TELEKOM MALAYSIA BERHAD

Reg. No.: 198401016183 (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad wish to announce the following audited results of the Group for the financial year ended 31 December 2019.

CONSOLIDATED INCOME STATEMENT

	4TH QUARTER ENDED (Unaudited)		FINANCIAL YEAR ENDED (Audited)	
	31/12/2019 RM Million	31/12/2018 RM Million	31/12/2019 RM Million	31/12/2018 RM Million
OPERATING REVENUE	**3,034.1**	3,088.9	**11,434.2**	11,819.3
OPERATING COSTS				
- depreciation, impairment and amortisation	**(623.8)**	(663.5)	**(2,454.3)**	(3,404.8)
- net impairment loss on financial and contract assets	**(9.0)**	(58.2)	**(37.4)**	(183.6)
- other operating costs	**(2,086.8)**	(2,147.6)	**(7,509.9)**	(8,298.2)
OTHER OPERATING INCOME (net)	**51.4**	32.3	**135.7**	131.9
OTHER (LOSSES)/GAINS (net)	**(254.5)**	0.8	**(268.6)**	310.9
OPERATING PROFIT BEFORE FINANCE COST	**111.4**	252.7	**1,299.7**	375.5
FINANCE INCOME	**38.1**	21.4	**146.1**	102.3
FINANCE COST	**(136.9)**	(134.5)	**(536.8)**	(450.1)
FOREIGN EXCHANGE GAIN/(LOSS) ON BORROWINGS	**23.1**	2.3	**1.1**	(31.3)
NET FINANCE COST	**(75.7)**	(110.8)	**(389.6)**	(379.1)
ASSOCIATE				
- share of results (net of tax)	**3.2**	4.5	**15.0**	21.0
PROFIT BEFORE TAX AND ZAKAT	**38.9**	146.4	**925.1**	17.4
TAX AND ZAKAT (part B, note 5)	**(106.4)**	(130.3)	**(367.7)**	(277.9)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD/YEAR	**(67.5)**	16.1	**557.4**	(260.5)
ATTRIBUTABLE TO:				
- equity holders of the Company	**(51.1)**	69.7	**632.7**	153.2
- non-controlling interests	**(16.4)**	(53.6)	**(75.3)**	(413.7)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD/YEAR	**(67.5)**	16.1	**557.4**	(260.5)
(LOSS)/EARNINGS PER SHARE (sen) (part B, note 11)				
- basic	**(1.4)**	1.9	**16.8**	4.1
- diluted	**(1.4)**	1.9	**16.7**	4.1

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4TH QUARTER ENDED (Unaudited)		FINANCIAL YEAR ENDED (Audited)	
	31/12/2019 RM Million	31/12/2018 RM Million	31/12/2019 RM Million	31/12/2018 RM Million
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD/YEAR	**(67.5)**	16.1	**557.4**	(260.5)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to income statement:				
- decrease in fair value of equity investments at fair value through other comprehensive income (FVOCI)	**(8.2)**	(11.2)	**(8.2)**	(11.2)
Items that may be reclassified subsequently to income statement:				
- (decrease)/increase in fair value of investments at fair value through other comprehensive income (FVOCI)	**(0.9)**	(0.2)	**2.8**	(0.2)
- reclassification adjustments relating to FVOCI investments disposed	**(0.2)**	#	**(1.2)**	(0.1)
- increase/(decrease) in fair value of receivables at FVOCI	**5.8**	(2.4)	**19.9**	3.7
- cash flow hedge:				
- (decrease)/increase in fair value of cash flow hedge	**(33.7)**	33.8	**(12.1)**	39.4
- change in fair value of currency basis	**13.3**	(23.4)	**10.0**	(51.5)
- reclassification of foreign exchange gain/(loss) on borrowings	**11.7**	1.2	**1.2**	(17.1)
- fair value hedge:				
- (decrease)/increase in fair value of fair value hedge	**-**	(6.1)	**-**	1.5
- currency translation differences				
- subsidiaries	**(0.3)**	(48.4)	**62.6**	(58.6)
- associate	**0.3**	0.1	**0.2**	0.2
Other comprehensive (loss)/income for the financial period/year	**(12.2)**	(56.6)	**75.2**	(93.9)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD/YEAR	**(79.7)**	(40.5)	**632.6**	(354.4)
ATTRIBUTABLE TO:				
- equity holders of the Company	**(63.3)**	13.1	**707.9**	59.3
- non-controlling interests	**(16.4)**	(53.6)	**(75.3)**	(413.7)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL PERIOD/YEAR	**(79.7)**	(40.5)	**632.6**	(354.4)

Amount less than RM0.1 million

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

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/12/2019 RM Million	AS AT 31/12/2018 RM Million
SHARE CAPITAL	3,698.6	3,667.1
OTHER RESERVES	(79.1)	(159.3)
RETAINED PROFITS	3,733.8	4,017.4
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7,353.3	7,525.2
NON-CONTROLLING INTERESTS	(800.2)	(509.7)
TOTAL EQUITY	6,553.1	7,015.5
Borrowings	7,698.8	8,337.2
Lease liabilities	1,619.1	-
Derivative financial instruments	1.7	-
Deferred tax liabilities	1,424.1	1,661.3
Deferred income	1,744.1	1,470.9
Trade and other payables	82.4	21.5
NON-CURRENT LIABILITIES	12,570.2	11,490.9
	19,123.3	**18,506.4**
Property, plant and equipment	14,259.5	15,263.3
Intangible assets	493.2	490.0
Right-of-use assets	1,115.2	-
Associate	81.1	74.3
Equity investments at fair value through other comprehensive income (FVOCI)	139.8	148.0
Investments at fair value through profit or loss (FVTPL)	49.6	76.7
Receivables at FVOCI	268.0	239.4
Other non-current receivables	425.0	737.7
Derivative financial instruments	158.4	254.4
Deferred tax assets	18.5	17.9
NON-CURRENT ASSETS	17,008.3	17,301.7
Inventories	102.0	134.6
Non-current assets held for sale	0.6	18.9
Trade and other receivables	2,434.5	2,405.2
Contract assets	641.6	624.5
Contract cost assets	219.1	224.5
Receivables at FVOCI	14.3	13.1
Derivative financial instruments	95.6	-
Investments at fair value through other comprehensive income (FVOCI)	157.8	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)	1.5	1.8
Cash and bank balances	4,918.4	2,826.3
CURRENT ASSETS	8,591.4	6,402.8
Trade and other payables	3,604.4	3,610.3
Contract liabilities	987.4	907.9
Customer deposits	298.0	352.8
Borrowings	1,034.3	234.1
Lease liabilities	295.8	-
Tax and zakat	256.5	93.0
CURRENT LIABILITIES	6,476.4	5,198.1
NET CURRENT ASSETS	2,115.0	1,204.7
	19,123.3	**18,506.4**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	195.3	200.3

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

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	-	-	-	632.7	(75.3)	557.4
Other comprehensive income										
Items that will not be reclassified subsequently to income statement:										
- decrease in fair value of equity investments at FVOCI	-	(8.2)	-	-	-	-	-	-	-	(8.2)
Items that may be reclassified subsequently to income statement:										
- increase in fair value of investments at fair value through other comprehensive income (FVOCI)	-	2.8	-	-	-	-	-	-	-	2.8
- reclassification adjustments relating to FVOCI investments disposed	-	(1.2)	-	-	-	-	-	-	-	(1.2)
- increase in fair value of receivables at FVOCI	-	19.9	-	-	-	-	-	-	-	19.9
- cash flow hedge:										
- decrease in fair value of cash flow hedge	-	-	(12.1)	-	-	-	-	-	-	(12.1)
- change in fair value of currency basis	-	-	-	10.0	-	-	-	-	-	10.0
- reclassification of foreign exchange gain on borrowings	-	-	1.2	-	-	-	-	-	-	1.2
- currency translation differences										
- subsidiaries	-	-	-	-	-	-	62.6	-	-	62.6
- associate	-	-	-	-	-	-	0.2	-	-	0.2
Total comprehensive income/(loss) for the financial year	-	13.3	(10.9)	10.0	-	-	62.8	632.7	(75.3)	632.6
Transactions with owners:										
- interim dividend paid for the financial year ended 31 December 2018 (part A, note 6)	-	-	-	-	-	-	-	(75.2)	-	(75.2)
- Long Term Incentive Plan (LTIP):										
- ordinary shares granted*	-	-	-	-	36.5	-	-	-	-	36.5
- transfer from LTIP reserve upon issuance of shares on vesting (part A, note 5(b))^	31.5	-	-	-	(31.5)	-	-	-	-	-
Total transactions with owners	31.5	-	-	-	5.0	-	-	(75.2)	-	(38.7)
At 31 December 2019	**3,698.6**	**102.1**	**17.4**	**39.7**	**88.4**	**(352.9)**	**26.2**	**3,733.8**	**(800.2)**	**6,553.1**

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

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	-	-	-	-	153.2	(413.7)	(260.5)
Other comprehensive income											
Items that will not be reclassified subsequently to income statement:											
- decrease in fair value of investments at fair value through other comprehensive income (FVOCI)	-	-	(11.2)	-	-	-	-	-	-	-	(11.2)
Items that may be reclassified subsequently to income statement:											
- decrease in fair value of investments at fair value through other comprehensive income (FVOCI)	-	-	(0.2)	-	-	-	-	-	-	-	(0.2)
- reclassification adjustments relating to FVOCI investments disposed	-	-	(0.1)	-	-	-	-	-	-	-	(0.1)
- increase in fair value of receivables at FVOCI	-	-	3.7	-	-	-	-	-	-	-	3.7
- cash flow hedge:											
- increase in fair value of cash flow hedge	-	-	-	39.4	-	-	-	-	-	-	39.4
- change in fair value of currency basis	-	-	-	-	(51.5)	-	-	-	-	-	(51.5)
- reclassification to foreign exchange loss on borrowings	-	-	-	(17.1)	-	-	-	-	-	-	(17.1)
- fair value hedge:											
- increase in fair value of fair value hedge	-	-	-	1.5	-	-	-	-	-	-	1.5
- currency translation differences											
- subsidiaries	-	-	-	-	-	-	-	(58.6)	-	-	(58.6)
- associate	-	-	-	-	-	-	-	0.2	-	-	0.2
Total comprehensive (loss)/income for the financial year	-	-	(7.8)	23.8	(51.5)	-	-	(58.4)	153.2	(413.7)	(354.4)
Transactions with owners:											
- second interim dividend paid for the financial year ended 31 December 2017	-	-	-	-	-	-	-	-	(454.7)	-	(454.7)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(18.4)	(18.4)
- Long Term Incentive Plan (LTIP):											
- ordinary shares granted*	-	-	-	-	-	46.7	-	-	-	-	46.7
Total transactions with owners	-	-	-	-	-	46.7	-	-	(454.7)	(18.4)	(426.4)
At 31 December 2018	**3,667.1**	**-**	**88.8**	**28.3**	**29.7**	**83.4**	**(352.9)**	**(36.6)**	**4,017.4**	**(509.7)**	**7,015.5**

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

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FINANCIAL YEAR ENDED	
	31/12/2019	31/12/2018
	RM Million	RM Million
Receipts from customers	11,330.0	11,269.9
Payments to suppliers and employees	(7,067.7)	(8,060.3)
Payment to suppliers for short term lease and leases of low value assets	(42.9)	-
Payment of finance cost	(464.6)	(430.3)
Payment of income taxes and zakat (net)	(252.8)	(194.2)
CASH FLOWS FROM OPERATING ACTIVITIES	**3,502.0**	**2,585.1**
Contribution for purchase of property, plant and equipment	186.0	541.4
Disposal of property, plant and equipment	19.6	22.4
Purchase of property, plant and equipment	(1,498.8)	(2,276.1)
Disposal/Maturity of current investments at fair value to other comprehensive income	78.1	313.0
Purchase of current investments at fair value to other comprehensive income	(83.0)	(103.1)
Purchase of investments at fair value through profit or loss	(8.6)	(6.3)
Disposal of non-current assets held for sale	1.4	0.2
Long term deposit	(16.6)	(16.6)
Repayments of loans by employees	49.2	26.9
Loans to employees	(62.0)	(85.7)
Disposal of housing loan	19.4	7.5
Interests received	121.9	87.8
Dividends received	9.1	11.7
CASH FLOWS USED IN INVESTING ACTIVITIES	**(1,184.3)**	**(1,476.9)**
Proceeds from borrowings	747.0	2,707.1
Repayments of borrowings	(548.5)	(2,301.5)
Repayments of lease liabilities	(408.1)	(23.8)
Dividend paid to shareholders (part A, note 6)	(75.2)	(454.7)
Dividend paid to non-controlling interests	-	(9.2)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(284.8)**	**(82.1)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,032.9	1,026.1
EFFECT OF EXCHANGE RATE CHANGES	(3.3)	11.4
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	2,756.5	1,719.0
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**4,786.1**	**2,756.5**

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The interim financial statements for the 4th quarter ended 31 December 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 and audited financial statements for the financial year 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.

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.

1. Basis of Preparation (continued)

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

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

<u>Effective for annual periods beginning on or after 1 January 2020</u>

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
Amendments to MFRS 9, MFRS 139 & MFRS 7	Interest Rate Benchmark Reform

<u>Effective for annual periods to be announced by MASB</u>

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

Other than estimates on impact of regulatory pricing, the impairment of network assets and the significant fair value movement in Redeemable Exchangeable Medium Term Notes (Exchangeable MTN) issued by a non-controlling interest of a subsidiary that are disclosed in part A, notes 4(a) to (c), there were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the 4th quarter and financial year ended 31 December 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 provision for transactions which were probable to be affected by the Determination. Subsequently, this provision has been reversed following the most recent commercial and regulatory development known to the Group.

(b) Impairment of Network Assets

During the financial year, the Group has recognised a provision of RM124.6 million for the impairment of fixed network assets following the Group's announcement of a price adjustment of its Streamyx services.

The impairment losses were projected based on an assessment of the recoverable value-in-use of the affected network assets.

The Group will continue to review the economic circumstances revolving around the assets of the Group in coming periods to reflect any potential further impairment or recovery in value.

(c) Fair Value Change in Redeemable Exchangeable Medium Term Notes (Exchangeable MTN) issued by non-controlling interest of a subsidiary

During the current quarter ended, the Group recognised a RM233.7 million fair value loss on its subscription of Exchangeable MTNs issued by a non-controlling interest of a subsidiary. Details of the Exchangeable MTNs are as disclosed in note 30, sub-note (iv) to the audited financial statements of the Group for the financial year ended 31 December 2018.

The fair value of the Exchangeable MTNs is based on the residual equity value of the entity against which the notes are exchangeable with.

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

(a) Long Term Incentive Plan (LTIP)

During the financial year, TM granted shares under its Long Term Incentive Plan (LTIP) to eligible employees of TM and subsidiaries as described in note 14 of the audited financial statements for the financial year ended 31 December 2018.

Description	Grant Date	Vesting Date	Total TM shares granted	Reference Price Per Unit[1] (RM)
Restricted Shares (RS)	17 June 2019	1 June 2022	15,274,100	4.06
Performance Shares (PS)	17 June 2019	1 June 2022/ 1 June 2023[2]	1,001,500	4.06
Performance Shares (PS)	20 December 2019	15 December 2022/15 December 2023[2]	1,117,800	3.86

[1] Refers to the closing share price at the valuation date of the LTIP.
[2] In the event that certain performance metrics are not met over the period set by the LTIP Committee as being applicable to the PS Grantees, a roll over feature may extend the performance period and vesting date by 1 year.

Description of both RS and PS has been disclosed in note 14 of the audited financial statements for the financial year ended 31 December 2018.

(b) During the financial year, the Company issued 7,742,400 new ordinary shares amounting to RM31.5 million pursuant to the vesting of shares from the RS granted to employees on 1 December 2016.

6. Dividends Paid

An 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.

7. Segmental Information

Segmental information for the Group are as follows:

By Business Segment

All amounts are in RM Million 4th Quarter Ended 31 December 2019	unifi>	TM ONE	TM GLOBAL	Shared Services /Others^	Elimination	Total
Operating Revenue						
Total operating revenue	1,124.4	1,114.1	901.5	112.7		3,252.7
Inter-segment @	(15.2)	(79.0)	(127.1)	2.7		(218.6)
External operating revenue	1,109.2	1,035.1	774.4	115.4		3,034.1
Results						
EBIT	(21.0)	195.6	(40.4)	(126.6)	358.3	365.9
Other losses (net)						(254.5)
Finance income						38.1
Finance cost						(136.9)
Foreign exchange gain on borrowings						23.1
Associate						
- share of results (net of tax)						3.2
Profit before tax and zakat						38.9
Tax and zakat						(106.4)
Loss for the financial period						(67.5)

7. Segmental Information (continued)

All amounts are in RM Million 4th Quarter Ended 31 December 2018	**unifi>**	**TM ONE**	**TM GLOBAL**	**Shared Services /Others^**	**Elimination**	**Total**
Operating Revenue						
Total operating revenue	1,286.6	1,166.0	668.6	122.5		3,243.7
Inter-segment @	(10.7)	(86.5)	(60.5)	2.9		(154.8)
External operating revenue	1,275.9	1,079.5	608.1	125.4		3,088.9
Results						
EBIT	71.5	261.7	(244.0)	132.2	30.5	251.9
Other gains (net)						0.8
Finance income						21.4
Finance cost						(134.5)
Foreign exchange gain on borrowings						2.3
Associate						
- share of results (net of tax)						4.5
Profit before tax and zakat						146.4
Tax and zakat						(130.3)
Profit for the financial period						16.1

7. Segmental Information (continued)

All amounts are in RM Million Financial Year Ended 31 December 2019	**unifi>**	**TM ONE**	**TM GLOBAL**	**Shared Services /Others^**	**Elimination**	**Total**
Operating Revenue						
Total operating revenue	4,743.5	4,235.2	2,667.1	488.9		12,134.7
Inter-segment @	(29.6)	(303.9)	(360.8)	(6.2)		(700.5)
External operating revenue	4,713.9	3,931.3	2,306.3	482.7		11,434.2
Results						
EBIT	313.3	995.1	257.4	(319.9)	322.4	1,568.3
Other losses (net)						(268.6)
Finance income						146.1
Finance cost						(536.8)
Foreign exchange gain on borrowings						1.1
Associate						
- share of results (net of tax)						15.0
Profit before tax and zakat						925.1
Tax and zakat						(367.7)
Profit for the financial year						557.4

7. Segmental Information (continued)

All amounts are in RM Million Financial Year Ended 31 December 2018	unifi>	TM ONE	TM GLOBAL	Shared Services /Others^	Elimination	Total
Operating Revenue						
Total operating revenue	5,319.7	4,444.0	2,245.9	496.5		12,506.1
Inter-segment @	(33.8)	(346.1)	(300.5)	(6.4)		(686.8)
External operating revenue	5,285.9	4,097.9	1,945.4	490.1		11,819.3
Results						
EBIT	(686.3)	1,081.2	(214.6)	(55.5)	(60.2)	64.6
Other gains (net)						310.9
Finance income						102.3
Finance cost						(450.1)
Foreign exchange loss on borrowings						(31.3)
Associate						
- share of results (net of tax)						21.0
Profit before tax and zakat						17.4
Tax and zakat						(277.9)
Loss for the financial year						(260.5)

7. Segmental Information (continued)

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

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

> unifi segment for the current quarter and financial 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 Financial Year

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 4th quarter and year ended 31 December 2019.

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

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 audited financial statements of the Group for the financial year ended 31 December 2018.

11. Capital Commitments

(a)

	Group	
	As at 31/12/2019 RM Million	**As at 31/12/2018 RM Million**
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for*	**2,412.9**	3,323.2

* The current year disclosure has been revised to reflect exclusion of contracts that are not committed.

(b)

	Group	
	As at 31/12/2019 RM Million	**As at 31/12/2018 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)	**66.0**	78.5

Refer to note 28(c) of the audited financial statements of the Group for the financial year ended 31 December 2018.

12. Related Party Transactions

Khazanah Nasional Berhad (Khazanah) is a major shareholder with 26.15% equity interest and is a related party of the Group. Khazanah is a wholly-owned entity of MOF Inc, which is in turn owned by the Ministry of Finance, a ministry of the Federal Government of Malaysia. Therefore, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group.

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

	Total amount of individually significant transactions for the financial year ended		**Corresponding outstanding balances as at**	
	31/12/2019 RM Million	**31/12/2018 RM Million**	**31/12/2019 RM Million**	**31/12/2018 RM Million**
Sales and Receivables	**833.9**	706.6	**106.2**	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 RM385.2 million (YTD December 2018: RM306.5 million) with corresponding receivables of RM443.0 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 31/12/2019				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	**1.5**	**-**	**-**	**1.5**	1.8	-	-	1.8
Exchangeable Medium Term Notes (Note 4(c))	**-**	**-**	**-**	**-**	-	-	233.7	233.7
Derivatives accounted for under hedge accounting	**-**	**254.0**	**-**	**254.0**	-	254.4	-	254.4
Investments at fair value through OCI	**-**	**157.8**	**-**	**157.8**	-	147.9	-	147.9
Investments at fair value through profit or loss	**-**	**-**	**55.6**	**55.6**	-	-	82.7	82.7
Equity investments at fair value through OCI	**-**	**-**	**139.8**	**139.8**	-	-	148.0	148.0
Receivables at fair value through OCI	**-**	**-**	**282.3**	**282.3**	-	-	252.5	252.5
Total	**1.5**	**411.8**	**477.7**	**891.0**	1.8	402.3	716.9	1,121.0
Liabilities								
Derivatives accounted for under hedge accounting	**-**	**1.7**	**-**	**1.7**	-	-	-	-
Total	**-**	**1.7**	**-**	**1.7**	-	-	-	-

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 year.

13. Fair Value (continued)

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

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

	As at 31/12/2019		**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	**8,733.1**	**9,340.9**	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 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:

	1 January 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 2019 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.

	1 January 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 1.8% (RM54.8 million) to RM3,034.1 million compared to RM3,088.9 million recorded in the same quarter last year with declines in voice, Internet and multimedia services, as well as other telecommunication related service revenues.

The reduction in revenue and a one-off RM233.7 million fair value adjustment on medium term notes issued by a non-controlling interest of a subsidiary led to the Group recording lower operating profits before finance cost of RM111.4 million, a 55.9% (RM141.3 million) decrease from RM252.7 million recorded in the 4th quarter of 2018.

Consequently, Group profit after tax and non-controlling interests (PATAMI) decreased by 173.3% (RM120.8 million) from RM69.7 million to a loss of RM51.1 million.

(ii) Segment Performance

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Revenue decreased 12.6% (RM162.2 million) from RM1,286.6 million to RM1,124.4 million in the current quarter due to reduction from voice and Internet and multimedia services partly from the impact of the Streamyx price adjustment which took effect in September 2019 onwards as well as the Year End Promotion (Pay Nothing) as part of TM's commitment to our loyal customers.

This mainly contributed to the loss of RM21.0 million, compared to the EBIT of RM71.5 million in the corresponding quarter last year.

TM ONE

TM ONE recorded a 4.5% (RM51.9 million) decrease in revenue from RM1,166.0 million to RM1,114.1 million in the 4th quarter of 2019 mainly due to declines in all telecommunication services. Consequently, EBIT decreased 25.3% (RM66.1 million) to RM195.6 million in the current quarter from RM261.7 million in the corresponding quarter last year.

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

1. Review of Performance (continued)

(a) Quarter-on-Quarter (continued)

(ii) Segment Performance (continued)

TM GLOBAL

Revenue for the current quarter increased 34.8% (RM232.9 million) from RM668.6 million in 4th quarter last year to RM901.5 million mainly contributed by higher revenue from data services which includes reversal of provision recognised in previous quarters as disclosed in part A, note 4(a). Consequently, LBIT for the current quarter was a loss of RM40.4 million, a 83.4% (RM203.6 million) lower from a loss of RM244.0 million in the corresponding quarter last year.

(b) Year-on-Year

(i) Group Performance

For the financial year under review, Group revenue decreased by 3.3% (RM385.1 million) to RM11,434.2 million as compared to RM11,819.3 million last year, mainly due to lower revenue from all lines of product except for data and non-telecommunication related services.

Operating profit before finance cost increased 246.1% (RM924.2 million) to RM1,299.7 million from RM375.5 million in 2018 with lower impairment losses on network assets in the current financial year compared to what was recognised last year. The Group's ability to sustain a continuous reduction in operating costs further contributes to improved performance year on year.

The Group ends the financial year with profit after tax and non-controlling interests (PATAMI) of RM632.7 million, a 313.0% (RM479.5 million) increase from RM153.2 million recorded in 2018.

(ii) Segment Performance

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Revenue for the current financial year decreased by 10.8% (RM576.2 million) to RM4,743.5 million from RM5,319.7 million with lower revenue from voice, Internet and multimedia services, as well as other telecommunication related services. The reduction in revenue from Internet and multimedia services was partly from the Streamyx price adjustments introduced in September 2019. Nevertheless, EBIT for the current financial year increased by 145.7% (RM999.6 million) to RM313.3 million from a loss of RM686.3 million last year which was mainly due to impairment losses on network assets recognised during the previous financial year.

1. Review of Performance (continued)

(b) Year-on-Year (continued)

(ii) Segment Performance (continued)

TM ONE

TM ONE recorded a 4.7% (RM208.8 million) decrease in revenue from RM4,444.0 million to RM4,235.2 million in the current financial year mainly due to decline in voice, data and other telecommunication related service revenues. Consequently, EBIT for the current financial year decreased by 8.0% (RM86.1 million) from RM1,081.2 million to RM995.1 million.

TM GLOBAL

TM GLOBAL registered revenue of RM2,667.1 million for the current financial year, a 18.8% (RM421.2 million) increase from RM2,245.9 million reported in the previous financial year. This was mainly driven by revenue increase in data services. Lower depreciation charges and impairment losses on network assets in the current financial year compared to the previous financial year led to a 219.9% (RM472.0 million) increase at EBIT line from a loss of RM214.6 million last year to RM257.4 million profit in the current financial year.

2. Comparison with Preceding Quarter's Results

The current quarter Group revenue increased 6.4% (RM181.5 million) to RM3,034.1 million as compared to RM2,852.6 million recorded in the 3rd quarter of 2019 with higher revenue from data, voice, and other telecommunication services.

Operating profit before finance cost decreased 73.3% (RM305.8 million) to RM111.4 million from RM417.2 million recorded in the preceding quarter mainly affected by a one-off RM233.7 million fair value adjustment recognised in the current quarter on Redeemable Exchangeable MTNs issued by a non-controlling shareholder of a subsidiary. Direct costs also increased with the increase in revenue during the current quarter. This subsequently led to a RM312.4 million decrease in Group PATAMI from RM261.3 million profit in the preceding quarter to a loss of RM51.1 million.

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

3. Prospects for the Next Financial Year Ending 31 December 2020

The Group expects the industry to continue to adjust to new market dynamics and declining revenue from traditional segments while preparing for the next leap in telecommunications into 5G. TM is forging ahead in positioning itself as the National Telecommunications Infrastructure Provider for 5G and enabler to the National Fiberisation and Connectivity Plan (NFCP). This will fulfil the country's aspiration towards Industrial Revolution 4.0 and a Digital Malaysia.

In 2020, TM is going back to basics to focus on 4 strategic pillars – relentless drive towards Customer Excellence, continue revenue generation, manpower optimisation with workforce remobilisation and providing a superior network through modernisation, to remain stable in the course for long term growth.

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

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the 4th quarter and financial year ended 31 December 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:

	4th Quarter Ended		Financial Year Ended	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
	RM Million	**RM Million**	**RM Million**	**RM Million**
Malaysia				
Income Tax:				
Current year	**256.3**	100.8	**489.3**	231.6
Prior year	**(2.7)**	0.2	**14.9**	(20.0)
Deferred tax (net)	**(150.5)**	25.1	**(141.2)**	53.0
	103.1	126.1	**363.0**	264.6
Overseas				
Income Tax:				
Current year	**(1.2)**	0.2	**(1.6)**	0.8
Prior year	**#**	#	**0.7**	6.0
Deferred tax (net)	**(1.9)**	#	**(1.9)**	#
	(3.1)	0.2	**(2.8)**	6.8
Taxation	**100.0**	126.3	**360.2**	271.4
Zakat	**6.4**	4.0	**7.5**	6.5
Taxation and Zakat	**106.4**	130.3	**367.7**	277.9

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 Digital Sdn Bhd for which no corresponding tax losses or deferred tax asset has been recognised at this juncture.

6. Status of Corporate Proposals

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

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

7. Group Borrowings and Debt Securities

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

	As at 31/12/2019		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	**17.5**	**16.0**	34.5	25.9
Total Unsecured	**1,016.8**	**7,682.8**	199.6	8,311.3
Total Borrowings	**1,034.3**	**7,698.8**	234.1	8,337.2

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

Foreign Currency	As at 31/12/2019 RM Million	As at 31/12/2018 RM Million
US Dollar	**2,369.6**	2,371.6
Canadian Dollars	**2.4**	2.6
Total	**2,372.0**	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 down of current facilities and impact of foreign exchange retranslation for the financial year.

8. Derivative Financial Instruments

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

		Fair value as at 31/12/2019		**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	206.4	-	1.7	7.0	-
	206.4	**-**	**1.7**	7.0	-
1. Cross Currency Interest Rate Swaps (CCIRS)					
- less than 1 year - 1 year to 3 years	316.8 [β]	95.6	-	99.2	-
- more than 3 years	310.5	158.4	-	148.2	-
	627.3	**254.0**	**-**	247.4	-
Total	**833.7**	**254.0**	**1.7**	254.4	-

[β] Reclassified from 3 years to less than 1 year aging during the current quarter

(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.

(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.

8. Derivative Financial Instruments (continued)

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

The amount of gains/(losses) arising from fair value changes of derivative financial instruments for the current and cumulative quarters ended 31 December 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	Gains/(Losses) arising from fair value changes for the year RM Million
Financial Liabilities				
1. Interest Rate Swaps[(i)]				
- more than 3 years	206.4	1.7	(0.3)	(8.7)
Total	**206.4**	**1.7**	**(0.3)**	**(8.7)**
Financial Assets				
1. Cross Currency Interest Rate Swaps[(ii)]				
- less than 1 year	316.8	95.6	(5.9)	(3.6)
- more than 3 years	310.5	158.4	(14.2)	10.2
Total	**627.3**	**254.0**	**(20.1)**	**6.6**

[(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

Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the Consolidated Income Statement for the 4th quarter and financial year ended 31 December 2019:

	4th Quarter Ended		**Financial Year Ended**	
	31/12/2019 RM Million	**31/12/2018 RM Million**	**31/12/2019 RM Million**	**31/12/2018 RM Million**
Inventory (charges)/reversal for write off and obsolescence	**(2.7)**	0.8	**(3.0)**	0.1
Gain on disposal of fixed income securities	**0.2**	#	**1.2**	0.1
(Loss)/Gain on foreign exchange on settlements and placements	**(8.2)**	0.6	**0.2**	(2.2)

Amount less than RM0.1 million

10. Material Litigation

The following is the material litigation 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 of Summons and Statement of Claim dated 18 March 2019 from Malaysian Football League LLP ("MFL").

On 26 April 2019, TM filed its application to strike out MFL's Statement of Claim, its Statement of Defence and Counterclaim against MFL.

On 12 July 2019, the High Court heard the striking out application and dismissed TM's application with cost in cause. TM has decided, upon consultation with its legal advisor, not to appeal against the decision of the High Court and instead proceed to trial. The main suit was fixed for trial on 13 – 14 January 2020.

However, on 24 October 2019, MFL and TM filed a Notice of Discontinuance stating that both parties have withdrawn their respective claims and counterclaims against each other without liberty to file afresh and with no order as to costs.

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)

Based on the legal advice from TM's external solicitors i.e. Messrs. Lee Hishammuddin Allen & Gledhill (LHAG), with the filing of the said Notice of Discontinuance, the claim brought by MFL against TM and the counterclaim brought by TM against MFL has come to an end.

Apart from the above, the Directors are not aware of any other proceedings pending against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the financial position or business of the Company and/or its subsidiaries.

11. Earnings per Share (EPS)

	4th Quarter Ended		Financial Year Ended	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
(a) Basic earnings per share				
(Loss)/Profit attributable to equity holders of the Company (RM million)	**(51.1)**	69.7	**632.7**	153.2
Weighted average number of ordinary shares (million)	**3,765.6**	3,757.9	**3,760.9**	3,757.9
Basic (loss)/earnings per share (sen) attributable to equity holders of the Company	**(1.4)**	1.9	**16.8**	4.1

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 year.

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

11. Earnings per Share (EPS) (continued)

	4th Quarter Ended		Financial Year Ended	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
(b) Diluted earnings per share				
(Loss)/Profit attributable to equity holders of the Company (RM million)	**(51.1)**	69.7	**632.7**	153.2
Weighted average number of ordinary shares (million)	**3,765.6**	3,757.9	**3,760.9**	3,757.9
Adjustment for dilutive effect of Long Term Incentive Plan (million)	**28.4**	22.0	**26.4**	22.0
Weighted average number of ordinary shares (million)	**3,794.0**	3,779.9	**3,787.3**	3,779.9
Diluted (loss)/earnings per share (sen) attributable to equity holders of the Company	**(1.4)**	1.9	**16.7**	4.1

Diluted earnings per share for the current financial year was calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of issued and paid-up ordinary shares adjusted for 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.

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.

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

13. Dividends

The Board of Directors has declared final interim single-tier cash dividend of 10.0 sen per share for the financial year ended 31 December 2019 (2018: interim single-tier cash dividend of 2.0 sen per share). The dividend will be paid on 3 April 2020 to shareholders whose names appear in the Register of Members and Record of Depositors on 9 March 2020.

By Order of the Board

Rizani Hassan (LS0009520)
Secretary
Kuala Lumpur
21 February 2020