

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 third quarter ended 30 September 2015.

UNAUDITED CONSOLIDATED INCOME STATEMENT

	3RD QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/09/2015 RM Million	30/09/2014 RM Million	30/09/2015 RM Million	30/09/2014 RM Million
OPERATING REVENUE	2,922.5	2,636.0	8,537.2	8,077.8
OPERATING COSTS				
- depreciation, impairment and amortisation	(588.7)	(570.2)	(1,816.8)	(1,710.3)
- other operating costs	(1,914.0)	(1,792.6)	(5,813.5)	(5,519.3)
OTHER OPERATING INCOME (net)	29.2	36.0	91.0	116.7
OTHER (LOSSES)/GAINS (net)	(0.5)	8.2	(1.9)	6.5
OPERATING PROFIT BEFORE FINANCE COST	448.5	317.4	996.0	971.4
FINANCE INCOME	42.8	35.4	118.9	102.8
FINANCE COST	(85.4)	(76.6)	(236.9)	(221.9)
FOREIGN EXCHANGE LOSS ON BORROWINGS	(153.3)	(14.7)	(209.0)	(4.7)
NET FINANCE COST	(195.9)	(55.9)	(327.0)	(123.8)
ASSOCIATES				
- share of results (net of tax)	6.4	1.3	18.2	4.2
PROFIT BEFORE TAXATION AND ZAKAT	259.0	262.8	687.2	851.8
TAXATION AND ZAKAT (part B, note 5)	(123.8)	(71.3)	(254.1)	(217.0)
PROFIT FOR THE FINANCIAL PERIOD	135.2	191.5	433.1	634.8
ATTRIBUTABLE TO:				
- equity holders of the Company	166.8	188.8	507.8	613.5
- non-controlling interests	(31.6)	2.7	(74.7)	21.3
PROFIT FOR THE FINANCIAL PERIOD	135.2	191.5	433.1	634.8
EARNINGS PER SHARE (sen) (part B, note 12)				
- basic/diluted	4.4	5.1	13.6	17.0

(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

	3RD QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/09/2015 RM Million	30/09/2014 RM Million	30/09/2015 RM Million	30/09/2014 RM Million
PROFIT FOR THE FINANCIAL PERIOD	135.2	191.5	433.1	634.8
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified				
subsequently to income statement:				
- (decrease)/increase in fair value of available-for-sale investments	(6.1)	2.9	(2.6)	(0.1)
- increase/(decrease) in fair value of available-for-sale receivables	0.1	(0.1)	#	(0.9)
- reclassification adjustments relating to available-for-sale investments disposed	(0.2)	1.1	(0.8)	2.7
- cash flow hedge:				
- increase/(decrease) in fair value of cash flow hedge	202.4	(19.4)	274.8	(28.4)
- reclassification to foreign exchange (loss)/gain	(170.2)	0.2	(238.5)	9.3
- currency translation differences				
- subsidiaries	11.8	0.7	16.9	(0.3)
- associate	1.4	0.1	2.0	(0.1)
Other comprehensive income/(loss) for the financial period	39.2	(14.5)	51.8	(17.8)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	174.4	177.0	484.9	617.0
ATTRIBUTABLE TO:				
- equity holders of the Company	206.0	174.3	559.6	595.7
- non-controlling interests	(31.6)	2.7	(74.7)	21.3
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	174.4	177.0	484.9	617.0

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 30/09/2015 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	(19.1)	(70.9)
RETAINED PROFITS	3,975.6	4,315.7
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7,552.0	7,571.1
NON-CONTROLLING INTERESTS	294.3	388.8
TOTAL EQUITY	7,846.3	7,959.9
Borrowings	7,015.8	6,251.4
Derivative financial instruments	290.9	337.8
Deferred tax liabilities	1,234.7	1,258.0
Deferred income	1,770.3	1,823.1
Trade and other payables	46.5	135.8
DEFERRED AND NON-CURRENT LIABILITIES	10,358.2	9,806.1
	18,204.5	17,766.0
Property, plant and equipment	14,344.1	14,785.1
Intangible assets	574.4	581.7
Associates	23.4	6.5
Available-for-sale investments	122.6	99.0
Available-for-sale receivables	6.0	6.9
Other non-current receivables	792.8	500.7
Derivative financial instruments	366.1	147.3
Deferred tax assets	14.6	14.8
NON-CURRENT ASSETS	16,244.0	16,142.0
Inventories	236.8	115.9
Non-current assets held for sale	18.9	13.0
Customer acquisition costs	57.2	62.7
Trade and other receivables	3,476.5	2,825.3
Available-for-sale investments	504.0	469.3
Derivative financial instruments	1.0	-
Financial assets at fair value through profit or loss	6.3	9.2
Cash and bank balances	2,911.7	2,985.8
CURRENT ASSETS	7,212.4	6,481.2
Trade and other payables	3,495.6	3,605.2
Customer deposits	471.8	482.4
Advance rental billings	542.5	416.1
Borrowings	460.8	197.0
Taxation and zakat	281.2	156.5
CURRENT LIABILITIES	5,251.9	4,857.2
NET CURRENT ASSETS	1,960.5	1,624.0
	18,204.5	17,766.0
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	201.0	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 SEPTEMBER 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	-	-	-	-	-	-	-	507.8	(74.7)	433.1
Other comprehensive income										
Items that may be reclassified subsequently to income statement:										
- decrease in fair value of available-for-sale investments	-	-	(2.6)	-	-	-	-	-	-	(2.6)
- decrease in fair value of available-for-sale receivables	-	-	#	-	-	-	-	-	-	#
- reclassification adjustments relating to available-for-sale investments disposed	-	-	(0.8)	-	-	-	-	-	-	(0.8)
- cash flow hedge:										
- increase in fair value of cash flow hedge	-	-	-	274.8	-	-	-	-	-	274.8
- reclassification to foreign exchange loss	-	-	-	(238.5)	-	-	-	-	-	(238.5)
- currency translation differences	-	-	-	-	-	-	16.9	-	-	16.9
- subsidiaries	-	-	-	-	-	-	2.0	-	-	2.0
- associate	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the financial period	-	-	(3.4)	36.3	-	-	18.9	507.8	(74.7)	484.9
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)
- interim dividends paid for the financial year ending 31 December 2015 (part A, note 6)	-	-	-	-	-	-	-	(349.5)	-	(349.5)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(28.8)	(28.8)
- capital contribution by non-controlling interest	-	-	-	-	-	-	-	-	7.3	7.3
- equity portion of convertible medium term notes subscribed by non-controlling interest	-	-	-	-	-	-	-	-	1.7	1.7
Total transactions with owners	27.0	242.2	-	-	-	-	-	(847.9)	(19.8)	(598.5)
At 30 September 2015	2,630.6	964.9	54.4	99.8	71.6	(267.6)	22.7	3,975.6	294.3	7,846.3

Amount less than RM0.1 million

(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 SEPTEMBER 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	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 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	-	-	-	-	-	-	-	613.5	21.3	634.8
Other comprehensive income										
Items that may be reclassified subsequently to income statement:										
- decrease in fair value of available-for-sale investments	-	-	(0.1)	-	-	-	-	-	-	(0.1)
- decrease in fair value of available-for-sale receivables	-	-	(0.9)	-	-	-	-	-	-	(0.9)
- reclassification adjustments relating to available-for-sale investments disposed	-	-	2.7	-	-	-	-	-	-	2.7
- cash flow hedge:										
- decrease in fair value of cash flow hedge	-	-	-	(28.4)	-	-	-	-	-	(28.4)
- reclassification to foreign exchange gain	-	-	-	9.3	-	-	-	-	-	9.3
- currency translation differences										
- subsidiaries	-	-	-	-	-	-	(0.3)	-	-	(0.3)
- associate	-	-	-	-	-	-	(0.1)	-	-	(0.1)
Total comprehensive income/(loss) for the financial period	-	-	1.7	(19.1)	-	-	(0.4)	613.5	21.3	617.0
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)
- interim dividends paid for the financial year ended 31 December 2014	-	-	-	-	-	-	-	(348.4)	-	(348.4)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(25.4)	(25.4)
- put option on non-controlling interest	-	-	-	-	-	(267.6)	-	-	-	(267.6)
- acquisition of a subsidiary	-	-	-	-	-	-	-	-	183.8	183.8
Total transactions with owners	62.8	420.2	-	-	-	(267.6)	-	(931.5)	158.4	(557.7)
At 30 September 2014	2,567.0	463.4	58.0	27.4	71.6	(267.6)	(0.9)	4,097.4	342.3	7,358.6

(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	
	30/09/2015	30/09/2014
	RM Million	RM Million
Receipts from customers	7,500.1	7,433.4
Payments to suppliers and employees	(5,565.2)	(5,332.6)
Payment of finance cost	(206.6)	(229.4)
Payment of income taxes and zakat (net)	(150.6)	(62.4)
CASH FLOWS FROM OPERATING ACTIVITIES	1,577.7	1,809.0
Contribution for purchase of property, plant and equipment	10.9	79.0
Disposal of property, plant and equipment	7.6	8.0
Purchase of property, plant and equipment	(1,572.1)	(1,370.4)
Acquisition of a subsidiaries*	-	(281.4)
Subscription of Exchangeable Medium Term Notes	(67.5)	(119.3)
Disposal of available-for-sale investments	241.9	287.2
Purchase of available-for-sale investments	(277.6)	(273.1)
Purchase of long term investments	(23.5)	-
Disposal of financial assets at fair value through profit or loss	-	3.8
Disposal of non-current assets held for sale	11.2	12.4
Long term deposit	(16.6)	(16.6)
Repayments of loans by employees	7.6	5.7
Loans to employees	(65.4)	(44.9)
Disposal of housing loan	6.7	6.1
Interests received	98.4	90.4
Dividends received	6.8	8.0
CASH FLOWS USED IN INVESTING ACTIVITIES	(1,631.6)	(1,605.1)
Proceeds from issuance of shares (part A, note 5(a))	269.2	483.0
Capital contribution to a subsidiary	7.3	-
Proceeds from borrowings	1,231.6	623.8
Repayments of borrowings (net)	(639.8)	(1,530.5)
Repayments of finance lease	(3.4)	(3.1)
Dividend paid to shareholders (part A, note 6)	(847.9)	(583.1)
Dividend paid to non-controlling interests	(28.8)	(25.4)
CASH FLOWS USED IN FINANCING ACTIVITIES	(11.8)	(1,035.3)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(65.7)	(831.4)
EFFECT OF EXCHANGE RATE CHANGES	1.8	(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	2,911.1	1,682.8

*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 3rd quarter ended 30 September 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 on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers

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.

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

2. Seasonal or Cyclical Factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the 3rd quarter and financial period ended 30 September 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 Commercial Papers (ICP) and Islamic Medium Term Notes (IMTN)

Details of ICP and IMTN issued during the financial period ended 30 September 2015 are as follows:

Debt Securities	Date of Issue	Nominal Value	Rate per Annum	Maturity Date
ICP (at discount)	13 April 2015	RM150.0 million	3.65%	12 June 2015
IMTN	12 June 2015	RM300.0 million	4.23%	10 June 2022
ICP (at discount)	2 July 2015	RM200.0 million	3.68%	2 September 2015

All the ICP have been fully repaid on their maturity dates.

(c) Convertible Unsecured Medium Term Notes (Convertible MTN)

Further to what has been disclosed in note 5(a) of the Group's audited financial statements for the financial year ended 31 December 2014 on the 8-year convertible unsecured medium term notes (Convertible MTN) to be issued by Packet One Networks (Malaysia) Sdn Bhd (P1) (a subsidiary of the Group), under the convertible MTN Programme (Convertible MTN Programme), on 15 September 2015 P1 issued RM660.0 million nominal value of the first tranche issuance of the Convertible MTN (First Tranche Convertible MTN). RM622.5 million was subscribed by Mobikom Sdn Bhd (Mobikom), a wholly-owned subsidiary of the Group. The remaining RM37.5 million of the First Tranche Convertible MTN was subscribed by Packet One Sdn Bhd (POSB) (a wholly-owned subsidiary of Green Packet Berhad) which holds a non-controlling interest in P1. The Convertible MTNs have an annual coupon rate of 1%, payable annually, and additional yield at redemption of 4% per annum, resulting in a yield to maturity of approximately 4.88% per annum.

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 3rd quarter and financial period ended 30 September 2015.

6. Dividends Paid

- (a) On 30 April 2015, a final single-tier dividend of 13.4 sen per share amounting to RM498.4 million in respect of financial year ended 31 December 2014 was approved by the shareholders at the 30th Annual General Meeting. The Dividend Reinvestment Scheme (DRS) was applicable to the entire final dividend and the entire electable portion could be elected to be reinvested in new TM shares in accordance to the DRS.

The payment of dividend and crediting of shares under the DRS was completed on 18 June 2015.

- (b) An interim single-tier dividend of 9.3 sen per share amounting to RM349.5 million for the financial year ending 31 December 2015 was paid on 23 September 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 3rd Quarter Ended 30 September 2015	Mass Market	Managed Accounts	Global & Wholesale Business	Shared Services /Others ^{>}	Total
Operating Revenue					
Total operating revenue	1,160.6	1,201.5	599.5	1,399.5	4,361.1
Inter-segment @	(6.8)	(113.1)	(92.5)	(1,226.2)	(1,438.6)
External operating revenue	1,153.8	1,088.4	507.0	173.3	2,922.5
Results					
Segment profits/(losses)	104.5	267.8	145.6	(40.1)	477.8
Unallocated income/other losses*					5.7
Unallocated costs [^]					(35.0)
Operating profit before finance cost					448.5
Finance income					42.8
Finance cost					(85.4)
Foreign exchange loss on borrowings					(153.3)
Associates					
-share of results (net of tax)					6.4
Profit before taxation and zakat					259.0
Taxation and zakat					(123.8)
Profit for the financial period					135.2

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. Segmental Information (continued)

All amounts are in RM Million					
3rd Quarter Ended	Mass Market	Managed Accounts	Global & Wholesale Business	Shared Services /Others^{>}	Total
30 September 2014					
Operating Revenue					
Total operating revenue	1,129.3	1,158.1	446.0	1,329.1	4,062.5
Inter-segment @	(8.7)	(95.5)	(85.0)	(1,237.3)	(1,426.5)
External operating revenue	<u>1,120.6</u>	<u>1,062.6</u>	<u>361.0</u>	<u>91.8</u>	<u>2,636.0</u>
Results					
Segment profits	72.6	257.2	72.8	18.2	420.8
Unallocated income/other losses*					14.8
Unallocated costs [^]					<u>(118.2)</u>
Operating profit before finance cost					317.4
Finance income					35.4
Finance cost					(76.6)
Foreign exchange loss on borrowings					(14.7)
Associates					
-share of results (net of tax)					<u>1.3</u>
Profit before taxation and zakat					262.8
Taxation and zakat					<u>(71.3)</u>
Profit for the financial period					<u>191.5</u>

TELEKOM MALAYSIA BERHAD (128740-P)
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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 30 September 2015	Mass Market	Managed Accounts	Global & Wholesale Business	Shared Services /Others ^{>}	Total
Operating Revenue					
Total operating revenue	3,527.4	3,488.1	1,585.6	4,228.7	12,829.8
Inter-segment @	(17.1)	(312.5)	(275.8)	(3,687.2)	(4,292.6)
External operating revenue	<u>3,510.3</u>	<u>3,175.6</u>	<u>1,309.8</u>	<u>541.5</u>	<u>8,537.2</u>
Results					
Segment profits/(losses)	259.5	782.6	289.3	(149.4)	1,182.0
Unallocated income/other losses*					11.9
Unallocated costs [^]					<u>(197.9)</u>
Operating profit before finance cost					996.0
Finance income					118.9
Finance cost					(236.9)
Foreign exchange loss on borrowings					(209.0)
Associates					
- share of results (net of tax)					<u>18.2</u>
Profit before taxation and zakat					687.2
Taxation and zakat					<u>(254.1)</u>
Profit for the financial period					<u>433.1</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 September 2014					
Operating Revenue					
Total operating revenue	3,417.2	3,449.0	1,427.0	4,082.8	12,376.0
Inter-segment @	(16.6)	(286.6)	(228.6)	(3,766.4)	(4,298.2)
External operating revenue	<u>3,400.6</u>	<u>3,162.4</u>	<u>1,198.4</u>	<u>316.4</u>	<u>8,077.8</u>
Results					
Segment profits	180.6	823.9	210.5	17.6	1,232.6
Unallocated income/other losses*					18.0
Unallocated costs [^]					<u>(279.2)</u>
Operating profit before finance cost					971.4
Finance income					102.8
Finance cost					(221.9)
Foreign exchange loss on borrowings					(4.7)
Associates					
-share of results (net of tax)					<u>4.2</u>
Profit before taxation and zakat					851.8
Taxation and zakat					<u>(217.0)</u>
Profit for the financial period					<u>634.8</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 September 2015					
Segment assets	338.6	2,298.4	1,610.4	15,996.2	20,243.6
Associates					23.4
Unallocated assets ^{<}					3,189.4
Total assets					<u>23,456.4</u>
Segment liabilities	728.8	916.3	998.9	3,557.9	6,201.9
Borrowings					7,476.6
Unallocated liabilities ⁺					1,931.6
Total liabilities					<u>15,610.1</u>
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					<u>22,623.2</u>
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					<u>14,663.3</u>

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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 September 2015. This includes revenue of RM176.7 million and segment loss of RM185.5 million for the financial period and RM54.3 million revenue and RM53.6 million segment loss for 3rd quarter 2015. Segment asset and segment liabilities (excluding borrowings) as at 30 September 2015 were RM1,399.3 million and RM115.2 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.

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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 save as disclosed below:

Proposed Joint-venture between TM, via its wholly-owned subsidiary, Intelsec Sdn Bhd (Intelsec) and Township Management Services Sdn Bhd (TMS), a wholly-owned subsidiary of Medini Iskandar Malaysia Sdn Bhd (MIMSB)

On 3 November 2015, TM announced that its wholly-owned subsidiary, Intelsec, has entered into a Joint Venture and Shareholders Agreement (JVSHA) with TMS for the establishment of a Joint Venture Company (JV Co) which will carry on the business of a managed services operating company to provide smart building services and smart city services (Proposed Joint Venture).

Pursuant to the JVSHA, Intelsec and TMS shall hold 51% and 49% respectively of the equity interest of the JV Co. Intelsec shall subscribe for 25,500,000 ordinary shares of RM1.00 each in the JV Co at a total cost of RM25.5 million.

The Proposed Joint-venture is not subject to shareholders' or any government authorities' approval.

9. Effects of Changes in the Composition of the Group

There is no change in the composition of the Group for the 3rd quarter and financial period ended 30 September 2015 save as disclosed below:

(a) 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).

(b) Inneonusa Sdn Bhd (ISB)

Pursuant to the Joint Venture and Shareholders Agreement (JVSHA) between TM's wholly-owned subsidiary, Intelsec Sdn Bhd (Intelsec), UEM Land Berhad (UEML) and Iskandar Innovation Sdn Bhd (IISB) on 1 July 2014 for the establishment of a Joint Venture Company (JVCo), Intelsec has on 14 May 2015 subscribed for additional 7,649,998 ordinary shares of RM1.00 each in ISB, resulting in Intelsec holding 51% equity interest in ISB.

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9. Effects of Changes in the Composition of the Group (continued)

There is no change in the composition of the Group for the 3rd quarter and financial period ended 30 September 2015 save as disclosed below: (continued)

(c) Mediatel Sdn Bhd (Mediatel)

On 25 November 2011, TM commenced the members' voluntary winding up of its subsidiary held via Tekad Mercu Berhad, Mediatel in accordance with Section 254(1)(b) of the Companies Act, 1965 (the Act). Accordingly, pursuant to Section 272(5) of the Act, Mediatel was dissolved effective from 1 June 2015.

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	
	30/9/2015	31/12/2014
	RM Million	RM Million
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	<u>2,588.0</u>	<u>3,271.0</u>
Commitments in respect of expenditure approved but not contracted for	<u>861.1</u>	<u>849.9</u>

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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	
	30/9/2015 RM Million	30/9/2014 RM Million	30/9/2015 RM Million	31/12/2014 RM Million
Sales and Receivables	601.1	643.7	210.6	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 RM266.1 million (YTD September 2014: RM150.7 million) with corresponding receivables of RM227.7 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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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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.

	30/9/2015				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	6.3	-	-	6.3	9.2	-	-	9.2
Derivatives at fair value through profit or loss	-	9.3	-	9.3	-	9.0	-	9.0
Derivatives accounted for under hedge accounting	-	357.8	-	357.8	-	138.3	-	138.3
Available-for-sale financial assets								
-investments	-	578.2	48.4	626.6	-	519.9	48.4	568.3
-receivables	-	6.0	-	6.0	-	6.9	-	6.9
Total	6.3	951.3	48.4	1,006.0	9.2	674.1	48.4	731.7
Liabilities								
Derivatives accounted for under hedge accounting	-	13.7	-	13.7	-	67.7	-	67.7
Put option liability over shares held by non-controlling interest	-	-	277.2	277.2	-	-	270.1	270.1
Total	-	13.7	277.2	290.9	-	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 30/9/2015		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	7,476.6	8,160.9	6,448.4	6,953.0

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

1. Review of Performance

(a) Quarter-on-Quarter

(i) Group Performance

For the current quarter under review, Group revenue increased by RM286.5 million (10.9%) to RM2,922.5 million as compared to RM2,636.0 million in the same quarter last year, mainly due to higher revenue from Internet and multimedia, data and voice services partially offset by decline in other telecommunication related services and non-telecommunication related services.

Internet and multimedia services registered higher revenue by 18.3% to RM844.5 million in the current quarter from RM713.9 million in the same quarter last year. This was mainly due to higher UniFi customer base at 793,000 at end of the current quarter from 699,822 at the end of the corresponding quarter last year, as well as the consolidation of broadband revenue from Packet One Networks (Malaysia) Sdn Bhd (P1) acquired on 30 September 2014 whilst higher revenue from data services was due to increased in revenue from international capacity.

Operating profit before finance cost increased by RM131.1 million (41.3%) to RM448.5 million as compared to RM317.4 million recorded in the same quarter last year mainly due to the higher increase in revenue compared to increase in operational cost.

Group profit after tax and non-controlling interests (PATAMI) decreased by RM22.0 million (11.7%) to RM166.8 million as compared to RM188.8 million in the corresponding quarter last year primarily due to foreign exchange losses from borrowings of the Group arising from the weakening Malaysian Ringgit against US Dollar and consolidation of operational losses of P1.

(ii) Segment Performance

Mass Market

Revenue increased by RM31.3 million (2.8%) from RM1,129.3 million to RM1,160.6 million in the current quarter mainly due to higher cumulative UniFi customers of 779,403 as compared to 695,511 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 43.9% from RM72.6 million in the corresponding quarter last year to RM104.5 million.

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

1. Review of Performance (continued)

(a) Quarter-on-Quarter (continued)

Managed Accounts

Managed Accounts recorded RM1,201.5 million revenue in the 3rd quarter of 2015, a RM43.4 million (3.7%) increase from RM1,158.1 million in the corresponding quarter last year mainly due to higher revenue in Internet and multimedia, data and voice services in the current quarter. Profit has increased by 4.1% to RM267.8 million in the current quarter from RM257.2 million in the corresponding quarter last year in line with the increase in revenue.

Global & Wholesale

Revenue for the current quarter increased by RM153.5 million (34.4%) from RM446.0 million in 3rd quarter last financial year to RM599.5 million in the current quarter mainly contributed by higher voice revenue from international bilateral traffic minutes coupled with higher data revenue from international capacity. Correspondingly, profit for the current quarter increased by 100.0% (RM72.8 million) from RM72.8 million in the corresponding quarter last year to RM145.6 million.

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LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

1. Review of Performance (continued)

(b) Year-on-Year

(i) Group Performance

For the period under review, Group revenue increased by 5.7% to RM8,537.2 million as compared to RM8,077.8 million in the corresponding period last year, mainly due to higher revenue from Internet and multimedia, data and voice services partially offset by decline in other telecommunication related services and non-telecommunications related services.

Operating profit before finance cost increased by 2.5% to RM996.0 million as compared to RM971.4 million recorded in the preceding year mainly due to higher increase in revenue compared to operating costs despite the consolidation of the operational loss of P1.

Group profit after tax and non-controlling interests (PATAMI) decreased to RM507.8 million as compared to RM613.5 million in the corresponding period last year primarily due to 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 current financial year increased by 3.2% to RM3,527.4 million contributed by higher UniFi revenue in line with increase in customer base from 695,511 as at 30 September 2014 to 779,403 as at 30 September 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 RM259.5 million for the current period from RM180.6 million in the corresponding period last year.

Managed Accounts

Managed Accounts recorded an increase in revenue by RM39.1 million from RM3,449.0 million to RM3,488.1 million in the current financial year mainly contributed by higher revenue from Internet and multimedia and data services. However, profit decreased by 5.0% to RM782.6 million for the current period from RM823.9 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 RM1,585.6 million, registering a RM158.6 million (11.1%) increase from RM1,427.0 million reported in the corresponding period last year. This was mainly due to higher voice revenue from international bilateral traffic minutes coupled with higher data revenue from international capacity. Correspondingly, profit increased by 37.4% from RM210.5 million in the corresponding period last year to RM289.3 million in the current financial period.

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1. Review of Performance (continued)

(c) Economic Profit Statement

	3rd Quarter Ended		Financial Period Ended	
	30/9/2015 RM Million	30/9/2014 RM Million	30/9/2015 RM Million	30/9/2014 RM Million
EBIT	449.0	309.2	997.9	964.9
Adjusted Tax	112.3	77.3	249.5	241.2
NOPLAT	336.7	231.9	748.4	723.7
AIC	3,618.6	3,474.5	10,855.9	10,423.4
WACC	7.39%	7.34%	7.43%	7.30%
ECONOMIC CHARGE	267.4	255.0	806.6	760.9
ECONOMIC PROFIT/(LOSS)	69.3	(23.1)	(58.2)	(37.2)

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 Profit during current quarter due to higher NOPLAT which is attributed to higher EBIT whilst Economic Loss during the current financial period to date was due to higher economic charge attributed to higher AIC and WACC. The higher NOPLAT was mainly attributed to the increase in revenue and forex gain on international trade settlement. The higher AIC was due to higher trade and other receivables and other non-current receivables whilst higher cost of equity resulted in higher WACC.

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2. Comparison with Preceding Quarter's Results

The current quarter Group revenue increased to RM2,922.5 million as compared to RM2,840.6 million recorded in the second quarter of 2015 primarily due to higher revenue from all services except other telecommunication related services and non-telecommunications related services.

Operating profit before finance cost increased to RM448.5 million as compared to RM304.7 million recorded in the preceding quarter mainly due to increase in revenue being higher than the increase in operating costs.

Foreign exchange losses on the Group's borrowings in the current quarter and consolidation of operating losses of P1 without corresponding tax losses resulted in a decrease of Group PATAMI from RM212.1 million in the preceding quarter to RM166.8 million.

3. Prospects for the Current Financial Year

The Malaysian Institute of Economic Research (MIER) expects the second half of 2015 to be challenging for the Malaysian economy as the country continues to manage decline in commodity export prices, foreign exchange market and political issues. This quarter, MIER is forecasting Malaysia's GDP growth to be 4.9% for 2015, and 5.5% - 6.0% for 2016. *(Source: Malaysian Economic Outlook, MIER, 22 October 2015).*

TM's outlook for the remaining months in 2015 continues to remain positive, with our UniFi still enjoying take up as we proceed with the expansion of our high speed broadband (HSBB) coverage. TM remains dedicated in providing more value and enhanced HyppTV viewing experience to our broadband customers. As of October 2015, HyppTV has a total of 122 channels, 57 Premium channels, 22 Basic and Free-To-Air channels, 5 radio channels, 14 Video-on-Demand (VOD) categories and 24 interactive channels.

TM continues to support the Government's initiatives in improving communications infrastructure in order to encourage the uptake of broadband services. In September, TM signed a 20-year agreement with the Government of Malaysia for the development and construction of a new submarine cable system called "Sistem Kabel Rakyat 1 Malaysia" (SKR1M), linking Peninsular Malaysia with Sabah and Sarawak. Most recently, we also extended our 4G data network to the East Coast and East Malaysia as part of our initiative to improve the online activities of the rural and sub-urban communities.

On the business front, TM and Bank Simpanan Nasional (BSN) are collaborating together for the 'Converged Network Transformation Project' in which TM will be delivering end-to-end managed Wide Area Network (WAN) services connecting 413 BSN branches nationwide. We hope this paves the way for future collaborations with enterprise customers and government agencies to support them in enhancing their operational efficiencies to better serve and improve the experience of the community that they serve. TM has also recently entered into a joint venture agreement with Medini Iskandar Malaysia Sdn Bhd. This joint venture will be in addition to an existing joint venture with UEM Sunrise Berhad and Iskandar Investment Berhad that was signed in 2014. Both these joint ventures will pave the

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3. Prospects for the Current Financial Year (continued)

way towards realising our aspiration of establishing smart and connected townships. TM plays an integral role as the nation's leading fully integrated communications and ICT services provider, and provides expertise in smart city solutions serving potential regional customers. TM's investment in such joint ventures will provide opportunities to capture captive market of new project development in Nusajaya for both existing connectivity services, as well as other ICT services.

In October 2015, VADS Berhad (VADS), a wholly-owned subsidiary of TM, announced the construction of its purpose-built VADS Nusajaya Data Centre (NJDC), scheduled for completion in Q1 2017. NJDC is designed to meet the hosting needs of corporate customers, government agencies, including cloud and Internet service providers. It is primed to meet the demand growth of managed hosting cloud services and smart applications not only for Malaysia, but also for the ASEAN region. NJDC proves our commitment, to provide the best customer service and support, worry-free assurance on our customers' hosting needs thus enhancing their business productivity and market competitiveness.

We remain steadfast in our commitment towards becoming Malaysia's Convergence Champion. We will continue to be guided by our "Information and Innovation Exchange" aspirations as we carry on with our transformation journey, in line with our promise of 'Life Made Easier' and 'Business Made Easier' with TM.

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

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the 3rd quarter and financial period ended 30 September 2015.

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5. Taxation

The taxation charge for the Group comprises:

	3rd Quarter Ended		Financial Period Ended	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	RM Million	RM Million	RM Million	RM Million
<u>Malaysia</u>				
Income Tax:				
Current year	147.1	32.7	206.7	85.5
Prior year	68.0	0.1	67.4	(3.5)
Deferred tax (net)	(90.6)	40.9	(23.2)	136.2
	124.5	73.7	250.9	218.2
<u>Overseas</u>				
Income Tax:				
Current year	0.2	0.1	0.8	1.0
Prior year	(0.1)	(2.4)	0.5	(2.1)
Deferred tax (net)	(0.9)	(0.1)	0.8	(0.2)
	(0.8)	(2.4)	2.1	(1.3)
Taxation	123.7	71.3	253.0	216.9
Zakat	0.1	#	1.1	0.1
Taxation and Zakat	123.8	71.3	254.1	217.0

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:

	30/9/2015		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	133.8	134.1	81.3	164.9
Total Unsecured	327.0	6,881.7	115.7	6,086.5
Total Borrowings	460.8	7,015.8	197.0	6,251.4

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

Foreign Currency	30/9/2015	31/12/2014
	RM Million	RM Million
US Dollar	1,920.5	1,395.2
Canadian Dollars	3.3	3.1
Japanese Yen	286.2	227.8
Total	2,210.0	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 30/9/2015		Fair value as at 31/12/2014	
		Assets RM Million	Liabilities RM Million	Assets RM Million	Liabilities RM Million
1. Forward Foreign Currency Contract	20.0	1.0	-	-	-
	20.0	1.0	-	-	-
2. <u>Interest Rate Swaps</u> - 1 year to 3 years	500.0	2.3	-	3.6	-
	500.0	2.3	-	3.6	-
3. <u>Cross Currency Interest Rate Swaps</u> - more than 3 years	926.2	355.5	13.7	134.7	67.7
	926.2	355.5	13.7	134.7	67.7
4. <u>Put Option liability over shares held by non-controlling interest</u> - more than 3 years	-	-	277.2	-	270.1
	-	-	277.2	-	270.1
5. <u>Call Option over shares held by non-controlling interest</u> - more than 3 years	87.1	8.3	-	9.0	-
	87.1	8.3	-	9.0	-
Total	1,533.3	367.1	290.9	147.3	337.8

(b) Changes to Derivatives Financial Instrument

The changes to derivative financial instruments in the current financial year are as follows:

(i) Forward Foreign Currency Contracts

Underlying Liability

USD4.8 million purchase contract due in December 2015, January and February 2016.

Hedging Instruments

On 1 September 2015, P1 entered into three (3) forward foreign currency contracts (contract value of USD0.7 million, USD1.4 million and USD2.7 million) which will mature on 14 December 2015, 13 January 2016 and 12 February 2016 respectively. On maturity, P1 would receive RM21.0 million from the counterparties in return for payment of USD4.8 million.

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

8. Derivative Financial Instruments (continued)

(c) 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.

(d) 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.

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8. Derivative Financial Instruments (continued)

(e) 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 September 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	
			3rd 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	13.7	42.9	54.0
	298.9	13.7	42.9	54.0
2. <u>Put Option liability over shares held by non-controlling interest</u> ⁽ⁱⁱⁱ⁾ - more than 3 years	-	277.2	-	-
	-	277.2	-	-
Total	298.9	290.9	42.9	54.0
Financial Assets				
1. Forward Foreign Currency Contract	20.0	1.0	1.0	1.0
	20.0	1.0	1.0	1.0
2. <u>Interest Rate Swaps</u> ⁽ⁱ⁾ - 1 year to 3 years	500.0	2.3	(1.7)	(1.4)
	500.0	2.3	(1.7)	(1.4)
2. <u>Cross Currency Interest Rate Swaps</u> ⁽ⁱⁱ⁾ - more than 3 years	627.3	355.5	159.5	220.8
	627.3	355.5	159.5	220.8
3. <u>Call Option over shares held by non-controlling interest</u> - more than 3 years	87.1	8.3	(0.3)	(0.6)
	87.1	8.3	(0.3)	(0.6)
Total	1,234.4	367.1	158.5	219.8

(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)

(e) 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	
	30/9/2015	31/12/2014
	RM Million	RM Million
Retained profits		
- realised	2,076.0	2,473.8
- unrealised - in respect of deferred tax recognised in the income statement	(1,220.0)	(1,243.2)
- in respect of other items of income and expense	457.2	545.6
Share of accumulated profit from associates		
- realised	31.4	13.2
	1,344.6	1,789.4
Add: consolidation adjustments	2,631.0	2,526.3
Total Retained Profits	3,975.6	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 3rd quarter and financial period ended 30 September 2015:

	3rd Quarter Ended		Financial Period Ended	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	RM Million	RM Million	RM Million	RM Million
Impairment of trade and other receivables (net of recoveries)	(56.2)	(30.1)	(164.4)	(124.1)
Inventory write off and obsolescence	(0.5)	(0.2)	(0.2)	(0.2)
Gain/(Loss) on disposal of fixed income securities	0.2	(1.1)	0.8	(2.7)
Gain/(Loss) on foreign exchange on settlements and placements	120.4	3.7	127.9	(0.9)

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 now fixed for hearing on 1 March 2016.

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.

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

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 Court of Appeal has yet to fix any hearing date for the appeal.

On 26 October 2015, the Court of Appeal has fixed the next date on 29 October 2015 for case management and 9 November 2015 for hearing of both MIL's solicitors' application to discharge themselves from representing MIL and TMF's application for security for costs.

There is no change in status on 29 October 2015 and the hearing of the said applications will be proceeded on 9 November 2015.

On 9 November 2015, the Court of Appeal has postponed the hearing of both MIL's solicitors' application to discharge themselves from representing MIL and TMF's application for security for costs to 2 December 2015.

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)

	3rd Quarter Ended		Financial Period Ended	
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
Basic/Diluted earnings per share				
Profit attributable to equity holders of the Company (RM million)	166.8	188.8	507.8	613.5
Weighted average number of ordinary shares (million)	3,757.9	3,667.2	3,734.2	3,610.3
Basic/Diluted earnings per share (sen) attributable to equity holders of the Company	4.4	5.1	13.6	17.0

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

(a) 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 was paid on 23 September 2015 to shareholders whose names appear in the Register of Members and Record of Depositors on 9 September 2015.

(b) No dividend is declared for the current quarter ended 30 September 2015.

By Order of the Board

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

Secretaries

Kuala Lumpur
26 November 2015