

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 second quarter ended 30 June 2015.

UNAUDITED CONSOLIDATED INCOME STATEMENT

	2ND QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/06/2015 RM Million	30/06/2014 RM Million	30/06/2015 RM Million	30/06/2014 RM Million
OPERATING REVENUE	2,840.6	2,821.8	5,614.7	5,441.8
OPERATING COSTS				
- depreciation, impairment and amortisation	(623.9)	(560.2)	(1,228.1)	(1,140.1)
- other operating costs	(1,940.6)	(1,953.2)	(3,899.5)	(3,726.7)
OTHER OPERATING INCOME (net)	29.4	30.5	61.8	80.7
OTHER LOSSES (net)	(0.8)	(1.2)	(1.4)	(1.7)
OPERATING PROFIT BEFORE FINANCE COST	304.7	337.7	547.5	654.0
FINANCE INCOME	37.7	36.2	76.1	67.4
FINANCE COST	(78.1)	(73.6)	(151.5)	(145.3)
FOREIGN EXCHANGE (LOSS)/GAIN ON BORROWINGS	(14.5)	7.1	(55.7)	10.0
NET FINANCE COST	(54.9)	(30.3)	(131.1)	(67.9)
ASSOCIATES				
- share of results (net of tax)	6.3	2.0	11.8	2.9
PROFIT BEFORE TAXATION AND ZAKAT	256.1	309.4	428.2	589.0
TAXATION AND ZAKAT (part B, note 5)	(74.1)	(84.9)	(130.3)	(145.7)
PROFIT FOR THE FINANCIAL PERIOD	182.0	224.5	297.9	443.3
ATTRIBUTABLE TO:				
- equity holders of the Company	212.1	214.1	341.0	424.7
- non-controlling interests	(30.1)	10.4	(43.1)	18.6
PROFIT FOR THE FINANCIAL PERIOD	182.0	224.5	297.9	443.3
EARNINGS PER SHARE (sen) (part B, note 12)				
- basic/diluted	5.7	6.0	9.2	11.9

(The above unaudited consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2ND QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/06/2015 RM Million	30/06/2014 RM Million	30/06/2015 RM Million	30/06/2014 RM Million
PROFIT FOR THE FINANCIAL PERIOD	182.0	224.5	297.9	443.3
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to income statement:				
- increase/(decrease) in fair value of available-for-sale investments	1.2	(0.5)	3.5	(3.0)
- decrease in fair value of available-for-sale receivables	#	(0.2)	(0.1)	(0.8)
- reclassification adjustments relating to available-for-sale investments disposed	(0.2)	2.2	(0.6)	1.6
- cash flow hedge:				
- increase/(decrease) in fair value of cash flow hedge	8.0	(0.6)	72.4	(9.0)
- reclassification to foreign exchange (loss)/gain	(14.3)	10.2	(68.3)	9.1
- currency translation differences				
- subsidiaries	2.5	(0.9)	5.1	(1.0)
- associate	0.4	(0.1)	0.6	(0.2)
Other comprehensive (loss)/income for the financial period	(2.4)	10.1	12.6	(3.3)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	179.6	234.6	310.5	440.0
ATTRIBUTABLE TO:				
- equity holders of the Company	209.7	224.2	353.6	421.4
- non-controlling interests	(30.1)	10.4	(43.1)	18.6
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	179.6	234.6	310.5	440.0

Amount less than RM0.1 million

(The above unaudited consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	AS AT 30/06/2015 RM Million	AS AT 31/12/2014 RM Million
SHARE CAPITAL	2,630.6	2,603.6
SHARE PREMIUM	964.9	722.7
OTHER RESERVES	(58.3)	(70.9)
RETAINED PROFITS	4,158.3	4,315.7
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7,695.5	7,571.1
NON-CONTROLLING INTERESTS	324.2	388.8
TOTAL EQUITY	8,019.7	7,959.9
Borrowings	6,644.8	6,251.4
Derivative financial instruments	331.5	337.8
Deferred tax liabilities	1,326.0	1,258.0
Deferred income	1,839.1	1,823.1
Trade and other payables	92.3	135.8
DEFERRED AND NON-CURRENT LIABILITIES	10,233.7	9,806.1
	18,253.4	17,766.0
Property, plant and equipment	14,344.5	14,785.1
Intangible assets	577.8	581.7
Associates	16.6	6.5
Available-for-sale investments	114.0	99.0
Available-for-sale receivables	6.2	6.9
Other non-current receivables	745.7	500.7
Derivative financial instruments	208.5	147.3
Deferred tax assets	13.8	14.8
NON-CURRENT ASSETS	16,027.1	16,142.0
Inventories	139.5	115.9
Non-current assets held for sale	13.0	13.0
Customer acquisition costs	63.2	62.7
Trade and other receivables	3,328.6	2,825.3
Available-for-sale investments	512.7	469.3
Financial assets at fair value through profit or loss	7.6	9.2
Cash and bank balances	2,858.8	2,985.8
CURRENT ASSETS	6,923.4	6,481.2
Trade and other payables	3,395.1	3,605.2
Customer deposits	477.4	482.4
Advance rental billings	426.1	416.1
Borrowings	238.6	197.0
Taxation and zakat	159.9	156.5
CURRENT LIABILITIES	4,697.1	4,857.2
NET CURRENT ASSETS	2,226.3	1,624.0
	18,253.4	17,766.0
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	204.8	203.6

(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 2014)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

Attributable to equity holders of the Company

	Share Capital RM Million	Share Premium RM Million	Fair Value Reserves RM Million	Hedging Reserve RM Million	Capital Redemption 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 1 January 2015	2,603.6	722.7	57.8	63.5	71.6	(267.6)	3.8	4,315.7	388.8	7,959.9
Profit/(loss) for the financial period	-	-	-	-	-	-	-	341.0	(43.1)	297.9
Other comprehensive income										
Items that may be reclassified subsequently to income statement:										
- increase in fair value of available-for-sale investments	-	-	3.5	-	-	-	-	-	-	3.5
- decrease in fair value of available-for-sale receivables	-	-	(0.1)	-	-	-	-	-	-	(0.1)
- reclassification adjustments relating to available-for-sale investments disposed	-	-	(0.6)	-	-	-	-	-	-	(0.6)
- cash flow hedge:										
- increase in fair value of cash flow hedge	-	-	-	72.4	-	-	-	-	-	72.4
- reclassification to foreign exchange loss	-	-	-	(68.3)	-	-	-	-	-	(68.3)
- currency translation differences	-	-	-	-	-	-	-	-	-	-
- subsidiaries	-	-	-	-	-	-	5.1	-	-	5.1
- associate	-	-	-	-	-	-	0.6	-	-	0.6
Total comprehensive income/(loss) for the financial period	-	-	2.8	4.1	-	-	5.7	341.0	(43.1)	310.5
Transactions with owners										
- shares issued pursuant to Dividend Reinvestment Scheme (DRS) (part A, note 5(a))	27.0	242.2	-	-	-	-	-	-	-	269.2
- final dividends paid for the financial year ended 31 December 2014 (part A, note 6)	-	-	-	-	-	-	-	(498.4)	-	(498.4)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(28.8)	(28.8)
- capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	7.3	7.3
Total transactions with owners	27.0	242.2	-	-	-	-	-	(498.4)	(21.5)	(250.7)
At 30 June 2015	2,630.6	964.9	60.6	67.6	71.6	(267.6)	9.5	4,158.3	324.2	8,019.7

(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 2014)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	Attributable to equity holders of the Company								
	Share Capital RM Million	Share Premium RM Million	Fair Value Reserves RM Million	Hedging Reserve RM Million	Capital Redemption Reserve RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Non- controlling Interests RM Million	Total Equity RM Million
At 1 January 2014	2,504.2	43.2	56.3	46.5	71.6	(0.5)	4,415.4	162.6	7,299.3
Profit for the financial period	-	-	-	-	-	-	424.7	18.6	443.3
Other comprehensive income									
Items that may be reclassified subsequently to income statement:									
- decrease in fair value of available-for-sale investments	-	-	(3.0)	-	-	-	-	-	(3.0)
- decrease in fair value of available-for-sale receivables	-	-	(0.8)	-	-	-	-	-	(0.8)
- reclassification adjustments relating to available-for-sale investments disposed	-	-	1.6	-	-	-	-	-	1.6
- cash flow hedge:									
- decrease in fair value of cash flow hedge	-	-	-	(9.0)	-	-	-	-	(9.0)
- reclassification to foreign exchange gain	-	-	-	9.1	-	-	-	-	9.1
- currency translation differences	-	-	-	-	-	(1.0)	-	-	(1.0)
- subsidiaries	-	-	-	-	-	(0.2)	-	-	(0.2)
- associate	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the financial period	-	-	(2.2)	0.1	-	(1.2)	424.7	18.6	440.0
Transactions with owners									
- shares issued pursuant to Dividend Reinvestment Scheme (DRS)	62.8	420.2	-	-	-	-	-	-	483.0
- final dividends paid for the financial year ended 31 December 2013	-	-	-	-	-	-	(583.1)	-	(583.1)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	(21.8)	(21.8)
Total transactions with owners	62.8	420.2	-	-	-	-	(583.1)	(21.8)	(121.9)
At 30 June 2014	2,567.0	463.4	54.1	46.6	71.6	(1.7)	4,257.0	159.4	7,617.4

(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 2014)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FINANCIAL PERIOD ENDED	
	30/06/2015	30/06/2014
	RM Million	RM Million
Receipts from customers	4,728.7	4,694.9
Payments to suppliers and employees	(3,691.6)	(3,703.1)
Payment of finance cost	(144.0)	(141.5)
Payment of income taxes and zakat (net)	(59.7)	(27.7)
CASH FLOWS FROM OPERATING ACTIVITIES	833.4	822.6
Contribution for purchase of property, plant and equipment	9.9	37.3
Disposal of property, plant and equipment	5.6	7.0
Purchase of property, plant and equipment	(1,016.8)	(874.8)
Acquisition of a subsidiary*	-	(33.4)
Disposal of available-for-sale investments	169.8	150.3
Purchase of available-for-sale investments	(208.3)	(146.4)
Purchase of long term investments	(15.0)	-
Disposal of financial assets at fair value through profit or loss	-	3.8
Disposal of non-current assets held for sale	11.2	12.3
Long term deposit	(8.3)	(8.3)
Repayments of loans by employees	4.7	3.9
Loans to employees	(42.3)	(27.3)
Disposal of housing loan	6.7	6.1
Interests received	64.0	58.8
Dividends received	2.0	2.3
CASH FLOWS USED IN INVESTING ACTIVITIES	(1,016.8)	(808.4)
Proceeds from issuance of shares (part A, note 5(a))	269.2	483.0
Capital contribution to a subsidiary	7.4	-
Proceeds from borrowings	790.0	622.5
Repayments of borrowings (net)	(480.9)	(8.3)
Repayments of finance lease	(2.2)	(2.0)
Dividend paid to shareholders (part A, note 6)	(498.4)	(583.1)
Dividend paid to non-controlling interests	(28.8)	(21.8)
CASH FLOWS FROM FINANCING ACTIVITIES	56.3	490.3
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(127.1)	504.5
EFFECT OF EXCHANGE RATE CHANGES	0.1	(0.3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,975.0	2,514.5
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	2,848.0	3,018.7
*Net of cash and cash equivalents acquired		

(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 2014)

TELEKOM MALAYSIA BERHAD (128740-P)
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The unaudited interim financial statements for the 2nd quarter ended 30 June 2015 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 2014. The accounting policies, method of computation and basis of consolidation applied in the audited interim financial statements are consistent with those used in the preparation of the 2014 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 2015.

(a) Amendments to published standards that are effective and applicable for the Group’s financial year beginning on 1 January 2015

The amendments to published standards issued by MASB that are effective and applicable for the Group’s financial year beginning on 1 January 2015 are as follows:

Amendments to MFRS 119	Defined Benefit Plans: Employee Contribution
Amendments to MFRS 2,3,8,13, 116,124 and 138	Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2010 – 2012 Cycle”
Amendments to MFRS 1,3,13 and 140	Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2010 – 2013 Cycle”

The adoption of the above amendments to published standards does not have any material impact to the Group’s financial result, position or disclosure for the current or previous periods nor any of the Group’s significant accounting policies.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation (continued)

(b) Standards and amendments to published standards that are not yet effective and have not been early adopted

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

Effective for annual periods beginning on or after 1 January 2016

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to MFRS 116 and 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 10, 12 and 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 10 and 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 5, 7, 119 and 134	Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2012 – 2014 Cycle”
Amendments to MFRS 101	Disclosure Initiative

Effective for annual periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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Effective for annual periods on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
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The adoption of the above applicable standards and amendments to published standards are not expected to have a material impact on the financial statements of the Group except for MFRS 9 and MFRS 15 as explained in the Group’s 2014 audited annual financial statements.

There are no other standards, amendments to published standards or Interpretation Committee (IC) Interpretation that are not yet effective that would be expected to have a material impact on the Group.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Seasonal or Cyclical Factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the 2nd quarter and financial period ended 30 June 2015.

4. Material Changes in Estimates

There was no material changes in estimates reported in the prior interim period or prior financial year.

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

(a) Shares issued pursuant to Dividend Reinvestment Scheme (DRS)

On 26 February 2015, as part of the 2014 4th quarter result, TM announced a Final Dividend in respect of financial year ended 31 December 2014 of 13.4 sen per share (Final Dividend) for approval in the 30th Annual General Meeting (AGM) of the Company.

TM Board determined that the Dividend Reinvestment Scheme (as approved in TM Extraordinary Meeting on 8 May 2014) would be applicable to the entire Final Dividend (DRS).

On 30 April 2015, the shareholders approved the renewal of authority for Directors of TM to allot and issue New TM shares at the AGM. The allotment and issuance of new ordinary shares of RM0.70 each in relation to the DRS (New TM Shares) was approved by the shareholders and its listing and quotation approved by Bursa Malaysia Securities Berhad (Bursa Malaysia).

Pursuant to the DRS, 38,565,824 new TM shares were issued at an issue price of RM6.98 per new TM share. This translates to 54.0% rate of acceptance of Shareholders to reinvest their cash dividend in new TM shares.

Upon completion of the DRS on listing and quotation of the new TM Shares on the Main Market of Bursa Malaysia Securities Berhad on 19 June 2015, the total issued and paid-up share capital of TM is RM2,630,557,302.10 comprising 3,757,934,823 ordinary shares of RM0.70 each; 1 Special Rights Redeemable Preference Share of RM1.00; 2,000 Class C Non-Convertible Redeemable Preference Shares (NCRPS) of RM1.00 each; and 925 Class D NCRPS of RM1.00 each.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

5. Issuances, Repurchases and Repayments of Debt and Equity Securities (continued)

(b) Issuance of Islamic Medium Term Notes (IMTN)

On 12 June 2015, the Company issued RM300.0 million nominal value Islamic Medium Term Notes at 4.23% per annum which will mature on 10 June 2022.

Save for the above, there were no other issuances, repurchases and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the 2nd quarter and financial period ended 30 June 2015.

6. Dividends Paid

Pursuant to note 5(a), the payment of Final Dividend and allotment of shares under the DRS was completed on 18 June 2015.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information

Segmental information for the Group are as follows:

By Business Segment

All amounts are in RM Million 2nd Quarter Ended 30 June 2015	Mass Market [#]	Managed Accounts [#]	Global & Wholesale Business	Shared Services /Others ^{>}	Total
Operating Revenue					
Total operating revenue	1,187.3	1,177.8	504.4	1,413.5	4,283.0
Inter-segment @	(3.3)	(112.6)	(94.4)	(1,232.1)	(1,442.4)
External operating revenue	1,184.0	1,065.2	410.0	181.4	2,840.6
Results					
Segment profits/(losses)	94.5	278.9	78.5	(65.9)	386.0
Unallocated income/other losses*					3.8
Unallocated costs [^]					(85.1)
Operating profit before finance cost					304.7
Finance income					37.7
Finance cost					(78.1)
Foreign exchange loss on borrowings					(14.5)
Associates					
-share of results (net of tax)					6.3
Profit before taxation and zakat					256.1
Taxation and zakat					(74.1)
Profit for the financial period					182.0

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information (continued)

All amounts are in RM Million					
2nd Quarter Ended					
30 June 2014					
Operating Revenue	Mass Market[#]	Managed Accounts[#]	Global & Wholesale Business	Shared Services /Others^{>}	Total
Total operating revenue	1,147.9	1,216.9	516.4	1,383.6	4,264.8
Inter-segment @	(5.1)	(103.6)	(67.3)	(1,267.0)	(1,443.0)
External operating revenue	<u>1,142.8</u>	<u>1,113.3</u>	<u>449.1</u>	<u>116.6</u>	<u>2,821.8</u>
Results					
Segment profits	41.8	304.8	73.9	3.9	424.4
Unallocated income/other losses*					0.1
Unallocated costs [^]					<u>(86.8)</u>
Operating profit before finance cost					337.7
Finance income					36.2
Finance cost					(73.6)
Foreign exchange gain on borrowings					7.1
Associates					
-share of results (net of tax)					<u>2.0</u>
Profit before taxation and zakat					309.4
Taxation and zakat					<u>(84.9)</u>
Profit for the financial period					<u>224.5</u>

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information (continued)

All amounts are in RM Million Financial Period Ended	Mass Market	Managed Accounts	Global & Wholesale Business	Shared Services /Others ^{>}	Total
30 June 2015					
Operating Revenue					
Total operating revenue	2,366.8	2,286.6	986.1	2,829.2	8,468.7
Inter-segment @	(10.3)	(199.4)	(183.3)	(2,461.0)	(2,854.0)
External operating revenue	<u>2,356.5</u>	<u>2,087.2</u>	<u>802.8</u>	<u>368.2</u>	<u>5,614.7</u>
Results					
Segment profits/(losses)	155.0	514.8	143.7	(109.3)	704.2
Unallocated income/other losses*					6.2
Unallocated costs [^]					<u>(162.9)</u>
Operating profit before finance cost					547.5
Finance income					76.1
Finance cost					(151.5)
Foreign exchange loss on borrowings					(55.7)
Associates					
-share of results (net of tax)					<u>11.8</u>
Profit before taxation and zakat					428.2
Taxation and zakat					<u>(130.3)</u>
Profit for the financial period					<u>297.9</u>

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information (continued)

All amounts are in RM Million					
Financial Period Ended	Mass Market	Managed Accounts	Global & Wholesale Business	Shared Services /Others^{>}	Total
30 June 2014					
Operating Revenue					
Total operating revenue	2,287.9	2,290.9	981.0	2,753.7	8,313.5
Inter-segment @	(7.9)	(191.1)	(143.6)	(2,529.1)	(2,871.7)
External operating revenue	<u>2,280.0</u>	<u>2,099.8</u>	<u>837.4</u>	<u>224.6</u>	<u>5,441.8</u>
Results					
Segment profits/(losses)	108.0	566.7	137.7	(0.6)	811.8
Unallocated income/other losses*					3.2
Unallocated costs [^]					<u>(161.0)</u>
Operating profit before finance cost					654.0
Finance income					67.4
Finance cost					(145.3)
Foreign exchange gain on borrowings					10.0
Associates					
-share of results (net of tax)					<u>2.9</u>
Profit before taxation and zakat					589.0
Taxation and zakat					<u>(145.7)</u>
Profit for the financial period					<u>443.3</u>

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information (continued)

All amounts are in RM Million Segment assets and liabilities	Mass Market	Managed Accounts	Global & Wholesale Business	Shared Services /Others ^{>}	Total
As at 30 June 2015					
Segment assets	443.2	2,089.0	1,294.4	15,539.0	19,365.6
Associates					16.6
Unallocated assets ^{<}					3,568.3
Total assets					22,950.5
Segment liabilities	786.2	838.1	777.9	3,727.8	6,130.0
Borrowings					6,883.4
Unallocated liabilities ⁺					1,917.4
Total liabilities					14,930.8
As at 31 December 2014					
Segment assets	445.4	1,844.9	1,295.0	15,712.7	19,298.0
Associates					6.5
Unallocated assets ^{<}					3,318.7
Total assets					22,623.2
Segment liabilities	762.2	943.6	749.8	3,917.5	6,373.1
Borrowings					6,448.4
Unallocated liabilities ⁺					1,841.8
Total liabilities					14,663.3

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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.
- * Unallocated income/other gains or losses comprises other operating income and other gains or losses such as dividend income and gain or losses on disposal of available-for-sale investments which has not been allocated to a particular business segment.
- ^ Unallocated costs represent expenses incurred by corporate divisions such as Group Human Capital Management, Group Finance, 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.
- < Unallocated assets mainly include available-for-sale investments, available-for-sale receivables, other non-current receivables, financial assets at fair value through profit or loss, deferred tax assets, cash and bank balances of the Company and property, plant and equipment of the Company's corporate divisions and office buildings.
- + Unallocated liabilities mainly include interest payable on borrowings, taxation and zakat liabilities, deferred tax liabilities and dividend payable.
- > Shared services/Others segment includes financial information of Packet One Networks (Malaysia) Sdn Bhd and its subsidiaries for the quarter and financial period ended 30 June 2015. This includes revenue of RM122.4 million and segment loss of RM131.9 million for the financial period and RM53.1 million revenue and RM82.3 million segment loss for 2nd quarter 2015. Segment asset and segment liabilities as at 30 June 2015 were RM852.9 million and RM303.7 million respectively.

The prior year comparatives have been restated in line with business structure realignment in the current financial year to cluster the Consumer and Small and Medium Enterprise (SME) business under a single Mass Market segment cluster whilst Government and Enterprise businesses are clustered together with subsidiaries namely VADS Berhad group of companies (VADS), GTC Global Sdn Bhd and Intelsec Sdn Bhd, collectively known as Managed Accounts. The realignment also involved the movement of Medium Enterprise Business (MEB) customers previously under SME in Mass Market to Enterprise under Managed Accounts cluster. In addition, the basis of allocation of certain cost elements have been revised to better reflect the consumption of network and other services by the different clusters of business segments.

- # Subsequent to results disclosed in 1st quarter 2015, further cost realignments have been made in relation to movement of MEB customers resulting to further changes to segmental results of Mass Market and Managed Accounts reported earlier in 1st quarter 2015. Results for 2nd quarter 2015 and comparatives have therefore reflect these changes.

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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 2nd quarter and financial period ended 30 June 2015 save as disclosed below:

Tulip Maple Berhad (Tulip)

On 2 March 2015, TM acquired one (1) ordinary share of RM1.00 in Tulip for a total consideration of RM1.00, resulting in Tulip becoming a wholly-owned subsidiary of TM.

Tulip was incorporated on 6 January 2015 under the Companies Act, 1965 (Act), with an authorised capital of RM400,000.00 divided into 400,000 ordinary shares of RM1.00 each, of which RM2.00 has been issued and fully paid-up to TM. Tulip was acquired to facilitate the proposed issuance of offer for subscription or purchase of, or invitation to subscribe for or Purchase of Sukuk (Sukuk) pursuant to a Proposed Multicurrency Sukuk Programme under the Shariah Principle of Wakala (Sukuk Programme).

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

Other than material litigations as disclosed in part B, note 11 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 2014.

11. Capital Commitments

	Group	
	30/6/2015	31/12/2014
	RM Million	RM Million
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	2,066.8	3,271.0
Commitments in respect of expenditure approved but not contracted for	1,534.3	849.9

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12. Related Party Transactions

Khazanah Nasional Berhad (Khazanah) is a major shareholder with 28.65% equity interest and is a related party of the Group. Khazanah is a wholly-owned entity of MoF Inc, which is in turn owned by the Ministry of Finance, a ministry of the Federal Government of Malaysia. Therefore, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group.

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

	Total amount of individually significant transactions for the financial period ended		Corresponding outstanding balances as at	
	30/6/2015 RM Million	30/6/2014 RM Million	30/6/2015 RM Million	31/12/2014 RM Million
Sales and Receivables	397.7	465.1	119.3	77.5

The Group also has individually significant contracts with other Government-related entities where the Group was provided funding for projects of which the amortisation of grants to the income statement in the current year was RM137.4 million (YTD June 2014: RM99.6 million) with corresponding receivables of RM221.7 million (31 December 2014: nil).

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 equipments and services in the normal course of business.

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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 2014.

(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.

	30/6/2015				31/12/2014			
	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	7.6	-	-	7.6	9.2	-	-	9.2
Derivatives at fair value through profit or loss	-	8.6	-	8.6	-	9.0	-	9.0
Derivatives accounted for under hedge accounting	-	199.9	-	199.9	-	138.3	-	138.3
Available-for-sale financial assets								
-investments	-	578.3	48.4	626.7	-	519.9	48.4	568.3
-receivables	-	6.2	-	6.2	-	6.9	-	6.9
Total	7.6	793.0	48.4	849.0	9.2	674.1	48.4	731.7
Liabilities								
Derivatives at fair value through profit or loss	-	-	-	-	-	-	-	-
Derivatives accounted for under hedge accounting	-	56.6	-	56.6	-	67.7	-	67.7
Put option liability over shares held by non-controlling interest	-	-	274.9	274.9	-	-	270.1	270.1
Total	-	56.6	274.9	331.5	-	67.7	270.1	337.8

There has not been any change to the valuation techniques applied for the different financial instruments since 31 December 2014 and there were no transfers of any instruments between level 1, 2 and 3 of the fair valuation hierarchy during the financial period.

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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 2014, other than below:

	As at 30/6/2015		As at 31/12/2014	
	Carrying amount RM Million	Net fair value RM Million	Carrying amount RM Million	Net fair value RM Million
Liabilities				
Borrowings	6,883.4	7,519.0	6,448.4	6,953.0

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1. Review of Performance

(a) Quarter-on-Quarter

(i) Group Performance

For the current quarter under review, Group revenue increased by RM18.8 million (0.7%) to RM2,840.6 million as compared to RM2,821.8 million in the same quarter last year, mainly due to higher revenue from Internet and multimedia and non-telecommunication services partially offset by decline in voice, data and other telecommunication services.

Internet and multimedia services registered higher revenue by 14.3% to RM831.2 million in the current quarter from RM726.9 million in the same quarter last year. This was mainly due to higher UniFi customer base at 782,123 at end of the current quarter from 673,225 at the end of the corresponding quarter last year, increase in the number of buys for Premium Channels and Video on Demand as well as the consolidation of broadband revenue from Packet One Networks (Malaysia) Sdn Bhd (P1) acquired on 30 September 2014.

Operating profit before finance cost decreased by 9.8% to RM304.7 million as compared to RM337.7 million recorded in the same quarter last year mainly due to the consolidation of the operational loss of P1.

Group profit after tax and non-controlling interests (PATAMI) decreased 1.0% to RM212.1 million as compared to RM214.1 million in the corresponding quarter last year primarily due to the above and foreign exchange losses from borrowings of the Group arising from the weakening Malaysian Ringgit against US Dollar.

(ii) Segment Performance

Mass Market

Revenue increased by RM39.4 million (3.4%) from RM1,147.9 million to RM1,187.3 million in the current quarter mainly due to higher cumulative UniFi customers of 774,013 as compared to 667,526 as at the end of corresponding quarter last year. The continuing increase in the number of buys for Premium Channels and Video on Demand (VOD) on UniFi and HyppTV over Streamyx (TVOS) content further contributed to the increase in revenue during the current quarter. As a result of the higher revenue and lower operating costs during the current quarter, profit increased by 126.1% from RM41.8 million in the corresponding quarter last year to RM94.5 million.

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1. Review of Performance (continued)

(a) Quarter-on-Quarter (continued)

Managed Accounts

Managed Accounts recorded RM1,177.8 million revenue in the 2nd quarter of 2015, a RM39.1 million (3.2%) decrease from RM1,216.9 million in the corresponding quarter last year mainly due to decrease in voice and other telecommunication services revenue in the current quarter. Profit has reduced by 8.5% to RM278.9 million in the current quarter from RM304.8 million in the corresponding quarter last year in line with decrease in revenue and higher operating costs.

Global & Wholesale

Revenue for the current quarter decreased by RM12.0 million (2.3%) from RM516.4 million in 2nd quarter last financial year to RM504.4 million in the current quarter mainly contributed by lower data services, drop in domestic traffic minutes coupled with reduction in domestic Mandatory Standard Access Pricing (MSAP). Profit for the current quarter however increased by 6.2% from RM73.9 million in the corresponding quarter last year to RM78.5 million due to relatively lower operating costs.

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1. Review of Performance (continued)

(b) Year-on-Year

(i) Group Performance

For the period under review, Group revenue increased by 3.2% to RM5,614.7 million as compared to RM5,441.8 million in the corresponding period last year, mainly due to higher revenue from Internet and multimedia, other telecommunication related services and non-telecommunications related services partially offset by decline in voice and data services.

Operating profit before finance cost decreased by 16.3% to RM547.5 million as compared to RM654.0 million recorded in the preceding year mainly due to the consolidation of the operational loss of P1 and that the results from corresponding period last year included the negative goodwill from the acquisition of a wholly-owned subsidiary.

Group profit after tax and non-controlling interests (PATAMI) decreased to RM341.0 million as compared to RM424.7 million in the corresponding period last year primarily due to the above and foreign exchange losses from borrowings of the Group arising from the weakening Malaysian Ringgit against US Dollar.

(ii) Segment Performance

Mass Market

Revenue for the first half of the current financial year increased by 3.4% to RM2,366.8 million contributed by higher UniFi revenue in line with increase in customer base from 667,526 as at 30 June 2014 to 774,013 as at 30 June 2015 and higher number of buys of HyppTV Premium Channels and VOD. TVOS revenue also contributed to the increase from the higher number of buys of TVOS content. Correspondingly, profit increased to RM155.0 million for the current period from RM108.0 million in the corresponding period last year.

Managed Accounts

Managed Accounts recorded a decrease in revenue by RM4.3 million from RM2,290.9 million for the first half last year to RM2,286.6 million for the first half of the current financial year mainly due to decrease in other telecommunication related services. Correspondingly, profit decreased by 9.2% to RM514.8 million for the current period from RM566.7 million in the corresponding period of last year mainly due to higher operating cost.

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1. Review of Performance (continued)

(b) Year-on-Year (continued)

Global & Wholesale

Global & Wholesale registered revenue of RM986.1 million, registering a RM5.1 million (0.5%) increased from RM981.0 million reported in the corresponding period last year. This was mainly attributed to the internal revenue from domestic outpayment charged out to other lines of business, despite lower revenue from data services and the impact of reduction in MSAP rate. Correspondingly, profit increased by 4.4% from RM137.7 million in the corresponding period last year to RM143.7 million in the current financial period.

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1. Review of Performance (continued)

(c) Economic Profit Statement

	2nd Quarter Ended		Financial Period Ended	
	30/6/2015 RM Million	30/6/2014 RM Million	30/6/2015 RM Million	30/6/2014 RM Million
EBIT	305.5	338.9	548.9	655.7
Adjusted Tax	76.4	84.7	137.2	163.9
NOPLAT	229.1	254.2	411.7	491.8
AIC	3,608.6	3,450.9	7,217.2	6,901.7
WACC	7.42%	7.06%	7.41%	7.03%
ECONOMIC CHARGE	267.8	243.6	534.8	485.2
ECONOMIC (LOSS)/PROFIT	(38.7)	10.6	(123.1)	6.6

Definitions:

EBIT = Earnings before Interest & Taxes

NOPLAT = Net Operating Profit less Adjusted Tax

AIC = Average Invested Capital

WACC = Weighted Average Cost of Capital

Economic Profit (EP) is a yardstick to measure shareholder value as it provides a more accurate picture of underlying economic performance of TM Group vis-à-vis its financial accounting reports, i.e. it explains how much returns a business generates over its cost of capital. This is measured by the difference of NOPLAT and Economic Charge.

TM Group recorded Economic Loss during current quarter and financial period to date due to lower NOPLAT and higher economic charge which is attributed to higher AIC and WACC. The higher AIC was due to higher trade and other receivables and other non-current receivables whilst higher WACC arising from higher cost of equity. The lower NOPLAT was mainly due to lower profit at Managed Accounts and consolidation of losses of P1 partially offset by increase in profit at Mass Market and Global and Wholesale.

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2. Comparison with Preceding Quarter's Results

The current quarter Group revenue increased to RM2,840.6 million as compared to RM2,774.1 million recorded in the first quarter of 2015 primarily due to higher revenue from all services except leased and data services.

Operating profit before finance cost increased to RM304.7 million as compared to RM242.8 million recorded in the preceding quarter mainly due to increase in revenue being higher than the increase in operating costs.

Consequent from higher operating profit before finance cost and lower foreign exchange losses in the current quarter, Group PATAMI increased to RM212.1 million from RM128.9 million in the preceding quarter.

3. Prospects for the Current Financial Year

The Malaysian Institute of Economic Research (MIER) is forecasting Malaysia's GDP growth to be 4.8% for 2015, as our country faces the current challenging times and acknowledges the need for a new "optimal policy framework" with focus on putting greater efforts at renewing Government's commitment, restoring market sentiments and confidence, enhancing policy credibility and protecting Malaysia's good reputation overseas. MIER is forecasting a more positive economic outlook for 2016 with a growth forecast of 5.3% - 5.8%. *(Source: Malaysian Economic Outlook, MIER, 4 August 2015).*

As we progress through the second-half of the year, we expect UniFi to continue to experience positive take up as we continue to expand our high speed broadband (HSBB) coverage.

In support of the Government's call for greater industry alliance and to promote healthy competition amongst the players, we have continued to engage in several key strategic collaborations such as the leasing out of fibre mobile backhaul connectivity covering Central, Southern, Eastern & Northern Malaysia, via TM Next-Gen BackhaulTM Services (NGBH) that is specially optimised to support 4G Long Term Evolution (LTE) rollout. TM also extended its Partnership Agreement with state-backed companies (SBCs) supporting TM's plans of delivering LTE services by leveraging on SBC's towers nationwide, whilst enabling other network operators in the towers to utilise TM's network. These strategic partnerships illustrates that TM as a neutral wholesale service provider is committed in supporting the growth of the telecommunications industry and in delivering enhanced service experience to end customers.

TM has also collaborated with third parties to engage in ongoing efforts such as bringing together a wider scope of smart services and an enhanced Internet of Things (IoT) strategy, creation of differentiated enterprise solutions (e.g. business intelligence, big data, cloud computing) and offering SMEs cloud-based customer relationship management (CRM) capabilities.

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3. Prospects for the Current Financial Year (continued)

On the global front, TM strengthened its regional presence by signing agreements with Symphony Communication of Thailand and Telcotech of Cambodia, forming a consortium to establish the Malaysia – Cambodia – Thailand (MCT) submarine cable system, spanning approximately 1,300km linking Malaysia to Cambodia and Thailand with further access to Laos, Myanmar and Vietnam via terrestrial links.

Anchoring on our Information Exchange and Innovation Exchange vision, the initiatives described above are part of our transformation journey towards becoming Malaysia's No. 1 Converged Communications Service Provider, in line with our promise of 'Life Made Easier' and 'Business Made Easier' with TM.

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

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the 2nd quarter ended 30 June 2015.

5. Taxation

The taxation charge for the Group comprises:

	2nd Quarter Ended		Financial Period Ended	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
	RM Million	RM Million	RM Million	RM Million
<u>Malaysia</u>				
Income Tax:				
Current year	31.8	29.5	59.6	52.8
Prior year	1.7	0.1	(0.6)	(3.6)
Deferred tax (net)	39.2	54.9	67.4	95.3
	72.7	84.5	126.4	144.5
<u>Overseas</u>				
Income Tax:				
Current year	0.3	0.2	0.6	0.9
Prior year	0.1	0.2	0.6	0.3
Deferred tax (net)	#	(0.1)	1.7	(0.1)
	0.4	0.3	2.9	1.1
Taxation	73.1	84.8	129.3	145.6
Zakat	1.0	0.1	1.0	0.1
Taxation and Zakat	74.1	84.9	130.3	145.7

Amount less than RM0.1 million

The current quarter and financial period's effective tax rate of the Group is higher than the statutory tax rate primarily due to current quarter and financial period losses before tax from Packet One Networks (Malaysia) Sdn Bhd that was acquired in the 3rd quarter of the previous financial year with no corresponding tax losses or deferred tax asset recognised at this juncture.

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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:

	30/6/2015		31/12/2014	
	Short Term Borrowings RM Million	Long Term Borrowings RM Million	Short Term Borrowings RM Million	Long Term Borrowings RM Million
Total Secured	134.8	134.1	81.3	164.9
Total Unsecured	103.8	6,510.7	115.7	6,086.5
Total Borrowings	238.6	6,644.8	197.0	6,251.4

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

	30/6/2015	31/12/2014
Foreign Currency	RM Million	RM Million
US Dollar	1,506.9	1,395.2
Canadian Dollars	3.0	3.1
Japanese Yen	240.4	227.8
Total	1,750.3	1,626.1

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8. Derivative Financial Instruments

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

Derivatives (by maturity)	Contract or notional amount RM Million	Fair value as at 30/6/2015		Fair value as at 31/12/2014	
		Assets RM Million	Liabilities RM Million	Assets RM Million	Liabilities RM Million
1. <u>Interest Rate Swaps</u> - 1 year to 3 years	500.0	3.9	-	3.6	-
	500.0	3.9	-	3.6	-
2. <u>Cross Currency Interest Rate Swaps</u> - more than 3 years	926.2	196.0	56.6	134.7	67.7
	926.2	196.0	56.6	134.7	67.7
3. <u>Put Option liability over shares held by non-controlling interest</u> - more than 3 years	-	-	274.9	-	270.1
	-	-	274.9	-	270.1
4. <u>Call Option over shares held by non-controlling interest</u> - more than 3 years	87.1	8.6	-	9.0	-
	87.1	8.6	-	9.0	-
Total	1,513.3	208.5	331.5	147.3	337.8

(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 2014.

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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 2014.

(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 quarter ended 30 June 2015 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	
			2nd quarter RM Million	Period to date RM Million
Financial Liabilities				
1. <u>Cross Currency Interest Rate Swaps</u> ⁽ⁱⁱ⁾ - more than 3 years	298.9	56.6	2.4	11.1
	298.9	56.6	2.4	11.1
2. <u>Put Option liability over shares held by non-controlling interest</u> ⁽ⁱⁱⁱ⁾ - more than 3 years	-	274.9	-	-
	-	274.9	-	-
Total	298.9	331.5	2.4	11.1
Financial Assets				
1. <u>Interest Rate Swaps</u> ⁽ⁱ⁾ - 1 year to 3 years	500.0	3.9	(1.2)	0.3
	500.0	3.9	(1.2)	0.3
2. <u>Cross Currency Interest Rate Swaps</u> ⁽ⁱⁱ⁾ - more than 3 years	627.3	196.0	5.6	61.3
	627.3	196.0	5.6	61.3
3. <u>Call Option over shares held by non-controlling interest</u> - more than 3 years	87.1	8.6	0.2	(0.4)
	87.1	8.6	0.2	(0.4)
Total	1,214.4	208.5	4.6	61.2

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

(ii) Cash flow hedges accounted for under hedge accounting.

(iii) Derivative relating to equity instrument accounted for under MFRS 132 Financial Instruments: Presentation for which the obligation at inception is recognised in Other Reserves.

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8. Derivative Financial Instruments (continued)

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

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.

9. Realised and Unrealised Profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits is as follows:

	Group	
	30/6/2015	31/12/2014
	RM Million	RM Million
Retained profits		
- realised	2,425.0	2,473.8
- unrealised - in respect of deferred tax recognised in the income statement	(1,312.2)	(1,243.2)
- in respect of other items of income and expense	420.8	545.6
Share of accumulated profit from associates		
- realised	25.0	13.2
	1,558.6	1,789.4
Add: consolidation adjustments	2,599.7	2,526.3
Total Retained Profits	4,158.3	4,315.7

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Main Market Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

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10. Additional Disclosures

Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the Consolidated Income Statement for the 2nd quarter and financial period ended 30 June 2015:

	2nd Quarter Ended		Financial Period Ended	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
	RM Million	RM Million	RM Million	RM Million
Impairment of trade and other receivables (net of recoveries)	(50.9)	(57.6)	(108.2)	(94.0)
Inventory (write off and obsolescence)/reversal	(0.4)	#	0.3	#
Gain/(Loss) on disposal of fixed income securities	0.2	(2.2)	0.6	(1.6)
Gain/(Loss) on foreign exchange on settlements and placements	7.9	(5.8)	7.5	(4.6)

Amount less than RM0.1 million

11. Material Litigation

With reference to the following material litigation cases as disclosed under Contingent Liabilities in note 50 to the audited financial statements of the Group for the financial year ended 31 December 2014, listed below are updates of the relevant cases since the date of the last audited financial statements:

(a) Mohd Shuaib Ishak (MSI) vs TM, TESB, Celcom and 11 Others

On 6 July 2012, the High Court proceeded with the hearing of the Striking Out Application. On 20 July 2012, the High Court found in favour of TM and granted an order in terms of the Striking Out Application.

On 13 August 2012, MSI filed an appeal to the Court of Appeal against the decision of the High Court above. The appeal was dismissed on 30 October 2013.

On 28 November 2013, MSI filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal above stated. The application is fixed for further case management on 29 September 2015.

The Directors, based on legal advice, are of the view that TM and TESB have a good chance of success in defending the legal suit.

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11. Material Litigation (continued)

(b) Menara Intan Langkawi Sdn Bhd (MIL) & HBA Development Bhd (HBA) vs TM Facilities Sdn Bhd (TMF)

On 18 November 2013, TMF's solicitors were served with a Summary Judgment Application in which MIL seeks for the following Orders from the High Court:

- (i) An Order for declaration that TMF has wrongfully and unlawfully terminated the Agreement;
- (ii) An Order for assessment of damages to be paid by TMF to MIL for all the damages and losses suffered by MIL as compensation for the termination of the Agreement wrongfully and unlawfully;
- (iii) An Order for TMF to pay MIL immediately after the assessment of damages by the Court; and
- (iv) Interest and cost.

On 26 May 2014, MIL withdrew the Summary Judgment Application. The legal suit then proceeded for trial on 26 - 27 May 2014 and on 23 - 24 June 2014.

On 31 October 2014, the High Court dismissed MIL's claim and awarded costs in the sum of RM50,000.00 in favour of TMF.

On 12 November 2014, MIL filed its appeal against the said decision of the High Court. The appeal has been fixed for case management on 17 March 2015.

On 16 March 2015, MIL has filed its application for an extension of time in respect of the filing of the Record of Appeal.

On 15 April 2015, the Court of Appeal allowed the extension of time sought by MIL with cost in the sum of RM2,000.00 to be paid to TM.

The appeal is fixed for further case management on 26 October 2015. The same date has also been fixed for hearing of TM's application for security for costs.

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

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

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12. Earnings per Share (EPS)

	2nd Quarter Ended		Financial Period Ended	
	30/6/2015	30/6/2014	30/6/2015	30/6/2014
Basic/Diluted earnings per share				
Profit attributable to equity holders of the Company (RM million)	212.1	214.1	341.0	424.7
Weighted average number of ordinary shares (million)	3,724.9	3,585.3	3,722.1	3,581.4
Basic/Diluted earnings per share (sen) attributable to equity holders of the Company	5.7	6.0	9.2	11.9

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.

13. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2014 were not subject to any qualification.

14. Dividends

The Board of Directors has declared an interim single-tier cash dividend of 9.3 sen per share for the financial year ending 31 December 2015 (2014: an interim single-tier dividend of 9.5 sen per share). The dividend will be paid on 23 September 2015 to shareholders whose names appear in the Register of Members and Record of Depositors on 8 September 2015.

By Order of the Board

Idrus Ismail (LS0008400)
Hamizah Abidin (LS0007096)
Zaiton Ahmad (MAICSA 7011681)

Secretaries

Kuala Lumpur
25 August 2015