

TELEKOM MALAYSIA BERHAD

Reg. No.: 198401016183 (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad is pleased to announce the following unaudited results of the Group for the financial period ended 31 March 2024. The Group has restated the comparative figures in our financial statements due to a change in the presentation of Government grants. Details are provided in part A, note 14, in accordance with the relevant financial reporting standards.

UNAUDITED CONSOLIDATED INCOME STATEMENT

	1ST QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM Million	RM Million (RESTATED)	RM Million	RM Million (RESTATED)
OPERATING REVENUE	2,837.0	2,785.9	2,837.0	2,785.9
OPERATING COSTS				
- depreciation, impairment and amortisation	(538.3)	(669.3)	(538.3)	(669.3)
- net impairment loss on financial and contract assets	(2.7)	(2.9)	(2.7)	(2.9)
- other operating costs	(1,671.6)	(1,660.2)	(1,671.6)	(1,660.2)
OTHER OPERATING INCOME (net)	26.5	19.8	26.5	19.8
OPERATING PROFIT BEFORE OTHER GAINS AND FINANCE COST	650.9	473.3	650.9	473.3
OTHER GAINS (net)	0.5	0.6	0.5	0.6
OPERATING PROFIT BEFORE FINANCE COST	651.4	473.9	651.4	473.9
FINANCE INCOME	31.1	20.3	31.1	20.3
FINANCE COST	(79.0)	(79.0)	(79.0)	(79.0)
FOREIGN EXCHANGE (LOSSES)/GAINS ON BORROWINGS	(33.7)	3.0	(33.7)	3.0
NET FINANCE COST	(81.6)	(55.7)	(81.6)	(55.7)
ASSOCIATE				
- share of results (net of tax)	2.3	2.8	2.3	2.8
PROFIT BEFORE TAX AND ZAKAT	572.1	421.0	572.1	421.0
TAX AND ZAKAT (part B, note 5)	(144.3)	(89.6)	(144.3)	(89.6)
PROFIT FOR THE FINANCIAL PERIOD	427.8	331.4	427.8	331.4
ATTRIBUTABLE TO:				
- equity holders of the Company	424.8	330.1	424.8	330.1
- non-controlling interests	3.0	1.3	3.0	1.3
PROFIT FOR THE FINANCIAL PERIOD	427.8	331.4	427.8	331.4
EARNINGS PER SHARE (sen) (part B, note 11)				
- basic	11.1	8.6	11.1	8.6
- diluted	11.1	8.6	11.1	8.6

(The above unaudited consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1ST QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM Million	RM Million	RM Million	RM Million
PROFIT FOR THE FINANCIAL PERIOD	427.8	331.4	427.8	331.4
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)	0.1	0.8	0.1	0.8
- reclassification adjustments relating to FVOCI investments disposed	0.3	#	0.3	#
- increase in fair value of receivables at FVOCI	0.2	4.2	0.2	4.2
- cash flow hedge:				
- increase in fair value of cash flow hedge	12.2	3.4	12.2	3.4
- change in fair value of currency basis	(1.9)	(4.6)	(1.9)	(4.6)
- reclassification of foreign exchange losses on borrowings	(12.6)	(0.1)	(12.6)	(0.1)
- currency translation differences				
- subsidiaries	17.8	(11.9)	17.8	(11.9)
- associate	(0.2)	(0.1)	(0.2)	(0.1)
Other comprehensive income/(loss) for the financial period	15.9	(8.3)	15.9	(8.3)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	443.7	323.1	443.7	323.1
ATTRIBUTABLE TO:				
- equity holders of the Company	440.7	321.8	440.7	321.8
- non-controlling interests	3.0	1.3	3.0	1.3
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	443.7	323.1	443.7	323.1

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 2023)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	AS AT 31/03/2024 RM Million	AS AT 31/12/2023 RM Million (RESTATED)
SHARE CAPITAL	4,070.2	4,070.2
OTHER RESERVES	157.8	141.9
RETAINED PROFITS	4,780.9	4,950.9
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9,008.9	9,163.0
NON-CONTROLLING INTERESTS	162.6	159.6
TOTAL EQUITY	9,171.5	9,322.6
Borrowings	3,583.1	3,536.8
Lease liabilities	1,559.1	1,634.5
Deferred tax liabilities	1,255.7	1,127.0
Trade and other payables	168.6	192.8
NON-CURRENT LIABILITIES	6,566.5	6,491.1
	15,738.0	15,813.7
Property, plant and equipment	11,585.6	11,796.8
Intangible assets	878.2	896.3
Right-of-use assets	1,233.7	1,263.6
Associate	102.5	100.1
Equity investments at fair value through other comprehensive income (FVOCI)	136.5	136.5
Investments at fair value through profit or loss (FVTPL)	152.7	150.1
Receivables at FVOCI	51.7	49.7
Other non-current receivables/assets	630.1	610.9
Derivative financial instruments	160.1	149.8
Deferred tax assets	19.1	19.1
NON-CURRENT ASSETS	14,950.2	15,172.9
Inventories	196.8	204.6
Trade and other receivables	2,672.6	2,275.0
Contract assets	635.4	644.3
Contract cost assets	341.0	357.3
Receivables at FVOCI	3.1	2.6
Investments at fair value through other comprehensive income (FVOCI)	72.1	70.4
Investments at fair value through profit or loss (FVTPL)	3.7	3.3
Financial assets at fair value through profit or loss (FVTPL)	2.2	2.3
Cash and bank balances	2,419.8	2,955.2
CURRENT ASSETS	6,346.7	6,515.0
Trade and other payables	2,805.5	3,033.3
Contract liabilities	1,270.1	1,247.9
Customer deposits	125.8	135.5
Borrowings	926.7	1,226.4
Lease liabilities	223.1	223.1
Tax and zakat	15.8	8.0
Dividends payable	191.9	-
CURRENT LIABILITIES	5,558.9	5,874.2
NET CURRENT ASSETS	787.8	640.8
	15,738.0	15,813.7
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	234.8	238.8

(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 2023)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024**

	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	Currency Translation Differences RM Million	Retained Profits RM Million	Non- controlling Interests RM Million	
At 1 January 2024	4,070.2	89.5	(8.5)	10.9	12.3	37.7	4,950.9	159.6	9,322.6
Profit for the financial period	-	-	-	-	-	-	424.8	3.0	427.8
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)	-	0.1	-	-	-	-	-	-	0.1
- reclassification adjustments relating to FVOCI investments disposed	-	0.3	-	-	-	-	-	-	0.3
- increase in fair value of receivables at FVOCI	-	0.2	-	-	-	-	-	-	0.2
- cash flow hedge:									
- increase in fair value of cash flow hedge	-	-	12.2	-	-	-	-	-	12.2
- change in fair value of currency basis	-	-	-	(1.9)	-	-	-	-	(1.9)
- reclassification of foreign exchange loss on borrowings	-	-	(12.6)	-	-	-	-	-	(12.6)
- currency translation differences									
- subsidiaries	-	-	-	-	-	17.8	-	-	17.8
- associate	-	-	-	-	-	(0.2)	-	-	(0.2)
Total comprehensive income/(loss) for the financial period	-	0.6	(0.4)	(1.9)	-	17.6	424.8	3.0	443.7
Transactions with owners:									
- 2nd interim single-tier dividend paid for the financial year ended 31 December 2023 (part A, note 6)	-	-	-	-	-	-	(402.9)	-	(402.9)
- final single-tier dividend for the financial year ended 31 December 2023 (part A, note 6)	-	-	-	-	-	-	(191.9)	-	(191.9)
Total transactions with owners	-	-	-	-	-	-	(594.8)	-	(594.8)
At 31 March 2024	4,070.2	90.1	(8.9)	9.0	12.3	55.3	4,780.9	162.6	9,171.5

(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 2023)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

	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	Currency Translation Differences RM Million	Retained Profits RM Million	Non- controlling Interests RM Million	
At 1 January 2023	3,986.5	99.1	(13.2)	16.8	81.9	35.4	3,730.0	152.6	8,089.1
Profit for the financial period	-	-	-	-	-	-	330.1	1.3	331.4
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)	-	0.8	-	-	-	-	-	-	0.8
- reclassification adjustments relating to FVOCI investments disposed	-	#	-	-	-	-	-	-	#
- increase in fair value of receivables at FVOCI	-	4.2	-	-	-	-	-	-	4.2
- cash flow hedge:									
- increase in fair value of cash flow hedge	-	-	3.4	-	-	-	-	-	3.4
- change in fair value of currency basis	-	-	-	(4.6)	-	-	-	-	(4.6)
- reclassification of foreign exchange loss on borrowings	-	-	(0.1)	-	-	-	-	-	(0.1)
- currency translation differences									
- subsidiaries	-	-	-	-	-	(11.9)	-	-	(11.9)
- associate	-	-	-	-	-	(0.1)	-	-	(0.1)
Total comprehensive income/(loss) for the financial period	-	5.0	3.3	(4.6)	-	(12.0)	330.1	1.3	323.1
Transactions with owners:									
- final interim dividend paid for the financial year ended 31 December 2022	-	-	-	-	-	-	(286.6)	-	(286.6)
- Long Term Incentive Plan (LTIP):									
- ordinary shares granted*	-	-	-	-	5.7	-	-	-	5.7
- transfer from LTIP reserve upon issuance of shares on vesting^	5.0	-	-	-	(5.0)	-	-	-	-
Total transactions with owners	5.0	-	-	-	0.7	-	(286.6)	-	(280.9)
At 31 March 2023	3,991.5	104.1	(9.9)	12.2	82.6	23.4	3,773.5	153.9	8,131.3

Amount less than RM0.1 million

* 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 2023)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FINANCIAL PERIOD ENDED	
	31/03/2024	31/03/2023
	RM Million	RM Million
Receipts from customers	2,367.2	2,426.5
Payments to suppliers and employees	(1,725.1)	(1,567.7)
Payments to suppliers for short term lease and leases of low value assets	(5.1)	(9.9)
Payments of finance cost	(58.5)	(73.3)
Payments of income taxes and zakat (net)	(9.9)	(104.7)
CASH FLOWS FROM OPERATING ACTIVITIES	568.6	670.9
Contribution for purchase of property, plant and equipment	-	22.3
Disposal of property, plant and equipment	2.3	2.1
Purchase of property, plant and equipment and intangible assets	(233.9)	(649.1)
Maturity of current investments at fair value through other comprehensive income	7.2	3.0
Purchase of current investments at fair value through other comprehensive income	(8.5)	(2.6)
Purchase of investments at fair value through profit or loss	(0.4)	(0.2)
Long term deposits	(8.3)	(8.3)
Deposit with maturity exceeding 3 months	0.8	-
Repayments of loans by employees	4.0	5.5
Loans to employees	(6.6)	(5.0)
Disposal of housing loan	-	127.6
Interests received	25.9	19.0
CASH FLOWS USED IN INVESTING ACTIVITIES	(217.5)	(485.7)
Proceeds from borrowings	-	30.0
Repayments of borrowings	(300.0)	(31.3)
Repayments of lease liabilities	(132.6)	(158.5)
Dividend paid to shareholders (part A, note 6)	(402.9)	(286.6)
CASH FLOWS USED IN FINANCING ACTIVITIES	(835.5)	(446.4)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(484.4)	(261.2)
EFFECT OF EXCHANGE RATE CHANGES	22.4	(19.9)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,697.9	2,344.3
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	2,235.9	2,063.2

(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 2023)

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The unaudited interim financial statements for the 1st quarter and financial period ended 31 March 2024 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 2023. 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 2023 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 2024.

(a) The amendments to published standards that are effective and applicable for the Group’s financial year beginning on 1 January 2024

The amendments to published standards issued by MASB that are effective and applicable for the Group’s financial year beginning on 1 January 2024 are as follows:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of the above applicable amendments to published standards has not led to any material impact on 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)

(b) The amendments to published standards that have been issued but not yet effective and have not been adopted

The amendments to published standards that have been issued but are not yet effective and have not been adopted early by the Group are as follows:

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability
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Effective for annual periods to be announced by MASB

Amendments to MFRS 10 and MFRS 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.

2. Seasonal or Cyclical Factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the 1st quarter and financial period ended 31 March 2024.

4. Material Changes in Estimates

There were no material changes in estimates reported in the prior financial year that may have given rise to a material impact on the financials reported by the Group for the 1st quarter and financial period ended 31 March 2024.

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

(a) Repayment of Islamic Medium-Term Notes (IMTN)

On 20 March 2024, the Group repaid in full, at its nominal value, the RM300.0 million IMTN at 4.82% per annum upon its maturity date. The IMTN was issued as part of the RM3.0 billion IMTN Programme, as disclosed in note 17(b) of the Group's audited financial statements for the financial year ended 31 December 2023.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

6. Dividends Paid

- (a) The 2nd interim single-tier dividend of 10.5 sen per share amounting to RM402.9 million in respect of the financial year ended 31 December 2023 declared on 23 February 2024 was paid on 29 March 2024.
- (b) The final single-tier dividend of 5.0 sen per share amounting to RM191.9 million in respect of the financial year ended 31 December 2023 declared on 23 February 2024 was paid on 19 April 2024.

7. Segmental Information

Segmental information for the Group are as follows:

	1st Quarter Ended	
	31/03/2024	31/03/2023
	RM Million	RM Million
		(RESTATED)
Unifi	1,396.2	1,435.5
TM One	673.0	678.1
TM Global	742.8	662.4
Others/Shared Services	65.1	104.4
Eliminations	(40.1)	(94.5)
Total	2,837.0	2,785.9

The prior year comparatives have been restated for better comparability with current year's disclosures.

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.

9. Effects of Changes in the Composition of the Group

There are no changes in the composition of the Group for the 1st quarter ended 31 March 2024.

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 period ended 31 March 2024.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. Capital Commitments

(a)	Group	As at 31/12/2023
	As at 31/03/2024	As at 31/12/2023
	RM Million	RM Million
		(RESTATED)
Property, plant and equipment:		
Commitments in respect of expenditures approved and contracted for (excluding commitments with approved Government grants)	2,124.0	2,328.0
(b)	Group	As at 31/12/2023
	As at 31/03/2024	As at 31/12/2023
	RM Million	RM Million
The Group's remaining capital commitment in a Technology Investment Fund (disclosed as part of the Group's Non-Current Investments at FVTPL)	15.2	14.8

Refer to note 30(c) of the audited financial statements of the Group for the financial year ended 31 December 2023.

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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 20.10% equity interest as at 31 March 2024 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 of the respective reporting dates are as follows:

	Total amount of individually significant transactions for the financial period ended		Corresponding outstanding balances as at	
	31/03/2024 RM Million	31/03/2023 RM Million	31/03/2024 RM Million	31/12/2023 RM Million
Sales and Receivables	178.4	204.1	164.1	47.5

The Group also has individually significant contracts with other Government-related entities where the Group was provided funding for projects of which the amortisation of grants to the income statement in the current financial period was RM6.7 million (YTD March 2023: RM8.2 million) with corresponding receivables of RM329.6 million (31 December 2023: RM329.6 million).

The Group also has transactions with other Government-related entities for the provision of telecommunication services and procurement of related equipment. These transactions are not individually significant but are collectively important and occur in the normal course of business.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**13. Fair Value**

The disclosure should be read in conjunction with note 48 of the Group's audited financial statements for the financial year ended 31 December 2023.

(a) Financial Instruments Carried at Fair Value

The following table presents the Group's financial assets that are measured at fair value as at the respective reporting date. There were no liabilities measured at fair value at the end of the period ended and comparative year.

	As at 31/03/2024				As at 31/12/2023			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Assets								
Financial assets at fair value through profit or loss								
- quoted securities	2.2	-	-	2.2	2.3	-	-	2.3
Derivatives accounted for under hedge accounting	-	160.1	-	160.1	-	149.8	-	149.8
Investments at fair value through OCI	-	72.1	-	72.1	-	70.4	-	70.4
Investments at fair value through profit or loss	-	93.7	62.7	156.4	-	93.1	60.3	153.4
Equity investments at fair value through OCI	-	-	136.5	136.5	-	-	136.5	136.5
Receivables at fair value through OCI	-	-	54.8	54.8	-	-	52.3	52.3
Total	2.2	325.9	254.0	582.1	2.3	313.3	249.1	564.7

There have not been any changes to the valuation techniques applied for the different financial instruments since 31 December 2023 and there were no transfers of any instruments between level 1, 2 and 3 of the fair valuation hierarchy during the financial period.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 48(b) of the Group's audited financial statements for the financial year ended 31 December 2023, other than below:

	As at 31/03/2024		As at 31/12/2023	
	Carrying amount RM Million	Net fair value RM Million	Carrying amount RM Million	Net fair value RM Million
Liabilities				
Borrowings	4,509.8	4,632.2	4,763.2	4,883.8

14. Changes in Accounting Policies

(a) Changes to Presentation of Government Grant

During the current financial period, the Group changed its accounting policy by revising the presentation of Government grants. Government grants, which were previously deferred and recognised in the Income Statement over the financial period necessary to match them with the costs they were intended to compensate, are now deducted from the corresponding costs in the Income Statement. Government grants relating to the purchase of assets, which were previously included as deferred income and credited to the Income Statement on a straight-line basis over the estimated useful lives of the related assets, are now deducted from the cost of the related assets and recognised in the Income Statement over the lives of the depreciable assets by way of reduced depreciation charges.

The change in the presentation provides a more reliable and relevant information on the Group's financial position and financial performance. In addition, this strategically aligns the accounting policy with the core business objectives of the Group.

(b) Impact from Changes in Presentation of Government Grant

The change has been applied retrospectively in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors, and the impact on the comparative disclosures is as follows:

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. Changes in Accounting Policies (continued)

(b) Impact from Changes in Presentation of Government Grant (continued)

Income Statement for Financial Period Ended	As previously reported (RM Million)	Effect of the changes (RM Million)	As restated (RM Million)
<u>31 March 2023</u>			
OPERATING REVENUE	2,951.5	(165.6)	2,785.9
OPERATING COSTS			
- depreciation, impairment and amortisation	(776.0)	106.7	(669.3)
- other operating costs	(1,715.6)	55.4	(1,660.2)
OTHER OPERATING INCOME (net)	16.3	3.5	19.8
Statement of Financial Position	As previously reported (RM Million)	Effect of the changes (RM Million)	As restated (RM Million)
<u>As at 31 December 2023</u>			
<u>Non-current Liabilities</u>			
Deferred income	1,414.8	(1,414.8)	-
Trade and other payables	25.9	166.9	192.8
<u>Non-current Assets</u>			
Property, plant and equipment	13,026.4	(1,229.6)	11,796.8
Intangible assets	903.0	(6.7)	896.3
Right-of-use assets	1,275.2	(11.6)	1,263.6

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14. Changes in Accounting Policies (continued)

(b) Impact from Changes in Presentation of Government Grant (continued)

Statement of Financial Position	As previously reported (RM Million)	Effect of the changes (RM Million)	As restated (RM Million)
<u>As at 1 January 2023</u>			
<u>Non-current Liabilities</u>			
Deferred income	1,630.7	(1,630.7)	-
Trade and other payables	24.6	60.6	85.2
<u>Non-current Assets</u>			
Property, plant and equipment	13,547.0	(1,555.1)	11,991.9
Intangible assets	745.8	(0.4)	745.4
Right-of-use assets	1,153.7	(14.6)	1,139.1

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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) 1st Quarter 2024 vs 1st Quarter 2023

(i) Group Performance

Group's operating revenue improved by 1.8% (RM51.1 million) to RM2,837.0 million, compared to RM2,785.9 million in the same quarter last year. This increase was mainly due to the rise in data, Internet and multimedia services, as well as non-telecommunication related services.

Corresponding lower operating costs in the current quarter resulted in a 37.5% (RM177.5 million) increase in operating profit before finance costs, from RM473.9 million to RM651.4 million.

Group's profit after tax and non-controlling interests (PATAMI) was RM424.8 million for the quarter ended, reflecting a 28.7% (RM94.7 million) increase from the RM330.1 million recorded in 1st quarter 2023.

(ii) Revenue by Customer Segments

Unifi

Unifi maintained a steady growth of broadband subscribers in the current year quarter compared to the same quarter last year. Unifi posted a 2.7% (RM39.3 million) decrease in operating revenue in the current quarter ended 31 March 2024, which was at RM1,396.2 million compared to RM1,435.5 million in 2023. This was due to the decline in voice and mobile services.

TM One

TM One recorded operating revenue of RM673.0 million in the current quarter, a decline of 0.8% (RM5.1 million), from RM678.1 million in corresponding to the same quarter last year. The reduction was due to the impact of price adjustments for large service contracts, partially mitigated by 7.3% growth in new services and solutions.

TM Global

TM Global's operating revenue increased by 12.1% (RM80.4 million) from RM662.4 million recorded in the 1st quarter last year to RM742.8 million mainly contributed by higher revenue from domestic and international data services.

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2. Comparison with Preceding Quarter's Results

The Group's RM2,837.0 million revenue in the current quarter ended was a 5.2% (RM155.1 million) decrease from the RM2,992.1 million recorded in the preceding quarter with a decline in service revenue.

Lower operating costs in the current quarter led to a 56.5% (RM235.2 million) increase in operating profit before finance costs, recorded at RM651.4 million compared to RM416.2 million in the preceding quarter.

PATAMI decreased by 2.0% (RM8.7 million) from RM433.5 million in the preceding quarter to RM424.8 million in the current quarter, mainly due to foreign exchange translation loss on borrowings, despite lower finance and operating costs in the current quarter.

3. Prospects for the Current Financial Year

Economic Outlook

The Malaysian economy in the first quarter of 2024 recorded a GDP of 4.2%¹ driven by higher household spending supported by positive labour market conditions, turnaround in goods exports with higher tourist arrivals and stronger investment activities. Expansion in domestic and external demand will further boost the Malaysian economy in 2024.

As the US Dollar strengthened throughout the quarter, headline inflation is recorded at 1.7%¹ and expected to remain moderate for the rest of the year, amid stable demand conditions and contained cost pressures. Against this backdrop, Bank Negara Malaysia has kept the Overnight Policy Rate (OPR) unchanged at 3.0% during the first 5 months of 2024.

Business Outlook

The operating environment remains challenging as we enter 2024, with increased competition, evolving customer preference and potential increases in business costs. Despite these challenges, the Group has shown resilience, maintaining revenue growth in the current quarter. TM Global achieved double-digit revenue growth fueled by domestic and international data demand, while Unifi and TM One reported lower revenue performance.

Growing our core business remains as our top priority while we continue strengthening our efforts towards driving new growth areas and digital solutions. We are steadfast in optimising costs, which has led to increased profitability as we strive to deliver optimal returns for our shareholders. Concurrently, TM will continue collaborating with the Government and industry to ensure the success of Malaysia's 5G implementation, leveraging its nationwide fiber infrastructure.

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3. Prospects for the Current Financial Year (continued)

Business Outlook (continued)

As we embark on the next phase of the transformation journey towards becoming a Digital Powerhouse by 2030 (PWR 2030) while positioning Malaysia as the digital hub for the region, our priority across the Group in 2024 are as follows:

- Protect our current core businesses
- Enhance beyond connectivity business through new ventures including expansion of data center and platform ecosystem
- Capture new business growth via business model shift and people transformation

The Group maintains a positive outlook for the current year, staying aligned with the issued 2024 guidance.

¹Bank Negara Malaysia Quarterly Bulletin 1Q 2024

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

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the 1st quarter and financial period ended 31 March 2024.

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The tax charge for the Group comprises:

	1st Quarter Ended	
	31/03/2024	31/03/2023
	RM Million	RM Million
<u>Malaysia</u>		
Income Tax:		
Current year	8.0	108.4
Prior year	3.0	#
Deferred tax (net)	127.9	(21.4)
	138.9	87.0
<u>Overseas</u>		
Income Tax:		
Current year	2.6	0.7
Prior year	0.1	0.4
Deferred tax (net)	0.7	#
	3.4	1.1
Taxation	142.3	88.1
Zakat	2.0	1.5
Taxation and Zakat	144.3	89.6

Amount less than RM0.1 million

6. Status of Corporate Proposals

There are no corporate proposals announced and not completed as at the date of this announcement.

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7. Group Borrowings and Debt Securities

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

	As at 31/03/2024		As at 31/12/2023	
	Short Term Borrowings RM Million	Long Term Borrowings RM Million	Short Term Borrowings RM Million	Long Term Borrowings RM Million
Total Unsecured	926.7	3,583.1	1,226.4	3,536.8
Total Borrowings	926.7	3,583.1	1,226.4	3,536.8

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

Foreign Currency	As at 31/03/2024 RM Million	As at 31/12/2023 RM Million
US Dollar	1,731.8	1,685.6
Canadian Dollar	2.0	1.9
Total	1,733.8	1,687.5

(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 2023) except for the impact of foreign exchange translation for the financial period ended, as well as the repayment of certain borrowing as disclosed in part A, note 5.

8. Derivative Financial Instruments

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

		Fair value as at 31/03/2024	Fair value as at 31/12/2023
Derivatives (by maturity)	Contract or notional amount RM Million	Assets RM Million	Assets RM Million
<u>Cross Currency Interest Rate Swaps (CCIRS)</u>			
- 1 year to 3 years	310.5	160.1	149.8
Total	310.5	160.1	149.8

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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 are 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 47 to 50 to the Group's audited financial statements for the financial year ended 31 December 2023.

(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 2023.

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

The amount of gains arising from fair value changes of derivative financial instruments for the current quarter ended 31 March 2024 are as follows:

Derivatives (by maturity)	Contract or notional value RM Million	Fair value RM Million	Gains arising from fair value changes for the quarter RM Million
Financial Assets			
<u>Cross Currency Interest Rate Swaps (CCIRS)*</u>			
- 1 year to 3 years	310.5	160.1	10.3
Total	310.5	160.1	10.3

* Cash flow hedges accounted for under hedge accounting.

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8. Derivative Financial Instruments (continued)

(d) Gains Arising from Fair Value Changes of Financial Instruments (continued)

The fair values of existing interest rate swaps arise from the changes in present value of their respective future cash flows against the prevailing market interest rates. The fair values of existing forward foreign exchange components of the contracts are determined by comparing forward exchange market rates at the balance sheet date against prevailing foreign exchange rates.

The Mark to Market (MTM) on the IRS is positive when the expectation of relevant future interest rates increases 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.

9. Additional Disclosures

Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the Consolidated Income Statement for the 1st quarter and financial period ended 31 March 2024:

	1st Quarter Ended	
	31/03/2024	31/03/2023
	RM Million	RM Million
Inventory reversal/(charges) for write off and obsolescence	0.8	(1.7)
Gain on disposal of fixed income securities	0.3	#
Gain on foreign exchange on settlements and placements	26.4	5.5

Amount less than RM0.1 million

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10. Material Litigation

The following is the update on the Group's existing material litigation as disclosed in note 51 to the Group's audited financial statements for the year ended 31 December 2023, subsequent to the financial year end:

(a) In the Matter of Arbitration between MYTV Broadcasting Sdn Bhd (MYTV) and TM Technology Services Sdn. Bhd. (TM Tech)

The Tribunal has directed the parties to file Bundle of Documents on 15 April 2024.

Based on legal advice, the Board of Directors believes that TM has a good chance of success in dismissing the claim.

(b) In the Matter of Arbitration between Vodoke Pte Ltd (VPL) and TM Technology Services Sdn. Bhd. (TM Tech) [Substitution of Telekom Malaysia Berhad (TM)]

The case is pending final report from liquidators to be circulated to both TM and VPL.

TM shall make further announcements if there are any material development in respect of this matter.

Save as disclosed above, neither TM nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on TM's and/or its subsidiaries' financial position or business of TM Group and TM Board is not aware of any proceedings, pending or threatened against TM and/or its subsidiaries, or of any facts likely to give rise to any proceedings which may materially affect TM's and/or its subsidiaries' financial position or business of TM Group.

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	1st Quarter Ended	
	31/03/2024	31/03/2023
(a) Basic earnings per share		
Profit attributable to equity holders of the Company (RM million)	424.8	330.1
Weighted average number of ordinary shares (million)	3,837.6	3,821.5
Basic earnings per share (sen) attributable to equity holders of the Company	11.1	8.6

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.

	1st Quarter Ended	
	31/03/2024	31/03/2023
(b) Diluted earnings per share		
Profit attributable to equity holders of the Company (RM million)	424.8	330.1
Weighted average number of ordinary shares (million)	3,837.6	3,821.5
Adjustment for dilutive effect of Long Term Incentive Plan (million)	0.5	17.0
Adjusted weighted average number of ordinary shares (million)	3,838.1	3,838.5
Diluted earnings per share (sen) attributable to equity holders of the Company	11.1	8.6

Diluted earnings per share for the current quarter and financial period ended were 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 2023.

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12. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2023 were not subject to any qualification.

13. Dividends

No dividend is recommended during the 1st quarter ended 31 March 2024 in respect of the financial year.

By Order of the Board

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

Group Company Secretary

Kuala Lumpur

30 May 2024