TELEKOM MALAYSIA BERHAD (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad is pleased to announce the following unaudited results of the Group for the 1st quarter ended 31 March 2019.

UNAUDITED CONSOLIDATED INCOME STATEMENT

	1ST QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM Million	RM Million	RM Million	RM Million
OPERATING REVENUE	**2,778.9**	2,848.0	**2,778.9**	2,848.0
OPERATING COSTS				
- depreciation, impairment and amortisation	**(560.4)**	(571.1)	**(560.4)**	(571.1)
- net reversal of/(impairment loss) on financial and contract assets	**5.3**	(9.5)	**5.3**	(9.5)
- other operating costs	**(1,741.9)**	(2,100.8)	**(1,741.9)**	(2,100.8)
OTHER OPERATING INCOME (net)	**22.9**	29.0	**22.9**	29.0
OTHER GAINS/(LOSSES) (net)	**0.8**	(1.7)	**0.8**	(1.7)
OPERATING PROFIT BEFORE FINANCE COST	**505.6**	193.9	**505.6**	193.9
FINANCE INCOME	**37.4**	25.8	**37.4**	25.8
FINANCE COST	**(129.4)**	(100.1)	**(129.4)**	(100.1)
FOREIGN EXCHANGE GAIN ON BORROWINGS	**18.0**	69.1	**18.0**	69.1
NET FINANCE COST	**(74.0)**	(5.2)	**(74.0)**	(5.2)
ASSOCIATE				
- share of results (net of tax)	**5.6**	5.5	**5.6**	5.5
PROFIT BEFORE TAX AND ZAKAT	**437.2**	194.2	**437.2**	194.2
TAX AND ZAKAT (part B, note 5)	**(136.3)**	(86.6)	**(136.3)**	(86.6)
PROFIT FOR THE FINANCIAL PERIOD	**300.9**	107.6	**300.9**	107.6
ATTRIBUTABLE TO:				
- equity holders of the Company	**308.3**	157.1	**308.3**	157.1
- non-controlling interests	**(7.4)**	(49.5)	**(7.4)**	(49.5)
PROFIT FOR THE FINANCIAL PERIOD	**300.9**	107.6	**300.9**	107.6
EARNINGS PER SHARE (sen) (part B, note 11)				
- basic	**8.2**	4.2	**8.2**	4.2
- diluted	**8.2**	4.2	**8.2**	4.2

(The above unaudited consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1ST QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/03/2019 RM Million	31/03/2018 RM Million	31/03/2019 RM Million	31/03/2018 RM Million
PROFIT FOR THE FINANCIAL PERIOD	**300.9**	107.6	**300.9**	107.6
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to income statement:				
- (decrease)/increase in fair value of investments at fair value through other comprehensive income (FVOCI)	**(0.3)**	0.6	**(0.3)**	0.6
- reclassification adjustments relating to FVOCI investments disposed	**(0.1)**	(0.2)	**(0.1)**	(0.2)
- increase in fair value of receivables at FVOCI	**6.4**	6.1	**6.4**	6.1
- cash flow hedge:				
- decrease in fair value of cash flow hedge	**(0.2)**	(62.4)	**(0.2)**	(62.4)
- change in fair value of currency basis	**(5.8)**	(7.0)	**(5.8)**	(7.0)
- reclassification of foreign exchange gain on borrowings	**10.3**	37.5	**10.3**	37.5
- fair value hedge:				
- (decrease)/increase in fair value	**(1.9)**	4.6	**(1.9)**	4.6
- currency translation differences				
- subsidiaries	**54.2**	(5.7)	**54.2**	(5.7)
- associate	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Other comprehensive income/(loss) for the financial period	**62.5**	(26.6)	**62.5**	(26.6)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	**363.4**	81.0	**363.4**	81.0
ATTRIBUTABLE TO:				
- equity holders of the Company	**370.8**	130.5	**370.8**	130.5
- non-controlling interests	**(7.4)**	(49.5)	**(7.4)**	(49.5)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	**363.4**	81.0	**363.4**	81.0

(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 2018)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/03/2019 RM Million	AS AT 31/12/2018 RM Million
SHARE CAPITAL	3,667.1	3,667.1
OTHER RESERVES	(83.3)	(159.3)
RETAINED PROFITS	3,409.4	4,017.4
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	6,993.2	7,525.2
NON-CONTROLLING INTERESTS	(732.3)	(509.7)
TOTAL EQUITY	6,260.9	7,015.5
Borrowings	8,280.6	8,337.2
Lease liabilities	1,624.8	-
Deferred tax liabilities	1,601.3	1,661.3
Deferred income	1,461.4	1,470.9
Trade and other payables	77.6	21.5
NON-CURRENT LIABILITIES	13,045.7	11,490.9
	19,306.6	**18,506.4**
Property, plant and equipment	14,918.7	15,263.3
Intangible assets	491.6	490.0
Right-of-use assets	952.2	-
Associate	79.7	74.3
Equity investments at fair value through other comprehensive income (FVOCI)	147.9	148.0
Investments at fair value through profit or loss (FVTPL)	79.2	76.7
Receivables at FVOCI	248.2	239.4
Other non-current receivables	747.7	737.7
Derivative financial instruments	246.5	254.4
Deferred tax assets	29.7	17.9
NON-CURRENT ASSETS	17,941.4	17,301.7
Inventories	121.5	134.6
Non-current assets held for sale	18.0	18.9
Trade and other receivables	2,582.9	2,405.2
Contract assets	512.4	624.5
Contract cost assets	249.9	224.5
Receivables at FVOCI	13.7	13.1
Investments at fair value through other comprehensive income (FVOCI)	149.1	147.9
Investments at fair value through profit or loss (FVTPL)	6.0	6.0
Financial assets at fair value through profit or loss (FVTPL)	2.5	1.8
Cash and bank balances	2,862.7	2,826.3
CURRENT ASSETS	6,518.7	6,402.8
Trade and other payables	3,084.9	3,610.3
Contract liabilities	890.7	907.9
Customer deposits	332.5	352.8
Borrowings	275.5	234.1
Lease liabilities	343.3	-
Tax and zakat	151.4	93.0
Dividends payable	75.2	-
CURRENT LIABILITIES	5,153.5	5,198.1
NET CURRENT ASSETS	1,365.2	1,204.7
	19,306.6	**18,506.4**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	186.1	200.3

(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 2018)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	Attributable to equity holders of the Company									
	Share Capital RM Million	FVOCI Reserve RM Million	Hedging Reserve RM Million	Cost of Hedging Reserve RM Million	Long Term Incentive Plan Reserve RM Million	Other Reserve RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Non-controlling Interests RM Million	Total Equity RM Million
At 31 December 2018, as reported	3,667.1	88.8	28.3	29.7	83.4	(352.9)	(36.6)	4,017.4	(509.7)	7,015.5
Impacts arising from the application of:										
- MFRS 16 (part A, note 1 and 14)	-	-	-	-	-	-	-	(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	-	-	-	-	-	-	-	308.3	(7.4)	300.9
Other comprehensive income										
Items that may be reclassified subsequently to income statement:										
- decrease in fair value of investments at fair value through other comprehensive income (FVOCI)	-	(0.3)	-	-	-	-	-	-	-	(0.3)
- reclassification adjustments relating to FVOCI investments disposed	-	(0.1)	-	-	-	-	-	-	-	(0.1)
- increase in fair value of receivables at FVOCI	-	6.4	-	-	-	-	-	-	-	6.4
- cash flow hedge:										
- decrease in fair value of cash flow hedge	-	-	(0.2)	-	-	-	-	-	-	(0.2)
- change in fair value of currency basis	-	-	-	(5.8)	-	-	-	-	-	(5.8)
- reclassification of foreign exchange gain on borrowings	-	-	10.3	-	-	-	-	-	-	10.3
- fair value hedge:										
- decrease in fair value of fair value hedge	-	-	(1.9)	-	-	-	-	-	-	(1.9)
- currency translation differences										
- subsidiaries	-	-	-	-	-	-	54.2	-	-	54.2
- associate	-	-	-	-	-	-	(0.1)	-	-	(0.1)
Total comprehensive income/(loss) for the financial period	-	6.0	8.2	(5.8)	-	-	54.1	308.3	(7.4)	363.4
Transactions with owners:										
- interim dividend payable for the financial year ended 31 December 2018 (part A, note 6)	-	-	-	-	-	-	-	(75.2)	-	(75.2)
- Long Term Incentive Plan (LTIP):										
- ordinary shares granted*	-	-	-	-	13.5	-	-	-	-	13.5
Total transactions with owners	-	-	-	-	13.5	-	-	(75.2)	-	(61.7)
At 31 March 2019	**3,667.1**	**94.8**	**36.5**	**23.9**	**96.9**	**(352.9)**	**17.5**	**3,409.4**	**(732.3)**	**6,260.9**

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

(The above unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Attributable to equity holders of the Company										
	Share Capital RM Million	Fair Value Reserve RM Million	FVOCI Reserve RM Million	Hedging Reserve RM Million	Cost of Hedging Reserve RM Million	Long Term Incentive Plan Reserve RM Million	Other Reserve RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Non-controlling Interests RM Million	Total Equity RM Million
At 31 December 2017, as reported	3,667.1	127.2	-	85.7	-	36.7	(352.9)	21.8	4,257.9	(76.7)	7,766.8
Impacts arising from the application of:											
- MFRS 15	-	-	-	-	-	-	-	-	74.1	(0.9)	73.2
- MFRS 9	-	(127.2)	96.6	(81.2)	81.2	-	-	-	(13.1)	-	(43.7)
At 1 January 2018	3,667.1	-	96.6	4.5	81.2	36.7	(352.9)	21.8	4,318.9	(77.6)	7,796.3
Profit/(loss) for the financial period	-	-	-	-	-	-	-	-	157.1	(49.5)	107.6
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)	-	-	0.6	-	-	-	-	-	-	-	0.6
- reclassification adjustments relating to FVOCI investments disposed	-	-	(0.2)	-	-	-	-	-	-	-	(0.2)
- increase in fair value of receivables at FVOCI	-	-	6.1	-	-	-	-	-	-	-	6.1
- cash flow hedge:											
- decrease in fair value of cash flow hedge	-	-	-	(62.4)	-	-	-	-	-	-	(62.4)
- change in fair value of currency basis	-	-	-	-	(7.0)	-	-	-	-	-	(7.0)
- reclassification to foreign exchange gain on borrowings	-	-	-	37.5	-	-	-	-	-	-	37.5
- fair value hedge:											
- increase in fair value	-	-	-	4.6	-	-	-	-	-	-	4.6
- currency translation differences											
- subsidiaries	-	-	-	-	-	-	-	(5.7)	-	-	(5.7)
- associate	-	-	-	-	-	-	-	(0.1)	-	-	(0.1)
Total comprehensive income/(loss) for the financial period	-	-	6.5	(20.3)	(7.0)	-	-	(5.8)	157.1	(49.5)	81.0
Transactions with owners:											
- second interim dividend paid for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	(454.7)	-	(454.7)
- Long Term Incentive Plan (LTIP):											
- ordinary shares granted*	-	-	-	-	-	13.2	-	-	-	-	13.2
Total transactions with owners	-	-	-	-	-	13.2	-	-	(454.7)	-	(441.5)
At 31 March 2018	**3,667.1**	**-**	**103.1**	**(15.8)**	**74.2**	**49.9**	**(352.9)**	**16.0**	**4,021.3**	**(127.1)**	**7,435.8**

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

(The above unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FINANCIAL PERIOD ENDED	
	31/03/2019	**31/03/2018**
	RM Million	**RM Million**
Receipts from customers	2,618.7	2,550.4
Payments to suppliers and employees	(2,114.1)	(2,172.3)
Payment of finance cost	(119.5)	(72.5)
Payment of income taxes and zakat (net)	(34.8)	(66.5)
CASH FLOWS FROM OPERATING ACTIVITIES	**350.3**	**239.1**
Contribution for purchase of property, plant and equipment	25.5	131.0
Disposal of property, plant and equipment	5.3	0.5
Purchase of property, plant and equipment	(303.8)	(614.6)
Disposal of current investments at fair value to other comprehensive income	-	40.4
Purchase of current investments at fair value to other comprehensive income	(14.8)	(55.9)
Purchase of long term investments	(3.4)	-
Maturity of current investments at fair value to other comprehensive income	14.7	5.0
Disposal of non-current assets held for sale	-	0.5
Long term deposit	(8.3)	(8.3)
Repayments of loans by employees	18.3	7.3
Loans to employees	(16.7)	(21.3)
Interests received	32.5	12.5
Dividends received	3.0	-
CASH FLOWS USED IN INVESTING ACTIVITIES	**(247.7)**	**(502.9)**
Proceeds from borrowings	240.0	417.4
Repayments of borrowings	(175.0)	(417.1)
Repayments of lease liabilities	(134.2)	(3.4)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(69.2)**	**(3.1)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	33.4	(266.9)
EFFECT OF EXCHANGE RATE CHANGES	3.0	11.2
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,756.5	1,719.0
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	**2,792.9**	**1,463.3**

(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 2018)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The unaudited interim financial statements for the 1st quarter ended 31 March 2019 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 2018. 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 2018 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 2019.

(a) Amendments to published standards that are effective and applicable for the Group's financial year beginning on 1 January 2019

The amendments to published standards issued by MASB that are effective and applicable for the Group's financial year beginning on 1 January 2019 are as follows:

Amendments to MFRS 3, 11, 112 and 123	Annual Improvements to MFRS Standards 2015 to 2017 Cycle
Amendments to MFRS 9	Prepayment Features with Negative Compensation
MFRS 16	Leases
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement (Employee Benefits)
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty Over Income Tax Treatments

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 other than MFRS 16 as disclosed below:

(i) MFRS 16 Leases

MFRS 16 requires lessees of operating leases to recognise right-of-use assets and liabilities under an on-balance sheet accounting model that is similar to current finance lease accounting. The Group's financial statements and key financial ratios would be affected by the recognition of the new assets and liabilities, and difference in the timing and classification of lease income/expense arising from the recognition.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation (continued)

(a) Amendments to published standards that are effective and applicable for the Group's financial year beginning on 1 January 2019 (continued)

(i) MFRS 16 Leases (continued)

At inception of a contract, the Group assessed whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

- the contract involves the use of an identified asset
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision–making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone price.

The Group applies MFRS 16 using the modified retrospective approach and therefore the comparative information would not be restated and continues to be reported under MFRS 117 Leases (MFRS 117) and IC Interpretation 4 Determining Whether an Arrangement Contain a Lease (IC 4). The retrospective impact of applying MFRS 16 for the leasing contracts assessed to be relevant to MFRS 16 as at 1 January 2019 is adjusted to the Group's retained earnings as at 1 January 2019.

The right-of-use assets are reviewed for impairment under MFRS 136 Impairment of Assets at the date of initial application. The right-of-use is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the lease term or the useful life of the right-to-use asset, determined on the same basis as those of property, plant and equipment of the Group.

1. Basis of Preparation (continued)

(a) Amendments to published standards that are effective and applicable for the Group's financial year beginning on 1 January 2019 (continued)

(i) MFRS 16 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest rate method, re-measured when there is a change in the Group's estimates of future lease payments arising from changes in circumstances relating to the contract if the Group changes its assessment of whether it will exercise a purchase, extension or termination options.

In such re-measurements, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying value of the right-of-use asset has been reduced to zero.

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at inception or at initial application of MFRS 16 and low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The impact of the Group applying MFRS 16 as at 1 January 2019 is disclosed in part A note 14. The reduction in retain earnings is the effect of impairment recognised on initial application as well as the front-loading impact from the interest charges imputed under MFRS 16 for a given lease arrangement. That would mean that interest and depreciation charges combined for a particular lease over the earlier part of a lease period would be more than the straight line charging of the lease payment under MFRS 117 over the same lease period. Another impact of MFRS 16 is the net decrease in the Group's net current asset as under MFRS 16, the lease payments for the coming 12 months of the operating leases are recognised as current liabilities whilst the corresponding right-of-use assets for the affected operating leases remain classified as Non-Current Assets.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation (continued)

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

The new standards, IC Interpretation and amendments to published standards that are applicable to the Group, which the Group has not been early adopted, are as follows:

Effective for annual periods beginning on or after 1 January 2020

MFRS 2, 3, 6, 14, 101, 108, 134,137, 138 & IC Interpretations 12, 14, 21, 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

Effective for annual periods to be announced by MASB

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

The adoption of the above applicable new standards, IC Interpretation and amendments to published standards are not expected to have a material impact on the financial statements of the Group.

2. Seasonal or Cyclical Factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the 1st quarter ended 31 March 2019.

4. Material Changes in Estimates

There were no material changes in estimates reported in the prior interim period or prior financial year except for the following:

(a) Estimates on Impact from Regulatory Pricing

The Determination No. 1 of 2017 on Mandatory Standard of Access Pricing (MSAP) (the Determination) by the Malaysian Communication and Multimedia Commission (MCMC) on 20 December 2017 has resulted in the Group recognising a provision of RM177.2 million as at 31 March 2019. This represents an estimated MSAP impact on the Group's revenue under the wholesale segment, from 1 January 2018 to 31 March 2019, based on the latest negotiated rates with the relevant parties involved.

Such estimates including but not limited to future industry actions, decisions, consultations and reviews, and conditions or requirements in the Group's operating areas will continue to be monitored and revised as circumstances surrounding the industry landscape and other related market factors develop. The Group would also assess any reasonably quantifiable impact to revenue under both retail and wholesale segments arising therefrom. Estimates are made on information available today and any changes in actual outcome will have impact to the financials of the Group.

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

There were no issuances, repurchases or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the 1st quarter and financial period ended 31 March 2019.

6. Dividends Paid

No dividends have been paid during the 1st quarter ended 31 March 2019.

The interim single-tier cash dividend of 2.0 sen per share amounting to RM75.2 million in respect of financial year ended 31 December 2018 declared on 26 February 2019 was paid on 12 April 2019, subsequent to the quarter ended 31 March 2019.

7. Segmental Information

Segmental information for the Group are as follows:

By Business Segment

All amounts are in RM Million 1st Quarter Ended 31 March 2019	**unifi[>]**	**TM ONE**	**TM GLOBAL**	**Shared Services /Others^**	**Elimination**	**Total**
Operating Revenue						
Total operating revenue	1,228.3	1,003.5	578.1	118.2		2,928.1
Inter-segment @	(3.0)	(58.1)	(82.2)	(5.9)		(149.2)
External operating revenue	1,225.3	945.4	495.9	112.3		2,778.9
Results						
EBIT	194.4	263.4	116.3	(57.7)	(11.6)	504.8
Other gains (net)						0.8
Finance income						37.4
Finance cost						(129.4)
Foreign exchange gain on borrowings						18.0
Associate						
- share of results (net of tax)						5.6
Profit before tax and zakat						437.2
Tax and zakat						(136.3)
Profit for the financial period						300.9

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information (continued)

All amounts are in RM Million 1st Quarter Ended 31 March 2018	**unifi>**	**TM ONE**	**TM GLOBAL**	**Shared Services /Others^**	**Elimination**	**Total**
Operating Revenue						
Total operating revenue	1,353.7	1,016.3	518.4	130.5		3,018.9
Inter-segment @	(2.8)	(73.6)	(88.1)	(6.4)		(170.9)
External operating revenue	1,350.9	942.7	430.3	124.1		2,848.0
Results						
EBIT	(17.0)	250.6	43.5	(69.8)	(11.7)	195.6
Other losses (net)						(1.7)
Finance income						25.8
Finance cost						(100.1)
Foreign exchange gain on borrowings						69.1
Associate						
- share of results (net of tax)						5.5
Profit before tax and zakat						194.2
Tax and zakat						(86.6)
Profit for the financial period						107.6

7. Segmental Information (continued)

@ Inter-segment operating revenue relates to inter-division recharge and inter-company revenue and has been eliminated at the respective segment operating revenue. The inter-division recharge was agreed between the relevant lines of business. These inter-segment trading arrangements are subject to periodic review. The inter-company revenue was entered into in the normal course of business.

^ Expenses incurred by corporate divisions such as Group Human Capital Management, Group Finance, Group Strategy and Regulatory, Group Legal, Compliance & Company Secretary, Group Procurement and special purpose entities and foreign exchange differences arising from translation of foreign currency placements which were not allocated to a particular business segment are disclosed as part of shared services/others. These are considered non-operating segments.

> unifi segment for the current quarter and financial year as well as comparatives includes financial information of Webe Digital Sdn Bhd (webe) and its subsidiaries, reflective of webe's current customer profile in aligning to the Group's overall operational segmentation.

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

The current segmental disclosure have been prepared based on a revised basis of network cost allocation where key cost drivers have been updated to reflect current network elements and technology used to serve current product offerings. The comparatives have been restated accordingly to ensure comparability.

8. Material Events Subsequent to the End of the Quarter

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

9. Effects of Changes in the Composition of the Group

There is no change in the composition of the Group for the 1st quarter ended 31 March 2019.

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

Other than material litigations as disclosed in part B, note 10 of this announcement, there was no other material changes in contingent liabilities since the latest audited financial statements of the Group for the financial year ended 31 December 2018.

11. Capital Commitments

	Group	
	As at 31/3/2019 RM Million	**As at 31/12/2018 RM Million**
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	**3,439.7**	3,323.2

12. Related Party Transactions

Khazanah Nasional Berhad (Khazanah) is a major shareholder with 26.21% equity interest and is a related party of the Group. Khazanah is a wholly-owned entity of MOF Inc, which is in turn owned by the Ministry of Finance, a ministry of the Federal Government of Malaysia. Therefore, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group.

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

	Total amount of individually significant transactions for the financial period ended		**Corresponding outstanding balances as at**	
	31/3/2019 RM Million	**31/3/2018 RM Million**	**31/3/2019 RM Million**	**31/12/2018 RM Million**
Sales and Receivables	**154.3**	160.0	**46.2**	111.2

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 year was RM68.2 million (YTD March 2018: RM75.6 million) with corresponding receivables of RM52.2 million (31 December 2018: RM2.2 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.

13. Fair Value

The following should be read in conjunction with note 47 of the Group's audited financial statements for the financial year ended 31 December 2018.

(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 31/3/2019				As at 31/12/2018			
	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	**2.5**	**-**	**-**	**2.5**	1.8	-	-	1.8
Derivatives accounted for under hedge accounting	**-**	**246.5**	**-**	**246.5**	-	254.4	-	254.4
Investments at fair value through OCI	**-**	**149.1**	**-**	**149.1**	**-**	147.9	**-**	147.9
Investments at fair value through profit or loss	**-**	**-**	**85.2**	**85.2**	**-**	-	82.7	82.7
Equity investments at fair value through OCI	**-**	**-**	**147.9**	**147.9**	**-**	-	148.0	148.0
Receivables at fair value through OCI	**-**	**-**	**261.9**	**261.9**	**-**	-	252.5	252.5
Total	**2.5**	**395.6**	**495.0**	**893.1**	1.8	402.3	483.2	887.3

There has not been any change to the valuation techniques applied for the different financial instruments since 31 December 2018 and there were no transfers of any instruments between level 1, 2 and 3 of the fair valuation hierarchy during the financial period.

13. Fair Value (continued)

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

There has not been significant changes in the differences between the carrying amount and fair value of financial instruments carried at other than fair value from the disclosures in note 47(b) of the Group's audited financial statements for the financial year ended 31 December 2018, other than below:

	As at 31/3/2019		**As at 31/12/2018**	
	Carrying amount RM Million	**Net fair value RM Million**	**Carrying amount RM Million**	**Net fair value RM Million**
Liabilities				
Borrowings	**8,556.1**	**9,033.0**	8,571.3	8,918.6

14. Changes in Accounting Policies

(a) Changes and adoption of new accounting policies applied from 1 January 2019

MFRS 16 Leases (MFRS 16)

The Group has adopted MFRS 16 from 1 January 2019. On the date of initial application, the Group applied the simplified modified retrospective transition approach and did not restate comparative amounts for the period prior to first adoption. Remaining payment obligations from existing operating leases are discounted using the relevant incremental borrowing rates and recognised as a lease liability.

The carrying value of the corresponding right-of-use assets as at 1 January 2019 is measured as if the new rules had always been applied since the initial date of each respective lease contract. The difference between the carrying value of the lease liability and right-of-use asset is taken as a reduction to the Group's retained earnings. The right-of-use assets are reviewed for impairment under MFRS 136 Impairment of Assets at the date of initial application.

On the income statement, expenses which previously included operating lease rentals within Operating Cost (part of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)), is replaced by depreciation of the ROU Assets and interest expense on the Lease Liabilities over the remaining lease period. As such, MFRS 16 has the effect of increasing EBITDA, depreciation and interest expense.

On the statement of cash flows, operating lease rental outflows previously recorded within 'net cash flows from operating activities' are now classified under 'net cash flows used in financing activities' for the repayments of the principal and interest of the lease liabilities.

(b) Impact from changes and adoption of new accounting policies

(i) The impact to the Group's retained earnings on 1 January 2019 upon application of MFRS 16 is as follows:

	2019 **RM million**
Retained earnings – before MFRS 16 restatement	**4,017.4**
Recognition of right-of-use assets (excluding finance lease)	1,609.6
Recognition of lease liabilities (excluding finance lease)	(2,020.4)
Impairment loss recognised on application of MFRS 16	(732.6)
Adjustment from adoption of MFRS 16	(1,143.4)
Less: Deferred tax impact	87.1
Less: Share of non-controlling interest	215.2
Reduction to retained earnings from adoption of MFRS 16	**(841.1)**
Opening retained earnings 1 January – after MFRS 16	**3,176.3**

14. Changes in Accounting Policies (continued)

(b) Impact from changes and adoption of new accounting policies (continued)

(ii) The recognition of Group's right-of-use assets on 1 January is as follows:

The right-of-use assets were measured on simplified modified retrospective approach as if the new standard had always been applied since the initial date of the contract.

	2019 RM million
Non-current assets	
Right-of-use assets – Land	281.0
Right-of-use assets – Buildings	382.9
Right-of-use assets – Network Sites and Equipment	773.5
Right-of-use assets – Non Network Equipment	17.4
Right-of-use assets – Fibre	144.0
Right-of-use assets – Others	10.8
Total	1,609.6
Less: Impairment loss recognised on application of MFRS 16	(732.6)
Right-of-use assets recognised	877.0

(iii) Reconciliation of operating lease commitment arising from operating leases as of 31 December 2018 to the recognition of the Group's lease liabilities on 1 January 2019 is as shown below:

	RM million
Operating lease commitments disclosed as at 31 December 2018	**2,578.0**
Discounted using the Group's incremental borrowing rate (average of 6.27%)	(530.1)
Less : short-term leases recognised on a straight-line basis as expense	(26.6)
Less : low-value leases recognised on a straight-line basis as expense	(0.9)
Total lease commitment recognised on initial application of MFRS 16	**2,020.4**
Add: finance lease liabilities as at 31 December 2018 reclassified from borrowings	50.0
Total lease liability recognised as at 1 January 2019	**2,070.4**
Of which are:	
Non-current provisions and liabilities	
Lease liabilities (including reclassification of finance lease)	1,789.7
Current provisions and liabilities	
Lease liabilities (including reclassification of finance lease)	280.7
Total	**2,070.4**

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

1. Review of Performance

(a) Quarter-on-Quarter

(i) Group Performance

Group revenue decreased by 2.4% (RM69.1 million) to RM2,778.9 million from RM2,848.0 million in the same quarter last year due to decline in voice, Internet and multimedia services, as well as non-telecommunication related services.

For the current quarter under review, Internet and multimedia services decreased by 3.5% (RM35.0 million) from RM1,012.1 million recorded in 1st quarter of 2018 to RM977.1 million in the current year quarter. Whilst unifi broadband services continue to see increase in customer base, the decrease in revenue was from Streamyx as well as unifi Mobile.

Despite the revenue reduction, operating profit before finance cost increased by 160.7% (RM311.7 million) from RM193.9 million in the 1st quarter of 2018 to RM505.6 million due to reduction in operating costs.

Correspondingly, Group profit after tax and non-controlling interests (PATAMI) increased by 96.2% (RM151.2 million) from RM157.1 million to RM308.3 million.

(ii) Segment Performance

unifi

Revenue decreased by 9.3% (RM125.4 million) from RM1,353.7 million to RM1,228.3 million in the current quarter mainly contributed by lower revenue from voice services due to lower usage, which was in line with decrease in customer base. Lower cumulative customer base for Streamyx also contributed to the decrease in revenue from Internet and multimedia services. Despite decrease in revenue, EBIT however increased from RM17.0 million loss in the corresponding quarter last year to RM194.4 million in the current year quarter mainly due to lower operating costs.

TM ONE

TM ONE recorded 1.3% (RM12.8 million) decrease in revenue from RM1,016.3 million to RM1,003.5 million in the 1st quarter of 2019 mainly due to voice and data services. Despite the decline in revenue, EBIT however increased by 5.1% (RM12.8 million) to RM263.4 million in the current quarter from RM250.6 million in the corresponding quarter last year contributed by lower operating cost.

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

1. Review of Performance (continued)

(a) Quarter-on-Quarter (continued)

(ii) Segment Performance (continued)

TM GLOBAL

Revenue for the current quarter increased by 11.5% (RM59.7 million) from RM518.4 million in 1st quarter last year to RM578.1 million mainly contributed by both voice and data services. EBIT for the current quarter increased by 167.4% (RM72.8 million) from RM43.5 million in the corresponding quarter last year to RM116.3 million due to lower network cost in the current year quarter.

(b) Economic Profit Statement

	1st Quarter Ended	
	31/3/2019 RM Million	**31/3/2018 RM Million**
EBIT	**504.8**	195.6
Adjusted Tax	**121.2**	46.9
NOPLAT	**383.6**	148.7
AIC	**3,925.7**	4,235.5
WACC	**8.24%**	6.57%
ECONOMIC CHARGE	**323.5**	278.3
ECONOMIC PROFIT/(LOSS)	**60.1**	(129.6)

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

TM Group recorded higher Economic Profit mainly due to higher EBIT led by lower operating cost. The higher economic charge was attributed to higher WACC arising from higher Cost of Equity due to variant change in market risk premium and higher Cost of Debt with the inclusion of MFRS 16 lease liability whilst lower AIC is due to lower property, plant and equipment, trade and other receivables and other non-current receivables in the current year.

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 current quarter Group revenue decreased by 10.0% (RM310.0 million) to RM2,778.9 million as compared to RM3,088.9 million recorded in the 4th quarter of 2018 due to lower revenue from all services.

Nevertheless, operating profit before finance cost increased to RM505.6 million from RM252.7 million recorded in the preceding quarter from reduction in costs.

This led to RM238.6 million increase in Group PATAMI from RM69.7 million in the preceding quarter to RM308.3 million.

3. Prospects for the Current Financial Year

The market is increasingly competitive, with players exploring opportunities to sustain and grow their business. We saw the Performance Improvement Programme 2019 – 2021 (PIP2019-2021) yield improved profitability for the Group in Quarter 1, 2019. In the coming months, we will continue to focus on our strategic pillars of "Converged Services", "Simple and Digital" and "Lean and Lower Cost" in our daily operations to drive our performance and generate more value.

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

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the 1st quarter ended 31 March 2019.

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

5. Tax

The tax charge for the Group comprises:

	1st Quarter Ended	
	31/3/2019	**31/3/2018**
	RM Million	**RM Million**
Malaysia		
Income Tax:		
Current year	**90.1**	78.5
Prior year	**1.9**	1.3
Deferred tax (net)	**44.0**	5.7
	136.0	85.5
Overseas		
Income Tax:		
Current year	**(0.8)**	1.0
Prior year	**#**	0.1
Deferred tax (net)	**-**	#
	(0.8)	1.1
Tax	**135.2**	86.6
Zakat	**1.1**	#
Tax and Zakat	**136.3**	86.6

Amount less than RM0.1 million

The effective tax rates of the Group for the current year and comparative are higher than the statutory tax rate primarily due to losses before tax from webe for which no corresponding tax losses or deferred tax asset has been recognised at this juncture.

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

7. Group Borrowings and Debt Securities

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

	As at 31/3/2019		As at 31/12/2018	
	Short Term Borrowings RM Million	Long Term Borrowings RM Million	Short Term Borrowings RM Million	Long Term Borrowings RM Million
Total Secured	**34.8**	**21.7**	34.5	25.9
Total Unsecured	**240.7**	**8,258.9**	199.6	8,311.3
Total Borrowings	**275.5**	**8,280.6**	234.1	8,337.2

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

Foreign Currency	As at 31/3/2019 RM Million	As at 31/12/2018 RM Million
US Dollar	**2,343.1**	2,371.6
Canadian Dollars	**2.5**	2.6
Total	**2,345.6**	2,374.2

(c) There has 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 2018) except for repayments of borrowings as they become due, draw done of current facilities and impact of foreign exchange retranslation for the period.

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:

		Fair value as at 31/3/2019		Fair value as at 31/12/2018	
Derivatives (by maturity)	**Contract or notional amount RM Million**	**Assets RM Million**	**Liabilities RM Million**	**Assets RM Million**	**Liabilities RM Million**
1. Interest Rate Swaps (IRS)					
- more than 3 years	204.1	5.1	-	7.0	-
	204.1	**5.1**	**-**	7.0	-
2. Cross Currency Interest Rate Swaps (CCIRS)					
- 1 year to 3 years	316.8	92.4	-	99.2	-
- more than 3 years	310.5	149.0	-	148.2	-
	627.3	**241.4**	**-**	247.4	-
Total	**831.4**	**246.5**	**-**	254.4	-

(b) Financial Risk Management Objectives and Policies

There have been no changes since the end of the previous financial year in respect of the following:

(i) The types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts; and

(ii) The risk management policies in place for mitigating and controlling the risks associated with these derivative financial instrument contracts.

The details on the above, the valuation and the financial effects of derivative financial instruments that the Group has entered into are discussed in note 4, 19 and 46 to 49 to the Group's audited financial statements for the financial year ended 31 December 2018.

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

8. Derivative Financial Instruments (continued)

(c) Related Accounting Policies

The related accounting policies of the Group in respect of derivative financial instruments and hedge accounting are disclosed in note 2 to the Group's audited financial statements for the financial year ended 31 December 2018.

(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 31 March 2019 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**
Financial Assets			
1. Interest Rate Swaps[(i)] - more than 3 years	204.1	5.1	(1.9)
	204.1	**5.1**	**(1.9)**
2. Cross Currency Interest Rate Swaps[(ii)] - 1 year to 3 years - more than 3 years	316.8 310.5	92.4 149.0	(6.8) 0.8
	627.3	**241.4**	**(6.0)**
Total	**831.4**	**246.5**	**(7.9)**

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

(ii) 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 contracts is determined by comparing forward exchange market rates at the balance sheet date against its prevailing foreign exchange rates.

The Marked to Market (MTM) on the IRS is positive when the expectation of relevant future interest rate decreases and vice versa. The MTM on forward contract is positive when the expectation of USD against RM currency is strengthened and vice versa.

The MTM on the CCIRS is positive when the expectation of the relevant foreign currency against RM strengthens or the expectation of future RM interest rate increases and vice versa.

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

9. Additional Disclosures

(a) 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 2019:

	1st Quarter Ended	
	31/3/2019	**31/3/2018**
	RM Million	**RM Million**
Inventory reversal/(charges) for write-off and obsolescence	**0.2**	(1.0)
Gain on disposal of fixed income securities	**0.1**	0.2
Loss on foreign exchange on settlements and placements	**(8.2)**	(26.7)

(b) The Award of 4G Multi Operator Core Network services (4G MOCN) contract

On 21 February 2019, the Group announced that pursuant to its procurement tender exercise, Telekom Malaysia Berhad has awarded a contract to Celcom Axiata Berhad (Celcom) for the provision of 4G Multi Operator Core Network services (4G MOCN) to webe digital Sdn Bhd (webe), a subsidiary of the Group (4G MOCN Award).

The provision of 4G MOCN will further improve webe’s services whilst continuing to enhance and expand its existing LTE network coverage. This current initiative is in line with the Group’s continuous efforts to improve customers’ experience and the Group’s aspiration towards a converged digital lifestyle. The period for the provision of the services in the 4G MOCN Award is 3 years.

The terms of the contract reflect revised rates given to the Group on services relating to financial year ended 31 December 2018. Pending the finalisation of the terms and signing of the contract for the 4G MOCN Award, the revised rates was recognised during the current quarter ended, upon the acceptance of the Letter of Award by Celcom.

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

10. Material Litigation

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

(a) Mahkamah Tinggi Malaya di Kuala Lumpur (Guaman Sivil No: WA-22NCC-130-03/2019) Malaysian Football League LLP (formerly known as Football Malaysia LLP) vs TM

On 21 March 2019, TM received a Writ Summons and Statement of Claim dated 18 March 2019 from Malaysian Football League LLP (MFL) seeking for the following reliefs from TM:

1. A Declaration that the Term Sheet dated 29 January 2018 (Term Sheet) had not expired on 31 October 2018 and is subsisting beyond 31 October 2018;
2. A Declaration that TM had breached the Term Sheet;
3. A Declaration that MFL had lawfully terminated the Term Sheet by way of its Notice of Termination dated 16 March 2019;
4. An Order that TM is liable to pay MFL the amount of RM186,844.00 being the amount due for Season 2018 within seven (7) days of the date of this Judgement;
5. An Order that TM is liable to pay MFL the costs incurred by MFL for the removal of all TM's unifi marks and/or references to TM from all of MFL's property and merchandise for the year 2019 within seven (7) days of this Judgement;
6. An Order compelling TM to remove, take down and delete all references of TM as a sponsor or Official Telecommunication and Broadcast Partner of MFL in all TM's materials published or issued by TM or TM's directors, partners, officers, employees, representatives or agents within forty eight (48) hours from the date of this Judgement;
7. Pre-Judgement interest at the rate of 5% p.a. on the amount in prayer (4) and (5) above from 18 March 2019 until the date of the Judgement in accordance with section 11 of the Civil Law Act 1956;
8. An Order that TM is liable to pay MFL the amount of RM25,850,000.00 being Payment 1 for the Sponsorship and Broadcast Consideration for year 2019 within seven (7) days of the date of this Judgement;
9. Pre-Judgement interest at the rate of 5% p.a. on the amount in prayer (8) above from 2 January 2019 until the date of the Judgement in accordance with section 11 of the Civil Law Act 1956;
10. An Order that TM is liable to pay MFL the amount of RM25,850,000.00 being Payment 2 for the Sponsorship and Broadcast Consideration for 2019 on or before 2 June 2019;
11. An Order that TM is liable to MFL the amount of RM376,600,000.00 being the remaining Sponsorship and Broadcast Consideration for years 2020, 2021, 2022, 2023, 2024, and 2025 within seven (7) days of the date of this Judgement;
12. Damages for breach of contract to be assessed by Senior Assistant Registrar;

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

10. Material Litigation (continued)

(a) Mahkamah Tinggi Malaya di Kuala Lumpur (Guaman Sivil No: WA-22NCC-130-03/2019) Malaysian Football League LLP (formerly known as Football Malaysia LLP) vs TM (continued)

13. Alternatively, an Order that TM is liable to pay MFL the difference between the total amount of Sponsorship and Broadcast Considerations MFL is entitled to receive from TM under the Term Sheet and any other amount MFL secures in place of the Sponsorship and Broadcast Considerations for years 2020, 2021, 2022, 2023, 2024, and 2025;
14. Post-Judgement interest at the rate of 5% p.a. on the Judgement sum in prayers (4), (5), (8), (11), (12) and (13) above from the date of Judgement until the date of full and final satisfaction of the Judgement;
15. Costs; and
16. Any further reliefs and/or other Order that the Honourable Court deems fit and proper.

On 26 April 2019, TM filed the following documents:

i) Statement of Defence and Counterclaim against MFL;
ii) Application to strike out MFL's Writ of Summons and Statement of Claim.

On 9 May 2019, the High Court gave the following directions for the main suit:

i) MFL to file its Reply and Defence to TM's Counterclaim on 21 May 2019;
ii) TM to file its Reply to MFL's Defence to TM's Counterclaim on 4 June 2019;
iii) Pleadings are deemed closed on 18 June 2019;
iv) Previous directions on interlocutory applications will be maintained on 17 May 2019;
v) Case management is fixed on 17 July 2019; and
vi) The Parties are required to file the following cause papers before 17 July 2019:
   (a) Bundle of Pleadings;
   (b) Issues to be Tried;
   (c) Agreed Facts; and
   (d) Case Summary.

On 21 May 2019, TM received MFL's Reply and Defence to TM's Counterclaim.

On 24 May 2019, TM received MFL's Amended Writ of Summons and Statement of Claim dated 17 May 2019. In the initial Writ and Statement of Claim dated 18 March 2019, the total outstanding amount claimed was RM186,844.00. It is now amended to state RM219,244.00. TM will file an amended Statement of Defence to respond to the amendments by 11 June 2019.

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

10. Material Litigation (continued)

(a) Mahkamah Tinggi Malaya di Kuala Lumpur (Guaman Sivil No: WA-22NCC-130-03/2019) Malaysian Football League LLP (formerly known as Football Malaysia LLP) vs TM (continued)

As for the striking out application, the High Court gave the following directions:

i) TM to file its Affidavit in Reply on 31 May 2019;
ii) Parties to file and exchange their Written Submissions on 26 June 2019;
iii) Parties to file and exchange their Reply Submissions on 10 July 2019; and
iv) Hearing is fixed on 12 July 2019.

On 17 May 2019, TM received MFL's Affidavit in Reply.

The Directors, based on legal advice, are of the view that TM has a good chance of successfully defending the legal suit.

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.

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

11. Earnings per Share (EPS)

	1st Quarter Ended	
	31/3/2019	**31/3/2018**
(a) Basic earnings per share		
Profit attributable to equity holders of the Company (RM million)	**308.3**	157.1
Weighted average number of ordinary shares (million)	**3,757.9**	3,757.9
Basic earnings per share (sen) attributable to equity holders of the Company	**8.2**	4.2

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.

	1st Quarter Ended	
	31/3/2019	**31/3/2018**
(b) Diluted earnings per share		
Profit attributable to equity holders of the Company (RM million)	**308.3**	157.1
Weighted average number of ordinary shares (million)	**3,757.9**	3,757.9
Adjustment for dilutive effect of Long Term Incentive Plan (million)	**21.1**	22.0
Weighted average number of ordinary shares (million)	**3,779.0**	3,779.9
Diluted earnings per share (sen) attributable to equity holders of the Company	**8.2**	4.2

Diluted earnings per share for the current financial period was calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of issued and paid-up ordinary shares adjusted for potential conversion of all dilutive ordinary shares from shares granted to employees under the Group's Long Term Incentive Plan (LTIP), as disclosed in note 14 to the Group's audited financial statements for financial year ended 31 December 2018.

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

12. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2018 were not subject to any qualification.

13. Dividends

No dividend has been recommended during the 1st quarter ended 31 March 2019 in respect of the financial year.

By Order of the Board

Hamizah Abidin (LS0007096)
Zaiton Ahmad (MAICSA 7011681)

Secretaries

Kuala Lumpur
30 May 2019