<b>2,883.0</b>	<b>(149.2)</b>	<b>6,726.3</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.

^ 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 SEPTEMBER 2019**

	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 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	-	-	-	-	-	-	-	683.8	(58.9)	624.9
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)	-	3.7	-	-	-	-	-	-	-	3.7
- reclassification adjustments relating to FVOCI investments disposed	-	(1.0)	-	-	-	-	-	-	-	(1.0)
- increase in fair value of receivables at FVOCI	-	14.1	-	-	-	-	-	-	-	14.1
- cash flow hedge:										
- increase in fair value of cash flow hedge	-	-	30.0	-	-	-	-	-	-	30.0
- change in fair value of currency basis	-	-	-	(3.3)	-	-	-	-	-	(3.3)
- reclassification of foreign exchange loss on borrowings	-	-	(10.5)	-	-	-	-	-	-	(10.5)
- fair value hedge:										
- decrease in fair value of fair value hedge	-	-	(8.4)	-	-	-	-	-	-	(8.4)
- currency translation differences	-	-	-	-	-	-	62.9	-	-	62.9
- subsidiaries	-	-	-	-	-	-	(0.1)	-	-	(0.1)
- associate	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the financial period	-	16.8	11.1	(3.3)	-	-	62.8	683.8	(58.9)	712.3
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*	-	-	-	-	26.9	-	-	-	-	26.9
- transfer from LTIP reserve upon issuance of shares on vesting^	30.9	-	-	-	(30.9)	-	-	-	-	-
Total transactions with owners	30.9	-	-	-	(4.0)	-	-	(75.2)	-	(48.3)
<b>At 30 September 2019</b>	<b>3,698.0</b>	<b>105.6</b>	<b>39.4</b>	<b>26.4</b>	<b>79.4</b>	<b>(352.9)</b>	<b>26.2</b>	<b>3,784.9</b>	<b>(783.8)</b>	<b>6,623.2</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.

^ 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 CASH FLOWS**

	FINANCIAL PERIOD ENDED	
	30/09/2020	30/09/2019
	RM Million	RM Million
Receipts from customers	7,245.3	7,697.2
Payments to suppliers and employees*	(5,096.8)	(5,255.4)
Payment to suppliers for short term lease and leases of low value assets	(27.3)	(28.2)
Payment of finance cost*	(288.0)	(288.2)
Payment of income taxes and zakat (net)	(139.1)	(184.3)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,694.1</b>	<b>1,941.1</b>
Contribution for purchase of property, plant and equipment	247.7	75.5
Disposal of property, plant and equipment	5.2	10.2
Purchase of property, plant and equipment	(1,021.1)	(903.3)
Disposal/Maturity of current investments at fair value to other comprehensive income	45.0	58.8
Purchase of current investments at fair value to other comprehensive income	(43.1)	(61.7)
Purchase of investments at fair value through profit or loss	(27.8)	(11.6)
Disposal of non-current assets held for sale	0.2	1.4
Long term deposit	(16.6)	(16.6)
Repayments of loans by employees	29.6	39.6
Loans to employees	(28.8)	(46.4)
Disposal of housing loan	-	19.4
Interests received	110.8	93.3
Dividends received	-	3.0
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(698.9)</b>	<b>(738.4)</b>
Proceeds from borrowings	168.5	520.0
Repayments of borrowings	(587.6)	(411.5)
Repayments of lease liabilities	(310.7)	(314.8)
Dividend paid to shareholders (part A, note 6)	(376.6)	(75.2)
Dividend paid to non-controlling interests	(2.0)	-
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(1,108.4)</b>	<b>(281.5)</b>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(113.2)	921.2
EFFECT OF EXCHANGE RATE CHANGES	1.8	1.9
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>4,674.7</b>	<b>3,679.6</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 3rd quarter and financial period ended 30 September 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, 14, 101, 108, 134, 137, 138 & IC Interpretations 12, 19, 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

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.

**(b) Amendment to published standards early adopted by the Group for the financial year beginning 1 January 2020**

Amendment to MFRS 16	Covid-19-Related Rent Concessions
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The Group has elected to early adopt Amendment to MFRS 16 ‘Covid-19-Related Rent Concessions’, with the date of initial application of 1 January 2020.

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

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

**(b) Amendment to published standards early adopted by the Group for the financial year beginning 1 January 2020 (continued)**

In accordance with the transitional provisions provided in the MFRS 16 amendment, the comparative information for 2019 was not restated. These amendments had no impact to the retained earnings on 1 January 2020. The early adoption of Amendment to MFRS 16 ‘Covid-19-Related Rent Concessions’ have not been material to the consolidated financial statements of the Group.

**(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 2021**

Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16	Interest Rate Benchmark Reform (Phase 2)
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**Effective for annual periods beginning on or after 1 January 2022**

Amendments to MFRS 137	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 9	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 annual improvements and amendments to published standards are not expected to have a material impact on the financial statements of the Group.

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

**2. Seasonal or Cyclical Factors**

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the 3rd quarter and financial period ended 30 September 2020.

**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 September 2020.

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

**(a) Long Term Incentive Plan (LTIP)**

During the current quarter and financial period ended, TM granted shares under its Long Term Incentive Plan (LTIP) to eligible employees of TM and subsidiaries as described in note 14 of the audited financial statements for the financial year ended 31 December 2019.

<b>Description</b>	<b>Grant Date</b>	<b>Vesting Date</b>	<b>Total TM shares granted</b>	<b>Reference Price Per Unit<sup>1</sup> (RM)</b>
Restricted Shares (RS)	17 August 2020	30 August 2023	15,028,100	3.66
Performance Shares (PS) <sup>2</sup>	17 August 2020	30 August 2023	1,436,600	3.66

<sup>1</sup> Refers to the closing share price at the grant date of the LTIP.

<sup>2</sup> In the event that certain performance metrics are not met over the period set by the LTIP Committee as being applicable to the PS Grantees, a roll over feature may extend the performance period and vesting date by 1 year.

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

**(b)** Pursuant to the vesting of shares from the Restricted Shares programme granted to employees on 1 December 2016 and 1 June 2017 under the Long Term Incentive Plan (LTIP), the Company issued 7,865,100 and 7,965,400 new ordinary shares amounting to RM29.7 million and RM30.0 million during the current quarter and financial period ended, respectively.

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

**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

3rd Quarter Ended

30 September 2020

**Operating Revenue**

	unifi <sup>&gt;</sup>	TM ONE	TM Wholesale	Shared Services /Others <sup>^</sup>	Elimination	Total
Total operating revenue	1,154.9	962.1	599.2	90.7		2,806.9
Inter-segment @	(7.7)	(76.9)	(30.1)	(2.3)		(117.0)
External operating revenue	1,147.2	885.2	569.1	88.4		2,689.9

**Results**

EBIT	195.1	246.8	98.1	(106.5)	22.7	456.2
Other gains (net)						3.6
Finance income						31.6
Finance cost						(129.2)
Foreign exchange gain on borrowings Associate						49.9
- share of results (net of tax)						2.3
Profit before tax and zakat						414.4
Tax and zakat						(93.8)
Profit for the financial period						320.6

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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

3rd Quarter Ended 30 September 2019	unifi <sup>o</sup>	TM ONE	TM Wholesale	Shared Services /Others <sup>^</sup>	Elimination	Total
<b>Operating Revenue</b>						
Total operating revenue	1,183.4	1,072.4	539.7	167.9		2,963.4
Inter-segment @	(4.6)	(79.0)	(24.0)	(3.2)		(110.8)
External operating revenue	1,178.8	993.4	515.7	164.7		2,852.6
<b>Results</b>						
EBIT	70.2	282.4	37.9	(12.8)	46.8	424.5
Other losses (net)						(7.3)
Finance income						34.0
Finance cost						(131.7)
Foreign exchange loss on borrowings						(21.1)
Associate						
- share of results (net of tax)						3.1
Profit before tax and zakat						301.5
Tax and zakat						(65.1)
Profit for the financial period						236.4

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**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 September 2020</b>						
<b>Operating Revenue</b>						
Total operating revenue	3,401.5	2,851.0	1,628.7	281.1		8,162.3
Inter-segment @	(18.1)	(208.9)	(88.3)	(8.0)		(323.3)
External operating revenue	3,383.4	2,642.1	1,540.4	273.1		7,839.0
<b>Results</b>						
EBIT	438.3	786.6	268.3	(364.6)	80.0	1,208.6
Other losses (net)						(9.2)
Finance income						119.0
Finance cost						(396.3)
Foreign exchange loss on borrowings						(11.0)
Associate						
- share of results (net of tax)						8.6
Profit before tax and zakat						919.7
Tax and zakat						(182.9)
Profit for the financial period						736.8

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**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 September 2019</b>						
<b>Operating Revenue</b>						
Total operating revenue	3,614.4	3,123.9	1,615.4	375.8		8,729.5
Inter-segment @	(12.0)	(227.1)	(83.3)	(7.0)		(329.4)
External operating revenue	3,602.4	2,896.8	1,532.1	368.8		8,400.1
<b>Results</b>						
EBIT	336.9	799.8	150.8	(215.9)	130.8	1,202.4
Other losses (net)						(14.1)
Finance income						108.0
Finance cost						(399.9)
Foreign exchange loss on borrowings						(22.0)
Associate						
- share of results (net of tax)						11.8
Profit before tax and zakat						886.2
Tax and zakat						(261.3)
Profit for the financial period						624.9

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## PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

### 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 at each entity level respectively, 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

There are no material events subsequent to the reporting date that require disclosure or adjustment 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 September 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 events, the Group assesses 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**

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

- (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 on 7 September 2020, TM (via Mobikom) and SK Telecom Co Ltd holds 91.8% and 8.2% of webe's share capital respectively.

**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 30/09/2020</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 expenditures approved and contracted for	<u>1,534.1</u>	<u>2,412.9</u>
(b)	<b>Group</b>	
	<b>As at 30/09/2020</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>39.5</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 21.53% 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	
	30/09/2020 RM Million	30/09/2019 RM Million	30/09/2020 RM Million	31/12/2019 RM Million
<b>Sales and Receivables</b>	<b>589.8</b>	506.9	<b>116.8</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 financial period ended was RM217.3 million (YTD September 2019: RM212.5 million) with corresponding receivables of RM206.8 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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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**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 30/09/2020				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	0.9	-	-	0.9	1.5	-	-	1.5
Exchangeable Medium Term Notes*	-	-	-	-	-	-	-	-
Derivatives accounted for under hedge accounting	-	262.0	-	262.0	-	254.0	-	254.0
Investments at fair value through OCI	-	166.2	-	166.2	-	157.8	-	157.8
Investments at fair value through profit or loss	-	-	71.5	71.5	-	-	55.6	55.6
Equity investments at fair value through OCI	-	-	139.8	139.8	-	-	139.8	139.8
Receivables at fair value through OCI	-	-	292.9	292.9	-	-	282.3	282.3
<b>Total</b>	<b>0.9</b>	<b>428.2</b>	<b>504.2</b>	<b>933.3</b>	<b>1.5</b>	<b>411.8</b>	<b>477.7</b>	<b>891.0</b>
<b>Liabilities</b>								
Derivatives accounted for under hedge accounting	-	8.9	-	8.9	-	1.7	-	1.7
<b>Total</b>	<b>-</b>	<b>8.9</b>	<b>-</b>	<b>8.9</b>	<b>-</b>	<b>1.7</b>	<b>-</b>	<b>1.7</b>

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 ended.

\* 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 30/09/2020</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>8,292.0</b>	<b>9,315.5</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) 3rd Quarter 2020 vs 3rd Quarter 2019

##### (i) Group Performance

Group revenue decreased 5.7% (RM162.7 million) to RM2,689.9 million compared to RM2,852.6 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 10.2% (RM42.6 million) increase in operating profits before finance cost of RM459.8 million, from RM417.2 million recorded in the 3rd quarter of 2019 contributed by lower direct costs and higher other operating and investment income.

Consequently, Group profit after tax and non-controlling interests (PATAMI) increased quarter-on-quarter by 26.1% (RM68.2 million) from RM261.3 million to RM329.5 million.

##### (ii) Segment Performance

#### unifi

Revenue decreased 2.4% (RM28.5 million) from RM1,183.4 million to RM1,154.9 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.

Correspondingly lower operating cost contributed to higher EBIT of RM195.1 million, compared to RM70.2 million in the corresponding quarter last year.

#### TM ONE

TM ONE recorded a 10.3% (RM110.3 million) decrease in revenue from RM1,072.4 million to RM962.1 million in the 3rd quarter of 2020 mainly due to lower revenue from voice, data and other telecommunication related services from lower usage volume and deferment of customer project activities.

Corresponding reduction in direct and other operating costs positively reduced the gap for the current quarter ended resulting to a smaller EBIT decrease of 12.6% (RM35.6 million) from RM282.4 million in the same quarter last year to RM246.8 million in the current quarter.

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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 (continued)**

(a) 3rd Quarter 2020 vs 3rd Quarter 2019 (continued)

TM Wholesale

Revenue for the current quarter ended increased 11.0% (RM59.5 million) from RM539.7 million in 3rd quarter last year to RM599.2 million contributed by both data and voice services.

Operating cost was also higher in current quarter but only by 2.0% (RM7.2 million) to RM362.1 million compared to RM354.9 million in the corresponding quarter last year, mainly due to higher data and voice outpayment.

Correspondingly, this led to increase in profit by (RM60.2 million) from RM37.9 million to RM98.1 million in the current quarter.

(b) Year-on-Year

(i) Group Performance

For the financial period under review, Group revenue decreased by 6.7% (RM561.1 million) to RM7,839.0 million as compared to RM8,400.1 million last year due to lower revenue from all lines of products, with the exception of data which saw an increase of 2.2% (RM43.8 million). Revenue from internet had been affected by the Streamyx price adjustments introduced during the second half of previous financial year whilst voice and other telecommunication related services saw impact of 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.

Notwithstanding this, operating profit before finance cost increased 0.9% (RM11.1 million) to RM1,199.4 million compared to RM1,188.3 million in 2019, from lower direct and operating costs following the reduction in revenue and restricted activities during the current financial period ended.

The Group's profit after tax and non-controlling interests (PATAMI) increased by 10.7% (RM72.9 million) to RM756.7 million from RM683.8 million in the corresponding period last year contributed partly by lower tax charges as well as contribution from the Group's share of improved performance of subsidiaries with non-controlling interests.

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

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

##### (ii) Segment Performance

##### unifi

Revenue for the current financial period decreased 5.9% (RM212.9 million) to RM3,401.5 million from RM3,614.4 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. Corresponding reduction in direct and other operating cost which were partly due to restrictive economic activities from the MCO led to increase in profit for the current financial period by 30.1% (RM101.4 million) to RM438.3 million from RM336.9 million last year.

##### TM ONE

TM ONE recorded an 8.7% (RM272.9 million) decrease in revenue from RM3,123.9 million to RM2,851.0 million in the current financial period mainly due to decline in voice, data and other telecommunication related services from lower usage volume and deferment of customer project activities.

Reported EBIT decreased slightly by 1.7% (RM13.2 million) to RM786.6 million in the current year from RM799.8 million in the same period last year, mainly contributed by lower revenue.

##### TM Wholesale

TM Wholesale registered revenue of RM1,628.7 million for the current financial period, a 0.8% (RM13.3 million) increase from RM1,615.4 million reported in the corresponding period last year, mainly driven by increase in data services net of decrease in voice.

Operating costs were recorded lower at RM976.5 million for the financial period, a 3.5% (RM35.5 million) decrease compared to the RM1,012.0 million reported for the corresponding period last year, mainly driven by lower voice outpayment for the current financial period ended.

Correspondingly, this led to a 77.9% (RM117.5 million) profit increase from RM150.8 million last year to RM268.3 million in the current financial period ended.

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

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

The Group's revenue continues to increase quarter-on-quarter in the current financial year, recording a resilient 3.8% (RM97.9 million) increase in the current quarter from RM2,592.0 million recorded in 2nd quarter of 2020 to RM2,689.9 million in the current quarter ended.

Operating profit before finance cost correspondingly increased 10.0% (RM41.8 million) to RM459.8 million from RM418.0 million recorded in the preceding quarter mainly due to reduction in operating cost from continued optimised spending. This subsequently led to a 19.9% (RM54.8 million) increase in Group PATAMI from RM274.7 million in the preceding quarter to RM329.5 million.

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

Following the Covid-19 pandemic, Bank Negara Malaysia has revised Malaysia's annual gross domestic product (GDP) forecast to contract between 3.5% to 5.5%<sup>1</sup>, against 4.3% growth in 2019. Uncertainty from the most recent wave of the pandemic from October onwards is expected to bring about further revision to these numbers.

As the nation faces this adversity, relying even more on the internet and digital connectivity for work and studies, TM continues to serve as an essential service provider, ensuring stable network performance for the entire nation via both our retail and wholesale fronts. The Government's introduction of Jalinan Digital Negara (JENDELA) in September 2020 as well as the RM7.4 billion allocations in the recent National Budget to deliver upgraded broadband services for year 2021 and 2022 will serve as a platform to accelerate Malaysia's digital connectivity through wider deployment of mobile, fibre and fixed wireless access. This will pave the way for 5G under the 12th Malaysia Plan (2021–2025).

TM is at the forefront in collaborating with other service providers, enabling and delivering JENDELA. We continue to seek opportunities to cater for future demands of connectivity, in line with our proven commitment to maintain business profitability whilst adapting to and exploring new norms and avenues from this dynamic circumstances that the nation faces today.

<sup>1</sup>Sourced from Bank Negara Malaysia, August 2020

#### **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 3rd quarter and financial period ended 30 September 2020.

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**5. Tax**

The tax charge for the Group comprises:

	3rd Quarter Ended		Financial Period Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM Million	RM Million	RM Million	RM Million
<u>Malaysia</u>				
<b>Income Tax:</b>				
Current year	<b>88.1</b>	92.8	<b>199.2</b>	233.1
Prior year	<b>(7.3)</b>	16.2	<b>(16.2)</b>	17.8
<b>Deferred tax (net)</b>	<b>9.2</b>	(44.2)	<b>(8.7)</b>	9.2
	<b>90.0</b>	64.8	<b>174.3</b>	260.1
<u>Overseas</u>				
<b>Income Tax:</b>				
Current year	<b>1.3</b>	#	<b>1.3</b>	(0.6)
Prior year	<b>0.7</b>	0.3	<b>2.9</b>	0.7
<b>Deferred tax (net)</b>	<b>#</b>	#	<b>(0.3)</b>	#
	<b>2.0</b>	0.3	<b>3.9</b>	0.1
<b>Taxation</b>	<b>92.0</b>	65.1	<b>178.2</b>	260.2
<b>Zakat</b>	<b>1.8</b>	#	<b>4.7</b>	1.1
<b>Taxation and Zakat</b>	<b>93.8</b>	65.1	<b>182.9</b>	261.3

# 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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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****6. Status of Corporate Proposals**

There were no corporate proposals 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:

	As at 30/09/2020		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>	2.9	13.8	17.5	16.0
<b>Total Unsecured</b>	1,222.0	7,053.3	1,016.8	7,682.8
<b>Total Borrowings</b>	<b>1,224.9</b>	<b>7,067.1</b>	1,034.3	7,698.8

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

Foreign Currency	As at 30/09/2020 RM Million	As at 31/12/2019 RM Million
US Dollar	2,387.7	2,369.6
Canadian Dollars	2.2	2.4
<b>Total</b>	<b>2,389.9</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 as well as repayment of current facilities, exchange of borrowings from a non-controlling interest for additional shares in an existing subsidiary and impact of foreign exchange retranslation for the financial period ended.

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

**8. Derivative Financial Instruments**

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

Derivatives (by maturity)	Contract or notional amount RM Million	Fair value as at 30/09/2020		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	207.9	-	8.9	-	1.7
	<b>207.9</b>	-	<b>8.9</b>	-	1.7
<u>Cross Currency Interest Rate Swaps (CCIRS)</u>					
- less than 1 year	316.8	98.6	-	95.6	-
- more than 3 years	310.5	163.4	-	158.4	-
	<b>627.3</b>	<b>262.0</b>	-	254.0	-
<b>Total</b>	<b>835.2</b>	<b>262.0</b>	<b>8.9</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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**8. Derivative Financial Instruments (continued)**

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

The amount of gains/(losses) arising from fair value changes of derivative financial instruments for the current and cumulative quarters ended 30 September 2020 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 quarter RM Million	Gains/(Losses) arising from fair value changes for the period RM Million
<b>Financial Liabilities</b>				
1. <u>Interest Rate Swaps</u> * - more than 3 years	207.9	8.9	2.3	(7.2)
<b>Total</b>	<b>207.9</b>	<b>8.9</b>	<b>2.3</b>	<b>(7.2)</b>
<b>Financial Assets</b>				
1. <u>Cross Currency Interest Rate Swaps</u> * - less than 1 year	316.8	98.6	(11.8)	3.0
- more than 3 years	310.5	163.4	(20.7)	5.0
<b>Total</b>	<b>627.3</b>	<b>262.0</b>	<b>(32.5)</b>	<b>8.0</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 components of the contracts are determined by comparing forward exchange market rates at the balance sheet date against its prevailing foreign exchange rates.

The Mark to Market (MTM) on the IRS is positive when the expectation of relevant future interest rate decreases and vice versa. The MTM on a 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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Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the Consolidated Income Statement for the 3rd quarter and financial period ended 30 September 2020:

	3rd Quarter Ended		Financial Period Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM Million	RM Million	RM Million	RM Million
Inventory (charges)/reversal for write off and obsolescence	(1.4)	0.2	(3.0)	(0.3)
Gain on disposal of fixed income securities	1.4	0.7	2.0	1.0
(Loss)/Gain on foreign exchange on settlements and placements	(11.7)	5.2	(25.2)	8.4

**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 International 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. VPL is seeking TM to pay for the sum of US\$540,000 owing in respect of VPL's invoice and other reasonable damages, to be assessed, estimated to be in the region of US\$34.0 million.

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;

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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)**
- (b) Further, an order that TM pays VPL the sum of US\$540,000 owing in respect of VPL's invoices 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 as well as reasonable damages, such damages to be assessed, for breach of clause 3.1, 5.2, 11.2 and 11.3 of the CA;
- (c) 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;
- (d) costs of the present arbitration proceedings and all related hearings on an indemnity basis, pursuant to clause 21.1 of the CA and interest on all sums found due, pursuant to section 20 of the International Arbitration Act; and
- (e) such further and/or other relief as the Tribunal deems appropriate.

On 5 September 2020, TM has filed its Statement of Defence and Counterclaim dated 4 September 2020 against VPL at the SIAC.

Amongst others, the reliefs sought by TM against VPL in the Counterclaim include damages to be assessed, an order that VPL refund or pay TM for the cost of the 30,000 units of Set-Top Boxes purchased by TM with interest, other costs or other relief as the Tribunal deems fit and proper to grant.

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)**

	3rd Quarter Ended		Financial Period Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
<b>(a) Basic earnings per share</b>				
Profit attributable to equity holders of the Company (RM million)	<b>329.5</b>	261.3	<b>756.7</b>	683.8
Weighted average number of ordinary shares (million)	<b>3,769.5</b>	3,762.0	<b>3,767.0</b>	3,759.3
Basic earnings per share (sen) attributable to equity holders of the Company	<b>8.8</b>	7.0	<b>20.1</b>	18.2

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.

	3rd Quarter Ended		Financial Period Ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
<b>(b) Diluted earnings per share</b>				
Profit attributable to equity holders of the Company (RM million)	<b>329.5</b>	261.3	<b>756.7</b>	683.8
Weighted average number of ordinary shares (million)	<b>3,769.5</b>	3,762.0	<b>3,767.0</b>	3,759.3
Adjustment for dilutive effect of Long Term Incentive Plan (million)	<b>31.7</b>	36.8	<b>29.0</b>	27.0
Weighted average number of ordinary shares (million)	<b>3,801.2</b>	3,798.8	<b>3,796.0</b>	3,786.3
Diluted earnings per share (sen) attributable to equity holders of the Company	<b>8.6</b>	6.9	<b>19.9</b>	18.1

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**

- (a) On 27 August 2020, the Board of Directors declared an interim single-tier cash dividend of 6.8 sen per share for the financial year ending 31 December 2020. The dividend was paid on 2 October 2020 to shareholders whose names appear in the Register of Members and Record of Depositors on 11 September 2020.
- (b) No dividend is declared for the current quarter ended 30 September 2020.

**By Order of the Board**

Hamizah Abidin (LS0007096) (Practising Certificate No. 201908001071)

Company Secretary

Kuala Lumpur

25 November 2020