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CHAMPIONS OF INTEGRITY

Standing from Right to Left

Tan Sri Dato' Seri Dr Sulaiman Mahbob, Datuk Bazlan Osman, Dato' Sri Dr Mohamad Isa Hussain, Datuk Zalekha Hassan, Dato' Ir Abdul Rahim Abu Bakar, Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor, Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil

Secretary:

Idrus Ismail

BOARD

TELEKOM MALAYSIA BERHAD ANNUAL REPORT TWENTY FIFTEEN

CONVERGENCE CHAMPION



Standing from Left to Right

Tan Sri Dato' Sri Zamzamzairani Mohd Isa, Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin, Dato' Danapalan T.P Vinggrasalam, Dato' Ibrahim Marsidi, Davide Giacomo Federico Benello (Q David Benello, Gee Siew Yoong, Asri Hamidin (Q Hamidon

Secretaries:

Hamizah Abidin, Zaiton Ahmad

BOARD OF DIRECTORS



Tan Sri Dato' Seri Dr Sulaiman Mahbob

Chairman/Non-Independent Non-Executive Director



Tan Sri Dato' Seri Dr Sulaiman, aged 67, a Malaysian, was appointed Non-Independent Non-Executive Chairman of TM on 12 January 2015. He holds a degree in Economics from the University of Malaya (UM), Master of Science from the University of London, United Kingdom (UK) and PhD from Maxwell School of Citizenship and Public Affairs at Syracuse University, New York, USA. He also attended a course on World Currency Reform at Harvard University in 1999. He was conferred an Honorary Doctorate in Economic Management by Universiti Kebangsaan Malaysia (UKM) in October 2013.

Tan Sri Dr Sulaiman served the Government sector for over 38 years in various capacities including holding the position of the Director-General of the Economic Planning Unit (EPU), Prime Minister's Department, Secretary-General of the then Ministry of Domestic Trade and Consumer Affairs, and Under Secretary (Economics) of the Ministry of Finance (MOF).

He served as Head of the Secretariat of the National Economic Action Council (NEAC) during the financial crisis in 1997/1998, when Malaysia implemented the capital control policy. He was then seconded to the Malaysian Institute of Economic Research (MIER) from 1995-1997 as its Executive Director. He also served at the Institute of Integrity Malaysia (IIM) as its first founding President from 2004 until 2005, where he established several work programmes to promote a culture of ethics and integrity within the public sector and also in the private sector in line with the Government's National Integrity Plan.

Tan Sri Dr Sulaiman was previously Chairman of the Malaysian Investment Development Authority (MIDA) and the Companies Commission of Malaysia. He was also a Board member of Petroliaam Nasional Berhad (Petronas), Federal Land Development Authority (FELDA), Malaysia Insurance Deposit Corporation (PIDM) and the then Multimedia and Communications Commission.

He is currently also the Chairman of Universiti Telekom Sdn Bhd (UTSB), a company that operates and manages Multimedia University (MMU) and GITN Sdn Bhd, wholly-owned subsidiaries of TM, as well as Chairman of the MIER and Minority Shareholder Watchdog Group (MSWG). He is also the Deputy Chairman of the Malaysian Economic Association (MEA) and a Board member of Bank Negara Malaysia (BNM), the Institute of Strategic and International Studies (ISIS) and Felda Global Ventures Holdings Berhad. He is an Adjunct Professor (Economics) at the UM, Universiti Utara Malaysia and Universiti Tun Abdul Razak.

Tan Sri Dr Sulaiman complies with Paragraph 15.06(1) of the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad on the restriction on number of directorships in listed issuers by having two directorships in listed issuers, including TM.

He is a Non-Executive Director nominated by the Minister of Finance (Incorporated) (MoF (Inc.)), the Special Shareholder of TM, and has never been charged for any offence within the past 10 years. He has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Tan Sri Dato' Sri Zamzamzairani Mohd Isa

Managing Director/Group Chief Executive Officer
Non-Independent Executive Director



Tan Sri Dato' Sri Zamzamzairani, aged 55, a Malaysian, was appointed Non-Independent Executive Director and Managing Director/ Group Chief Executive Officer (CEO) of TM on 25 April 2008. He holds a Bachelor of Science in Communications Engineering from the UK and has completed the Corporate Finance, Strategies for Creating Shareholder Value Programme at Kellogg School of Management, Northwestern University, USA. He also attended a Strategic Leadership Programme at the University of Oxford's Saïd Business School and the IMD CEO Roundtable Session at Lausanne, Switzerland in 2013. He is also an Adjunct Professor at MMU.

His vast experience in the telecommunications industry spans more than 30 years, beginning in TM where he served for 13 years before assuming key positions in several multinationals such as Global One Communications and Lucent Technologies (Malaysia) Sdn Bhd, where he was Chief Executive Officer (CEO). In 2005, he returned to TM as Senior Vice President (SVP), Group Strategy and Technology and was promoted to CEO, Malaysia Business, before being appointed to his current office.

Tan Sri Zamzamzairani also sits on the Board of a number of TM subsidiaries including as Chairman of VADS Berhad, Packet One Networks (Malaysia) Sdn Bhd and TM Net Sdn Bhd, Deputy Chairman of GITN Sdn Bhd and a Director of UTSB. Under his leadership, TM launched and successfully rolled out the high speed broadband service in 2010, in a historic collaboration with the Government of Malaysia.

He was awarded the Business Person of the Year 2015 at the Asian Academy of Management International Conference, organised by Universiti Sains Malaysia (USM) in October 2015. He was also named CEO of the Year 2015 at the MSWG's Annual Corporate Governance Awards Ceremony held in December 2015.

Tan Sri Zamzamzairani complies with Paragraph 15.06(1) of the Main LR by having only one directorship in a listed issuer, namely TM. As the Group CEO, he also sits on the Board Tender Committee (BTC) of TM.

He is an Executive Director nominated by the MoF (Inc.), the Special Shareholder of TM. He has never been charged for any offence within the past 10 years and has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Datuk Bazlan Osman

Executive Director/Group Chief Financial Officer
Non-Independent Executive Director



Datuk Bazlan, aged 52, a Malaysian, was appointed Non-Independent Executive Director of TM on 25 April 2008. He is also the Group Chief Financial Officer (CFO), a position he assumed on 1 May 2005.

He is a Fellow of the Association of Chartered Certified Accountants (ACCA), UK and a Chartered Accountant of the Malaysian Institute of Accountants (MIA). He was a member of the Issues Committee of the Malaysian Accounting Standards Board from 2006 until 2010. He has attended the IMD Programme for Senior Executives in 2008 and the Strategic Leadership Programme at the University of Oxford's Saïd Business School in 2013.

He began his career as an auditor with Messrs Hanafiah Raslan Mohamad, a public accounting firm, in 1986 and subsequently served the Sime Darby Group, holding various finance positions in its corporate offices in Kuala Lumpur, Singapore and Melaka. In 1993, he had a stint with American Express Malaysia Berhad before joining Kumpulan FIMA Berhad in 1994, where he was subsequently

appointed SVP, Finance/Company Secretary. He joined Celcom Axiata Berhad in 2001 as the SVP, Corporate Finance and Treasury and was subsequently appointed the CFO in 2002 prior to his appointment as TM Group CFO in 2005. He also oversees the operations of Global & Wholesale, Support Business and MMU. Datuk Bazlan is the Chairman of Fiberail Sdn Bhd and sits on the Boards of several subsidiaries within TM Group including UTSB, VADS Berhad and Tulip Maple Berhad.

Datuk Bazlan complies with Paragraph 15.06(1) of the Main LR by having only one directorship in a listed issuer, namely TM. He is a member of TM's BTC, Board Risk Committee (BRC) and Board Investment Committee (BIC).

He is an Executive Director nominated by the MoF (Inc.), the Special Shareholder of TM. He has never been charged for any offence within the past 10 years and has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Dato' Sri Dr Mohmad Isa Hussain

Non-Independent Non-Executive Director



Dato' Sri Dr Mohmad Isa, aged 58, a Malaysian, was appointed Non-Independent Non-Executive Director of TM on 30 October 2015. He holds a PhD in Finance from University Putra Malaysia, a Master of Business Administration (Finance) from UKM, Bachelor of Economics (Hons) (Applied Statistics) from UM and a post-graduate Diploma in Public Management from the National Institute of Public Administration (INTAN).

Dato' Sri Dr Mohmad Isa began his career in 1983 as an Assistant Director in the Prime Minister's Department following which he was appointed as an Assistant Director at the Pahang State Economic Planning Unit in 1985. He then joined the Ministry of Finance (MOF), holding various positions, including Assistant Secretary in the Government Procurement Division from 1990 to 1995 and Senior Assistant Director of the Budget Management Division until 2000.

In 2004, Dato' Sri Dr Mohmad Isa assumed the position of Deputy Under-Secretary of Investment, MoF (Inc.) and Privatisation Division. He later moved to the Ministry of Transport Malaysia in 2008 as Deputy Secretary General (Operation) and was subsequently appointed as Interim Head of the Public Land Transportation Commission (SPAD) from

2009 to 2010. He returned to MOF to serve as its Deputy Under-Secretary, Government Investment Companies (GIC) Division from 2010 to January 2015 and thereafter as Under-Secretary of the GIC Division. He is currently the Deputy Secretary General, Treasury (Investment).

Dato' Sri Dr Mohmad Isa also sits on the Board of Malaysia Airports Holdings Berhad, Pos Malaysia Berhad, Destini Berhad as well as several government-linked companies and agencies including Felcra Berhad, Export-Import Bank of Malaysia Berhad, Permodalan Felcra Sdn Bhd, Danaharta Nasional Sdn Bhd, Penang Port Holdings Berhad, Lembaga Pembangunan Langkawi (LADA) and Port Kelang Authority.

He complies with Paragraph 15.06(1) of the Main LR by having four directorships in listed issuers, including TM. Dato' Sri Dr Mohmad Isa currently serves as a member of TM's BTC and BIC.

He is a Non-Executive Director nominated by the MoF (Inc.), the Special Shareholder of TM, and has never been charged for any offence within the past 10 years. He has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin

Non-Independent Non-Executive Director



Tunku Mahmood, aged 57, a Malaysian, was appointed to the Board of TM on 25 April 2008 as a Non-Independent Non-Executive Director. He received a Bachelor of Arts (Hons) in Business Studies from the Polytechnic of Central London, Master of Business Administration from the University of Warwick, UK and a Diploma in Marketing from the Chartered Institute of Marketing. He is a member of the Malaysian Institute of Management and Malaysian Institute of Corporate Governance.

Tunku Mahmood is a professional company director and is currently a director of Malaysia Airports Holdings Berhad, Packet One Networks (Malaysia) Sdn Bhd, Hong Leong Assurance Berhad, Hong Leong MSIG Takaful Berhad, Hong Leong Asset Management Berhad and Blue Stone Technology Sdn Bhd.

He was previously a non-executive director of Energy Africa Limited, Pos Malaysia Berhad, SapuraKencana Petroleum Berhad/Kencana Petroleum Berhad, Ethos Capital One Sdn Bhd and Hong Leong Islamic Bank Berhad.

Tunku Mahmood draws on a wealth of governance, management and cross-border experience in telecommunications, investment management and private equity activity, oil and gas, marine and aviation logistics, corporate advisory, banking and financial services, across several international locations including the UK, New Zealand, South Africa and Malaysia.

He complies with Paragraph 15.06(1) of the Main LR by holding only two directorships in listed issuers, including TM. Tunku Mahmood is currently the Non-Executive Chairman of TM's Board Nomination and Remuneration Committee (NRC) and a member of the Board Audit Committee (BAC).

He is a Non-Executive Director nominated by the Company's major shareholder, Khazanah Nasional Berhad (Khazanah), and has never been charged for any offence within the past 10 years. He has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Dato' Danapalan T.P Vinggrasalam

Senior Independent Non-Executive Director



Dato' Danapalan, aged 73, a Malaysian, was appointed Independent Non-Executive Director of TM on 25 April 2008 and was made Senior Independent Director on 21 May 2009. He holds a Bachelor of Arts (Hons) from UM and Master of Public Administration from Penn State University, USA.

He was Chairman of the Malaysian Communications and Multimedia Commission (MCMC) from February 2004 until his retirement in March 2006. Prior to that, he was Senior Vice President (SVP) of the Multimedia Development Corporation Sdn Bhd from June 1998 to January 2004. He also served as Secretary-General of the Ministry of Science, Technology and Environment from December 1991 until March 1998. Prior to that, he was Deputy Secretary-General of the Ministry of Social and Community Development and Deputy Director of INTAN.

Dato' Danapalan is currently a Director of Gibraltar BSN Life Berhad and Sirim QAS International Sdn Bhd (a subsidiary of Sirim Berhad), and a member of the Board of Trustees of M.U.S.T Ehsan Foundation and Maybank Foundation. Dato' Danapalan is also Chairman of Telekom Research & Development Sdn Bhd and a Board member of UTSB, wholly-owned subsidiaries of TM.

Dato' Danapalan complies with Paragraph 15.06(1) of the Main LR by having only one directorship in a listed issuer, namely TM. He is currently the Independent Non-Executive Chairman of TM's BRC and a member of BAC, NRC and BIC.

He has never been charged for any offence within the past 10 years and has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Datuk Zalekha Hassan

Independent Non-Executive Director



Datuk Zalekha, aged 62, a Malaysian, was appointed Non-Independent Non-Executive Director of TM on 9 January 2008 and subsequently re-designated as Independent Non-Executive Director on 1 June 2011, following her retirement from the MOF. She graduated with a Bachelor of Arts (Hons) from UM and, in 2006, attended the Advanced Management Program at Harvard Business School, Harvard University, USA.

Datuk Zalekha began her career in the civil service in 1977 as an Assistant Director in the Training and Career Development Division of the Public Service Department. She continued to serve the Government in numerous ministries including the Ministry of Health, Ministry of Social Welfare and Ministry of National Unity and Social Development.

She later joined the MOF in 1997 as Senior Assistant Director of the Budget Division and continued to serve in various capacities including with the Government Procurement Division. She was the MOF's Deputy Secretary-General (Management) until her retirement in May 2011.

She was then appointed as MOF's Procurement Advisor from June 2011 until June 2013.

Datuk Zalekha also sits on the Board of Menara Kuala Lumpur Sdn Bhd, a wholly-owned subsidiary of TM, and is a Director of Malaysia Airports Holdings Berhad. She complies with Paragraph 15.06(1) of the Main LR as she holds only two directorships in listed issuers, including TM.

She is currently the Independent Non-Executive Chairperson of TM's BTC and serves as a member of BAC and NRC.

She has never been charged for any offence within the past 10 years and has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Dato' Ir Abdul Rahim Abu Bakar

Independent Non-Executive Director



Dato' Ir Abdul Rahim, aged 70, a Malaysian, was appointed Independent Non-Executive Director of TM on 25 April 2008. He holds a Bachelor of Science (Hons) Degree in Electrical Engineering from Brighton College of Technology, UK. He is a Professional Engineer registered with the Board of Engineers Malaysia and holds the Electrical Engineer Certificate of Competency Grade 1.

He started his career with the National Electricity Board in 1969 and served the organisation until 1979, holding various technical and engineering positions. He later joined Pemas Charter Management Sdn Bhd, a management company for the tin mining industry, as an Area Electrical Engineer and in late 1983 was appointed to the post of Chief Electrical Engineer.

In 1984, he moved to Malaysia Mining Corporation Berhad as its General Manager of Business Development. In November 1991, he was appointed as the Managing Director of MMC Engineering Services Sdn Bhd and later as Managing Director of MMC Engineering Group Berhad. He served as Managing Director and CEO of Petronas Gas Berhad from May 1995 to August 1999.

In September 1999, he moved on to take up the post of Vice President of Petronas, in charge of the petrochemical business. Upon retiring from Petronas on 31 August 2002, he was appointed an independent consultant to the company for a period of six months. Thereafter, he was appointed to the board of several private and public companies.

Dato' Ir Abdul Rahim also sits on the Boards of Westports Holdings Berhad and Global Maritime Ventures Berhad.

He complies with Paragraph 15.06 of the Main LR by having only two directorships in listed issuers, including TM. Dato' Ir Abdul Rahim is currently the Independent Non-Executive Chairman of TM's BIC and a member of the NRC and BRC.

He has never been charged for any offence within the past 10 years and has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Dato' Ibrahim Marsidi

Independent Non-Executive Director



Dato' Ibrahim, aged 63, a Malaysian, was appointed Independent Non-Executive Director of TM on 25 April 2008. He holds a Bachelor of Economics (Analytical) (Hons) from UM.

He was previously the Managing Director and CEO of Petronas Dagangan Berhad (PDB) until his retirement on 31 December 2007. During his tenure, he spearheaded the transformation of PDB, which included the development of its brand and business strategy, as well as the development of its administrative and electronic payment systems. Upon joining Petronas in 1979, he held a number of senior managerial positions from being Senior Manager of the Eastern and Northern Region to becoming General Manager of Liquefied Petroleum Gas (LPG) and Retail Business in PDB and General Manager of the Crude Oil Group.

Dato' Ibrahim sits on the Board of Menara Kuala Lumpur Sdn Bhd, a wholly-owned subsidiary of TM. He is also a Director of UMW Oil & Gas Corporation Berhad. He complies with Paragraph 15.06(1) of the Main LR by having only two directorships in listed issuers, including TM.

Dato' Ibrahim currently serves as a member of the NRC and BTC. He has never been charged for any offence within the past 10 years and has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Davide Giacomo Federico Benello @ David Benello

Independent Non-Executive Director



David, aged 62, an Italian, was appointed Independent Non-Executive Director of TM on 21 November 2011. He graduated with a Bachelor in Mathematics and obtained a Masters in Mathematics from the University of Oxford, UK and Masters in Business Administration from Harvard University, USA.

David was previously a Director and Leader of UK Telecom, Media and Technology Practice at McKinsey & Company, a firm he joined in August 1982. He retired in June 2011 and is currently a Director Emeritus at the firm. He has extensive consulting experience in telco engagements, mainly in Europe (in addition to the US and Asia) on corporate strategy, ICT strategy and business turnarounds as well as operations/customer service.

In the early years of his career, he served as a Senior at Arthur Andersen and a Second Lieutenant at Scuola Militare Alpina, Aosta, Italy. David is an Independent Director of Telecom Italia SpA and Tungsten Corporation plc, a company listed on the Alternative Investment Market (AIM) Exchange in London.

David complies with Paragraph 15.06(1) of the Main LR with one directorship in a listed issuer, namely TM. He has never been charged for any offence within the past 10 years and has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor

Independent Non-Executive Director



Datuk Seri Fateh Iskandar, aged 48, a Malaysian, was appointed Independent Non-Executive Director of TM on 7 October 2013. He holds a Bachelor of Law (Hons) and Master of Business Administration from the University of Queensland, Australia.

Datuk Seri Fateh Iskandar is currently the Group Managing Director and CEO of Glomac Berhad (Glomac). He first joined Glomac Group of Companies in 1992 and was appointed its Group Executive Director in 1997. In 2004, he was promoted to Group Managing Director and, on 24 March 2009, was given the additional role of CEO. Prior to joining Glomac, he practised law in Australia before returning to Malaysia to serve Kumpulan Perangsang Selangor Berhad.

Datuk Seri Fateh Iskandar is the President of the Real Estate & Housing Developers' Association (REHDA) Malaysia and Immediate Past Chairman of REHDA Selangor Branch. He is a former Deputy Chairman of the Malaysian Australian Business Council (MABC) and Chairman of Gagasan Badan Ekonomi Melayu (GABEM), Selangor Branch, a body that promotes entrepreneurship among Malays in the country. He is the Co-Chair of the Special Taskforce to Facilitate Business (PEMUDAH) – Legal & Services and was also a member of PEMUDAH Selangor Group.

Currently, he also sits as an Advisory Board member of the Kuala Lumpur City Hall appointed by his Majesty the King since 2014. He was one of the founding Directors of Malaysia Property Incorporated, a partnership between the Government and the private sector to promote investments in Malaysian property by foreigners.

Datuk Seri Fateh Iskandar was awarded the 2012 Malaysian Business Award in Property by the Malay Chamber of Commerce, and the Outstanding Entrepreneurship Award at the 2013 Asia Pacific Entrepreneurship Awards. In April 2014, he was presented the Global Leadership Award for Commercial Property Development by The Leaders International.

He is currently the Independent Non-Executive Chairman of Media Prima Berhad and also sits on the Boards of VADS Berhad, a wholly-owned subsidiary of TM, and Axis Reit Managers Berhad.

Datuk Seri Fateh Iskandar complies with Paragraph 15.06(1) of the Main LR as he holds four directorships in listed issuers, including TM. He is currently a member of TM's BIC and BRC.

He has never been charged for any offence within the past 10 years and has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Gee Siew Yoong

Independent Non-Executive Director



Gee Siew Yoong, aged 66, a Malaysian, was appointed Independent Non-Executive Director of TM on 13 March 2014. She is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. She had attended the International Banking Summer School in Cambridge, Massachusetts, USA.

Gee began her career in 1969 with PriceWaterhouse, leaving in 1981 as Senior Audit Manager and Continuing Education Manager. She then joined the Selangor Pewter Group as Group Financial Controller and was seconded to the USA from 1983 to 1984 as CEO of Senaca Crystal Inc., a company in the group which was undergoing reorganisation under Chapter XI of the US Bankruptcy Code. She later became the Personal Assistant to the Executive Chairman of Lipkland Group from 1985 until 1987.

Gee was then appointed by Bank Negara Malaysia (BNM) as the Executive Director and Chief Executive of Supreme Finance (M) Berhad, a financial institution undergoing rescue and reorganisation under the supervision of BNM until the successful completion of the reorganisation in 1991.

She later joined Land & General Berhad as its Group Divisional Chief, Management Development Services in 1993 before joining Multi-Purpose Capital Holdings Berhad as Executive Assistant to the Chief Executive in 1997 until 1999. During this period, she also served as Director of Multi-Purpose Bank Berhad, Multi-Purpose Insurans Berhad and Executive Director of Multi-Purpose Trustee Berhad.

Gee has been appointed as an Independent Non-Executive Director to several public listed companies since 2001. She currently sits on the Board of SapuraKencana Petroleum Berhad, Tenaga Nasional Berhad and Malaysia Smelting Corporation Berhad. She complies with Paragraph 15.06(1) of the Main LR by having four directorships in listed issuers, including TM.

Gee is currently the Independent Non-Executive Chairperson of TM's BAC and serves as a member of BIC and BRC. She has never been charged for any offence within the past 10 years and has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Asri Hamidin @ Hamidon

Non-Independent Non-Executive Alternate Director



Asri, aged 50, a Malaysian, was appointed Non-Independent Non-Executive Alternate Director to Dato' Sri Dr Mohamad Isa Hussain on 6 November 2015. He holds a Master in Economy from Hiroshima University, Japan, a Diploma in Public Administration from INTAN and a Bachelor in Economics (Hons) from UM. He also completed the Harvard Premier Business Management Program in 2010.

He began his career as an Assistant Director in the EPU of the Prime Minister's Department in 1994 before pursuing a Diploma in Public Administration at INTAN in 1996. He re-joined EPU in March 1996 and thereafter moved to the then Anti-Corruption Agency of Malaysia in April 1998, staying until March 2003.

Later, while serving as an Administrator and Diplomatic Officer in the Public Service Department, Asri pursued his studies in Japan from December 2003 until April 2006. Upon his return in May 2006, he was appointed Principal Assistant Secretary in

the MOF and has held several other positions since, including Deputy Under-Secretary, Investment, MoF (Inc.) and Privatisation Division in the Social and Commercial sectors respectively. He was appointed the Under-Secretary, Government Investment Companies Division, MOF in July 2015.

Asri is also a Director of Bina Darulaman Berhad and several public and private companies related to the Government, among others Syarikat Perumahan Negara Berhad, SME Bank Berhad, DanaInfra Nasional Berhad, Sarawak Hidro Sdn Bhd and IJN Holdings Sdn Bhd.

He complies with Paragraph 15.06(1) of the Main LR by having only two directorships in listed issuers, including TM. He is also the alternate member to Dato' Sri Dr Mohamad Isa on TM's BTC and BIC.

He has never been charged for any offence within the past 10 years and has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil

Non-Independent Non-Executive Alternate Director



Nik Rizal Kamil, aged 43, a Malaysian, was appointed Non-Independent Non-Executive Alternate Director to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin on 29 November 2012. He holds a Master of Science (Finance) from the London Business School and a Bachelor of Science (Hons) in Economics & Accounting from the University of Bristol, UK. He is also a Fellow Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW).

Nik Rizal started his professional career in 1995 as an accountant/auditor with Coopers & Lybrand, UK for two years. He then returned to Kuala Lumpur in 1997 and joined Arthur Anderson & Co as an Assistant Manager in Audit and Business Advisory. After five years in audit, he joined RHB Sakura Merchant Bankers Bhd in 2000 as an Assistant Manager in its corporate finance department.

Subsequently, he joined Sarawak Shell Berhad as its Principal Sector Planner of Business Planning in Miri, Sarawak for two years before being posted to Shell Regional Exploration & Production, Singapore as a Senior Business Analyst. During this period, Nik Rizal also assumed the role of Head of Planning and Economics for Shell Deepwater Borneo Ltd, Brunei. In early 2007, he was posted to Shell Corporate Global HQ in London as a Senior Downstream Financial Analyst for Shell's Global Lubricants and B2B businesses. He was with Shell Malaysia Limited as Finance Manager in Special Projects before joining Khazanah in April 2011, and is currently its Director of Investments.

Nik Rizal complies with Paragraph 15.06(1) of the Main LR by having only one directorship in a listed issuer, namely TM. He is currently a member of TM's BTC and BIC.

He has never been charged for any offence within the past 10 years and has no family relationship with any Director or Major Shareholder of the Company nor any conflict of interest with the Company.

Front Row from Right to Left

Datuk Bazlan Osman, Dr Farid Mohamed Sani, Shazurawati Abd Karim, Hazimi Kassim, Moharmustaqeem Mohamed, Michael Parker, Dato' Mohd Rais Azhar

Back Row from Right to Left

Dato' Rafai Samsi, Datuk Zaini Maatan, Dato' Ghazali Omar, Nooreha Shaarani, Mohamad Mohamad Zain, Asmawati Yusuf, Wan Ahmad Kamal Wan Halim, Prof Dr Ahmad Rafi Mohamed Eshaq, Nor Akmar Md Yunus, Mohamad Rozaimy Abd Rahman

GROW UP LEADERS



Front Row from Left to Right

Tan Sri Dato' Sri Zamzamzairani Mohd Isa, Imri Mokhtar, Idrus Ismail, Badrul Hisham Ahmad, Rohaila Mohamed Basir, Vasantha Mohan Vasudevan, Dato' Mohd Khalis Abdul Rahim, Giorgio Migliarina

Back Row from Left to Right

Zam Ariffin Ismail, Ahmad Ismail, Dato' Sharif Zaimi Abu Hashim, Nor Fadhilah Mohd Ali, Nizam Arshad, Jeremy Kung, Ahmad Azhar Yahya, Izlyn Ramli, Massimo Migliuolo, Dato' Kairul Annuar Mohamed Zamzam

H I P T E A M



Profile of Management Team



Tan Sri Dato' Sri Zamzamzairani Mohd Isa

Managing Director (MD)/Group Chief Executive Officer (GCEO)

Responsibility

- Provides leadership and vision towards increasing shareholders' value and the growth of TM whilst delivering our Corporate Responsibility commitment.
- Developing and spearheading the implementation of TM high-level business and growth strategies in line with the vision and mission of TM as approved by TM Board.
- Advocates an ethical culture that supports the attainment of TM's strategic intent consistent with our core values.
- Primarily responsible for the management of the business and affairs affecting the Group, ensuring operational excellence and upholding strong governance process throughout the organisation.

Qualification and Professional Membership

- Bachelor of Science in Communications Engineering from the UK.
- Completed the Corporate Finance, Strategies for Creating Shareholder Value Programme at Kellogg School of Management, Northwestern University, USA.
- Attended a Strategic Leadership Programme at the University of Oxford's Saïd Business School and the IMD CEO Roundtable Session at Lausanne, Switzerland in 2013.

Experience

- Has more than 30 years' experience in the telecommunications industry
 - First 13 years with TM.
 - Thereafter as Chief Executive Officer (CEO) of Global One Communications and Lucent Technologies (Malaysia) Sdn Bhd.
 - Returned to TM as Senior Vice President (SVP), Group Strategy and Technology in 2005.
 - Promoted to CEO, Malaysia Business in 2006.
 - Appointed as MD/GCEO since 2008 to date.
- Currently an Adjunct Professor at MMU.

Award/Recognition

- Under his stewardship, TM has launched and successfully rolled out the high speed broadband service in 2010, in a historic collaboration with the Government of Malaysia.
- Business Person of the Year 2015 at the Asian Academy of Management International Conference, organised by Universiti Sains Malaysia (USM) in October 2015.
- CEO of the Year 2015 at the Minority Shareholder Watchdog Group's (MSWG) Annual Corporate Governance Awards Ceremony held in December 2015.



Datuk Bazlan Osman

Executive Director/Group Chief Financial Officer

Responsibility

- Responsible for the financial, business risk and assurance, capital funding and treasury management, and investor relations of the Group. Developing and implementing initiatives and strategies to improve the Group's financial performance. He also oversees the operations of Global and Wholesale, Support Business and TM's education arm, MMU.

Qualification and Professional Membership

- Fellow of the Association of Chartered Certified Accountants (ACCA), UK.
- Chartered Accountant of the Malaysian Institute of Accountants (MIA).
- Member of the Issues Committee of the Malaysian Accounting Standards Board from 2006 until 2010.
- Attended the IMD Programme for Senior Executives.
- Attended the Strategic Leadership Programme at the University of Oxford's Saïd Business School.

Experience

- Began his career as an auditor with Messrs Hanafiah Raslan Mohamad, a public accounting firm, in 1986.
- Served the Sime Darby Group, holding various finance positions in its corporate offices in Kuala Lumpur, Singapore and Melaka.
- He had a stint with American Express Malaysia Berhad in 1993.
- Joined Kumpulan FIMA Berhad in 1994, where he was subsequently appointed SVP, Finance/Company Secretary.
- Joined Celcom Axiata Berhad in 2001 as the SVP, Corporate Finance and Treasury and was appointed as its CFO in 2002.
- Appointed as TM Group CFO in 2005.
- Appointed as ED on 25 April 2008.



Dr Farid Mohamed Sani

Chief Strategy Officer

Responsibility

- Responsible for the development, execution and sustaining strategic initiatives for TM Group.

Qualification and Professional Membership

- PhD in Chemical Engineering from the University of Cambridge, UK.
- Masters in Engineering from the University of Cambridge, UK.
- Bachelor of Arts with first class honours specialising in Chemical Engineering from the University of Cambridge, UK.

Experience

- A consultant at McKinsey & Company from 2002 – 2003.
- Served Khazanah Nasional Berhad (Khazanah) as Director of Investments, specialising in the telecommunications sector in 2004 and served in Khazanah's Transformation Management Office and as SVP, Managing Director's Office.
- Appointed TM's Chief Strategy Officer (CSO) on 1 January 2012.



Giorgio Migliarina

Chief Technology and Innovation Officer (CTIO)/
Chairman Managed Accounts (MAC)

Responsibility

- Responsible for Network, IT, R&D and overall technical operations. Also overseeing the transformation of the Managed Accounts cluster in TM, with direct responsibilities for the Enterprise, and ICT, BPO and Smart Services businesses.

Qualification and Professional Membership

- Masters (Sc) in Electronic Engineering from the Polytechnic University of Turin, Italy.
- MBA from INSEAD, France.

Experience

- Worked with Olivetti SpA.
- Helped launch Infostrada SpA, Italy's second fixed line operator, where he held positions in network planning and corporate development.
- A Partner at McKinsey & Company based in London and Beijing, serving some of the world's leading operators and high tech companies.
- Appointed as TM's CTIO in 2009.

Award/Recognition

- Named as Asia's CTO of the Year 2012 by Asia Communication Award.



Dato' Mohd Khalis Abdul Rahim

Chief Human Capital Officer

Responsibility

- Responsible for formulating human capital management and development for the Group to drive the overall business plan and strategic direction of the organisation, specifically in the areas of succession planning, talent management, change management, organisational and performance management training and development, compensation and industrial relations. He provides overall leadership in ensuring strategic human capital management is effective across the Group.

Qualification and Professional Membership

- Masters in Human Resource Management from the University of Canberra, Australia.
- Bachelor of Science (Hons) in Applied Psychology from Coventry University, UK.
- Certified Advanced Human Resource Professional (CAHRP) from the Malaysian Institute of Human Resource Management.
- Certified Business and Executive Coach from the University of Malaya Centre for Continuing Education (UMCCeD).

Experience

- Extensive exposure in human capital management, having served in several multinational companies over 20 years in the field of human resource (HR) management across different industries.
- Involved in various disciplines of the profession from organisational development and change management to performance management, industrial relations, HR re-engineering as well as talent development.
- HR Director of Colgate Palmolive Malaysia from June 2000 until October 2006.
- HR Director responsible for Malaysia, Singapore and Asia Supply Chain at Freescale Semiconductor.
- Joined TM as Chief Human Capital Officer in August 2009.

Award/Recognition

- Chief Human Resource Officer of the Year and HR Leadership Award at the 21st Global HR Excellence Awards in 2013.



Idrus Ismail

Chief Legal, Compliance and Company Secretary

Responsibility

- Responsible for legal, compliance and company secretarial matters, as well as the implementation of programmes to inculcate overall ethics and integrity practices in TM Group.

Qualification and Professional Membership

- Bachelor in Economics from the University of Malaya.
- Bachelor of Law from the National University of Singapore.
- Certificate in Translation from the National Translation Institute of Malaysia.
- Executive Masters in Islamic Banking and Finance from Asia e University.
- Currently pursuing an online Chartered Islamic Finance Programme at the International Centre for Islamic Finance (INCEIF).
- Called to the Malaysian Bar in 1988.
- Certified Integrity Officer (CeIO) jointly certified by the Malaysian Anti-Corruption Commission and the Malaysian Institute of Integrity.

Experience

- Over 30 years of experience mostly in conventional and Islamic financial institutions, where he served as company secretary as well as in-house counsel.
- Company Secretary of the CIMB Group.
- Served the PROKHAS secretarial department (providing secretarial services to MoF (Inc.) companies).
- Senior Counsel of Islamic Banking and Finance in a major corporate law practice.
- Joined TM as Chief Legal and Compliance on 1 December 2009 and assumed the position of Company Secretary on 18 January 2010.



Mohamad Mohamad Zain

Chief Procurement Officer

Responsibility

- Heads the procurement division and supply chain strategy and operation for TM Group.

Qualification and Professional Membership

- Chartered Insurance Practitioner.
- Associate Member of the Chartered Insurance Institute, UK.
- Member of the Society of Fellow Chartered Insurance Institute, UK.
- Diploma in General Insurance from the Australian Insurance Institute.
- Master of Communications Management from the University of Strathclyde Glasgow.

Experience

- Extensive experience in insurance services while serving a UK-based insurance company.
- Joined TM in 1993 as Assistant Manager and tasked with managing the corporate insurance programme and implementing the Enterprise Risk Management (ERM) programme for TM in 2001.
- Appointed as General Manager (GM) in 2007, entrusted with an expanded portfolio of Group Business Assurance covering ERM, Revenue Assurance, Fraud Management, Insurance Management, Credit Management Policy & Monitoring, Corporate Compliance, Business Continuity Management and Enterprise Business Management.
- Promoted to Vice President (VP), Group Business Assurance in 2011.
- Appointed as TM's Chief Procurement Officer on 1 September 2014.



Dato' Rafaai Samsi

Chief Customer Experience/
Deputy Chief Technology and Innovation Officer

Responsibility

- Responsible for TM's overall customer experience management and transformation initiatives and is the Chairman of Service Management Council. He also oversees day-to-day operations of IT & Network Technology Division.

Qualification and Professional Membership

- Bachelor of Science (Hons) in Electronic Engineering from Brighton University, UK.
- Masters in Communications Management from the University of Strathclyde, UK.

Experience

- Started his career in telecommunications with Jabatan Telekom Malaysia in 1978, following which he assumed roles of increasing responsibility covering broad technical and business management fields within the TM Group.
- Appointed as CEO of TM-NTT Communications Corporation's joint-venture Company (July 1997).
- Appointed as State Terengganu (July 2001), and State GM MSC (September 2003).
- Assigned as GM Market Development (June 2004) and GM Domestic Carrier Business Division (July 2005).
- Promoted to VP Marketing & Sales for the Wholesale segment in October 2006.
- Promoted to Executive Vice President (EVP), Wholesale (1 July 2008).
- Assigned as Deputy Chief Technology and Innovation Officer (DCTIO) (since January 2013).
- Assigned as Head of Customer Experience Management and Transformation, reporting directly to TM Group CEO (1 July 2014), and at the same time remain as the DCTIO.
- Chief Customer Experience since September 2015, while performing his other role as DCTIO.



Ahmad Ismail

Chief Corporate and Regulatory Officer

Responsibility

- Responsible for the Group's corporate and regulatory matters.

Qualification and Professional Membership

- Bachelor of Science (Hons) in Electrical & Electronic Engineering from the University of Aston in Birmingham, UK.
- MBA from the MMU, Cyberjaya.

Experience

- Joined TM in 1983 as an Assistant Controller of Telecom and held various engineering positions before engaging in more managerial responsibilities.
- Positions held during his more than 30 years with the Group:
 - Head, Service Operations, Consumer and Business.
 - State GM, Melaka.
 - State GM, Pulau Pinang.
 - CEO of Telekom Sales and Services Sdn Bhd.
 - Chief Strategy Officer, Telco Strategy and Development, TM Telco.
 - Managing Director of Robi Axiata Limited (formerly known as TM International Bangladesh Limited).
 - GM, Business Strategy, TM Retail and CSO of Telco Strategy Division.
 - VP, Customer Service Management.
 - VP, Programme and Performance Management Office.
- Appointed as Chief Corporate and Regulatory Officer on 1 October 2010.



Hazimi Kassim

Chief Internal Auditor

Responsibility

- Responsible for the management of internal control and review of its effectiveness, adequacy and integrity.

Qualification and Professional Membership

- Bachelor of Arts in Accounting from the University of Canberra, Australia.
- Attended the Wharton Advanced Management Programme at the University of Pennsylvania, USA in 2006.
- A Certified Practising Accountant (CPA) of the Australian Society of Certified Practising Accountants (ASCPA).
- A Chartered Member of the MIA.
- A Chartered Member of the Institute of Internal Auditors Malaysia (IIAM).

Experience

- Vast experience in external and internal audit, financial and management accounting, corporate finance as well as strategic planning, business development and investor relations.
- His wide-ranging career to date has spanned across audit and consulting services to securities, insurance, banking and telecommunications companies.
- Served as the Chief Audit Executive in the Internal Audit Division of Malayan Banking Berhad and later Head of Corporate and Strategic Planning.
- Joined TM as the Chief Internal Auditor in 2011.



Ahmad Azhar Yahya

Chief Advocate Officer

Responsibility

- Responsible for creation of new customer demand for Integrated ICT and BPO services while grooming the Managed Account organisation towards becoming a consultative selling force.

Qualification and Professional Membership

- Bachelor of Science in Electrical Engineering from Oklahoma State University, USA.

Experience

- Began his career in 1987 as an engineer in Agilent Technologies (formerly known as Hewlett Packard).
- Joined management consulting firm, Accenture in 1990 servicing a portfolio of clients in Malaysia, Asia and the Middle East in various industries from communications to high technology, oil and gas and the public sector. His experience includes strategic planning and change management, business and operations support systems, enterprise resource management, revenue and customer relationship management.
- Became a Partner at Accenture in 2000.
- Joined TM as Group Chief Information Officer on 2 August 2004.
- Appointed TM's Programme Director of the High Speed Broadband (HSBB) in 2008 and contributed to the successful launch of TM's UniFi in March 2010.
- Appointed as CSO of TM from 15 July 2010 until December 2011.
- Served as CEO of VADS Berhad from 1 January 2012 until 31 January 2015.
- Appointed as TM's Chief Customer Advocate on 1 February 2015.



Dato' Ghazali Omar

Group Special Advisor, Transformation Programme

Responsibility

- Responsible in enhancing and expanding TM's collaboration and partnership in the ASEAN alliance (via Acasia Communications Sdn Bhd, a joint venture Company between TM and seven leading telecommunication players in the ASEAN Region) and to align the various big data analytics activities within the Group. He also provides guidance to Managed Accounts Council in its transformation programme.

Qualification and Professional Membership

- Bachelor (Hons) in Electrical and Electronic Engineering from the University of Leeds, UK.
- MBA from MMU, Cyberjaya.

Experience

- First joined TM (the then Jabatan Telekom Malaysia) in 1980 and has 36 years of experience in the telecommunications industry:
 - As Planning and Development Engineer specialising in Data Communications.
 - Appointed GM, Marketing and Sales, TM Net Sdn Bhd, in 2002.
 - Promoted to VP of Enterprise and Government Sales, TM Retail in 2007.
 - Appointed as EVP, Enterprise in February 2009.
 - Appointed as CEO/Executive Director of VADS Berhad from March 2009 until January 2012 and remained as EVP Enterprise during this period.
- Assumed position as Group Special Advisor, Transformation Programme on 1 June 2014.



Imri Mokhtar

Executive Vice President, Consumer and SME

Responsibility

- Responsible for the overall business operations of our Consumer and SME customer segments.
- Heads the Mass Market Cluster in TM.

Qualification and Professional Membership

- Bachelor of Engineering in Electronics Engineering and Management Studies with first class honours from University College London, UK.
- Attended leadership programmes at Cambridge Judge Business School and Harvard Business School.

Experience

- More than 20 years experience in telecommunications, media and management consulting.
- Career in TM spans several portfolios from corporate functions – strategy, programme and performance management – to business operations, including P&L responsibility.
- Prior to TM, Imri was with Astro, a pay TV service provider and before that at McKinsey & Company as a management consultant serving clients in telecommunications and financial sector.



Dato' Kairul Annuar Mohamed Zamzam

Executive Vice President, Government

Responsibility

- Heading and responsible for management of TM's Government business segment and overseeing the state business operations.

Qualification and Professional Membership

- Bachelor in Engineering Science from the University of Western Ontario, Canada.
- MBA from MMU, Cyberjaya.
- Attended the Advanced Management Training programme at INSEAD in 2003.

Experience

- Has over 30 years of experience in the telecommunications industry:
 - As a Human Resource Planning Executive with the then Jabatan Telekom Malaysia in 1985 and later held various positions in local access, switching and transmission networks.
 - Appointed GM of the Terengganu Operations Area in 1998.
 - Personal Assistant to the Group Chief Executive in 2002.
 - CEO of Telekom Sales & Services Sdn Bhd in 2005.
 - Appointed GM of Corporate Affairs and later VP, Consumer & Business Sales Division in TM Retail in 2006.
- Assumed his current position as EVP, Government in 2009.



Wan Ahmad Kamal Wan Halim

Executive Vice President, Enterprise

Responsibility

- Responsible for the Enterprise Business LOB – managing more than 10,000 large and medium sized Enterprise customers spanning across all key industries including financial services, oil & gas, utilities, retail, manufacturing, health and education.

Qualification and Professional Membership

- Bachelor of Science in Computer Science & Statistics from Monash University, Melbourne, Australia.

Experience

- Over 25 years of professional experience specialising in the Senior and Regional Sales Management, Business Management and Account Management roles across the Service Provider and Enterprise sectors in ASEAN and Malaysia.
- Began his career in 1986 as an Assistant Director of Planning and Research Division with the Ministry of Education Malaysia until 1990.
- Moved to Kumpulan Guthrie Berhad in Accounts and Sales Management on 1994.
- Joined Sapura Telecommunications Berhad, where he served in Sales, Channel, Marketing and Product Management.
- Joined Juniper Networks in 2000 as the Country Manager, Malaysia and was made the Sales Director for Malaysia, Indonesia and Vietnam in 2002. Appointed as Juniper Networks' Managing Director Malaysia in 2007 and promoted to Managing Director ASEAN in 2012.
- Joined TM as EVP, Enterprise on 1 June 2014.



Mohamad Rozaimy Abd Rahman

Executive Vice President, Global and Wholesale

Responsibility

- Spearheading TM's Global and Wholesale cluster and managing the global and wholesale business operations as well as the regional offices.

Qualification and Professional Membership

- Bachelor in Distributed Computing from the University of East London, UK.
- Masters of Science in Technology Management from Staffordshire University, UK.
- Attended technical and telecommunications training programmes at the AT&T School of Business and Technology and AT&T Bell Labs in New Jersey, USA.
- Attended the Advanced Leadership Management Programme at the Madinah Institute of Leadership and Entrepreneurship, Saudi Arabia.

Experience

- Has more than 18 years' experience in the telecommunications industry. Served AT&T as its Sales Director.
- Joined TM in 2006 as the GM of Product Marketing.
- Promoted as EVP of TM Global on 1 July 2009.
- Assumed current position, heading the TM Global and Wholesale cluster, following the re-alignment of the Company's market segments in January 2013.



Jeremy Kung Eng Chuang

Executive Vice President, New Media/CEO TM Net Sdn Bhd

Responsibility

- To strategise, execute and accelerate adoption of contents and e-commerce services across all businesses in TM.

Qualification and Professional Membership

- Bachelor (Hons) in Computer Science from the University of Ottawa, Canada.

Experience

- More than 20 years' experience in technical and managerial roles in IT systems development for media, telecommunications and Business-to-Consumer (B2C) business.
- His media experience was garnered during the seven years that he was with satellite television broadcaster and content provider Star TV. Prior to that he was with J. Walter Thompson for three years.
- Served PCCW Limited (PCCW), Hong Kong and its group of companies for more than 10 years, where his last positions there were as SVP of Customer Advocacy and Chief Information Officer of PCCW Global, a business unit of PCCW that provides global telecom services.
- Joined TM Group as CEO of TM Net Sdn Bhd (TM Net) on 20 May 2008.
- Appointed EVP, Consumer on 1 February 2009.
- Appointed EVP, New Media on 15 July 2010 and remained as CEO of TM Net.



Datuk Zaini Maatan

Vice President, Support Business

Responsibility

- Responsible for managing the overall TM Support Business operations covering property operations, facilities management, security and safety management. He is also overseeing the operations of Menara Kuala Lumpur, Menara Alor Setar and Muzium Telekom which is operated by Menara Kuala Lumpur Sdn Bhd, a wholly-owned subsidiary of TM.

Qualification and Professional Membership

- MBA from University of Miami, USA.

Experience

- Over 30 years working experience, starting with Motorola Semiconductors Sdn Bhd in 1982 – Motorola Electronics Sdn Bhd in 1989.
- Served Petronas Carigali Sdn Bhd in 1991.
- Joined TM in December 1991 as an Assistant Accountant with Finance Division and was later assigned to other divisions including Payphones, Human Resource and Business Sales.
- Appointed the State GM of TM Melaka in July 2008.
- Appointed VP, TM Selangor in October 2010.
- Appointed VP, Support Business on 1 September 2015.



Izlyn Ramli

Vice President, Group Brand and Communication

Responsibility

- Responsible for TM Group Brand and Communication – safeguarding and enhancing TM's image and reputation. Portfolio includes strategic and unites communication stakeholder management and engagement, brand, A&P, Media/External Communication, Digital Marketing & Brand Media, Internet communication, sports marketing, sponsorships, corporate events and corporate responsibility.

Qualification and Professional Membership

- Masters in Business Administration (Distinction) from City University (Cass) Business School, London.
- Bachelor of Science (Hons) in Economics from University College London.

Experience

- 25 years of management experience in telecommunications, strategy, finance, accounting, brand and communication.
- Started her career in 1992 at PricewaterhouseCoopers.
- Joined BzW Capital as an investment analyst.
- Joined TM in 1998 and served 10 years in Group Strategy and Planning.
- Appointed Special Assistant to the TM Group Chairman from 2006 until 2008.
- Moved to Axiata Group Berhad to head the Corporate Communication Division.
- Returned to TM as VP, Group Corporate Communication on 1 October 2010.
- Reassigned with an expanded role as VP, Group Brand and Communication on 1 June 2014.

Award/Recognition

- Honoured with a Golden Globe Tigers Award for Women Leadership and was named to the Global Telecoms Business: Industry's Top 50 CMOs To Watch in 2015.
- Named as one of the Most Influential Brand Leaders at the 2016 World Brand Congress.



Puan Chan Cheong

CEO, Packet One Networks (Malaysia) Sdn Bhd (P1)

Responsibility

- Responsible for delivering P1's performance in line with the Group's vision and aspiration, and to lead P1's transformation as Centre of Excellence for mobility for the Group.

Qualification and Professional Membership

- Bachelor of Science in Business Administration and Management Information Systems and Finance from University of Nebraska-Lincoln, USA.

Experience

- More than 20 years of business experience from consulting and the development and management of large-scale telecommunications to infrastructure and property projects internationally.
- Co-founder and is a director of Green Packet Berhad, which was incorporated as Green Packet Inc. in Silicon Valley in 2000.
- P1 CEO in 2013.
- Re-appointed as P1 CEO in 2014 after TM's acquisition of a majority stake in P1 in October 2014.

Award/Recognition

- Technopreneur of the Year award in 2004 by PIKOM, Malaysia's ICT Association.



Massimo Migliuolo

CEO, VADS Berhad

Responsibility

- Responsible for growing TM Group's ICT and BPO business and driving TM Group's focus on delivering smart services to vertical markets, specifically in the context of cities and urban areas.

Qualification and Professional Membership

- Baccalaureate from Lycee Chateaubriand, France.
- Bachelor of Science and Masters of Science in Business Management from University Luigi Bocconi, Italy.

Experience

- More than 20 years of experience in strategic business development, sales architecture and go-to-market strategy, especially in the mobile and cloud industry.
- Proven track record in building double digit growth businesses in innovative markets.
- Began his career in 1989 as Contract Manager with Montedison Group (Italy).
- Moved to AT&T Network System, Italy in 1991 as Director, Business Development Mobile.
- Joined Lucent Technologies in 1996 as Managing Director, Europe, Middle East and Africa (EMEA) Mobile Sales.
- Spent 11 years at Cisco from 1999 where his last position there was VP of Emerging Markets.
- Joined TM in 2014 as VP, Real Estate, Managed Account.
- Appointed as CEO of Intelsec Sdn Bhd (Intelsec), a subsidiary of TM on 1 November 2014.
- Appointed CEO, VADS Berhad on 1 February 2015 and remain as CEO of Intelsec.
- Additional role as CEO of VADS Lyfe Sdn Bhd (formerly known as GTC Global Sdn Bhd) effective 1 September 2015.

Statement on Corporate Governance

THE FUNDAMENTAL PRINCIPLES OF CORPORATE GOVERNANCE (CG), OPENNESS, INTEGRITY AND ACCOUNTABILITY, ARE THE CRITICAL BASE FOR TM'S FOUNDATION. ETHICS AND INTEGRITY CONTINUE TO PLAY IMPORTANT ROLES IN SUSTAINING AND SHAPING OUR PEOPLE AND, IN TURN, THE ORGANISATION.

Gearing towards becoming the Convergence Champion, TM realigned our Vision and Mission in 2015, setting clear goals for the Company to make life and business easier for a better Malaysia. This fundamental and all-encompassing purpose stretches beyond business objectives. Bringing change to the lives of Malaysians is key to our sustainability, now and in the long run. It is essential for TM to be viable and sustainable as economic conditions become more challenging, and to receive the continued trust and support of our stakeholders in facing adversities.

Constant and continuous efforts have been made towards enhancing our CG framework, internal processes, guidelines and systems to ensure that they remain robust and relevant. Applicable regulatory requirements and appropriate risk management and internal controls have been aligned to CG while keeping up with TM's evolution. Strong CG provides investors added assurance and confidence to invest in our Company.

TESTIMONY TO CG

TM's CG model has been developed based on the following requirements and guidelines. We also benchmark our CG against the ASEAN Corporate Governance Scorecard (ASEAN CG).

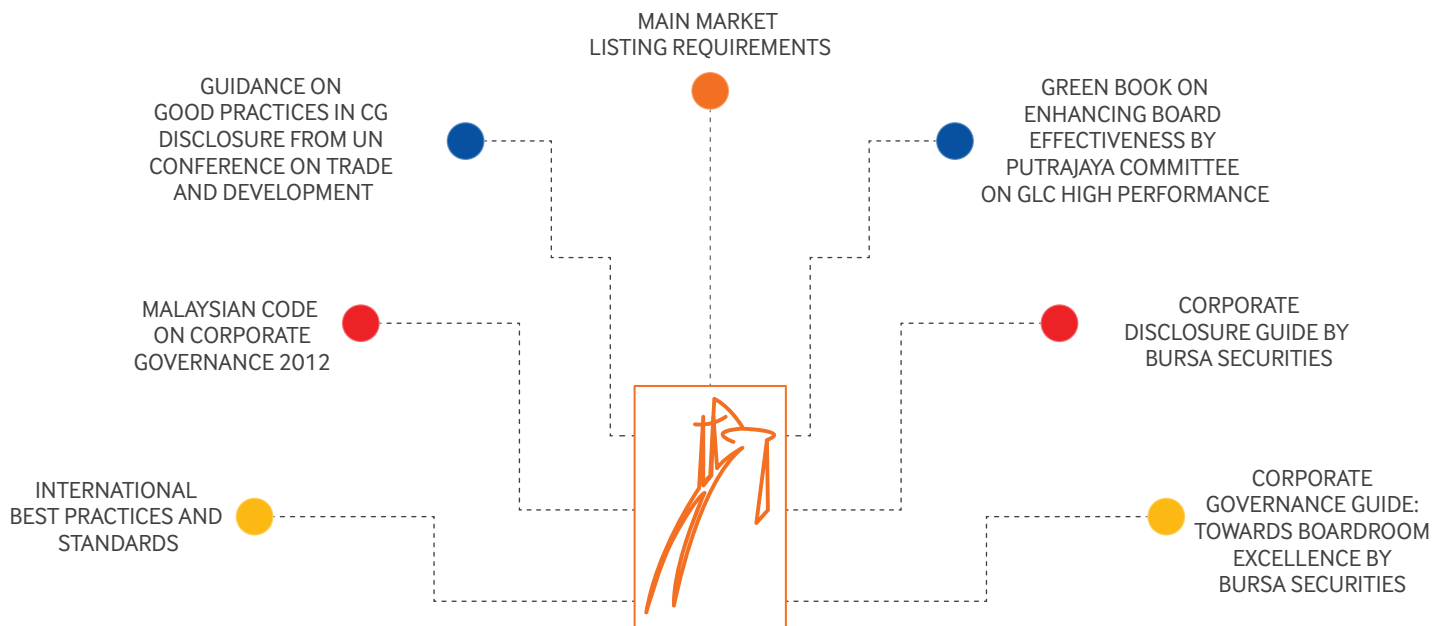


Chart 1: TM CG Model Reliance

TM's CG Framework is best illustrated as follows:



Chart 2: TM CG Framework

TM's continuing commitment to ensuring transparency, accountability, disclosure and equality in our governance and stakeholder management is acknowledged by the industry. This can be seen from the following CG related awards we received in 2015.

Date	Event	Award
14 November	ASEAN CG Conference & Awards	<ul style="list-style-type: none"> Top 3 Public Listed Companies in Malaysia Top 50 Public Listed Companies in ASEAN
26 November	2015 National Annual Corporate Report Awards (NACRA)	<ul style="list-style-type: none"> Gold Award for Overall Excellence for the Most Outstanding Annual Report of the Year Gold in the Trading and Services category – Industry Excellence Award for Main Board Companies for the 19th consecutive year Platinum for Best Designed Annual Report Gold for the Best Corporate Social Responsibility Report
30 November	PwC Building Trust Awards Malaysia Chapter	Top 10 finalist Malaysian Corporation for trust and transparency in corporate and integrated reporting and sustainability
10 December	Minority Shareholder Watchdog Group (MWSG) – ASEAN CG Index, Findings & Recognition 2015 and Awards Ceremony	<ul style="list-style-type: none"> Top 5 in Excellence for Top CG and Performance (Overall Category) Top 3 in Excellence for Long-Term Value Creation (Overall Category) Top 3 in Merit for AGM Conduct & Minutes Disclosure (Overall Category) Industry Excellence for Telecommunications & Media Top 10 for Merit for CG Disclosures

THE BOARD IS PLEASED TO ELABORATE ON TM'S APPLICATION OF THE PRINCIPLES AND RECOMMENDATIONS OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012 (MCCG 2012) AND THE EXTENT OF THE COMPANY'S COMPLIANCE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2015, THROUGHOUT THIS STATEMENT.

BOARD OF DIRECTORS

TM continues to be led and controlled by an active, engaged and experienced Board. The Board comprises a healthy mix of Directors with varying backgrounds encompassing economics, finance, technology and regulatory from both the private and public sectors, along with experience in the telecommunications industry both locally and abroad. Two of our Directors are experienced in the local and foreign telecommunications industry from the perspectives of consultants and regulators.

Throughout the year, the Board of Directors continued to guide and effectively steer the Company with well-planned strategies through active engagement with the Management.

Board Charter

Since its adoption in January 2013, TM's Board Charter (Board Charter) serves as a guide for good CG practices within the Company. It embodies our governance practices, Board policies and guidelines upon considering the principles and recommendations of MCCG 2012 and its predecessors as well as international standards on CG.

The Board Charter provides reference for the Directors in relation to the Board's role, powers, duties and functions. It outlines processes and procedures for the Board and its committees in discharging their stewardship effectively and efficiently.

The Board Charter is reviewed annually and updated from time to time to maintain its relevance and accuracy to current rules and regulations. This review forms part of the annual exercise under the Board Performance Improvement Program (BPIP), which includes an assessment of the Board’s objectives, roles and responsibilities to ensure consistency of governance practices and adherence to the relevant rules and regulations.

The last review, in July 2015, involved the following:

- a) Variation to the Terms of Reference (ToR) of the Board Nomination and Remuneration Committee (NRC)
- b) Variation to the ToR of the Board Tender Committee (BTC) on its Scope of Authority
- c) The Remuneration Policy for Directors and attendance fee for BTC.

The Board Charter is accessible on our official website at www.tm.com.my.

Roles and Responsibilities of the Board

The roles and responsibilities of the Board and Management are clearly demarcated in the Board Charter. Although the respective principles, roles and responsibilities of the Chairman, Executive Directors (EDs) and Non-Executive Directors (NEDs) are segregated, their functions are mutually co-dependent, ensuring efficient and effective execution of their duties and responsibilities.

The Board’s principal focus is the overall strategic direction, development and control of the Group in an effective and responsible manner. Management, meanwhile, runs the business operations, general activities and administration of financial matters of the Group in accordance with established delegated authority from the Board. As such, the Limits of Authority (LoA) for TM and all subsidiaries (Tier 1) as well as for

TM Procurement (Tier 2) were established for guidance. Tier 1 LoA refers to the empowerment of the Board, BTC, EDs and Top Management while Tier 2 LoA provides the delegation of authority to Senior Management. Both Tier 1 and Tier 2 LoAs were last reviewed in August 2015 and October 2015 respectively. These LoAs are complemented by the approved Business Policy and Governance.

In discharging its fiduciary and leadership functions, the Board assumes the following six core responsibilities which serve as guiding principles:

- Review and Approve a Strategic and Annual Operating Plan (AOP) for the Group
Two separate sessions were held to review and deliberate the Group’s strategic direction and AOP in the second and fourth quarters. Management highlights its thought process and reasoning behind formulating the strategies while the Board offers its guidance, views and input to ensure the strategies are well thought out, and provide the required support for the Group’s business direction.

The sessions have been doubly challenging as the Group is in the final stages of realising our goal of becoming Malaysia’s Convergence Champion. Each aspect of the strategies and financial targets is assessed to ensure the successful execution of the plans.

The strategic plan, its execution and challenges are reported to the Board throughout the year, and a half-year review is conducted to monitor the implementation of the approved strategic plan and AOP by the Management.

The Company’s strategic direction and achievements are periodically communicated to staff through engagements held locally or nationwide,

directly or via online conferences, ensuring that everyone in the Company understands his or her role in supporting TM to achieve its goals and is aware of the milestones accomplished.

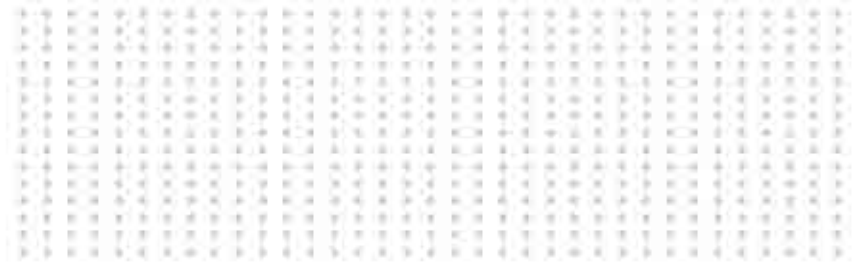
Based on the 2015 Board Effectiveness Evaluation (BEE), the Board agrees that sufficient focus and attention have been given to strategic issues and performance management. The Board has reviewed and approved the strategic plan and AOP for the Group, including the setting of appropriate Key Performance Indicators (KPIs) in a timely manner. The Board also commended the robust process undertaken by Management in formulating the strategic plan and AOP, as well as the active involvement of all parties in the process. The Board concluded that the strategic plan and budgets need to be more aggressively challenged moving forward, taking into account the Company’s strategic direction and current economic conditions.

- Oversee and Evaluate the Conduct of the Company’s business

The Board has empowered the NRC to deliberate on the TM Group Scorecard and Headline KPIs before these are tabled for its approval. The approved Headline KPI targets and achievements were announced along with the fourth quarter financial results in February.

Upon approval by the Board, the Group’s performance report and balanced scorecards were monitored on a monthly basis by the EDs at the Group Leadership Team meetings together with heads of TM’s Lines of Business (LOBs) and divisions.

It is mandatory for the Business Performance Report to be presented to the Board at every Board meeting. Performance is measured and tracked against the approved KPIs.



Based on the 2015 BEE, the Board agrees that the process of overseeing the management of the Company's business, including measuring Management's performance in achieving the Company's objectives, was outstanding. There was adequate focus on monitoring Management's execution capabilities. An amicable working relationship between the Board and Management has also been established.

- Identify and Manage Principal Risks

The Group Business Assurance (GBA) division of Group Finance monitors any risk that the business or the Group as a whole might face. The Board Risk Committee (BRC) is updated on any risk issue that could jeopardise the business, including corporate compliance matters. The Board, through the BRC, ensures appropriate management of risks and constantly monitors the review and management of principal risks by evaluating TM's corporate risk appetite and tolerance level. This ensures the Company's business sustainability.

Various issues including defective product and occupational safety involving fatality of contractors were deliberated by BRC in 2015. BRC further scrutinised the correlation between the country's gross domestic product, industry and the Company's revenue growth trends and whether any of these relates to growth of the Company's revenue. Employees were educated on the Company's risk management to create awareness of the need for every individual to be attentive and responsive to issues involving risks at every level.

Based on the 2015 BEE, the Board is of the opinion that it has undertaken its responsibility in identifying principal risks and ensuring the implementation of appropriate systems to manage these. The Board recognises the need for a strong risk management discipline across the Company to ensure achievement of the desired business objectives.

- Monitor Succession Planning

The NRC has been tasked to ensure effective succession planning for both the Directors and Key Management of TM Group (Pivotal Positions) and to report on progress thereof to the Board on a periodic basis. NRC also monitors the performance of the Board and the Pivotal Positions, and reviews and evaluates the suitability of potential candidates and their experience, to fill any gaps therein.

In 2015, NRC reviewed among others the appointment of the nominated Directors from the Special Shareholder, Minister of Finance (Incorporated) (MoF (Inc.)), the contract of service of the Pivotal Positions and appointment of Directors to the Group's major operating companies.

Based on the 2015 BEE, the Board concurred that succession planning of the Board and Pivotal Positions is critical moving forward. Training and readiness of talents and Middle Management to replace Senior Management are also to be enhanced. The Board agreed to place more focus on the matter, and the NRC is to deliberate on it accordingly.

- Develop and Implement an Investor Relations (IR) programme

The Board recognises that a sound IR programme is vital in managing investors' interest and perception of the Company. The Board Charter outlines the Company's policy on communication with stakeholders with strong reference to pre-existing Internal Communication Policy guidelines.

Based on the 2015 BEE, the Board is satisfied with the development and implementation of the IR programme undertaken by the IR Unit of Group Finance as well as communication undertaken by Group Brand and Communication division (GBC).

- Review the Adequacy and Integrity of the Company's Internal Control Systems

Internal control systems throughout the Company are managed and monitored by the Group Internal Audit (GIA) division. GIA has jurisdiction to audit any division or subsidiary of TM Group and to review projects and systems at any time and report its findings directly to members of the Board Audit Committee (BAC). Significant findings from the audit reports were highlighted and deliberated on at the BAC meeting.

BAC reviews the adequacy, effectiveness and integrity of the internal control systems to ensure the implementation of appropriate internal control systems, supported by reports from GIA and the annual review by the external auditor.

Based on the 2015 BEE, the Board agreed that a thorough review has been conducted by BAC. Systems and processes are being continuously reviewed and weaknesses identified have been dealt with as indicated by TM's financial performance. The Board further advised on improvements in consequence management by creating more awareness to instil better discipline to improve the quality of internal control.

Apart from these six core responsibilities, the Board also takes independent and collective responsibility and accountability for the smooth functioning of core processes involving Board governance, business value and ethical oversight. In discharging its roles and responsibilities, the Board is mindful of the need to safeguard the interests of all stakeholders. Dedicated Board Committees have been established with clear ToR, comprising Directors who have committed their time and effort as members to facilitate the effective discharge of these responsibilities.

Separation of Power between the Board and Management

The functions of the Board and Management, and the Chairman and EDs are distinguished to ensure the smooth running of the Company's business and operations. The separation of power ensures that no one individual or group can dominate the decision-making process, thus safeguarding the equilibrium of power in the Company.

The roles and responsibilities of the Non-Independent Non-Executive (NINE) Chairman, and the Managing Director/ Group Chief Executive Officer (MD/Group CEO), are clearly separated. The demarcation accords a balance of power and authority in the Board and is adhered to, in line with best governance practice. This ensures appropriate supervision and increased accountability of the Company's management.

Tan Sri Dato' Seri Dr Sulaiman Mahbob, TM's Chairman, has never held the position of CEO of the Company nor has he ever been a part of TM Management, thus undue influence from past association is not an issue.

In his first year of chairmanship, he has established a commendable relationship with the Non-Executive and Executive Directors. He commands respect given his technical and governance knowledge coupled with vast experience from service in various government sectors and agencies. With his in-depth experience, Tan Sri Dr Sulaiman is able to provide a different perspective, deep insight and guidance on the Company's strategic directions. His quiet command of the Board allows its members to deliberate matters thoroughly and effectively to reach satisfactory conclusions.

The other Board members have adapted to his style and find the Chairman effective in his position. In the 2015 BEE, the Chairman was rated to be excellent in leading Boardroom discussions, providing the required leadership and decisiveness in decision making.

Executive Directors (EDs)

As EDs, the Group CEO and Group Chief Financial Officer (Group CFO) are in command of their own respective functions. Their primary function is to ensure the smooth running of the Company's day-to-day operations, while their primary areas of responsibilities are captured in their respective KPIs which are evaluated annually, reviewed and approved by the Board.

The Group CEO is responsible for the implementation of broad policies approved by the Board and is required to report and discuss at Board meetings all material issues currently or potentially affecting the Group and its performance, including strategic directions, projects and regulatory developments.

The Group CFO is responsible for the financial management of the Group, developing initiatives and strategies to improve the Group's overall performance, implementing business and economic strategies, monitoring treasury aspects, and forecasting and analysing the long-term financial situation of the Group. He is also the Group's spokesperson in interactions with the market. In addition, he oversees the operations of Global and Wholesale, Support Business and Multimedia University.

The EDs have established several management committees to support them in discharging their operational and management duties. These forums provide the Senior Management team, including the heads of various divisions and departments, the platform to interact directly with each other, discuss, provide their views and review the objectives, strategies and operations of the Company on a regular basis.

Senior Independent Non-Executive Director (SID)

Dato' Danapalan T.P Vinggrasalam was appointed as TM's SID on 21 May 2009. The criteria and roles of the SID are depicted in the Board Charter. Dato' Danapalan, who satisfies the prescribed criteria, was the most

appropriate candidate for the post among the Independent Non-Executive Directors (INEDs), due to his knowledge of the telecommunications industry as a former Malaysian Communications and Multimedia Commission (MCMC) Chairman. This also lends him significant influence on the Board.

He continues to be the main conduit between the Independent Directors and the Chairman on matters that may be deemed sensitive and also provides an alternative communication avenue for shareholders and stakeholders to convey their concerns and raise issues so that these can be channelled to the relevant parties.

As the SID, he is responsible to lead confidential discussions with other NEDs who may have concerns which they believe have not been properly considered by the Board as a whole. These discussions are held as and when required or deemed necessary by the SID. As such, the Board is able to pursue a greater degree of independence, and NEDs can meet and actively exchange views in the absence of Management. No such meeting was held during the year, indicating that issues were discussed and resolved to the INEDs' satisfaction during the Board meetings and retreat sessions.

Dato' Danapalan is dedicated and conscientious in executing his role as an alternative communication channel for shareholders by relaying relevant issues to the appropriate parties in the Company. While discharging his function, he also maintains independence from Management throughout the year.

All queries relating to the Group can also be channelled to the SID at the following address:

sid@tm.com.my
or

Senior Independent Non-Executive Director
Level 51, North Wing, Menara TM
Jalan Pantai Baharu
50672 Kuala Lumpur
Malaysia

Board Composition and Balance

Article 96 of TM's Articles of Association (AA) limits the number of TM Board members to not more than 12. The two Non-Independent Non-Executive Directors (NINED) representing the interest of the Special and Major Shareholders have also appointed their respective alternate Directors on the Board. Membership of the Board is currently at maximum as follows:



Chart 3: TM Board Composition

The current Board members have the requisite skill sets and experience to guide TM to achieve its strategic plans and aspirations.

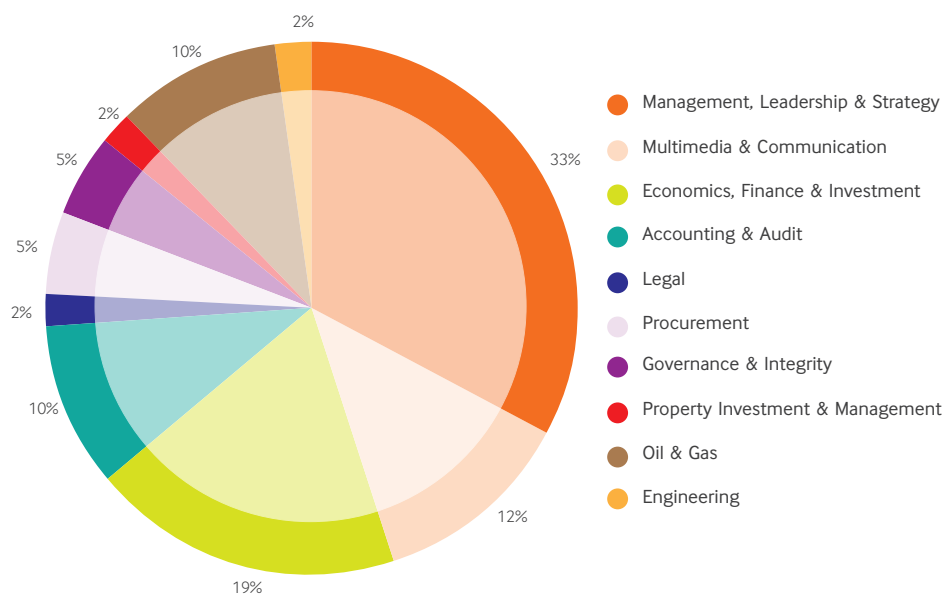


Chart 4 : TM Board Skill Sets

With a NINE Chairman, the seven INEDs form a majority on the Board of 12 directors, assuring effective checks and balances in its functions. Currently 58.0% of our Board members are Independent Directors, complying with paragraph 15.02 of the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities).

During the year, TM Board underwent a few changes in its composition following the change of nominee of the Special Shareholder. Dato’ Sri Dr Mohamad Isa Hussain was appointed as the new NINED on 30 October 2015, replacing Dato’ Fauziah Yaacob. Consequently, Dato’ Siti Zauyah Md Desa ceased as the latter’s alternate on the same date, while Asri Hamidin @ Hamidon was appointed as the Alternate Director to Dato’ Sri Dr Mohamad Isa on 6 November 2015. With this new Board composition, the gender mix on TM Board by end 2015 was two (females): ten (males).

By virtue of their roles and responsibilities, the seven INEDs represent the Company’s minority shareholders’ interests. None of the INEDs were former employees of the Company. They are independent of Management and free from any undue influence from interested parties which could materially interfere with the exercise of their independent judgement.

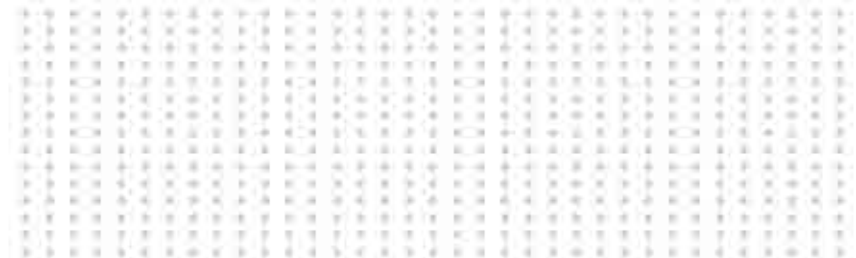
In discharging their responsibilities, during each Board and Committee meeting, the INEDs were thorough in deliberating issues of concern, inquisitive, frank and judicious in every decision-making process. They were impartial in their views, and liberal with their advice based on their expertise, safeguarding the Company’s and stakeholders’ best interests in every major decision. The INEDs participated actively in the Board’s deliberations and decision-making, challenging the Management to perform better and more efficiently. These values are most clearly illustrated in the main Board Committees chaired by the INEDS, namely the BAC, BTC, BRC and Board Investment Committee (BIC).

Independence

TM determines the independence of our Directors in accordance with the criteria stipulated in paragraph 1.01 of the Main LR. To date, all seven INEDs satisfy the following independence criteria:

- independence from Management and free from any business or other relationship which could interfere with independent judgement or the ability to act in the best interests of the Company.
- not involved in the day-to-day operations of the Company other than when collective Board approval is required. This mitigates the risk of undue influence from third parties and allows INEDs to exercise fair judgement.
- declare their interest or any possible conflict on any matter tabled prior to the commencement of Board meetings. Directors are able to ascertain their involvement in any proposal as the papers are disseminated to them five days before each meeting. In the case of conflict of interest, Directors are required to recuse themselves and abstain from deliberation to allow unbiased and free discussion and decision making. This also holds true for NINEDs.

Even with the new Chairman, the dynamics of the Board continues to be unfaltering. In fact, Tan Sri Dr Sulaiman’s presence has added a new perspective to the mix, and the new rapport created among the Board will continue to work in favour of the Company. Dissenting views or unpopular opinions were thoroughly discussed in open and frank dialogues. This ensured acceptable if not consensus decisions. Significant matters were agreed on via dissections to ensure decisions taken are in the best interest of the Company. The INEDs’ respective backgrounds, experience, strong personalities and understanding of good governance enable them to exercise objective judgement. They are not easily influenced by



non-related factors, able to act in the best interest of the Company and safeguard TM's stakeholders' interests.

The BEE 2015 indicates healthy Boardroom dynamics with good working relationships not only among the Board members but also between the Board and Management.

Apart from the above criteria, the independence of all TM Directors, including the NEDs, is assessed annually through the BEE. This exercise involves questionnaires that cover principles, perspectives and personal insights of the respective Directors, and are completed by all Directors on themselves and on their peers.

The NRC, as part of its ToR, undertakes the annual review of INEDs' independence status and tables its findings and recommendations to the Board. The Directors' skills, experience and contributions as well as their backgrounds, economic and family relationships are considered. Thereafter, the NRC determines whether the Directors can continue to bring independent and objective judgement to the Board. The NRC also determines, according to character and judgement, whether there are relationships or circumstances which could affect, or appear to affect, the Independent Directors' judgement.

In ascertaining the independence status of the Directors, the Board believes that tenure should not form part of the assessment criteria. It is of the view that the fiduciary duties of Directors as promulgated in the Companies Act, 1965 (CA 1965) are the primary concern of all Directors, regardless of their status. The Board firmly believes that the ability of a Director to serve effectively is

dependent on his calibre, qualification, experience and personal qualities, particularly his integrity and objectivity. It also believes there are significant advantages to be gained from long-serving Directors who possess insight and knowledge of the Company's business and affairs. The Directors' Peer Evaluation results from the BEE exercise would highlight the Independent Directors' ability to act independently.

Having departed from the MCCG 2012's recommendation to limit the Independent Directors' tenure to nine years, and noting that none of the INEDs has served more than nine years cumulatively in TM, the Board believes the requirement for shareholders' approval to retain the independent status of Independent Directors of nine years on the Board is therefore immaterial.

Fostering Commitment of the Board

The Board is of the opinion that the provisions in the CA 1965 and Main LR are sufficient to ensure adequate commitment by the Directors to perform their duties; and that each Director is able to commit sufficient time to the Company without it being formally regulated.

Such is evidenced by the attendance of Directors and time spent at Board and Committee meetings. These have demonstrated a high level of flexibility in Board members being able to accommodate the Company according to its needs.

The schedule for TM Board meetings was formulated in October 2014 and shared with the Directors before the beginning of the year to ensure the Directors' time commitment.

A total of eight meetings were held during the year; six scheduled Board meetings to discuss and decide on quarterly financial results, performance reports, important issues raised that required the Board's input and approval and various other matters based on predetermined agendas; with two retreats and special meetings. The strategic retreat meeting was held in June 2015 for the Company's strategic discussions and growth plans, while a Board retreat was held in December 2015 on the Group's AOP and financial targets. Besides the Board meetings, urgent decisions were approved via seven Directors' Circular Resolutions during the year.

Decisions made at Board meetings are mostly on consensus or via majority vote, save for items reserved for the Special Shareholder as stipulated in the Company's AA. Resolutions in writing by all the Directors or their alternates who may at the time be present in Malaysia shall be valid and effectual as if the resolution had been passed at a Board meeting. The Memorandum and Articles of Association (M&A) of the Company is accessible on TM's official website at www.tm.com.my.

All Directors complied with the minimum attendance of at least 50.0% of Board meetings held in the financial period pursuant to the Main LR. The Board has also agreed for the 50.0% minimum attendance requirement to be adopted for Board Committees, with attendance from alternate Directors considered for purposes of the attendance of the principal Director. Overall, all Committee members complied with the attendance threshold.

Details of attendance of each Director on the Board and Board Committees and the 30th Annual General Meeting (AGM) for the financial year ended 31 December 2015 are as follows:

No	Directors	TM Board		BAC		NRC		BTC		BRC		BIC		30 th AGM Attended
		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		
		Attended/ Held	%	Attended/ Held	%	Attended/ Held	%	Attended/ Held	%	Attended/ Held	%	Attended/ Held	%	
Director														
1.	Tan Sri Dato' Seri Dr Sulaiman Mahbob (Chairman)	8/8	100.0	-	-	-	-	-	-	-	-	-	-	✓
2.	Tan Sri Dato' Sri Zamzamairani Mohd Isa (MD/Group CEO)	8/8	100.0	-	-	-	-	12/12	100.0	-	-	-	-	✓
3.	Datuk Bazlan Osman (ED/Group CFO)	8/8	100.0	-	-	-	-	10/12	83.0	4/4	100.0	3/3	100.0	✓
4.	Dato' Sri Dr Mohamad Isa Hussain [Appointed on 30 October 2015]	1/2	50.0	-	-	-	-	0/2 ¹	100.0 ¹	-	-	1/2 ²	100.0 ²	N/A
5.	Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	8/8	100.0	8/8	100.0	4/4	100.0	-	-	-	-	-	-	✓
6.	Dato' Danapalan T.P Vinggrasalam	8/8	100.0	8/8	100.0	4/4	100.0	-	-	4/4	100.0	3/3	100.0	✓
7.	Datuk Zalekha Hassan	8/8	100.0	8/8	100.0	4/4	100.0	12/12	100.0	-	-	-	-	✓
8.	Dato' Ir Abdul Rahim Abu Bakar	8/8	100.0	-	-	3/4	75.0	-	-	3/4	75.0	3/3	100.0	✓
9.	Dato' Ibrahim Marsidi	8/8	100.0	3/3	100.0	4/4	100.0	12/12	100.0	1/1	100.0	-	-	✓
10.	Davide Giacomo Federico Benello	8/8	100.0	-	-	-	-	-	-	-	-	-	-	✓
11.	Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor	8/8	100.0	-	-	-	-	-	-	4/4	100.0	3/3	100.0	✓
12.	Gee Siew Yoong	7/8	88.0	8/8	100.0	-	-	-	-	4/4	100.0	3/3	100.0	✓
Alternate Director														
1.	Asri Hamidin @ Hamidon [Alternate to Dato' Sri Dr Mohamad Isa Hussain] [Appointed as Alternate on 6 November 2015]	1/2	50.0	-	-	-	-	2/2 ¹	100.0 ¹	-	-	1/2 ²	100.0 ²	N/A
2.	Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil [Alternate to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin]	8/8	100.0	-	-	3/4	75.0	10/12	83.0	-	-	3/3	100.0	✓
Directors who have resigned/ceased since the last report														
1.	Dato' Fauziah Yaacob [Resigned on 30 October 2015]	5/6	83.3	-	-	-	-	10/10	100.0	-	-	1/2	50.0	✓
2.	Dato' Siti Zauyah Md Desa [Alternate to Dato' Fauziah Yaacob] [Ceased as alternate on 30 October 2015]	1/6	16.7	-	-	-	-	0/10	0.0	-	-	0/2	0.0	-

The average meeting attendance is calculated based on the attendance from the date of appointment to the date of resignation.

During the year, Directors with alternates, in either the main Board or Committees, have endeavoured to ensure that each meeting was represented by them or their respective alternates in ensuring compliance with provisions of the Main LR and Board Charter.

Alternate Director as principal member of Committee.

¹ Represented by alternate Director at both BTC meetings

² Represented by alternate Director at one BIC meeting

Chart 5: TM Board Attendance at 2015 Meetings

The amount of time spent on Board and Committees meetings for the financial year, is monitored via the BPIP. TM Board spent a total of 52 hours at eight Board meetings held throughout 2015.

In maintaining and monitoring the limitation on directorship as required by the Main LR, the Directors upon appointment and thereafter will notify the Company Secretary of their directorship in other companies for disclosure to the Board at Board Meetings. All TM Directors currently comply with the Main LR's restriction of five directorships on listed issuers as indicated in Chart 6.

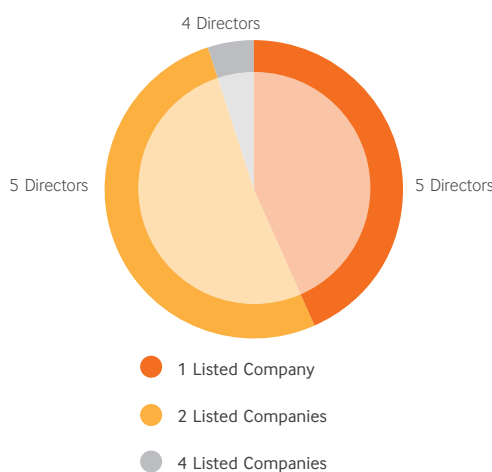


Chart 6: Directorship on Listed Companies including TM

Board Effectiveness Evaluation (BEE)

The BEE was adopted in TM in 2004. Conducted internally since 2011, it comprises a Board Evaluation, a Committee Evaluation and a Directors' Self and Peer Assessment. It is designed to improve the Board's effectiveness as well as to draw the Board's attention to key areas that need to be addressed in order to maintain Board cohesion despite its diversity.

BEE 2015 findings were generated based on Directors' feedback via the BEE forms. Upon collation and tabulation of the results and analysis of output, the Company Secretary consulted the Chairmen of the Board and NRC for in-depth analysis of the BEE results. A summarised report was presented to the NRC and Board in February with comparative analysis of previous year results to enable the Board to identify its strengths, areas for improvement and potential issues for the Board, Board Committees and individual Directors.

BEE assesses the Board's responsibilities, composition, ways to foster commitment, administration and process, conduct, interaction and communication with Management and stakeholders, and its evaluation of the Chairman and Group CEO. BEE 2015 revealed that the Board had performed well, with most of the areas being rated as 'Good' or 'Outstanding'. The overall average ratings for Board Administration and Process, Board Conduct, Board Interaction and Communication with Management and Stakeholders, Evaluation of Chairman and Group CEO, recorded 3.5 points and higher out of a total of 4.0 points, indicating the Directors' satisfaction with the Board's overall performance.

The BEE questionnaire also assesses the effectiveness of the Board Committees, particularly their structure and processes as well as accountability and responsibilities. All Board Committees were rated 'Good' to 'Outstanding', indicating that Committee members have discharged their duties and responsibilities with commitment and professionalism to the benefit of the Company.

Self and Peer Evaluation are conducted to assess each Director's professional competency, attributes and personality. Each Director is provided with the results of the self-evaluation marked against peer evaluation for comparisons and remedial action. Directors' Peer Evaluation results continued to be high in 2015. Out of the 12 attributes assessed, the scores for seven attributes were 4.5 points or above from a total of 5.0 points.

These results indicate a high level of Board dynamics which augurs well for the Board to further drive its performance and ensure the required level of robustness and professional discussion translate into real value for TM. An effective Board is essential for the long-term success and sustainability of the Company.

Based on the 2015 BEE results, the Board will continue to focus on the following strategic areas in 2016 to maintain TM's competitive edge:



Chart 7: 2016 Strategic Focus Areas

Directors' Remuneration

The Board ensures that the Group's remuneration policy remains competitive to attract and retain Directors of such calibre who are able to provide the necessary skills and experience, commensurate with the responsibilities for the effective management of TM Group. The policy and framework for the overall remuneration of the EDs and NEDs are reviewed against market practices by the NRC, following which recommendations are submitted to the Board for approval.

Executive Directors (EDs)

The remuneration package for EDs is balanced between fixed and performance-linked elements. As EDs, the Group CEO and Group CFO are paid salaries, allowances, bonuses and other customary benefits as appropriate to Top Management. A significant portion of the EDs' compensation package has been made variable depending on the Company's performance during the financial year, which is determined based on the individual KPIs, and aligned to TM Group's Balanced Scorecard. The EDs are not paid Director's fees or meeting allowances for Board and Board Committee meetings that they attend and are members of.

The performances of the EDs (as well as that of the Pivotal Positions and the Company Secretary) are reviewed annually by the NRC, and recommendations are submitted to the Board on specific adjustments in their remuneration and/or reward payments, reflecting their contributions for the year. The Group CEO and Management team members are rewarded according to a combination of achievement of targets and their 360-degree ratings. These payments are competitive in line with the Group's corporate objectives and strategy. The EDs recused themselves during deliberations on their performance rewards and remuneration review at the NRC and Board meetings.

In 2013, the Long-Term Incentive Plan (LTIP) for EDs and Top Management under TM Rewards Transformation initiatives was implemented and granted to eligible participants based on an approved mechanism. Its main objective is to align the interests of our Top Management with that of our shareholders, driving a high performance culture and as a retention tool.

Non-Executive Directors (NEDs)

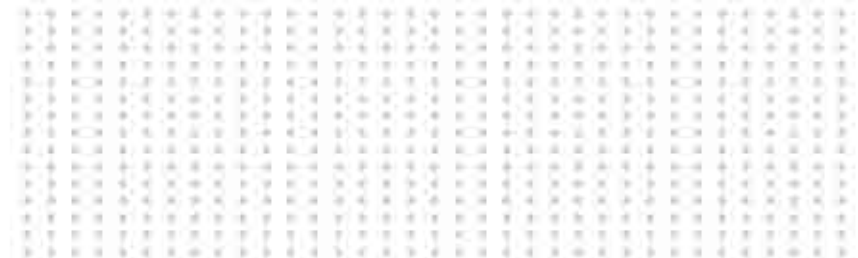
NEDs' remuneration package is determined by the Board as a whole. Their director's fee is based on a standard fixed fee, which is subject to shareholders' approval, while meeting allowances are paid based on attendance at Board and Committee meetings.

Fees for the NINE Chairman, SID and NEDs were approved by shareholders at the 28th AGM on 7 May 2013, and subsist to date:

Directors	Directors' Fee (RM/per annum)
NINE Chairman	276,000
NEDs	180,000
SID	27,000

To maintain appropriate check and balance, NEDs are not entitled to participate in any employees share scheme or variable performance-linked incentive schemes pursuant to the Blue Book issued by the Putrajaya Committee on Government Linked Companies (GLCs) High Performance (PCG). They are, however, entitled to other benefits in kind, within reasonable limits, such as annual overseas business development trips and leave passage, reimbursement on business equipment, telecommunications benefits, insurance and medical coverage.

In the interest of good CG and ensuring fullest disclosure, although there is no proposed review of the existing fees, and the shareholders' approval in 2013 is still subsisting, a resolution on the payment of Director's fees from 31st AGM until the conclusion of the next AGM is tabled at the forthcoming AGM for shareholders' approval.



Details of the total remuneration of each Director of the Company, categorised into appropriate components for the financial year ended 31 December 2015, are as follows:

NO.	NAME OF DIRECTORS	SALARY (RM)	FEE (RM)		ALLOWANCE (RM)		TOTAL AMOUNT (RM)
			TM	SUBSIDIARY	TM	SUBSIDIARY	
NON-INDEPENDENT AND EXECUTIVE DIRECTORS (NIED):							
1	Tan Sri Dato' Sri Zamzamairani Mohd Isa	2,010,300.00 ^a	–	228,000.00 ^b	60,000.00 ^c	10,500.00 ^b	2,308,800.00
2	Datuk Bazlan Osman	1,179,300.00 ^a	–	180,000.00 ^b	60,000.00 ^c	9,500.00 ^b	1,428,800.00
NON-INDEPENDENT AND NON-EXECUTIVE DIRECTORS (NINED):							
3	Tan Sri Dato' Seri Dr Sulaiman Mahbob (Appointed on 12 January 2015)	–	267,838.71	250,535.76	31,500.00	12,500.00	562,374.47
4	Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	–	275,000.00 ^d	–	90,500.00 ^d	–	365,500.00
5	Dato' Sri Dr Mohamad Isa Hussain (Appointed on 30 October 2015)	–	30,000.00	–	5,000.00	–	35,000.00
6	Dato' Fauziah Yaacob (Resigned on 30 October 2015)	–	150,000.00	–	54,000.00	–	204,000.00
ALTERNATE DIRECTORS (NON-INDEPENDENT AND NON-EXECUTIVE ALTERNATE DIRECTORS):							
7	Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil (Alternate to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin)	–	–	–	24,500.00 ^e	–	24,500.00^e
8	Asri Hamidin Q Hamidon (Alternate Director to Dato' Sri Dr Mohamad Isa Hussain) (Appointed on 6 November 2015)	–	–	–	2,500.00	–	2,500.00
9	Dato' Siti Zauyah Md Desa (Alternate Director to Dato' Fauziah Yaacob) (Resigned on 30 October 2015)	–	–	–	3,000.00	–	3,000.00
INDEPENDENT AND NON-EXECUTIVE DIRECTORS (INED):							
9	Datuk Zalekha Hassan	–	180,000.00	90,000.00	96,750.00	4,000.00	370,750.00
10	Dato' Ir Abdul Rahim Abu Bakar	–	180,000.00	–	49,500.00	–	229,500.00
11	Dato' Danapalan T.P Vinggrasalam	–	207,000.00	90,000.00	76,500.00	11,900.00	385,400.00
12	Dato' Ibrahim Marsidi	–	180,000.00	90,000.00	78,500.00	4,000.00	352,500.00
13	Davide Giacomo Federico Benello	–	180,000.00	–	123,000.00 ^f	–	303,000.00
14	Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor	–	180,000.00	90,000.00	41,000.00	5,000.00	316,000.00
15	Gee Siew Yoong	–	180,000.00	–	67,000.00	–	247,000.00
TOTAL AMOUNT		3,189,600.00	2,009,838.71	1,018,535.76	863,250.00	57,400.00	7,138,624.47

Note:

^a Inclusive of Company's contribution to provident fund.

^b Payment made to TM as management fee for TM's nominee Directors.

^c Car allowances in lieu of provision of company car.

^d Inclusive of fee and allowance received from a subsidiary amounting to RM95,000 and RM27,500 respectively.

^e Payment made to Khazanah Nasional Berhad.

^f Inclusive of per diem allowance for foreign Director amounting to RM90,000.

Chart 9: 2015 Directors' Remuneration

Directors' Indemnity

TM maintained a Directors' and Officers' Liability Insurance throughout the financial year. Directors and Officers are indemnified against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company.

The existing policy period of insurance is from 1 June 2015 to 31 May 2016 with worldwide coverage of up to RM50 million for each and every claim. It protects the Directors and Officers from loss resulting from claims made against them alleging a wrongful act in the discharge of their duties on behalf of TM. This insurance does not, however, provide coverage in the event of any negligence, fraud, breach of duty, breach of trust or fine upon conviction. The Directors contribute jointly to the premium payment of this policy.

BOARD COMMITTEES

Article 118 of the Company's AA provides the Board the discretion to delegate its powers to its Committees. All Committees have specific ToRs, operating procedures and their respective authority parameters approved by the Board. The Committees' modes of operation are reviewed from time to time to ensure they are relevant and up to date. The ToRs of the Board Committees are detailed in the Board Charter which is available on the Company's official website.

TM has established the following five main Board Committees which are entrusted to carry out the Board's delegated tasks:

- Audit Committee
- Nomination and Remuneration Committee
- Tender Committee
- Risk Committee
- Investment Committee

There is also a provision for the establishment of an ad-hoc Board Sub-Committee (BSC) as and when required based on specialisation required and the nature of the issue/case raised. TM is pleased to report that, during the year, no major issue was raised that merited the formation of a BSC.

The proceedings and deliberations of the Board Committees are reported to the Board at every Board Meeting by Chairmen of the various Board Committees. On matters reserved for the Board and where the Board Committees have no authority to make decisions, recommendations are highlighted in their respective reports together with the Committee members' comments and views for the Board of Directors' deliberation and endorsement.

Board Audit Committee (BAC)

In compliance with the Main LR and MCGG 2012, and in addition to the duties and responsibilities set out under its ToR, the BAC assists the Board by providing an objective non-executive review of the effectiveness and efficiency of the internal control of TM Group.

The BAC report, detailing its membership, number and attendance of each member at meetings, summary of its key functions and principal activities, as well as training during the financial year 2015, is set out on pages 134 to 141 inclusive, of this annual report. In addition, the Statement on Internal Audit is set out on pages 142 to 143 inclusive, of this annual report.

Board Nomination and Remuneration Committee (NRC)

TM has a combined Nomination Committee and Remuneration Committee for the purpose of expediency, as the same members are entrusted with the functions for both the Nomination and Remuneration Committees. In addition, NRC was assigned an additional role of governance matters in 2015. Agendas of NRC meetings are clearly demarcated along the lines of these three segments.

The NRC report detailing its membership, number and attendance of each member at meetings, summary of its key functions and principal activities during the financial year 2015 is set out on pages 128 to 133 inclusive, of this annual report.

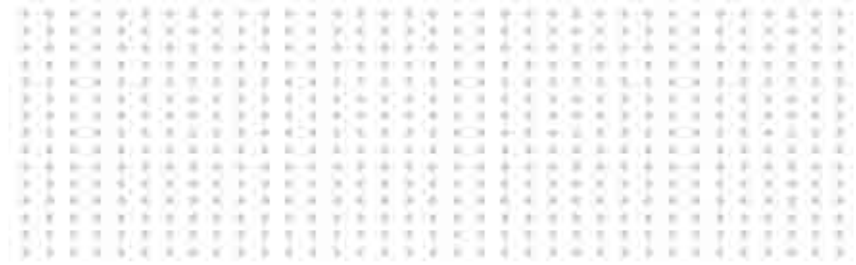
Board Tender Committee (BTC)

BTC was established to consider and approve all procurement proposals based on the approved LoA in line with the Board's delegation of power.

Membership

- Datuk Zalekha Hassan (*Chairperson/INED*)
- Tan Sri Dato' Sri Zamzamairani Mohd Isa (*Member/NIED*)
- Datuk Bazlan Osman (*Member/NIED*)
- Dato' Sri Dr Mohamad Isa Hussain (*Member/NINED*) [*Appointed on 30 October 2015*]
- Dato' Ibrahim Marsidi (*Member/INED*)
- Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil (*Member/NINE Alternate Director*)
- Asri Hamidin @ Hamidon (*Alternate Member/NINE Alternate Director*) [*Appointed on 20 November 2015*]
- Dato' Fauziah Yaacob (*Member/NINED*) [*Resigned on 30 October 2015*]
- Dato' Siti Zauyah Md Desa (*Alternate Member/NINE Alternate Director*) [*Ceased on 30 October 2015*]

During the year, the membership of BTC underwent changes with the appointment of Dato' Sri Dr Mohamad Isa and Asri as a new member and his alternate respectively, following the resignation of Dato' Fauziah as a Director of TM and the cessation of her alternate, Dato' Siti Zauyah. Dato' Sri Dr Mohamad Isa is experienced in procurement matters having served in the government's procurement division previously, while Asri has served in various government departments and the boards of a number of government investment companies, hence is well-versed with procurement matters.



Meetings of BTC

BTC held 12 meetings during the financial year, with total time spent of 29.1 hours. TM's Chief Procurement Officer (CPO) attended these meetings as a permanent invitee while the Chief Technology and Innovation Officer (CTIO) was invited as and when required to provide additional input on technical matters. Management Evaluation Committee members were also invited to brief the BTC on specific issues as and when required.

Main Activities in 2015

During the year, BTC deliberated on the following:

- procurement proposals within its authority limits
- procurement performance report and status summary
- procurement review on procurement governance model
- three-year procurement plan
- identified procurement issues

Significant matters reserved for Board's approval and procurement proposals within the authority limits of TM Board were tabled at Board meetings.

BTC is supported by sub-management committees chaired by the Group CEO, Group CFO and CPO, depending on the level of authority accorded to them.

Board Risk Committee (BRC)

BRC was established to support improvements in the management and monitoring of the Group's risk profile. This has resulted in a more integrated and structured approach in managing risks inherent in various aspects of the business.

BRC report detailing its membership, ToR, attendance of each member at meetings held in 2015 together with the Risk Management Report of the Group, is set out on pages 144 to 147 inclusive, of this annual report.

Board Investment Committee (BIC)

BIC was established to provide guidance to Management in considering and evaluating equity investment and/or divestment related proposals of TM Group for recommendation to the Board. In 2014, BIC's role was enhanced to include deliberation of proposals relating to TM Group's properties for the approval of TM Board.

Membership

- Dato' Ir Abdul Rahim Abu Bakar (Chairman/INED)
- Datuk Bazlan Osman (Member/NIED)
- Dato' Sri Dr Mohamad Isa Hussain (Member/NINED) [Appointed on 30 October 2015]
- Dato' Danapalan T.P Vinggrasalam (Member/SID)
- Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor (Member/INED)
- Gee Siew Yoong (Member/INED)
- Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil (Member/NINE Alternate Director)
- Asri Hamidin @ Hamidon (Alternate Member/NINE Alternate Director) [Appointed on 26 November 2015]
- Dato' Fauziah Yaacob (Member/NINED) [Resigned on 30 October 2015]
- Dato' Siti Zauyah Md Desa (Alternate Member/NINE Alternate Director) [Ceased on 30 October 2015]

During the year, membership of BIC was reviewed with the appointment of Dato' Sri Dr Mohamad Isa and Asri as his alternate. This followed the resignation of Dato' Fauziah and cessation of her alternate, Dato' Siti Zauyah. With their financial and economic backgrounds, both the Director and his alternate are invaluable in providing input on the viability of proposals tabled to BIC.

Meetings of BIC

Three BIC meetings were held during the year with a total of 3.4 hours spent. These

were also attended by relevant Management Team members who presented their proposals. Decisions/recommendations of the meetings were reported to and deliberated by the Board.

Main Activities in 2015

During the year, BIC deliberated on the following proposals:

- divestment of investments; and
- property related matters.

MANAGEMENT COMMITTEES AND SUB-MANAGEMENT COMMITTEES

The Board has established two main management committees, namely the Management Committee and the Group Leadership Team, both chaired by the Group CEO, to discuss key strategic matters and monitor the Company's performance and operations.

Management Committee (MC)

The salient ToR of the MC are as follows:

- Formulate key Group-level business strategies and policies, including action plans
- Review, guide and facilitate policy-related matters for the Group, not limited to investments, divestments, and enterprise business management, regulatory and financial policies
- Provide strategic direction to and recommend a policy framework for TM Group human capital management, including talent management and succession planning
- Discuss, review and recommend to the Board changes to the Group's compensation and benefits
- Review and recommend the Group Business Plan to the Board
- Discuss matters that have been delegated by the Board and Board Committees for further review and recommendation

Group Leadership Team (GLT)

GLT is tasked, among others, to:

- Review the overall monthly business performance of TM Group
- Discuss, deliberate and challenge the performance improvement reports of TM Group and LOBs
- Discuss and review key business priorities and operational issues of TM Group

Sub-Management Committees

In ensuring proper administration and supervision of the day-to-day business, EDs and key Management members were assisted by the following main sub-committees:

Business Continuity Management Steering Committee (BCMSC)

BCMSC was established in March 2012 and is chaired by the Group CEO. It is the primary decision-making platform for TM Business Continuity Management (BCM) overseeing BCM programmes in TM Group.

Customer-Centricity Steering Committee (CCSC)

CCSC was established in November 2009 and is chaired by the Group CEO with the objective of improving TM's customer experience and achieving customer service charter goals.

Long Term Evolution Steering Committee (LTE SteerCo)

The LTE SteerCo, chaired by Group CEO, was established in June 2015 to set TM Group's direction on strategy and track the execution of the LTE programme.

Mobility Guiding Council (MGC)

MGC, established in 2014 and chaired by the Group CEO, ensures development and implementation of a coherent strategy on mobility and wireless for TM Group. It also aligns the Group's mobility and wireless strategy with the Group's broader convergence aspiration.

Finance Committee (FC)

FC, established in July 2009 and chaired by the Group CFO, reviews and deliberates on financial matters pertaining to investments and budgets, resolving key financial and operational issues. Specific matters requiring the Board's decision are tabled by FC to MC for prior input before escalation to the Board.

Group Property Committee (Property-Comm)

Property-Comm was established in December 2009, chaired by Group CFO, to oversee TM Group's property related matters and provide recommendations for approval to BIC, as deemed necessary.

Management Procurement Committees (MPC)

Three MPCs were established, each chaired by the Group CEO, Group CFO and the CPO, to deliberate on procurement matters which are segregated based on approved LoA.

Group Product Committee (GPC)

GPC was established in 2009 and is chaired by the Chief Strategy Officer (CSO). It acts as a strategic point of reference for unresolved cross-line business and operational issues related to product and customer segmentation. It also provides guidance and policies to ensure product synergies within the Group.

Mass Market Management Committee (MMMC)

MMMC, chaired by EVP Consumer & SME, was established following the alignment of the Mass Market cluster in October 2014. It deliberates on strategic matters relating to the Mass Market business for approval by MC and provides guidance and/or decision-making relating to Mass Market business operations.

Managed Accounts Council (MAC)

MAC was established in 2013, chaired by the Managed Accounts (MA) Chairman who is the CTIO. Its main objective is to drive more collective focus in the MA business, providing guidance and approval on key initiatives, reviewing business performance and ensuring synergies across MA's LOBs and VADS Berhad.

Group Technical Investment Committee (GTIC)

GTIC was established in June 2012 and is chaired by the CTIO with the CSO as alternate Chairman. GTIC's objectives are to address fragmented technical investment issues and ensure alignment and optimisation of technical investment across the Group.

Service Management Council (SMC)

SMC was established in July 2014, chaired by the Chief Customer Experience, for strategic directions on operational issues related to service experience across all touch points.

BOARD PERFORMANCE IMPROVEMENT PROGRAMME (BPPI)

The BPPI Governance work stream, adopted since January 2008, has undergone enhancements throughout the years to improve the Board's functions and structure and ensure the Board's priorities are aligned with the Group CEO's mandate. Various initiatives have been introduced as Board Operating Mode (BOM) deliverables to enhance the Board's effectiveness. These deliverables are monitored and reported to the Board annually. Management formulates a whole-year plan for TM Board Meeting Priorities and Agenda taking into account the Group CEO Priorities as well as major focus areas requested by the Board based on the BEE results, for the Board's approval in the first quarter. The Board Agenda is aligned to the Company's vision and mission, consistent with the Board's key roles and the mandate provided to the Group CEO.

Statement on Corporate Governance

In 2015, the Board's main focus was on strategy and industry issues, in line with its business direction and the competitive telecommunications industry landscape. Time spent on various broad agenda topics at Board meetings in 2015 is as illustrated below.

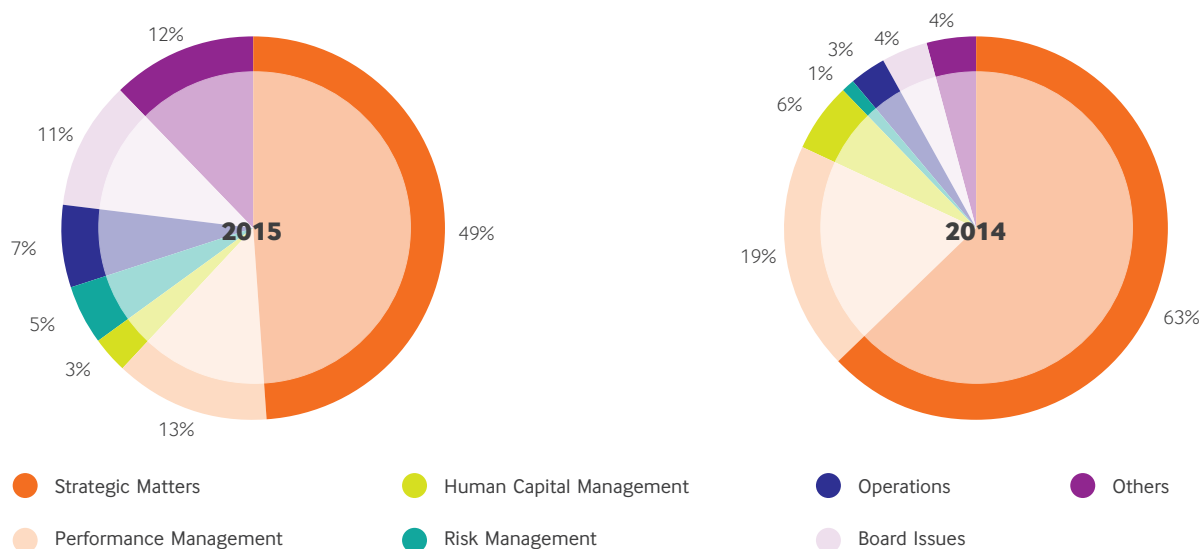


Chart 10: Board Time Spent

BOARD TRAINING AND KNOWLEDGE ACQUISITION

At the date of this report, all TM Directors had completed the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Securities except for Dato' Sri Dr Mohamad Isa, who was appointed on 30 October 2015. He has attended a one day MAP session on 9 December 2015 and has been scheduled to complete the MAP in March 2016.

Induction briefings and updates on the telco industry, as well as TM's aspirations, business targets and group performance, were organised for the newly appointed Directors. The induction was organised for the Chairman on 20 January 2015 and provided to the newly appointed NINED and his Alternate Director on 20 November 2015.

Apart from the MAP, Directors also attended other relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies.

Training needs for the Directors continue to be evaluated through the Board Training Programme to identify how best to aid the Directors in discharging their duties.

Board Training Programme (BTP)

BTP Guidelines were adopted in January 2005 to address the training needs of Directors in the absence of Bursa Securities' Continuous Education Programme (CEP) requirements. Today, they are in line with the MCCG 2012 which advocates the continuous training of Directors. This enhances the skills of the Directors and ensures they are kept updated of industry trends.

The training structure for the Board is monitored and updated to be relevant to changing business needs. As a result of close monitoring of the BTP by the NRC and in line with the BEE, the Directors' training structure for 2015 was aligned to their needs focusing on Industry, Strategy, Corporate Governance and Investor Relations.

In 2015, the Directors attended various seminars, conferences and international conventions to gain greater insight into the industry, and be updated of the latest regulatory and technological developments relevant to the Group's business.

TM has continuously organised in-house training for Directors' development. During the year, two in-house training sessions were arranged in relation to 'Digital Transformation' and 'Productivity and Simplification'.

Based on BTP records, all Directors completed the minimum requirement of 36 training hours for the year, which was pro-rated for Directors appointed during the year. The Directors also concurred that they have devoted sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning in order to sustain their active participation in Board deliberations.

A salient finding of the BPIP in 2015 was that Directors spent more than 48% of their training on key areas, namely industry knowledge and strategy. This is in line with the need to maintain and enhance their knowledge as well as remain up to date with developments in the business and telecommunications markets. The Directors’ training structure in 2015 is depicted in the chart below:

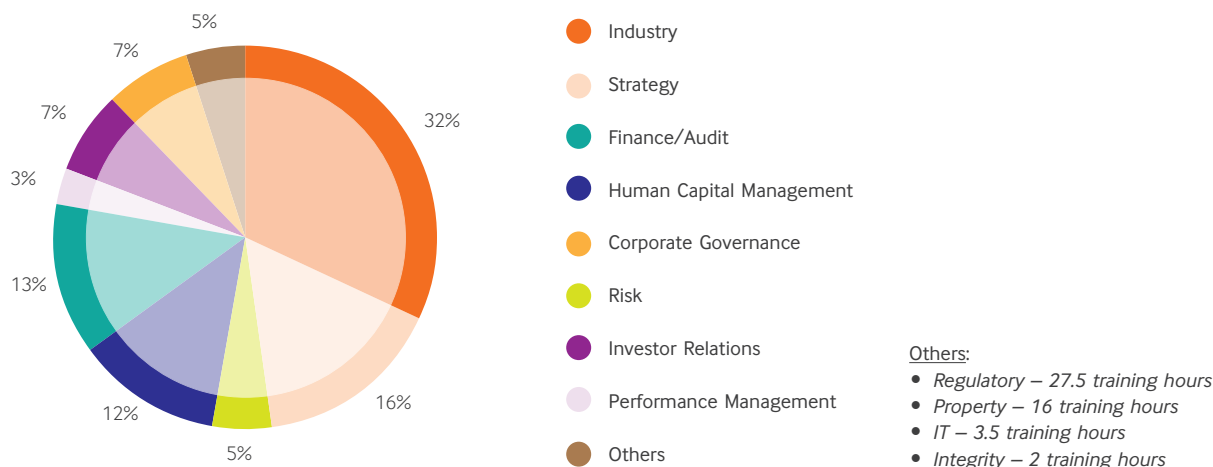


Chart 11: 2015 Directors’ Training Structure

In the quest for continuous learning and acquisition of relevant skills and knowledge and to enhance their business expertise and professionalism, the Directors attended the following conferences, seminars and training programmes in 2015:

Training Focus	List of Conferences/Seminars and Training Programmes
Industry	<ul style="list-style-type: none"> BTP: Digital Transformation by Zeinal Bava, Former CEO of Oi SA & Portugal Telecom BTP: Productivity and Simplification by Bouke Hoving, EVP Simplification and Innovation, KPN, Netherlands GE Minds and Machines 2015 MMU Graduate School of Management Alumni Programme GSMA Mobile World Congress 2015 Khazanah Megatrends Forum 2015: Harnessing Creative Disruption – Unlocking the Power of Inclusive Innovation The Business of Innovation 2015 VADS CXO Summit
Strategy	<ul style="list-style-type: none"> 29th Asia-Pacific Roundtable (ISIS): Plenary Session 1 – 5 on The Geopolitics of EPAs in the Asia Pacific Innovation Strategy Six Sigma Customer Experience Transformation Journey: Human Centered Design ASEAN Sustainability Series Executing Your Growth Strategy with Certainty GLC Transformation 2015 Open Day: Forum 3 on Value Creation Global and Asian Economic Outlook for 2015 and Implications on Malaysia Harvard Business School Webinar on Seed-stage Due Diligence Shipping and Port Market Update and Port Investment Opportunities Telecom Italia: Board Induction and Brand Strategy and Corporate Social Responsibility Visit to Telecom Italia’s Future Centre and Research & Development Facilities, TILab Visit and meeting with the Indonesian Minister of Communication & Information/Relationship Building with PT VADS Indonesia Customers’ in Jakarta Visit to PT VADS Indonesia: Building Contracts Visit from YB Senator Dato’ Sri Abdul Wahid Omar: Dialogue with TM Global Maritime Ventures (GMV) Site Visit

Training Focus	List of Conferences/Seminars and Training Programmes
Leadership	<ul style="list-style-type: none"> • CAP 10 ASEAN CEO Summit: Pathways to Your ASEAN Prosperity by Maybank KE and Bursa Malaysia • Senior Leadership Programme: Policy Leadership and Strategic Change 2015
Finance	<ul style="list-style-type: none"> • Australian Certified Public Accountant (CPA) Congress • Corporate Directors Advanced Programme (CDAP) 2015: Financial Language in the Boardroom • Malaysian Institute of Accountants (MIA) Conference • Module 2b: Business Challenges and Regulatory Expectations – What Directors Need to Know (For Equities & Future Broking Companies) • Project Finance: Infrastructure Project Finance
Audit	<ul style="list-style-type: none"> • Engagement Session with Public Listed Companies (PLCs): Integrated Reporting – Unlock Trust and Create Value • Audit Committee Conference: Rising to New Challenges
Accounting	<ul style="list-style-type: none"> • Production Sharing & Contract Accounting • PwC Workshop on Accounting and Control Technical Update • Accountability and Challenges in Relation to Financial Reporting
Debt Management	<ul style="list-style-type: none"> • Euro Medium Term Note (EMTN) Roadshows
Human Capital Management	<ul style="list-style-type: none"> • 8th Directors Forum: Talent and Human Capital – The Drivers of Growth and Creativity
Corporate Governance	<ul style="list-style-type: none"> • 7th Annual CG Summit • ASEAN CG and Awards • CG Breakfast Series: How to Maximise Internal Audit • Governance, Director Duties and Listing Requirements Updates for Directors of PLCs 2015 • Governance, Director Duties and Regulatory Updates Seminar 2015 • Lead the Change: Getting Women on Boards • Meeting with Mercer Head of European Telecom on Remuneration Trends, London • Remuneration Reward Practices Seminar 2015 • Module 1: Directors as Gatekeepers of Market Participants • PwC Workshop on Executive Remuneration • Duties of Directors and CG in International Joint Ventures
Risk Management	<ul style="list-style-type: none"> • Module 3: Risk Oversight and Compliance – Action Plan for Board of Directors • Board Risk Intelligence 2015 • Risk Management and Crisis Management • Whistleblowing and Cyber Fraud • Telecom Italia’s Board Induction on Control and Risk • The Role of the Boards in Fraud Risk Management • Fraud, Corruption and Money Laundering • Strategy and Risk Management: Blue Ocean Strategy
Investor Relations	<ul style="list-style-type: none"> • CLSA Investors Forum • Deutsche Bank Access Malaysia and Singapore • JP Morgan Investors Forum • Nomura Investors Forum • Non Deal IR Roadshow with Macquarie
Board Performance Management	<ul style="list-style-type: none"> • Global Telecoms Business CFO Summit 2015 • Microsoft CEO Summit in Seattle, USA • MoF Directors Onboarding Programme • Common Mistakes made by Directors, Boardroom Effectiveness • Spencer Stuart Seminar on Information is Power; How to get Boards Talking about the Right Things

Training Focus	List of Conferences/Seminars and Training Programmes
Regulatory	<ul style="list-style-type: none"> • 2nd National GST Conference • Manage and Mitigate Risks: Is Your Accounting System Ready for GST • Maybank KE Property Conference: The Impact of GST on Property • Module 4: Current and Emerging Regulatory Issues in the Capital Market
Integrity	<ul style="list-style-type: none"> • Executive Talk by Commander of Eastern Sabah Security Command (ESSCOM) • Malaysian Anti-Corruption Commission (MACC) Act 2009
Legal	<ul style="list-style-type: none"> • Updates under the Companies Bill 2015
Information Technology	<ul style="list-style-type: none"> • Shaking Things Up: Technology that Transforms and How to Keep Up by Micheal Mudd, Managing Partner Asia Policy Partners Ltd HK • Karl Hopwood Seminar on Internet Safety
Property	<ul style="list-style-type: none"> • ASLI National Affordable Housing Projects Summit 2015: Spearheading the Affordable Housing Supply in Malaysia • Kuala Lumpur City Hall Seminar on 'Kuala Lumpur City Development 2015'

Chart 12: 2015 Directors' Training Structure

Industry Information Packs (Info-packs)

The Board is updated on information relating to the telecommunications industry and developments thereof with the issuance of quarterly Info-packs, which compiles a summary of analysts' views on TM, local and global trends, events, competitive intelligence, industry reports, periodicals and local and overseas regulatory updates. 39 Board Info-packs have been issued as at December 2015.

BOARD ACCESS TO INFORMATION

Access to Management

In an industry where technology is ever evolving, it is imperative that the Board has easy access to Senior Management to seek clarification and understanding for efficient decision making.

The Board has direct access to Senior Management with unrestricted and immediate access to information relating to the Group's business affairs. Relying on the integrity of the Company's Senior Management with access to expertise in telecommunication business, legal, accounting, financial and other advisors, the Directors are able to discharge their duties effectively to arrive at informed decisions.

Relevant and material information is provided to the Board on average five calendar days prior to meetings to afford the Directors sufficient time to assess the proposals or information. In 2015, an average of six calendar days was recorded for distribution of Board papers save for Special Board Meetings for which a shorter timeframe has been agreed with the Board.

Access to Company Secretary

Company Secretaries are accessible at all times to the Directors for advice and services. The Chief Legal Compliance and Company Secretary, supported by the Joint Secretaries, are responsible to provide support and appropriate guidance to the Board on policies and procedures, rules and regulations and relevant laws as well as best practices on governance.

The Board also has access to the Meeting and Document Management System (MDMS), a secured electronic archival and retrieval system which stores all proposal papers and minutes of Board, its Committees and MC meetings. Apart from MDMS, TM also employs a secured cloud solution for the purpose of distributing and sharing proposal papers for Board and Committee meetings. This not only eases the process of distribution of paper and minimises leakage of sensitive information but also enables Directors to have access to the proposal papers electronically anytime and anywhere.

Access to External Experts

Other than the Group's internal resources, the Board and its Committees have at their disposal access to external information and expert advice by engaging independent external experts at the expense of the Company, if they deem it necessary in ensuring performance of their duties. During the year, no external expert was separately sourced by the Board for advice.

COMMUNICATION, INTERACTION AND RELATIONSHIP WITH STAKEHOLDERS**Board and Management**

Members of Senior Management are invited to attend Board and Committee meetings to present, report or seek recommendations for the Board's consideration on matters relating to their areas of responsibility. Concise and comprehensive proposal papers are prepared and presented for the Directors' consumption, deliberation and decision. Since 2012, MC members and permanent invitees have been invited to Board meetings during the presentation of monthly performance reports/balanced scorecards for effective deliberation on the Group's performance.

Vital decisions are communicated to the Management within one working day of the Board meeting while the minutes of Board meetings are completed for comments by the Chairman and EDs within five working days. Relevant extracts of the minutes are distributed to the Management for action within three to five working days, depending on the urgency of the items.

The Board's adoption of a rating process for papers and presentations by Management helps to provide constructive feedback to the Management and improve the quality of their proposal papers. During the year, the average rating of Management papers and presentations was above 4.0 points out of 5.0 points.

Management was also given the opportunity to rate the Board's performance in terms of the focus, constructiveness and support given by the Board during deliberations and whether clear decisions based on relevant facts were derived from the discussions. In the year under review, Management's average rating of the Board was above 4.0 points.

Shareholders and Investors

The Board acknowledges the importance of an effective communication channel between itself and stakeholders, institutional investors and the investing public at large to provide a clear picture of the Group's performance and position. TM is committed to maintaining high standards in the dissemination of relevant and material information on the Group in order to maintain effective, comprehensive, timely and continuing disclosure of information.

The Board has established an Internal Communication Policy and Best Practices to facilitate the handling and disclosure of material information in a timely and accurate manner. The Policy, based on openness and transparency, two-way communication, accountability, timeliness, accuracy and simplicity, ensures compliance with the disclosure requirements of the Main LR and other relevant laws. The Company has also adopted the Corporate Disclosure Guidelines (2nd Edition) issued in October 2013 by Bursa Securities.

Formal channels to account to shareholders and stakeholders are:

Annual Report

TM's annual report contains invaluable information on the Company for shareholders specifically and the public in general. As a key channel of communication between the Group and its stakeholders, it contains a comprehensive report on the Group's direction and financial performance, providing disclosure beyond the requirements of the Main LR in promoting better governance.

A summary of the annual report is published in printed form and posted to shareholders together with a CD ROM. An electronic version of the full annual report is also available on the Company's website for download. As per previous years, TM continues to produce an e-book version of the Annual Report, available as a download on both iOS and Android.

The complete printed version of the annual report is provided to shareholders upon request. Details on the form of request for printed copy are provided in the corporate and financial summary of the annual report. Our Share Registrar will ensure that the printed copy reaches shareholders within four days of requests being received.

TM has also noted the International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC), and has analysed the state of Integrated Reporting in Malaysia. The Board believes that TM's Annual and Sustainability Reports are already on the Integrated Reporting path. Continuous efforts are being made to structure the contents to further reflect the Integrated Reporting concept.

Annual General Meetings (AGM)

Another significant avenue of communication and dialogue with shareholders is TM’s general meetings, in particular the AGMs. During the AGM, the Group CEO presents a comprehensive review of the Group’s performance and value created for shareholders as well as current developments of the Group. This review is supported by a visual and graphic presentation of the key points and financial figures. Questions raised by the MSWG prior to the AGM are also shared with all shareholders during the AGM together with feedback on pertinent issues and queries relating to the Company’s business. The presentations are uploaded onto the Company’s website upon conclusion of the AGM.

In line with MCCG 2012’s recommendation in encouraging shareholders’ participation in general meetings, the notice for the AGM has been enhanced to include all relevant information with regard to shareholders’ rights at the general meeting.

The Board will consider the use of electronic voting for both show of hands and polling to facilitate greater shareholder participation, taking into consideration its availability, reliability, applicability, cost and efficiency.

The Board encourages active participation by shareholders and investors during the AGM. Attendance at the Company’s AGM continues to be high as evidenced by the presence of 5,202 shareholders, proxies and corporate representative representing 69.50% of our total ordinary shareholding at the 30th AGM of the Company held on 30 April 2015.

Upon commencement of the general meeting, the Chairman will explain the rules, including voting procedures that will govern the meeting. The Chairman will identify and reminds interested parties who should abstain from voting on particular proposals, prior to the voting on the proposal. The Company also engages independent scrutineers to count, audit and validate the votes for each proposal presented to shareholders. All resolutions tabled at the 30th AGM in 2015 were voted by show of hands.

At the general meetings, shareholders have encouragingly taken the opportunity to raise questions on the agenda items of the AGM. Appropriate answers and/or clarification are provided by the Board members, Committee chairmen or Senior Management. A press conference is also held immediately after the AGM at which the Chairman, Group CEO, Group CFO and relevant Senior Management are present to clarify and explain issues raised by the media.

Investor Relations (IR)

A sound IR programme is vital in managing the interests of shareholders, stakeholders and investors in the Company. Continuous engagement is maintained with the investing community through a planned IR programme managed by the IR Unit under the patronage of the Group CFO. Shareholders and market observers are also welcomed to raise queries at any time through GBC and the IR Unit.

All communication with the capital market is under the scope of our IR Policy and Guidelines, guaranteeing timely and high quality disclosure of information to shareholders and investors to enable them to form proper judgements and appraisals of the Group in making informed investment decisions.

An alternative communication line is presented to the investing community and other stakeholders through the SID. This is an important channel for minority shareholders and relevant stakeholders to air their concerns to the Company and Management.

Communication and feedback from investors can also be directed to:

investor@tm.com.my
or

Head of Investor Relations
Level 11 South Wing, Menara TM
Jalan Pantai Baharu
50672 Kuala Lumpur
Malaysia

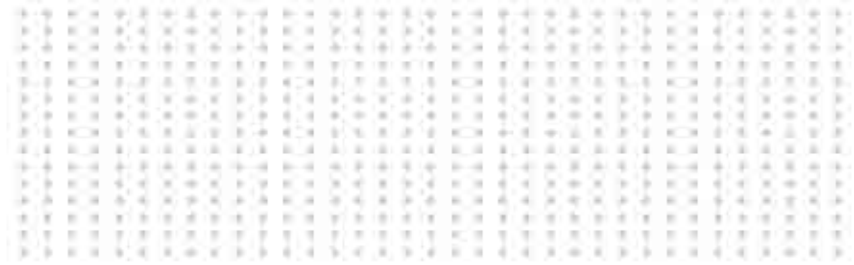
Details of TM’s IR commitment to shareholders are set out on pages 164 to 167 inclusive, of this annual report.

Minority Shareholder Watchdog Group (MSWG)

The Board is pleased to announce that it engaged with the MSWG on 26 November 2015 with regard to the Company’s governance framework, compliance and best practices including sustainability reporting.



Chart 13: Meeting Resolution Result Process



BOARD CONDUCT

Conflict of Interest and Related Party Transactions (RPT)

All Directors are required to make written declarations of their interest in transactions at every Board meeting to ensure accountability and ascertain potential or actual conflict of interest in relation to every issue that comes before the Board. Directors are also reminded by the Company Secretary of their statutory duties and responsibilities and are provided with updates on any changes thereon.

A register is maintained by the Company Secretary on Directors’ interests and directorships, including his/her related persons, for the purpose of monitoring and RPT tracking by the Compliance Unit and Group Procurement.

Accordingly, our Directors have updated the Company Secretary on changes in their interest and status as and when these occurred.

The Directors further acknowledged that they are required to abstain from deliberation and voting on relevant resolutions in which they have conflict of interest at the Board or any general meeting convened and recuse themselves from the meeting. In the event that a corporate proposal is required to be approved by shareholders, interested Directors will abstain from voting in respect of their shareholdings in TM and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

In 2015, three RPT announcements were made to Bursa Securities. All these transactions were considered by the BAC and were in the best interest of TM Group, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders.

Announcement to Bursa Securities on	Transaction
3 March 2015	Memorandum of Understanding for the Development of the ‘Sistem Kabel Rakyat 1 Malaysia (SKR1M)’ between TM and TT Dotcom Sdn Bhd, a wholly-owned subsidiary of TimedotCom Berhad
26 March 2015	Sale and Purchase (Build To Suit) Agreement and Service Agreement between TM and Nusajaya Tech Park Sdn Bhd for the Establishment of the Nusajaya Data Centre and Provision of UniFi Services
3 November 2015	Proposed Joint Venture between TM, via its wholly-owned subsidiary, Intelsec Sdn Bhd, and Township Management Services Sdn Bhd, a wholly-owned subsidiary of Medini Iskandar Malaysia Sdn Bhd

Trading on Insider Information

TM’s Directors and employees are prohibited from trading in securities or any other kind of property based on price sensitive information and knowledge which has not been publicly announced.

Notices on the closed period for trading in the Company’s shares are sent to the Directors and principal officers on a quarterly basis as a reminder on the prohibition by identifying the timeframe during which Directors and the principal officers are prohibited from dealing in the Company’s shares. Directors are also reminded against dealing in the Company’s shares when price sensitive information is shared with them in the proposal papers.

During the year, there were no cases reported on any breach of the prohibition.

Corporate Integrity

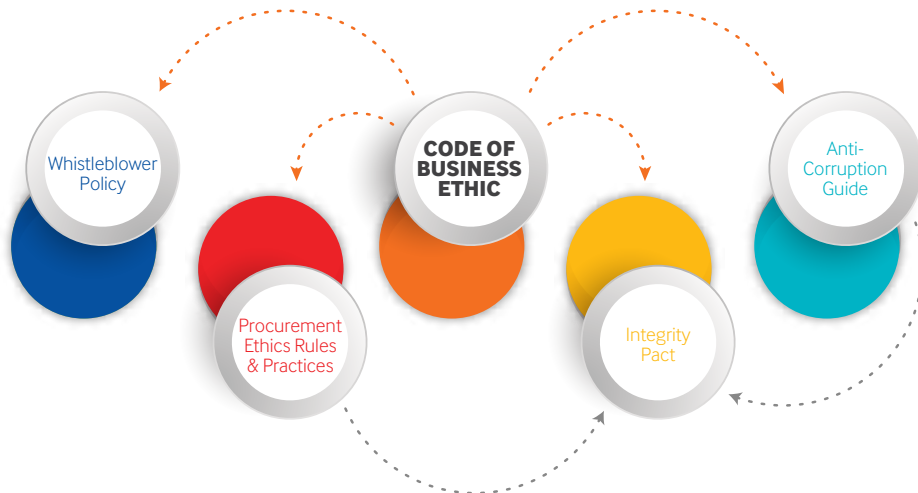
The Company Directors’ Code of Ethics issued by the Companies Commission of Malaysia is internalised in TM as a tenet for proper comportment of the Board of Directors. Through disclosure of interest at every meeting, Directors have implemented the principle relating to transparency, integrity and responsibility.

Apart from the above, the conduct of TM Board, Management, employees and all stakeholders of the Group is governed by the Code of Business Ethics (CBE), Procurement Ethics Rules and Practices, Integrity Pact, TM Anti-Corruption Guide and Whistleblower Policy. These policies and guidelines aim to uphold the value of Uncompromising Integrity.

For suppliers, the declaration under CBE is an annual occurrence, which provides a constant reminder of the Group’s policy towards integrity.

Employees, Board members and suppliers involved at any level of procurement activity in TM are required to sign an Integrity Pact, first introduced on 13 August 2012, which is a declaration made against corrupt practices. The Integrity Pact is an initiative adopted from the Government to curb corruption in public contracting. It is a directive by the Board and Management to enhance governance in the Company. Its implementation is in line with the provision relating to procurement in the CBE and policy against corruption and conflict of interest as laid out in the Procurement Ethics Rules and Practices.

Malaysia Anti-Corruption Commission Act 2009



Whistleblower Protection Act 2010

The declaration signifies the Group’s commitment to creating a business environment that is free from corruption in its interactions with business partners and the Government.

Additionally, members of BTC are required to execute a declaration prior to every meeting confirming that they have no conflict of interest in the proposals to be tabled. Confidentiality of information is also maintained throughout the procurement exercise.

The Whistleblower Policy is an initiative undertaken under TM’s CBE, allowing TM Group employees to report concerns about alleged unethical behaviour, as well as actual or suspected fraud within the Group. During the year, there was increased awareness among stakeholders of the whistleblowing channel as evidenced by an increased number of reports and improved quality of information, resulting in positive actions taken against the wrongdoers.

The CBE, Procurement Ethics Rules and Practices, Integrity Pact and Whistleblower Policy underline the Company’s intolerance of corrupt practices and undesirable

behaviour within and in relation to the Group. This was a collective effort between Enterprise Ethics and Integrity Unit, GIA, Special Affairs Unit, Group Human Capital Management and Group Procurement under the Ethics & Integrity Committee.

Details of our Corporate Integrity initiatives are stated on pages 154 to 155 of this annual report.

Conflict Management

TM Board recognises the importance of addressing conflicts within the Board sensibly, fairly and efficiently within the Company, irrespective of the parties involved. The Chairman and SID have a tacit role to act as the intermediary to resolve any issue or sensitive matter that arises between members of the Board.

In instances of conflict or issues between Board members and employees involving unethical conduct of any member of the Board, TM has established a grievance procedure whereby aggrieved employees may escalate complaints against the Board member via a formal channel through the SID and/or the Company Secretary.

The SID and/or Company Secretary will evaluate and, if required, stream the complaint to the NRC Chairman for consultation to decide on the next course of action. If the complaint is substantiated and warrants further investigation, an independent ad hoc Board Ethics Committee will be established to review and investigate the complaint and recommend the next course of action to the NRC. Ultimately, TM Board will decide on the most appropriate action to be taken against the Director.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board ensures that shareholders are presented with a clear, balanced and meaningful assessment of the Group’s financial performance and prospects. Quarterly announcements of our financial results were made on 29 May, 25 August and 26 November 2015, as well as the Chairman’s and Group CEO’s Statements in this annual report. Through delegation, a focused BAC assists the Board in overseeing the Group’s financial reporting process and the quality of its financial reporting.

Internal Controls and Risk Management

The Board has established an appropriate control environment with a control framework to review the effectiveness, adequacy and integrity of the Group’s system of internal controls. It is designed to manage the risk of non-achievement of the Group’s objectives and provide adequate assurance against the occurrence of any material misstatement or loss.

The Directors’ Statement on Risk Management and Internal Control (SORMIC), which provides an overview of the state of internal controls within the Group, is enumerated on pages 121 to 127 inclusive, of this annual report.

Relationship with the External and Internal Auditors

The Board maintains an appropriate relationship with the Company’s auditors through the BAC. The authority to communicate directly with both the external and internal auditors has been explicitly accorded to the BAC in the Board Charter enabling the BAC to discharge this duty effectively.

The BAC and Board place great emphasis on the objectivity and independence of the external auditor, Messrs PricewaterhouseCoopers (PwC), in providing transparent reports to the shareholders. PwC continues to report its opinion to shareholders of the Company, and this is included as part of the Group’s financial reports with respect to the statutory audit for the financial year. PwC is regularly invited to attend BAC meetings to provide full disclosure of the audit undertaken by them specifically on financial matters and the integrity of systems that relate to financial aspects of the Company. BAC has also exercised its right under the Board Charter for a private discussion without the presence of Management for a full and free discussion on issues that concern both BAC and/or PwC.

The external auditor’s presence was requested at the Company’s AGM to personally provide its report to the shareholders and attend to any issues raised.

Based on advice from the BAC and upon considering the assessment made by Management and BAC, the Board has agreed on the suitability of the external auditor and its independence.

A full report outlining the BAC’s role and relationship with the external and internal auditors is set out on pages 134 to 141 inclusive, of this annual report.

Directors’ Responsibility Statement

The Directors have provided assurance that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results and cash flow of the Group for the financial year as required by the CA 1965.

The Statement of Responsibility by Directors for the audited financial statements of the Company and Group is as outlined on page 248 of this Annual Report. Details of the Company and the Group’s financial statements for the financial year ended 31 December 2015 are set out on pages 249 to 383 of this annual report.

PROMOTING SUSTAINABILITY

TM continues to focus on organic growth by building business models that create enduring consumer and employee values. The economic, social and environmental aspects of its operations continue to be managed to ensure long-term viability of the Company’s business.

TM’s annual Sustainability Report outlines the programmes and initiatives undertaken to strengthen the Group’s sustainability, while the Annual Report highlights the financial aspects of the business. Together, both reports provide a clear, comprehensive and transparent representation of the Company’s performance annually.

The Sustainability Report is dispatched to shareholders together with the Annual Report in the CD-ROM and is also available to the public through the Company’s official website.

COMPLIANCE STATEMENT

Pursuant to paragraph 15.25 of the Main LR of Bursa Securities, the Board is pleased to report that this Statement on CG provides the CG practices of the Company with reference to MCCG 2012. This Statement, together with the SORMIC, BAC, NRC and BRC Reports, sets out the manner in which the Company has applied the principles as prescribed in MCCG 2012.

While TM has fully applied the broad principles set out in the Code, the Board continues to make exceptions to certain MCCG 2012 Recommendations and Commentaries as it believes these departures are justified.

The Board remains steadfast in strengthening its governance practices to safeguard the interests of all its stakeholders.

This Statement on CG is made in accordance with the resolution of the Board of Directors duly passed on 24 February 2016.



Tan Sri Dato’ Seri Dr Sulaiman Mahbob
Chairman

Directors' Statement on Risk Management & Internal Control

The Board of Directors is pleased to provide the following statement which has been prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers endorsed by Bursa Securities. It outlines the nature and scope of risk management and internal control within TM Group during the financial year under review.

RESPONSIBILITY AND ACCOUNTABILITY

The Board

The Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management framework and internal control systems. These are designed to manage the Group's risks within an acceptable risk appetite as set by the Board and Management, rather than eliminate totally the risks of failure to achieve the Group's goals and objectives in generating potential returns to shareholders. The Board also continuously reviews the effectiveness, adequacy and integrity of the framework and systems.

The two Committees at Board level with primary risk management and internal control oversight responsibilities are:

- **Board Risk Committee (BRC)**
BRC assists the Board in ensuring sound and robust implementation of the Enterprise Risk Management framework to enhance the Group's ability to achieve

its strategic objectives to safeguard shareholders' investments and its assets. The Terms of Reference (ToR) and activities of BRC's risk management policies and activities are detailed on pages 144 to 147 of this annual report.

- **Board Audit Committee (BAC)**

The main responsibility of the BAC is to assist the Board in fulfilling its oversight responsibilities of reviewing financial information and assessing the effectiveness of the Group's internal control systems. The BAC also reviews the adequacy and integrity of the Group's internal control systems and management information systems, including compliance with applicable laws, rules, directives and guidelines through the Group Internal Audit (GIA) function. BAC's Terms of Reference and activities in assessing the adequacy and effectiveness of internal control systems and their implementation within the Group are detailed on pages 134 to 141 of this annual report.

Other Board Committees such as the Nomination and Remuneration Committee, Tender Committee, Investment Committee and Dispute Resolution Committee as well as the Sub-Management Committees also have clearly defined accountabilities and responsibilities to oversee various key business activities within the Group.

The Management

The Management acknowledges responsibility for implementing the processes to identify, evaluate, monitor and report on risks and the effectiveness of the internal control systems, taking appropriate and timely corrective actions as required. It assures the Board that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group. Management implements the necessary processes to:

- identify and analyse the risk appetites relevant to the business and achievement of the objectives and strategies;
- design, implement and monitor the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identify changes to risks or emerging risks, following which it takes appropriate actions and promptly brings these to the attention of the Board.



Figure 1: ERM Business Activities as part of Group Business Assurance Value Chain

RISK MANAGEMENT FRAMEWORK

An end-to-end Enterprise Risk Management (ERM) process is in place to guide the Group to adopt and implement appropriate processes and procedures to identify, evaluate, manage and monitor significant risks. At the company level, the ERM process and framework are owned by Group Business Assurance (GBA). ERM's business activities within the context of TM's overall Group Business Assurance value chain is depicted in Figure 1.

TM adopts the MS ISO 31000 Risk Management Standard as a primary foundation and reference for ERM implementation. Via this standard, we aim to achieve a common understanding, consistency and effective ERM execution across the Group. At the same time, the framework facilitates the Management in making sound business decisions with the aspiration to lead the Group towards a more proactive and inclusive risk management approach to mitigate threats and capitalise on opportunities.

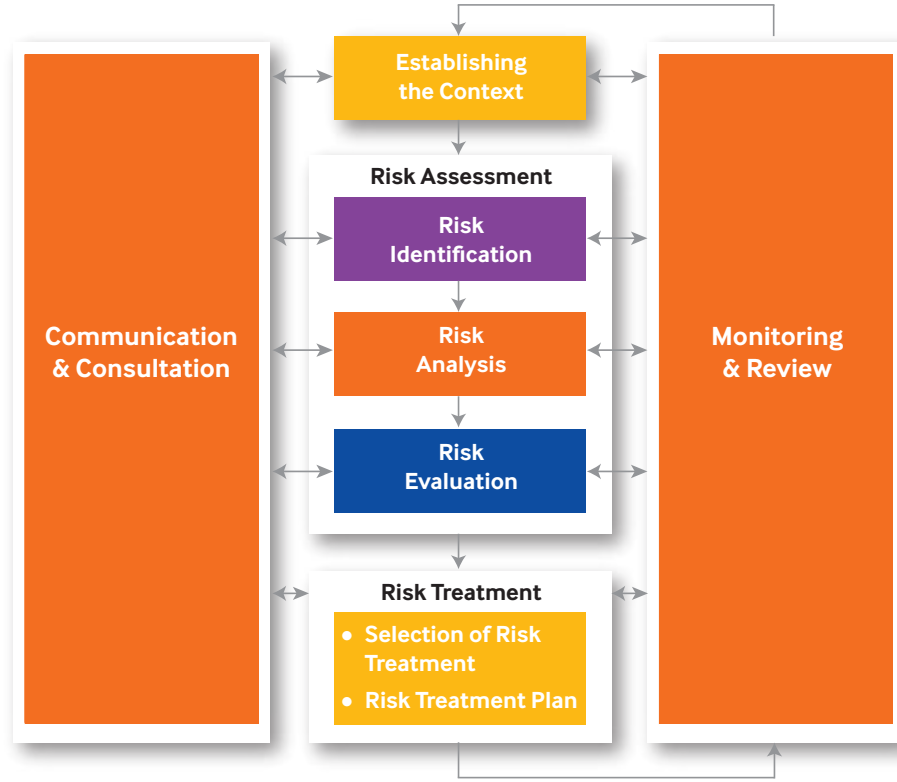


Figure 2: MS ISO 31000 Enterprise Risk Management Framework

The MS ISO 31000 Risk Management Framework is depicted in Figure 2 above, while Figures 3 and 4 illustrate how the four Risk Management Process components and ERM framework deliver end-to-end risk management.

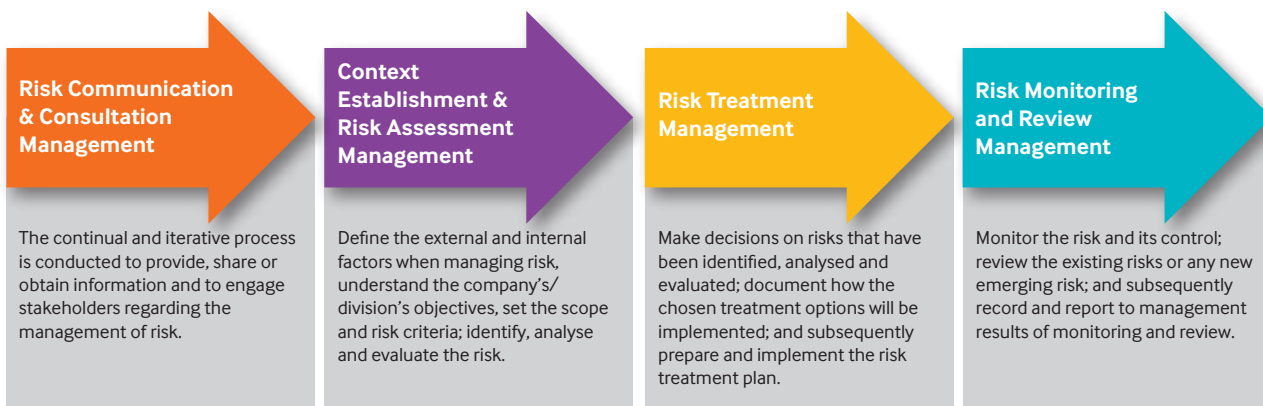


Figure 3: End-to-end Enterprise Risk Management Process Value Chain

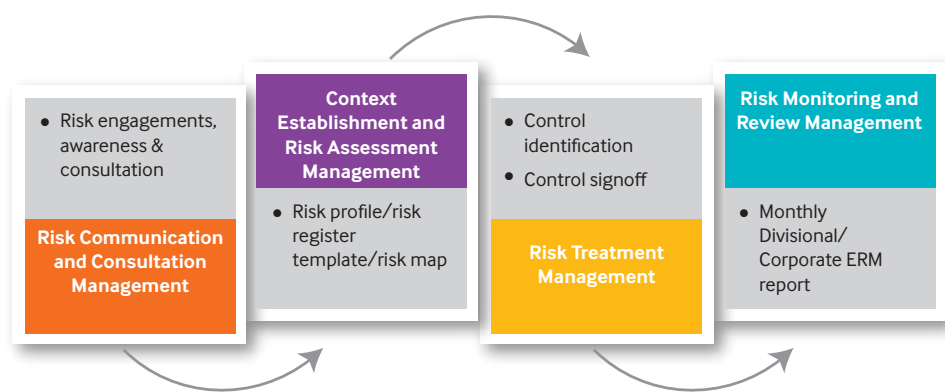


Figure 4: End-to-end Risk Management Output Value Chain

TM adopts the 4Ts Strategy to respond to identified risks and qualify these according to acceptable levels as described in Figure 5.

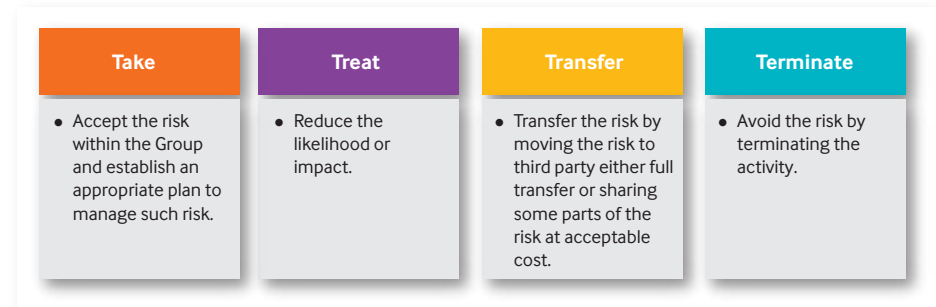


Figure 5: Risk Response – 4Ts Strategy

All lines of business (LOBs) and subsidiaries are responsible for planning, organising, implementing, and monitoring risk management activities within their areas of responsibility, and reporting on these to the respective Operational Committee Meeting (OCM).

Meanwhile, at the corporate level, the ERM provides input to GBA which further consolidates the information for the purpose of corporate risk assessment before escalation to the Management Committee and the Board.

Further information on Risk Management is provided on pages 145 to 147 of this annual report.

INTERNAL CONTROL SYSTEMS

The Board acknowledges that the internal control systems are designed to manage and reduce risks that will hinder the Group from achieving its goals and objectives. It provides reasonable and not absolute assurance against the occurrence of any material misstatement of management and financial information and records, or against financial losses or fraud. The internal control systems are embedded within the Group’s operating activities and exist for fundamental business reasons.

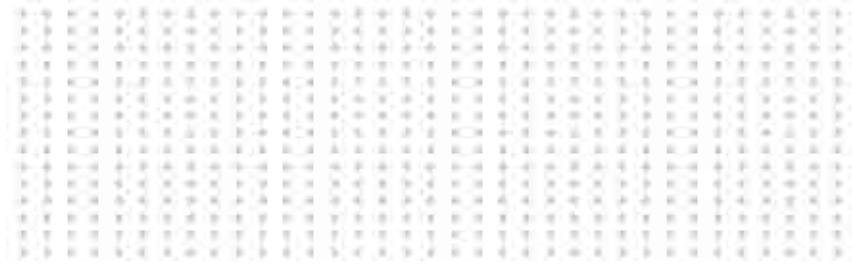
The internal control systems are developed based on the COSO (Committee of the Sponsoring Organisations of the Treadway Commission) Internal Control Integrated Framework – a generally accepted

framework for internal controls. They are reviewed regularly throughout the year by the Board, taking into consideration changes in the regulatory and business environment to ensure their adequacy and integrity.

A. CONTROL ENVIRONMENT

The control environment is a set of standards, processes and structure established and implemented to carry out internal control systems across the Group. Management’s commitment to establish and maintain effective internal control systems is cascaded down and permeates the Group’s control environment, aiding in the successful implementation of internal control systems. Key activities include:

- **Clearly defined lines of responsibility and authority**
The Group defines clear lines of responsibility and authority to facilitate quick responses in the evolving business environment, effective supervision of day-to-day business conduct and accountability. These include having a formal organisation structure and Limits of Authority (LoA) matrix that clearly outlines Management’s limits and approval authorities across various key processes. The LoA is duly approved by the Board and subject to regular reviews and enhancement to ensure it reflects changes in accountability and the Group’s risk appetite.
- **Core values**
The Group’s core values, KRISTAL, which include Total Commitment to Customers, Uncompromising Integrity and Respect & Care, form the foundation of the Group’s culture. These core values guide TM employees to achieve the Group’s vision to make life and business easier, for a better Malaysia.



- **Establishment of Framework, Policy, Manual and Procedures**

TM's Business Policy & Governance (BPG) is the main reference document that outlines the overall policies and governance across key functional areas. Accountability and responsibility of the respective business process owners are clearly defined in the BPG and approved by the Board. Other supporting policies include TM Anti-Corruption Guide, Procurement Policy, Credit Management Policy, TM Corporate Security Policy, IT Governance Policy, Data Governance Policy, and Business Performance Management Policy and Guidelines.

- **Strategic Themes and Objectives**

The Management continues to execute the Performance Improvement Programme (PIP) 3.0 which focuses on strategic initiatives that include optimising total cost of ownership, increasing productivity as well as enhancing the customer experience to support the Group's key business objectives. The key priorities of PIP 3.0 are:

- Fundamental productivity shift
- Continued growth by protecting the core and exploring new growth opportunities
- Improved institutional health enablers through customer experience and institutional building

- **Risk Management and Internal Control Policy Statement**

The Risk Management and Internal Control Policy Statement is issued by the Board and the Management to provide reasonable assurance of the Group achieving its business objectives, safeguarding and enhancing shareholders' investments and the Group's assets. The Group CEO, heads of LOBs, heads of business and support groups and CEOs of TM subsidiaries are responsible for implementing the risk management framework and practices.

- **Ethics and Integrity**

TM's Code of Business Ethics (CBE) is the main reference for all employees in terms of dealing with internal and external stakeholders. The Group's commitment to upholding integrity in carrying out its duties is evidenced by signing of the Corporate Integrity Pledge on 27 April 2011. In 2012, the Integrity Pact was implemented as a set of declarations by TM employees and suppliers involved in procurement activities. Purchasing activities are governed by the Procurement Ethics Rules & Practices which demand transparency and ethical behaviour among employees, suppliers and business partners. Due action is taken against non-compliance of these Rules & Practices.

- **Human Resources Policies and Procedures**

Human Resources Policies and Procedures are in place to provide clarity in all aspects of the human capital management within the Group. A Competency-Based Development Framework has been established to identify competency requirements across all divisions as well as to equip employees with necessary skills-sets via internal and external training and e-learning. Focus is given to succession planning to ensure the Group has a pool of talent who are capable of meeting future organisational needs. In achieving the next level of productivity, excellent service and performance, TM has developed our own SUCCESS TM Leadership Competency Model which clarifies the skills and behaviours essential for every TM employee.

B. RISK ASSESSMENT

Risk assessment is the identification and analysis of risks which may impede the achievement of the Group's objectives,

forming a basis for determining how risk is managed in terms of likelihood and impact. Key activities involved within this area are:

- **Enterprise Risk Management (ERM)**

Risk management is firmly embedded in the Group's system of internal controls as it is regarded by the Board to be integral to operations. Management of risk is a shared responsibility and therefore integrated into the Group's governance, business processes and operations. It is an interactive process consisting of steps which, undertaken in sequence, enable continual improvement in decision making. Employees' awareness and commitment to ERM are continuously emphasised and reinforced.

- **Control Self-Assessments (CSAs)**

Along with an elevated risk maturity level, TM has implemented Control Self-Assessments (CSAs) which enable employees to identify risks within their business environment and evaluate the adequacy and effectiveness of the internal control systems in place. Results from the CSAs feature as key information in identifying high-risk areas within the Group.

C. CONTROL ACTIVITIES

Control activities are performed at all levels within the Group through policies and procedures to ensure that Management's directives to mitigate risks in achieving business objectives are carried out. Relevant activities within the Group include:

- **Business Policy & Governance (BPG)**

BPG is a set of documents that outlines policies and governance across key functional areas within the Group. It also identifies the key process owners of these functions and indicates the relevant process and procedures that support the policies and governance.

- **Procurement Policy**

TM has a Procurement Policy to control and manage procurement activities within the Group. It is TM's philosophy to procure goods/services/works that are the best in terms of quality, price, quantity, delivery, supplier and technology, using the 'Total Cost of Ownership' approach to ensure the best returns to the Company.

- **Credit Management Policy**

The Group continues to improve the execution of key controls in our credit management policy by assigning credit ratings based on customers' payment behaviour, and tainting customers with a consistently bad payment track record. To further minimise credit and payment risk, the Group focuses on credit treatment enforcement and collateral management.

- **Data Governance Policy and Framework**

To protect TM's data privacy and confidentiality against internal and external threats, the Group has a Data Governance Policy and Framework which adopts a holistic approach towards data management. The Group is also committed to comply with the Malaysian Personal Data Protection Act (PDPA) to fully secure data privacy.

- **TM Tender Evaluation Centre (TMTEC)**

As part of the Group's continuous efforts to mitigate the risk of sensitive information leakage during the process of evaluating tenders, we have set up TMTEC at Menara TM to centralise all procurement evaluation activities. The centre is equipped with enhanced physical and IT security systems to be able to detect and trail the movement of tender documents and information.

- **Insurance and physical safeguards**

Adequate insurance and physical safeguards on major assets are in place to ensure the Group's assets are sufficiently covered against mishaps.

- **Business Continuity Management (BCM)**

The BCM Steering Committee chaired by the GCEO is committed to enhance service reliability and resilience via an improved BCM programme. The programme serves to identify potential adversities to the Group and their impact on business operations. An overall framework has also been established to build organisational resilience with an effective response mechanism to safeguard TM's reputation, brand and the interests of its key stakeholders.

- **Corporate Responsibility (CR)**

The Group is guided by the Guidelines for Government Linked Companies (GLC) as presented in the Silver Book to plan, implement and report on its community initiatives. The Group also adopts Bursa Malaysia's Corporate Social Responsibility Framework for Public-Listed Companies (PLCs) and the Global Reporting Initiative (GRI-G4) framework as additional guidelines for a comprehensive and direct view of TM's performance in managing our CR initiatives.

D. INFORMATION AND COMMUNICATION

TM believes in disseminating pertinent information to employees in a timely manner to enable them to carry out their responsibilities efficiently. Key activities undertaken in this regard include:

- **Whistle-Blowing Policy**

The Whistle-Blowing Policy enables any employee or supplier to report actual or suspected malpractice, misconduct or violation of the Group's policies and regulations in a safe and confidential manner through the Ethics Line.

- **Best Practice Committee (BPC)**

BPC is a Management committee that reports to the BAC. It serves as a platform to discuss current developments in best practices, corporate governance, statutory and regulatory requirements set by all statutory bodies and relevant authorities, and to update TM's relevant policies accordingly.

- **Recording to Reporting (R2R) Framework**

R2R is a non-compliance reporting framework adopted by Group Finance to instil and enforce behavioural change across the organisation to enhance the quality and integrity of the recording to reporting process. It serves as a mechanism to identify and capture incidents of non-compliance, promote awareness of compliance, and increases Senior Management's accountability.

- **Internal Control Incident (ICI)**

Periodic ICI reporting disseminates lessons learnt from significant internal control incidents to Senior Management to prevent recurrences in other divisions and operating companies within the Group.

E. MONITORING

Monitoring is a process that assesses the internal control systems' performance over time. Periodic assessments are integral to the Management's continuous monitoring of internal controls. Systematic processes available to address deficiencies include:

- **Management Committee**

Two top-level committees, the Management Committee (MC) and Group Leadership Team (GLT) chaired by the Group CEO, have been established with clear demarcation of roles to manage the Group's strategies and policies effectively. The MC focuses on providing guidance and making decisions on strategic matters, while the GLT concentrates on matters pertaining to business performance and ensures the effective execution and supervision over key operational issues.

- **Audit and Business Assurance Committee (ABAC)**

ABAC comprises members of Senior Management from the respective LOBs and support functions and is chaired by the Group CFO. Effective monitoring and tracking of internal and external audit issues are in place through deliberation in the ABAC to ensure the issues are resolved in a timely manner and recommendations implemented effectively.

- **Headline Key Performance Indicators (KPIs)**

KPIs are a subset of broader performance indicators approved by the Board. KPIs with detailed balanced scorecards are monitored and tracked to ensure the Group achieves the financial, operational and customer experience targets that were set earlier.

- **Fraud Investigation and Management**

Internal investigations are carried out by an independent Special Affairs Unit (SAU) under Group Internal Audit for any misconduct or corporate fraud committed by employees or any party who has dealings with TM. Investigations on telecommunications fraud are carried out by the Fraud Management & Intelligence Unit (FMI) under GBA.

- **Customer & LOBs in Fraud Frontier (CLIF)**

CLIF is a web-based fraud monitoring system that detects potential fraud and facilitates fraud management through interaction with LOBs and partners. Fraud detection covers voice, broadband and IPTV products across all LOBs. The key features of CLIF are described in figure 6 below:

INTERNAL AUDIT

Group Internal Audit (GIA) is an in-house internal audit function that reports to BAC with the objective of providing independent, objective assurance and consulting activities that add value to and improve the Group's operations. GIA helps the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the risk management, control and governance processes.

During the financial year, the internal audit function continually ascertained that risks, which may hinder TM's ability to achieve its objectives, were being adequately evaluated, managed, monitored and mitigated. It further evaluated the effectiveness of the governance, risk management framework and internal control systems, providing recommendations for improvement. The Management followed through with these recommendations and monitored the status of actions taken.

Audit reviews are carried out on units that are identified through a risk-based approach, in line with the Group's objectives and policies in the context of our evolving business and regulatory environment, taking into consideration input from the Senior Management and Board.

Further information on Internal Audit is provided on pages 142 to 143 of this Annual Report.



Figure 6: Key Features of CLIF

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance from the Group CEO and Group CFO that the Group's risk management framework and internal control systems were operating adequately and effectively, in all material aspects, during the financial year under review. Taking into consideration the assurance from the Management Team and input from the relevant assurance providers, the Board is of the view that the risk management framework and internal control systems are satisfactory and adequate to safeguard shareholders' investments, customers' interests and the Group's assets and have not resulted in any material loss, contingency or uncertainty. TM's internal control systems do not apply to our associate companies, which fall within the control of their majority shareholders.

Nonetheless, TM's interests are served through representation on the Boards of Directors and Senior Management posting(s) to the associate companies as well as through the review of management accounts received. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, our external auditors have reviewed this Statement on Risk Management and Internal Control. This was performed in accordance with Recommended Practice Guide [RPG] 5 (Revised) issued by the Malaysian Institute of

Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the risk management and internal controls of the Group. RPG 5 does not require the external auditors to, and they did not, consider whether this statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems.

Nomination & Remuneration Committee Report



**Tunku Dato' Mahmood Fawzy
Tunku Muhiyiddin**

Chairman
Non-Independent Non-Executive
Director



**Dato' Danapalan T.P
Vinggrasalam**

Member
Senior Independent
Non-Executive Director



**Dato' Ir Abdul Rahim
Abu Bakar**

Member
Independent Non-Executive
Director

MEMBERSHIP

TM NRC was established to enhance the efficiency and transparency of the Company's governance process and to assist the Board in matters regarding nomination, appointment, remuneration and compensation of Directors and Key Management personnel, among others.

As the same members are entrusted with both functions, TM's Nomination Committee and Remuneration Committee have been combined since inception for the purpose of convenience and practicality. All NRC members acknowledge their dual roles as stipulated in the Company's Board Charter (Board Charter).

In January 2015, the NRC was entrusted with another function, namely to oversee governance related matters or issues that may directly or indirectly affect the Board.

The agenda for NRC meetings clearly demarcates the separate functions of NRC, to assist the members in discharging their functions effectively.

The NRC comprises exclusively of Non-Executive Directors (NEDs), with 80% of its members being independent. Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin, who is the sole Non-Independent Non-Executive Director (NINED) in the Committee, continues to helm the NRC. Based on findings of the Board Effectiveness Evaluation (BEE), the NRC continues to perform admirably under his chairmanship.

Tunku Dato' Mahmood Fawzy was selected based on pre-determined processes taking into consideration the skills, knowledge and experience required. As a NINED representing a government linked investment company on the Committee, he is able to align the evaluation of existing Directors and selection of new Directors with the Company's requirements. This ensures adequate checks and balances in the decision-making process as the final decisions or recommendations of the NRC require the endorsement of the Board.

Although the Senior Independent Director (SID) is not the Chairman of TM's NRC, which represents a departure from the recommendation of the Malaysian Code on Corporate Governance (MCCG) 2012, the Board, via the BEE findings, agrees that the NRC, chaired and led by Tunku Dato' Mahmood Fawzy, has maintained its independence and objectivity during the process of Board appointments and performance evaluation. The Chairman's impeccable knowledge of board and company governance matters, as well as his strong leadership, coupled with the support of his fellow Committee members, have created an effective NRC.

The composition of the Committee remains the same as in the previous year. Based on the BEE, the Board is satisfied with the performance of the NRC, which continues to provide sound advice and recommendations to the Board.



Datuk Zalekha Hassan

Member
Independent Non-Executive
Director



Dato' Ibrahim Marsidi

Member
Independent Non-Executive
Director

MEETINGS AND ATTENDANCE

The NRC convened four meetings during the financial year 2015 with a total time spent of 4.7 hours. Matters requiring NRC's urgent decision were circulated to its members via Circular Resolutions together with the proposals containing relevant information for their consideration. During the year, two NRC Circular Resolutions were circulated and approved.

Details of the members' attendance are as follows:

NRC Member	Number of Meetings	
	Attended/ Held	%
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	4/4	100.0
Dato' Danapalan T.P Vinggrasalam	4/4	100.0
Dato' Ir Abdul Rahim Abu Bakar	3/4	75.0
Datuk Zalekha Hassan	4/4	100.0
Dato' Ibrahim Marsidi	4/4	100.0

SUMMARY OF THE TERMS OF REFERENCE (ToR) OF NRC

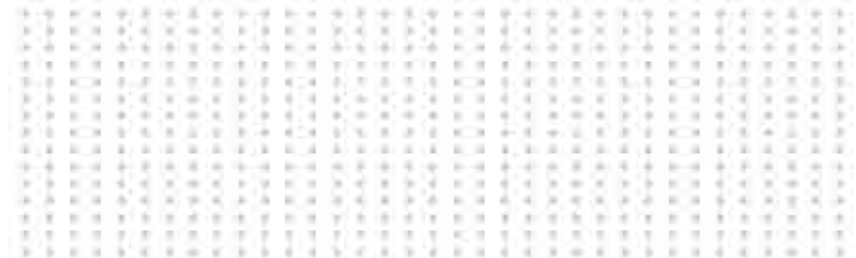
The NRC is governed by its own ToR which is stipulated in the Board Charter. Pursuant to the MCGG 2012's recommendation that an annual review be conducted on the Board Charter, the ToR was first reviewed in January 2013, followed by subsequent reviews in January 2014 and 2015. Amendments were made to strengthen its governance and ensure operational efficiency as well as to reflect relevant changes in regulations and internal policies.

In carrying out its duties and responsibilities, the NRC has the following authority:

- Full, free and unrestricted access to TM's records, properties and personnel.
- Report its recommendations to the Board for its consideration and approval.
- Acquire the services of professional recruitment firms to source for candidates for directorship or seek independent professional advice whenever necessary.
- Seek the advice of external consultants on the appropriateness of remuneration packages and other employment conditions, if required.

The key functions of the NRC are summarised as follows:

- a) Nomination:
 - (i) Key functions
 - Ensure that Directors bring the required mix of responsibilities, skills and experience to the Board.
 - Support the Board in promoting boardroom diversity in terms of experience, skills, competencies, race, gender, culture and nationality to maximise the Company's business and governance performance.
 - Ensure Directors appointed to the Board adhere to all relevant rules and regulations inclusive of the Companies Act, 1965 (CA 1965) and Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities).



- Assist the Board to review annually the appropriate balance and size of the NEDs and their participation; and establish procedures for an annual assessment of the effectiveness of the Board as a whole and contribution of each Director and Board Committee member.
- Selection of suitable candidates for nomination as new Executive Directors (EDs) and NEDs, when required, with the appropriate expertise and experience, and predetermined skills-sets. The NRC may use the services of a professional recruitment firm and make its recommendations on the candidates to the Board for approval.
- Ensure the Board takes into account the need for openness and transparency in developing Board appointment procedures; and make its recommendations to the Board.
- Annually assess the Independent Directors by going beyond their background, economic and family relationships to determine whether they can continue to bring independent and objective judgement to the Board.

b) Remuneration:

(i) Key functions

- Set the policy framework and make recommendations to the Board on all elements of the remuneration package including terms of employment, reward structure and benefits for EDs and Pivotal Positions with the aim of attracting, retaining and motivating individuals of the highest quality.
- Recommend the remuneration and entitlements of the NEDs, including the Non-Executive Chairman, for the decision of the Board as a whole.

c) Governance:

(i) Key function

- Review, evaluate and analyse any relevant regulatory developments and implementation of best practices related to Board governance, to ensure effective functioning of the Board as a whole.

NRC's ToR as stipulated in the Board Charter is accessible on the Company's official website at www.tm.com.my.

Board Diversity

Having a diverse range of skills, background, expertise and experience is critical to ensure a vibrant and robust Board. An environment which enables the Board to interact cohesively within the ambit of its diverse background ensures adequate checks and balances, especially in the challenging telecommunications industry. TM Board recognises the benefits of Board diversity, viewing

it to be essential in ensuring the Board remains functional, with continuous productivity and enhanced performance.

The Board acknowledges that there is always room for improving diversity. It also recognises that creating a diverse Board involves a myriad of critical elements not limited to gender and/or age, but including experience and skills-sets as well as the members' background - education and personality, ethnicity/race, nationality, religious beliefs and cultural or socio-economic personal histories.

The Board believes that the existing appointment process for selecting a new member is already adequate as it takes into consideration the required skills-set, experience, competency, regional and industry experience, and knowledge of the individual candidate, in addition to the candidate's gender and age and how these add to the Board's diversity.

The Board has not set specific targets on gender diversity for the Company but endeavours to maintain and increase the number of women Directors subject to their competency. In support of the Corporate Governance Blueprint which targets 30% women participation on Boards by year 2016, TM periodically selects qualified women from the Senior Management to undergo training to equip them with relevant knowledge to serve as Directors on the Boards of TM's subsidiaries and associate companies. To date, there are 11 women serving as nominee Directors on the Boards of TM Group.

With the resignation of Dato' Fauziah Yaacob on 30 October 2015 following her retirement from the Ministry of Finance (MOF), as well as cessation of office of her alternate, Dato' Siti Zauyah Md Desa on the same date, the number of women Directors on the Board of TM reduced to two. The existing two women Directors are Datuk Zalekha Hassan and Ms Gee Siew Yoong, both Independent Non-Executive Directors (INEDs).

The Board endeavours to attain diversity in terms of experience, skills, competencies, ethnicity, gender, culture and nationality to enable the Company to enhance its effectiveness and governance performance.

The Group's approach to ensure Board diversity is as follows:

- (i) recruit from a diverse pool of candidates
- (ii) review succession plans to ensure an appropriate focus on diversity
- (iii) identify specific factors for consideration in the recruitment and selection processes
- (iv) develop programmes to build a broader pool of skilled and experienced Board candidates

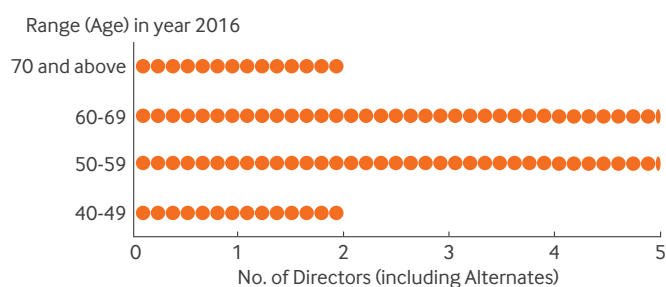
The above approach does not impose on TM Group and its Directors any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to anti-discrimination or equal employment opportunity legislation or laws.

Tables 1 and 2 depict the age, ethnicity as well as tenure of the existing Directors as at the date of this report:

Table 1:

No.	Director's Name	Age	Nationality/ Ethnicity	Date of Appointment	Tenure Year (Yr)/ Month (Mth)
1.	Tan Sri Dato' Seri Dr Sulaiman Mahbob	67	Malaysian/Malay	12.01.2015	1 yr 1 mth
2.	Tan Sri Dato' Sri Zamzamairani Mohd Isa	55	Malaysian/Malay	25.04.2008	7 yrs 10 mths
3.	Datuk Bazlan Osman	51	Malaysian/Malay	25.04.2008	7 yrs 10 mths
4.	Dato' Sri Dr Mohmad Isa Hussain	57	Malaysian/Malay	30.10.2015	4.0 mths
5.	Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	57	Malaysian/Malay	25.04.2008	7 yrs 10 mths
6.	Dato' Danapalan T.P Vinggrasalam	72	Malaysian/ Indian	25.04.2008	7 yrs 10 mths
7.	Datuk Zalekha Hassan	62	Malaysian/Malay	09.01.2008 – 30.05.2011 ¹	3 yrs 5 mths
	• NINED ¹			01.06.2011 – present ²	4 yrs 9 mths
	• INED ²				
8.	Dato' Ir Abdul Rahim Abu Bakar	70	Malaysian/Malay	25.04.2008	7 yrs 10 mths
9.	Dato' Ibrahim Marsidi	63	Malaysian/Malay	25.04.2008	7 yrs 10 mths
10.	Dato' Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor	48	Malaysian/Malay	07.10.2013	2 yrs 5 mths
11.	David Giacomo Federico Benello	61	Italian	21.11.2011	4 yrs 3 mths
12.	Gee Siew Yoong	66	Malaysian/Chinese	13.03.2014	1 yr 11 mths
13.	Asri Hamidin @ Hamidon (Alternate Director to Dato' Sri Dr Mohmad Isa Hussain)	50	Malaysian/Malay	06.11.2015	3.5 mths
14.	Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil (Alternate Director to Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin)	43	Malaysian/Malay	29.11.2012	3 yrs 3 mths

Table 2:

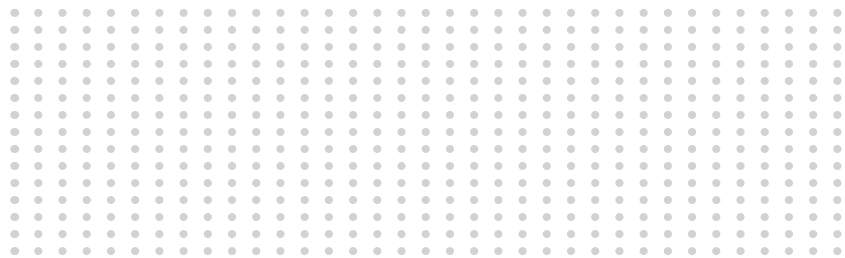


Board Appointment Process

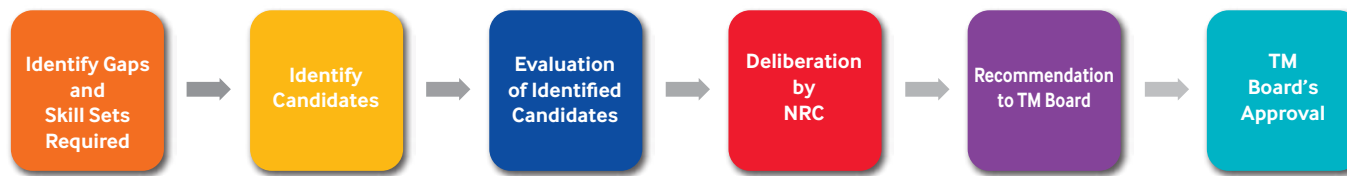
The Company maintains a formal and transparent procedure for the appointment of new Directors. Appointment to the Board is made either by MoF (Inc.), being the Special Shareholder pursuant to Article 109 of the Company's Articles of Association (AA), or by the Board of Directors pursuant to Article 98(1) of the AA.

All nominees to the Board are first considered by the NRC, taking into account the mix of skills, competencies, experience and other qualities required to manage a highly regulated telecommunications business, before they are recommended to the Board. While the Board is responsible for the appointment of new Directors, the NRC is delegated the role of screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board.

NRC evaluates the nominees' ability to discharge their duties and responsibilities before recommending their appointment as Directors to the Board for approval.



A typical TM Board appointment process is depicted below:



During the year, pursuant to Article 109 of the AA, MoF (Inc.) put forward Dato’ Sri Dr Mohmad Isa Hussain as its new nominee in place of Dato’ Fauziah and Encik Asri Hamidin (ꤵ Hamidon as his alternate.

Given Dato’ Sri Dr Mohmad Isa’s qualifications, extensive experience in the public sector, as well as his familiarity with finance, management, economic and procurement matters, the NRC opined that he has the relevant expertise, skills and experience to add value to the Board’s mix and diversity, hence recommended him as the NINED. The NRC also recommended the appointment of Asri as the NINE alternate Director upon reviewing his background, experience and knowledge in the government sector. TM Board accepted both recommendations and Dato’ Sri Dr Mohmad Isa and Asri were duly appointed as directors on 30 October 2015 and 6 November 2015, respectively.

Directors’ Retirement, Re-Appointment and Re-Election

In accordance with the Main LR and Article 103 of the Company’s AA, all Directors, including the EDs, are subject to re-election by rotation at least once every three years and a re-election of Directors takes place at each Annual General Meeting (AGM). According to Article 98(2) of the AA and the CA 1965, Directors appointed to fill casual vacancies shall hold office only until the following AGM and shall be eligible for re-election.

The rotation list was presented to the NRC for endorsement. The Directors recommended to be re-appointed or re-elected at the AGM are subject to prior assessment by the NRC and are required to give their consent on their re-appointment and re-election prior to TM’s Board meeting. In assessing the candidates, NRC takes into consideration their attributes, competencies, commitment, personality and qualities, as well as their contribution and performance based on the BEE. Assessment of the Board’s structure and balance as well as the concerned Directors’ independence is also made. NRC’s recommendations are thereafter submitted to the Board and shareholders for approval.

Pursuant to Section 129(6) of the CA 1965, Dato’ Danapalan T.P Vinggrasalam, TM’s SID, who will attain the age of 73 years in March 2016 and Dato’ Ir Abdul Rahim Abu Bakar, who attained the age of 70 in January 2016, shall retire at the forthcoming 31st AGM. Both Directors have expressed their intention not to seek re-appointment at the AGM. Hence, Dato’ Danapalan and Dato’ Ir Abdul Rahim shall retire upon the conclusion of the 31st AGM of the Company.

Datuk Bazlan Osman, the ED and Group CFO, is recommended for re-election by the NRC and Board. He continues to serve the Board with distinction, providing sound advice and views, as well as valuable input and support to the Group CEO’s initiatives in implementing relevant strategies to move the Company forward. He also led various initiatives to enhance the Company’s financial performance in light of a challenging year for the industry and the Company. The Board opined that he has performed admirably with exemplary dedication to his duties and responsibilities.

Tunku Dato’ Mahmood Fawzy Tunku Muhiyiddin continues to be an indispensable member of TM Board. His insightful views and strong character, inquisitive and articulate nature attained from years in local and international engagements, have allowed him to offer diverse and distinctive views on corporate and business matters. Given his sound knowledge on board and corporate governance matters, he continues to lead the NRC admirably. The Board opined that Tunku Mahmood’s invaluable contributions are essential to the Board mix and recommends his re-election.

David Giacomo Federico Benello is in his fourth year as a TM Director. With his knowledge, experience, good judgement and sound counsel, especially regarding global telecommunications trends and strategic matters, he continues to be a valued member of the Board. He is far sighted, vocal in airing his opinions, and continues to provide critical inputs to the Board. The Board and NRC acknowledge David’s continued commitment and his significant contributions to the Company, hence recommend his re-election as a Director of the Company.

Dato’ Sri Dr Mohmad Isa has extensive experience garnered from his 33-year service in the government sector. Since his appointment in October 2015, he has shown that he is able to provide strong views, opinions and feedback to the Board, especially with regard to investment and procurement matters. The Board opines that his presence has added a fresh perspective and input to the Board, which is essential to Board dynamics and recommends his re-election as a Director of the Company.

The abovenamed Directors who are due for re-elections at the forthcoming AGM, as evaluated by the NRC and approved by the Board, have met the Board’s expectations and continue to perform in

an exemplary manner as demonstrated by their contributions to the Board. The Board is of the view that these Directors have brought independent and objective judgement in Board deliberations and have performed their fiduciary duties well. The NINEDs, while representing the interests of their nominees, also comprehend their duties and responsibilities towards the Company and as such, are able to mitigate risks arising from possible conflicts of interest. Their independence assessment is conducted annually via the BEE and a report on this is tabled for the consideration of NRC in February prior to finalisation of the Notice of AGM. After considering the above factors, the Board has recommended the Directors for re-election. All four Directors have also consented to their proposed re-elections.

SUMMARY OF NRC'S ACTIVITIES IN THE FINANCIAL YEAR

Members of the NRC have undertaken their responsibilities diligently and efficiently. During the year, the NRC performed a number of key activities, as listed below:

a) Nomination Function

Considered and made recommendations to the Board on the following matters:

- Re-appointment and re-election of Directors at the 30th AGM
- Extension of Service of the EDs vis-a-vis the Minimum Retirement Age Act 2012
- Extension of Service of the Pivotal Positions and Company Secretary
- Appointment of a NINED and his alternate
- Appointment of Directors on the Board of major operating companies
- Annual assessment and review of composition of all Board Committees
- Annual assessment of independence status of INEDs

b) Remuneration Function

Considered and recommended to the Board on the following matters:

- Remuneration package for the EDs
- Review of the TM Subsidiaries' Remuneration Framework, inclusive of Tier 1 companies on a case by case basis
- 2014 performance evaluation of the EDs, Senior Management in Pivotal Positions as well as Company Secretary against pre-set KPIs

The Directors' remuneration is set to be competitive to attract and retain Directors of such calibre as to provide the necessary skills and experience as required while being commensurate with the responsibilities entailed in the effective management and operations of the Group.

The Company's remuneration and benefits policy has been revised periodically to ensure market competitiveness. The Directors' fees were last reviewed, after a gap of five years, and approved by the shareholders at the 28th AGM in 2013. No revision is proposed to the subsisting Directors' fees at the forthcoming 31st AGM. Pursuant to the Board Charter, NRC ensures that the remuneration package is reviewed annually in order to attract competent and talented Directors to the Board.

c) Board Matters

Considered and made recommendations or reported to the Board on the following matters:

- Implementation and scope of the BEE assessment for 2015
- Status of Directors' continuing education programme in compliance with the Board Training Programme
- Observance of governance requirements by the Directors
NRC has evaluated and confirmed that the minimum 50% attendance requirement at Board meetings imposed by the Main LR was met by all Directors. TM Directors have also complied with the minimum 50% attendance requirement at Committee meetings pursuant to the Board Charter:
- Annual review of the Board Charter
- Oversee succession planning for the Board

TRAINING

During the year, NRC members attended various conferences, seminars and training programmes to enable them to efficiently discharge their duties as Directors of the Company and further improve their technical competencies in their respective fields of expertise. Details of the training attended are included in the Statement of Corporate Governance on pages 112 to 115 of this annual report.

Results of the 2015 BEE indicate that the NRC members have been able to maintain a high level of technical competency and performance.

This NRC Report is made in accordance with the resolution of the Board of Directors duly passed on 24 February 2016.



Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin
Chairman of NRC

Audit Committee Report



Gee Siew Yoong

Chairperson
Independent Non-Executive Director



Dato' Danapalan T.P Vinggrasalam

Member
Senior Independent Non-Executive Director



Datuk Zalekha Hassan

Member
Independent Non-Executive Director

MEMBERSHIP

In line with Paragraph 15.09 of the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities) and Clause 5.1.2 of the Board Charter in regards to the governance of the Board Audit Committee (BAC), TM BAC membership comprises:

- All Non-Executive Directors, a majority of whom are Independent Non-Executive Directors (INEDs)
- No alternate director is appointed as a member
- At least one member fulfilling the requisite qualifications under paragraph 15.09(1)(c) of the Main LR of Bursa Securities

The composition of BAC, as compared to 2014, is as follows:



During the year, membership of BAC was reduced from five to four when Dato' Ibrahim Marsidi resigned as BAC member on 30 April 2015, due to personal commitments and priorities. This change was considered and approved by the Board in April 2015 and an announcement to the effect was made to Bursa Securities accordingly.

In compliance with the composition ruling, the BAC Chairperson, Ms Gee Siew Yoong, is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. She fulfils the requirement of paragraph 15.09(1)(c)(i) of the Main LR.

MEETINGS AND ATTENDANCE

BAC meetings in 2015 were pre-arranged in October 2014 together with TM Board and other Committee meeting schedules. The tentative dates were tabled to TM Board at its meeting on 31 October 2014 and adopted by BAC in January 2015. The early planning ensures that all members are able to provide the required time commitment for the meetings.



Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin

Member
Non-Independent Non-Executive
Director

Eight meetings were held during the financial year 2015 with total time spent of approximately 22 hours. Members' attendance at these meetings is listed below:

BAC Member	Number of BAC Meetings	
	Attended/Held	%
Gee Siew Yoong (<i>Chairperson</i>)	8/8	100.0
Dato' Danapalan T. P Vinggrasalam	8/8	100.0
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin	8/8	100.0
Datuk Zalekha Hassan	8/8	100.0
Dato' Ibrahim Marsidi (<i>resigned on 30 April 2015</i>)	3/3	–

Apart from the above meetings, BAC has also approved one Circular Resolution in Writing.

During the financial year, attendance at all BAC meetings met the requisite quorum as stipulated in the BAC Terms of Reference (ToR). Majority of the members present were Independent Directors.

The BAC meetings were structured into two deliberation clusters:

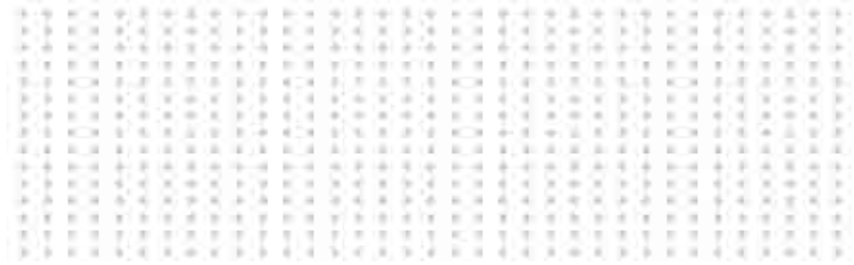
	Financial Results	Other Audit Matters
Meeting Dates	23 February 21 May 20 August 19 November	20 January 16 April 28 July 20 October
Matters Discussed	<ul style="list-style-type: none"> Quarterly results and related matters Annual Report matters 	<ul style="list-style-type: none"> Management issues under the purview of BAC Internal and External Audit matters

This segregation ensured efficient planning by Management and sufficient time spent for the members to deliberate and discuss the various matters.

The Company Secretaries act as the BAC Secretary in all BAC meetings. The meetings were also attended by the Group CFO, Group Chief Internal Auditor (GCIA) together with other members of the Senior Management and the external auditor, upon invitation, to brief BAC on pertinent issues.

Proposal papers are delivered within five days from the date of the meeting to enable ample time for the members to review the proposals. Towards the end of 2015, proposal papers were made accessible via electronic means for immediate delivery.

Minutes of BAC meetings are circulated to all members and extracts of the decisions are escalated to relevant process owners for action. Significant matters reserved for the Board's approval are tabled at TM Board meetings. The Chairman of BAC provides a report and highlights significant points on the decisions and recommendations of BAC to TM Board.



ToR AND ITS SUMMARY

The ToR of the BAC is aligned with the Main LR, recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012) and relevant best practices including those identified in the Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition), issued by Bursa Securities on 2 October 2013.

The ToR establishes the powers, duties and responsibilities of the BAC, and is incorporated in the Board Charter which is accessible on the Company’s official website at www.tm.com.my. The Board Charter is reviewed on a regular basis to enhance its processes and procedures and ensure alignment with new requirements and regulations.

During the year, no revision was made to the BAC ToR.

The key duties and responsibilities of the BAC and its key functions can be summarised as follows:

1. Assessing the control environment within TM Group which includes ensuring the implementation of policies and adequacy of controls in place, and reviewing the integrity of internal control systems and management information systems.
2. Overseeing the financial reporting of TM Group to ensure it presents a true and fair view of the Company’s financial position and performance and complies with applicable financial reporting standards and regulatory requirements.
3. Discussing the audit plan vis-a-vis the Company’s system of internal controls and monitoring the extent of non-audit work performed by the external auditor to ensure that the provision of non-audit services does not impair the auditor’s independence and objectivity.
4. Reviewing and approving the Internal Audit Charter and Internal Audit Plan, including results of the internal audit work, and ensuring independence and impartiality of Group Internal Audit Division (GIA).
5. Reviewing conflict of interest situations and related party transactions (RPTs) proposed to be entered into by TM Group.
6. Verifying the allocation of share options to eligible employees (if any). There was no allocation of share options during the financial year under review.

7. Ensuring the availability of a whistle-blowing avenue and reviewing the fraud detection procedures.
8. Reporting any breach or non-compliance with the Main LR to Bursa Securities if such matters are not satisfactorily resolved by the Board.

SUMMARY OF PRINCIPAL ACTIVITIES DURING THE FINANCIAL YEAR

Throughout 2015, BAC executed various strategies and actions to discharge its duties and responsibilities effectively. Principal activities performed during the financial year are as follows:

1. Internal Control

- a) Deliberated on the Directors’ Statement on Risk Management and Internal Control (SORMIC), which was reviewed by the external auditor, in February 2015, for inclusion in the 2014 Annual Report. SORMIC was also jointly reviewed by the Board Risk Committee.

The SORMIC was supported by the 2014 Special Report on Annual Internal Control Assurance, Internal Control Incident and Group CEO and Group CFO Assurance Statement on Effectiveness of Risk Management and Internal Control. Based on these documents, BAC concluded that the SORMIC presented a true and fair view of the Company’s state of internal control.

- b) Reviewed the reports on the adequacy, effectiveness and reliability of internal control systems based on controlled self-assessments performed annually by the Management of the Lines of Business and subsidiaries. These issues were discussed at length to secure satisfactory conclusion on moving forward action.
- c) Deliberated on the quarterly reports from the Audit and Business Assurance Committee (ABAC), a sub-management committee headed by the Group CFO, on actions taken by Management to resolve significant internal control and accounting issues highlighted by the internal and external auditors.

- d) Monitored specific issues or concerns requested by BAC members that affect the Company's efficiency and performance, which are tabled to BAC on a quarterly basis until BAC is satisfied sufficient control is in place.

During the year, issues regarding debtors and churn management were closely monitored.

- e) Reviewed major policy updates and revisions to the Limits of Authority (LoA) matrix for business efficiency. The changes and improvement were at all times aligned with business best practices and effective internal control processes and recommended to TM Board for approval.

In 2015, BAC reviewed the changes in LoA involving procurement limits.

- f) Deliberated on the following reports from the Best Practices Committee (BPC), a sub-committee of BAC headed by the Group CFO:
 - Updates and developments on corporate governance and best business practices, statutory and regulatory requirements, compliance with accounting standards and other business guidelines.
 - Updates on any material litigations and their financial impact to the Group.
 - Review of RPTs or recurrent related party transactions (RRPT) during each quarter.

2. Financial Reporting

The following matters were reviewed by the BAC before being recommended to TM Board for approval:

- a) Quarterly audited and unaudited financial statements of TM Group in compliance with Malaysian Financial Reporting Standards (MFRS) 134 and the Main LR.

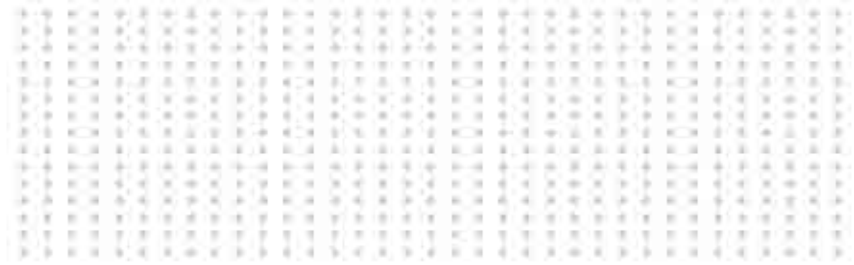
- BAC deliberated on the Company's quarterly financial statements on 23 February, 21 May, 20 August and 19 November for the financial quarters of 4Q2014, 1Q2015, 2Q2015 and 3Q2015 respectively. BAC concluded that the reports presented a true and fair view of the Company's financial performance.
- BAC discussed the quarterly internal audit reviews to ensure compliance with MFRS 134.
- BAC also reviewed the draft announcements of the audited and unaudited financial statements to Bursa Securities, to ensure compliance with regulatory requirements.

- b) Reviewed the audited financial statements of TM Group for the financial year ended 31 December 2014 in February 2015 and concluded that the financial reports presented a true and fair view of the Company's financial performance for the year and was in compliance with regulatory requirements.
- c) Proposed the dividend payout and dividend reinvestment scheme for the financial year.

3. External Audit

- a) Reviewed the external auditor's report for the financial year ended 31 December 2014 and SORMIC in February 2015 before recommending to TM Board for approval.
- b) Reviewed the Internal Control Memorandum (ICM), together with Management's response to the findings of the external auditor. The interim findings were presented in November 2014 while the 2014 ICM was tabled in April 2015.

The audit issues raised by the external auditor were deliberated and monitored by ABAC and tracked by Group Business Assurance division until their conclusion. The activity and status thereof were reported on a quarterly basis to BAC.



- c) Reviewed the 2015 Interim Audit Committee Report in November 2015 prior to the tabling of the final report for BAC's deliberation in February 2016.
- d) Reviewed the 2015 external auditor's audit plan for TM Group, encompassing the proposed work blueprint, nature and scope for the year's audit and engagement strategy in August 2015 prior to its implementation. The review included an audit on the IT systems that directly implicate the integrity of the financial information.
- e) Reviewed the terms of engagement of the external auditor for the 2015 statutory audit and SORMIC, upon confirmation of its independence and objectivity, in August 2015, prior to tabling for TM Board's approval. The engagement of the external auditor for TM Group was supervised and processed under the Group's umbrella to streamline their terms of engagement.
- f) Reviewed the terms of engagement for the audit of the Regulatory Financial Statement to ensure compliance with the Accounting Separation Guidelines issued by the Malaysian Communications and Multimedia Commission (MCMC).
- g) Reviewed the appointment of the external auditor for Certification of Special Refund Application on Stocks to Royal Malaysian Customs Department in accordance with the Goods and Services Tax Act 2014.
- h) Reviewed the overall performance and, upon satisfactory assessment of the effectiveness of the external auditor for TM Group, recommended their re-appointment and fees payable in respect of the scope of work performed for TM Board's approval.

Assessments of the effectiveness of the external auditor were conducted by relevant Management members and the BAC coordinated by the GIA. The external auditor's qualifications and performance, quality of communication and interaction, and independence, objectivity and professional scepticism were assessed.

The findings of the 2014 assessment tabulated by GIA were then presented to BAC in April 2014. Both BAC and Management are generally satisfied with the external auditor's quality of service and sufficiency of resources provided, professional scepticism, quality of communication and interaction, independence and objectivity. The external auditor has also provided independent and professional service to the Company throughout the year of assessment. BAC further opined that the external auditor has fulfilled its duties and responsibilities during the engagement. Result of the assessment, particularly areas of concern, were shared with the external auditor for improvement moving forward.

The external auditor, which has been TM's external auditor since 1999, was recommended to be re-appointed for the ensuing year. The financial year ended 2015 marked its third year of engagement with the current audit partner and audit team.

- i) Reviewed the independence status of the external auditor and recommended that they be re-appointed for the ensuing year.

Every year, the BAC secures written assurance from the external auditor confirming their independence throughout their term of engagement for the financial year.

In the 2015 audit plan tabled to the BAC on 20 August 2015, the external auditor has declared that they have maintained their independence in the course of audit for TM Group during the year in accordance with the firm's requirement and the By-Laws on Professional Independence of the Malaysian Institute of Accountants. It has further declared that upon review of its non-audit services to TM, none of the services provided compromise its independence as the Group's external auditor.

Apart from its written assurance, BAC has also relied on the result of the assessment of the effectiveness of the external auditor undertaken by GIA with particular focus on its independence, objectivity and professional scepticism.

- j) Reviewed and approved the non-audit services provided by the external auditor while ensuring there was no impairment of independence or objectivity. This includes monitoring the fee of the total non-audit work carried out by the external auditor so as not to jeopardise its independent status.

Pursuant to the provision in the Board Charter, BAC has monitored the non-audit engagement of the external auditor to ensure its independence was not impaired and that it remained objective throughout the financial year.

The non-audit engagements underwent relevant procurement processes and procedures. BAC has authorised the Group CFO to approve the proposed non-audit engagement for any engagement valued below 50% of the cumulative value of the statutory audit fee for the current year. A report on the engagement of external auditor approved by the Group CFO for non-audit work and the cumulative value is tabled every quarter to BAC.

In the financial year 2015, the Company engaged the external auditor for several non-audit works, involving mainly taxation and application for certification for special tax refunds. The external auditor was also engaged in other audit-related services, such as quarterly reviews, regulatory reporting, a fund-raising confirmation exercise and to serve as scrutineers for the Annual General Meeting.

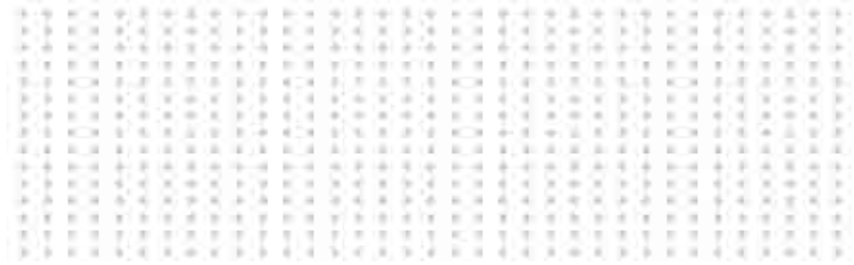
Non-audit service fees paid to the external auditor during the year and its value relative to the statutory audit fees are as follows:

Particulars	RM Million
2015 Audit Fees	
• Statutory Audit Fees	3.122
• Other Audit Related Services Fees	0.682
Total Statutory Audit and Audit Related Services	3.804
Total Non-Audit Fees for 2015: Tax Service	0.901
Percentage of Non-Audit Fees over Statutory Audit & Other Audit Related Services Fees	23.69%

- k) BAC also exercised its right to hold meetings with the external auditor without the Management's presence. This session was to enable open discussion with the BAC and ensure the external auditor was not restricted in its scope of audit.

During the year, one formal private engagement was held, on 16 April 2015, as the external auditor had on two separate occasions indicated to BAC that there were no pertinent issues requiring additional private audience with the BAC.

- l) The BAC Chairman, GCIA and external auditor also held private sessions without the Management's presence as and when required. These helped to reinforce the independence of the internal and external audit functions of the Company.



4. Internal Audit

- a) Reviewed and approved the GIA’s Annual Audit Plan in January 2015 to ensure adequate scope and comprehensive coverage of the Group’s activities.
- b) Reviewed the Key Performance Indicators (KPIs), performance, competency and resources of the internal audit function to ensure that, collectively, GIA has the required expertise and professionalism to discharge its duties.

The Statement on Internal Audit is set out on pages 142 to 143 of the annual report.

- c) Deliberated on the internal audit reports, audit recommendations and Management’s action plan regarding these recommendations. Where appropriate, BAC instructed Management to rectify and improve the control systems based on GIA’s recommendations and suggestions for improvements. The detailed reports and findings by GIA were delivered to BAC members as and when the audit was completed and analysis made. A summary of major findings was presented and deliberated at BAC’s interval meetings.
- d) Kept updated on Management’s implementation of the internal audit recommendations on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses were being properly addressed.
- e) Held private meetings and discussions with GCIA on key internal controls and internal audit related matters.
- f) Reviewed and approved the proposed revision of the Internal Audit Charter in order to align the Charter with the Institute of Internal Auditors’ requirements involving areas of responsibility, audit business plan and quality assessment review.

5. RPTs and Conflicts of Interest

- a) Reviewed reports of RPTs and possible conflict of interest transactions, ensuring they were in the best interest of TM, fair and reasonable, on normal commercial terms and not detrimental to the interest of the minority shareholders.

In 2015, BAC approved the RPT on the Sale and Purchase Agreement and Service Agreement between TM and Nusajaya Tech Park Sdn Bhd prior to its recommendation to the Board. The announcement was made on 26 March 2015 based on findings of the BAC review.

- b) Periodically reviewed the RRPTs that were mandated at the general meeting 2015 to ensure they were at arm’s length and duly tracked against their mandated amount.
- c) Reviewed the estimated RRPT Mandate for the ensuing year and Circular to Shareholders on the Renewal of Shareholders’ Mandate for RRPT, and recommended the same for TM Board’s approval.

6. Integrity and Ethics

- a) Deliberated on reports in relation to internal control incidents, investigations and domestic inquiries and major cases of internal and external misconduct that breach the Group’s Code of Business Ethics, Integrity Pact and whistle-blower programme.

Reports on investigations, domestic inquiries and internal control incidents were reported to BAC on a quarterly basis.

BAC provided input and/or directives on the next course of action on the issues highlighted and was updated on progress of the cases from time to time by the Special Affairs Unit until conclusion of the issues.

7. Annual Reporting

- a) Reviewed the disclosures on the BAC Report, SORMIC, Statements on Internal Audit, Investor Relations, Additional Compliance and Corporate Integrity Report for the financial year ended 31 December 2015 for inclusion in the Annual Report 2015 and recommended their adoption by the Board.

8. Others

- a) Monitored project review reports on issues such as the IT transformation plan, initiatives on preventing cable thefts, updates on specific projects, review on asset impairment to ensure their progress as per agreed timelines.

BAC EFFECTIVENESS REVIEW AND PERFORMANCE

The review of the effectiveness of BAC, including its structure and process, performance as well as accountability and responsibilities, was duly assessed as part of the annual Board Effectiveness Evaluation (BEE).

BAC scored a rating of above 3.5 out of 4.0 in the BEE 2015, indicating BAC has effectively and professionally discharged its duties and responsibilities to the benefit of the Company.

TM Board agreed that the BAC has continued to show strong performance over the years and the four BAC members, as indicated in their profiles illustrated on pages 79 to 82 inclusive, have sound judgement, objectivity, independent attitude, management experience, professionalism, integrity, knowledge of the industry and are financially literate. With balanced diversity of skills and experience, they have discharged their duties and responsibilities with excellence. TM Board further agreed to maintain the composition of the BAC.

TRAINING

During the year, BAC members attended various conferences, seminars and training programmes to enhance their knowledge in order to efficiently discharge their duties as Directors of the Company as well as to enhance their technical competencies in their respective fields of expertise. Details of the training are included in the Statement of Corporate Governance on pages 112 to 115 inclusive of the annual report.

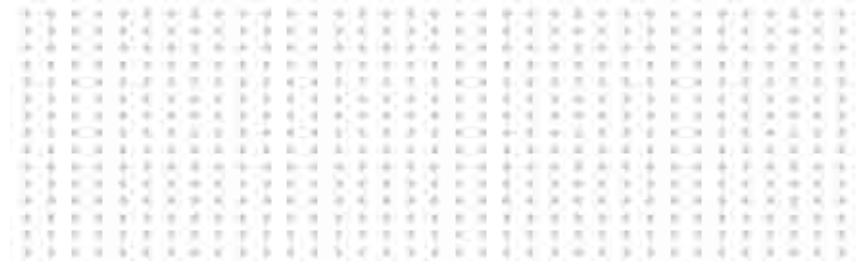
The 2015 BEE shows that the BAC members were able to maintain a high level of technical competency and generally keep themselves abreast of technical changes and updates.

This BAC Report is made in accordance with the resolution of the Board of Directors duly passed on 24 February 2016.



Gee Siew Yoong
Chairman of BAC

Statement on Internal Audit



GROUP INTERNAL AUDIT (GIA) ASSISTS TM GROUP TO ACCOMPLISH ITS BUSINESS OBJECTIVES BY IMPLEMENTING A SYSTEMATIC AND DISCIPLINED APPROACH TO EVALUATE AND IMPROVE THE EFFECTIVENESS OF RISK MANAGEMENT MEASURES, CONTROL AND GOVERNANCE PROCESSES. IT FURTHER PROVIDES INDEPENDENT, OBJECTIVE ASSURANCE AND CONSULTING SERVICES DESIGNED TO ADD VALUE AND IMPROVE TM'S OPERATIONS. GIA HAS DEMONSTRATED ITS PURPOSE, AUTHORITY AND RESPONSIBILITY AS PER THE INTERNAL AUDIT CHARTER WHICH WAS APPROVED BY THE BOARD AUDIT COMMITTEE (BAC). THE INTERNAL AUDIT CHARTER ALSO DEFINES GIA'S POSITION WITHIN THE TM GROUP THAT IS REPORTING TO THE BAC AS WELL AS TO REMAIN FREE FROM INTERFERENCE BY ANY ELEMENT IN THE ORGANISATION IN ENSURING ITS INDEPENDENCY AND OBJECTIVITY NOT IMPAIRED.

The Group Chief Internal Auditor periodically reports on the activities performed as well as key strategic and control issues observed by the GIA to the BAC in order to preserve its independence. BAC reviews and approves GIA's audit plans, annual budget and human resources requirements to ensure the function is well resourced and aligned with the Group's objectives. In addition, BAC approves and periodically reviews GIA's and the Group Chief Internal Auditor's performance to observe the progress and achievements.

GIA adopts the International Professional Practices Framework (IPPF)® inclusive of the mandatory elements; Core Principles for the Professional Practice of Internal Auditing, International Standards For The Professional Practice Of Internal Auditing of The Institute of Internal Auditors (IIA), the definition of Internal Auditing, and Code of Ethics to manage its functions and perform the audit engagements.

PRACTICES AND FRAMEWORK

GIA is guided by the internal policies, procedures and framework as well as the Internal Control Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO), Control Objectives for Information and Related Technology (COBIT) and Enhanced Telecom Operations Map (eTOM) framework in assessing and reporting on the adequacy and effectiveness of the design, implementation and efficiency of the Group's overall system of internal controls, risk management and governance.

SCOPE AND COVERAGE

GIA continues to adopt a risk-based audit plan approach to provide assurance to the Board that programmes being carried out have been prioritised based on the Group's strategies, objectives, key risks and core/priority areas. Input from various sources – inclusive of Enterprise Risk Management (ERM), Business Plan, past internal and external audits, Management and the Board – permits the identification of auditable risk areas. The Group's audit universe includes lines of business (LOBs), central functions, local subsidiaries, regional offices, network, finance, procurement and information technology.

In 2015, GIA conducted management, finance, compliance, governance, operations, network and Information Technology reviews as well as data analytics. Among the key areas covered were:

- Sales and marketing
- Customer experience
- Product development, management and retirement
- Service fulfilment
- Network delivery
- IT security and data management
- Billing and revenue assurance
- Major project deliverables and management
- Procurement, inclusive of contract and outsourcing management
- Asset and customer premises equipment management
- Regulatory compliance
- Accounting/financial activities

All internal audit reports were presented to the BAC with recommended actions by GIA and feedback from Management. GIA subsequently monitored and verified the implementation status on a quarterly basis, and reported its findings to the BAC.

RESOURCES

A total of RM7.97 million was spent on internal audit activities in 2015. A summary of the internal audit costs is as follows:

Category	RM (million)	% of total cost
Manpower	5.94	75
Incidentals (incl. travelling)	0.50	6
Internal recharges (incl. space rental, IT charges, training, etc)	1.53	19
Total	7.97	100

All internal audit activities in 2015 were performed in-house by a group of 41 internal auditors from various background and competencies, as follows.

Discipline	No. of Internal Auditors	Percentage
Accounting and Finance	10	24
Information Technology	7	17
Engineering/Network	11	27
Marketing	4	10
Business Administration	6	15
Procurement/Human Resources	3	7
Total	41	100

PROFESSIONAL QUALIFICATIONS & CONTINUOUS COMPETENCY DEVELOPMENT

GIA is committed to equip TM's internal auditors with sufficient knowledge, skills and competencies to discharge their duties and responsibilities. The internal auditors are also encouraged to obtain appropriate professional certifications and qualifications. To date, 16 of our internal auditors hold a total of 32 certifications and qualifications between them. These have been awarded by various recognised professional bodies.

In 2015, the internal auditors attended 2,408 hours of external and internal training, seminars and workshops in multiple technical disciplines and internal soft skills training on leadership, communication and negotiation to enhance their job performance and career prospects. These include the Internal Audit Basic Training module developed by GIA using real business environment case studies.

INTERNAL AUDIT QUALITY

The Group Chief Internal Auditor develops and maintains a quality assurance and improvement programme that covers all aspects of internal audit activities. The quality assurance programme assesses the effectiveness of GIA processes and identifies opportunities for improvement via internal and external assessments.

GIA has an advanced peer reviewer mechanism to ensure a consistently high quality output of every audit engagement. Peer reviewers with relevant expertise among Senior Auditors or the GIA Management team are selected to provide professional advice and ensure that all risk areas are adequately covered prior to communicating the final engagement results to the appropriate parties.



Hazimi Kassim
Group Chief Internal Auditor



Gee Siew Yoong
Chairman, Audit Committee

Risk Committee Report



Dato' Danapalan T.P Vinggrasalam

Chairman
Senior Independent Non-Executive Director
(Re-designated as Chairman on 1 May 2015)



Dato' Ir Abdul Rahim Abu Bakar

Member
Independent Non-Executive Director



Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor

Member
Independent Non-Executive Director

MEMBERSHIP

The Board Risk Committee (BRC), set up since 2010, oversees the identification and mitigation of key business risks. The Board Charter defines its membership as follows:

- TM Board may appoint any of its members or their alternates to be members of the BRC, which must consist of no fewer than three members and no more than five including the Chairman, with majority being the Non-Executive Directors (at least one of whom shall preferably have relevant experience in risk management).
- The Chairman should be a Non-Executive Director and should not concurrently be Chairman of the Board Audit Committee (BAC).
- Members of the BRC should possess sound judgement, objectivity, independent attitude, management experience, professionalism, integrity and knowledge of the industry.

During the year, the following changes took place:

- Resignation of Dato' Ibrahim Marsidi as Chairman and member on 30 April 2015; and
- Re-designation of Dato' Danapalan T.P Vinggrasalam as new Chairman effective 1 May 2015.

The BRC's performance and effectiveness were assessed by the Board via the annual Board Effectiveness Evaluation (BEE). The results showed that the BRC had performed effectively in discharging its roles and responsibilities with commitment and professionalism.

MEETINGS AND ATTENDANCE

BRC meetings for 2015 were pre-arranged in October 2014 together with TM Board and other committees' meeting schedule. The tentative dates were tabled to TM Board at its meeting on 31 October 2014 and adopted by BRC in February 2015. The dates were communicated to the members early to ensure their time commitment.

Four meetings were held in 2015 with total time spent of approximately 7.6 hours. The attendance of each member at BRC meetings held in 2015 is as follows:

BRC Member	Number of BRC Meetings	
	Attended/ Held	%
Dato' Danapalan T.P Vinggrasalam	4/4	100.0
Dato' Ir Abdul Rahim Abu Bakar	3/4	75.0
Datuk Seri Fateh Iskandar Tan Sri Dato' Mohamed Mansor	4/4	100.0
Gee Siew Yoong	4/4	100.0
Datuk Bazlan Osman	4/4	100.0
Dato' Ibrahim Marsidi <i>[Resigned on 30 April 2015]</i>	1/1	100.0

Apart from the above meetings, BRC had also passed one circular resolution during the year.



Gee Siew Yoong

Member
Independent Non-Executive Director



Datuk Bazlan Osman

Member
Non-Independent Executive Director/
Group Chief Financial Officer

The Company Secretaries acted as secretary of all the BRC meetings. The Vice President of Group Business Assurance division (GBA), as Head of Risk Management Unit, attended the BRC meetings as a permanent invitee. Other attendees, external or internal, were invited to attend as and when required with the consent of the Chairman.

Based on the TM Board Performance Improvement Programme result for 2015, the BRC proposal papers are delivered within 5 days from the date of the meeting to enable ample time for the members to review the proposals. By end 2015, proposal papers are also accessible via electronic means for immediate delivery.

THE TERMS OF REFERENCE (ToR) OF BRC AND ITS SUMMARY

The powers, duties and responsibilities of the BRC are incorporated in the ToR stipulated in the Board Charter which is accessible to the public at www.tm.com.my. The key functions, duties and responsibilities of the BRC are as follows:

Key Functions

- To enhance the Corporate Governance practices of TM Group with focus on risks issues.
- To assist the Board in overseeing a sound and robust enterprise risk management (ERM) framework.

Duties and Responsibilities

The key duties and responsibilities of the BRC are to oversee the following:

- the development and review of policies and plans for risk management.
- the effectiveness of implementation.
- appropriate steps are adopted for anticipating unpredictable risks.
- risks are managed within the levels of tolerance as approved by the Board.
- the risk management plans are widely disseminated throughout the Company and integrated in the day-to-day activities of the Company.

BRC is to also liaise closely with the BAC.

ERM GOVERNANCE AND FRAMEWORK

TM's ERM structure looks at risks at the operational as well as company level. Risk Coordinators are appointed at every Line of Business (LOB), central function, business functions and subsidiaries. Their role is to coordinate the risk management activities as well as support the building of a risk-awareness culture.

TM has adopted the MS ISO 31000 Risk Management Standard as a guideline in order to align with industry best practices. The model is illustrated in the Table below.

System

ERM in the Group has evolved in line with the global trends in the areas of governance, risk and compliance. Towards this end, TM developed an ERM system that integrates Risk, Compliance, Insurance, Incident and Information Security Management into an integrated platform. TM's risk management landscape incorporates not only business, product and project risks, but also information security and process risks.

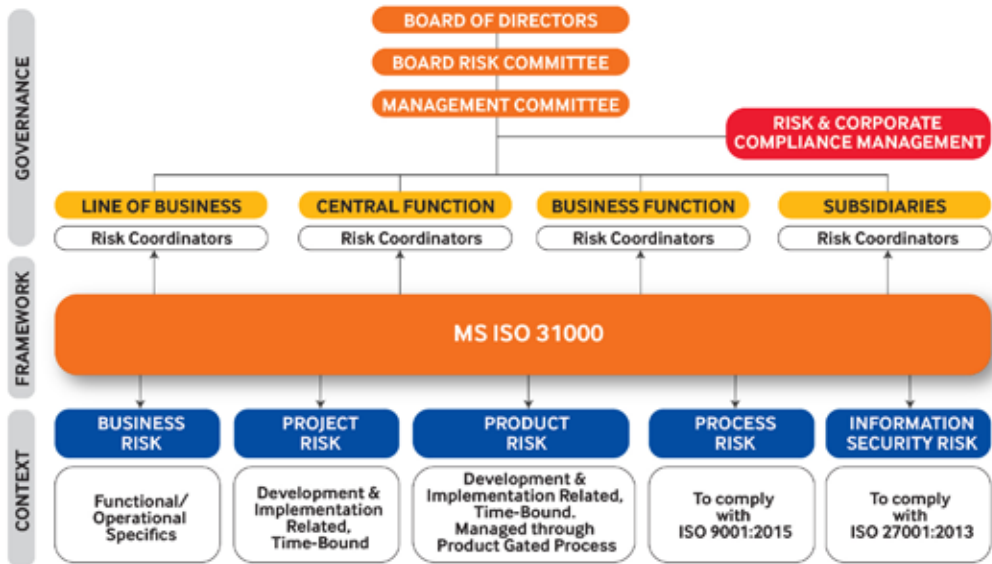


Table: TM's ERM Governance & Framework

Communication

Good communication strategies are keys to elevating a risk-awareness culture and to reach out to the employees. TM engaged the Risk Coordinators constantly via knowledge engagement sessions, nationwide roadshows and e-newsletters. These not only kept them updated but also improved their technical understanding and enabled them to assess risks more effectively.

SUMMARY OF PRINCIPAL ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the BRC was proactive and undertook the following activities:

- reviewed the Group's corporate risk appetite,
- deliberated on investors' feedback and concerns, and
- deliberated on the current operational risk issues that potentially had risk impact on TM Group's business;

Risk Appetite Review

In order to enhance shareholder value and safeguard the Company's assets and reputation, a comprehensive review of TM

risk appetite comprising specific measurements and threshold levels was conducted. The newly-endorsed risk appetite has since been applied and is referred to for assessment of effectiveness of control measures. BRC continued to review the control effectiveness of the corporate risks and provided the necessary guidance to effectively mitigate the risk exposure.

Investors' Feedback and Concerns

TM Investor Relation Unit ("IR Unit") carries the role of proactively managing and keeping the investing communities abreast of TM's strategies, performance and key business activities. BRC reviewed specific investors' concerns, amongst others, financial growth and performance, strategies, service quality as well as investment in P1 as TM's mobility arm. The IR Unit will continue to update BRC on specific feedback or queries from the investors.

MANAGING OPERATIONAL RISK

The economic challenges in 2015 are expected to continue in 2016, heightening the importance of managing risks. Key risks monitored are described below.

Competition and Revenue Erosion

Competition among Telcos remained intense. Despite TM's ranking as the leader in market share of revenue in the broadband market, increasing subscriber market share remained a challenge to TM. Various initiatives were put in place to reduce customer churn and increase new installation. Retention and loyalty initiatives under SAVE Program continued to be part of the mitigation plan in reducing churn. In order to uplift customer experience in Mass Merkat segment, Net Promoter Score was introduced to measure customer satisfaction while dealing with TM's dedicated sales team. TM also expanded its coverage of high speed broadband from fixed to mobile via TMgo, which offered wireless broadband connectivity. New innovative products and campaigns to boost broadband and HyppTV paid content were continuously introduced.

Fraud

Telecommunications fraud committed by third parties, customers, resellers and employees was an ongoing concern. TM strived to build a fraud detection system sufficiently robust to allow for early detection of fraud, namely through the implementation of card reader, thumb print validation system, enhanced awareness, and collaboration with process owners to review end-to-end processes so that loopholes were plugged at an early stage. Genuine document acquisition during sales and installation was implemented to control fraudulent acts by third parties.

Compliance

TM placed the highest priority on ensuring compliance with relevant regulatory directives and legislation as well as its own internal code of conduct, policies and procedures. Corporate Compliance Management (CCM) was tasked to provide a holistic visibility on corporate compliance monitoring and to inculcate compliance culture through regular engagements with all divisions in the Company. The establishment of accountability and ownership were clearly determined, documented and communicated

to the respective owners. Heads of Lines of Business (LOBs), Business and Central Functions were accountable for ensuring that their key functions were carried out according to the prescribed obligations. Periodic assessment was conducted to gauge the status of compliance, mitigation controls including process, system and people.

Corporate Security Threat

Managing security threats to accessible physical network and vulnerable logical network were a common challenge for all network providers. It exposed TM to service disruption due to cable theft and cyber security exposure resulting in unfavourable customer experience. As mitigation measures, guidelines for security plans were established via Data Governance Policy, Data Leakage Protection (DLP) system and Corporate Security Management. Cable theft continued to dominate the security risk profile. The cost of cable theft increased. But the number of cable theft cases reduced year on year demonstrating success of efforts to curb number of cases. The Cable Theft Prevention Initiatives included installation of alarm system at identified hot spots, extension of I-Watch Alarm system to Polis DiRaja Malaysia (PDRM) in order to leverage on PDRM expertise, continuous engagement with internal staff as well as external parties including State Local Authority, Non-Governmental Organizations (NGOs) as well as public awareness via Cable Theft Prevention Campaign.

Credit Risk

TM intensified its efforts by strengthening its credit management policy and procedures, and beefing up its collection management and treatment of delinquent accounts. These efforts included the application of credit limits, the strengthening of collateral management and the improvement of collection management via the New Collection Agency Framework. TM also continuously engaged with customers through customer engagement program to encourage prompt payment. The “Non-Payment-from-Day-One” (NPD1) customers

was identified to be one of the major root causes contributing to the poor collection. TM through collaboration of various working committees put in place various mitigation plans which focused on better processes in the selection of subscribers.

FOREX Sensitivity

The weakening of ringgit brought significant impact to TM’s foreign borrowing and procurement spending. TM’s profitability was impacted as a result of foreign currency loss from non-hedged foreign borrowings outstanding. TM also experienced loss from procurement contracts signed in USD, e.g. for submarine cables and TV content. TM looked at hedging options and introduced revised rules on procurement matters.

Occupational Safety, Health and Environment

Accidents occur at the workplace. In order to foster a safe and healthy work environment, action was taken to prevent injuries to TM employees and stakeholders. It included stronger enforcement of OSH requirement, conducting site inspections by OSHE committee, Contractor Management Audit, Supervisor Log book and job safety analysis.

Business Continuity Management

The major floods of 2014 resulted in unprecedented impact in several states especially the eastern states of Peninsular Malaysia. The lessons learnt enabled TM to manage the recovery of services in 2015 by activating its Corporate Crisis Management Plan (CCMP) that focused first and foremost on immediate restoration and recovery plans. The CCMP was also instrumental in coordinating network and non-network restoration and recovery activities, ensuring constant communication on recovery updates to internal and external stakeholders as well as affected customers. TM also coordinated humanitarian and relief efforts to affected families. As a result of a strong corporate crisis framework and unwavering commitment from all parties, the affected network elements and the services were successfully restored on time as projected.

EMERGING RISKS

Entry into highly competitive mobility market

The acquisition of P1 provided TM with an opportunity to provide a full suite of converged communication services. With the roll out of mobility services in 2016, TM will enter into highly competitive mobile market. The risks associated with this investment are under review and will be incorporated into the ERM.

Trans-Pacific Partnership Agreement (TPPA)

TPPA will require TM to be more competitive in view of easing of market entry barriers. It is likely to increase the number of telco players from both local and foreign companies. The risks associated with TPPA are also under review.

Spectrum reallocation and auctioning

The government announced that it will undertake a reassignment & reallocation of spectrum. This has implications for all Telcos including TM. The risks associated with this initiative are also now under review.

CONCLUSION

TM’s transformation from being a Broadband Champion to becoming a Convergence Champion has major implications for TM’s risk management framework. Emerging risks signal a new landscape. TM’s business environment has become more challenging. TM will continue its efforts to build a strong risk awareness culture and a robust ERM framework as an integral part of its overall strategy to enhance shareholder value and meet the expectations of its stakeholders.



Dato’ Danapalan T.P Vinggrasalam
Chairman of BRC

Business Continuity Management

AS PART OF OUR COMMITMENT TO KEEP ENHANCING THE CUSTOMER EXPERIENCE, TM REMAINS STEADFAST IN IMPROVING OUR BUSINESS CONTINUITY AND SUSTAINABILITY.

WE ARE GUIDED IN OUR EFFORTS BY A BUSINESS CONTINUITY MANAGEMENT (BCM) PROGRAMME WHICH CUTS ACROSS THE ORGANISATION AND WHICH WE CONTINUOUSLY STRENGTHEN. BCM REINFORCES BUSINESS RESILIENCE BY MITIGATING THE RISK OF MAJOR SERVICE OUTAGE INVOLVING CRITICAL BUSINESS FUNCTIONS AND ASSETS IN THE EVENT OF DISASTERS.

Employing ISO 22301 methodology, our BCM programme ensures service assurance readiness of four main areas that form the Company's operational backbone.



The robustness of our BCM was tested by the severe floods in late 2014 and early 2015. While it proved to be generally sturdy, certain weaknesses were revealed which we are using as valuable learnings to ensure better preparedness for future incidents. To minimise service disruption and ensure faster recovery, for example, we are physically hardening our network and providing for greater diversity. These efforts are being combined with the incorporation of various capabilities required to ensure the effective execution of the Group's Convergence and Digitalisation agenda.

The BCM programme is based on a Business Continuity Maturity Model and driven by a competent and certified BCM Programme Management Office (PMO) responsible for overcoming any challenges and implementing all the required controls (ie BCM capabilities).



Figure: Business Continuity Maturity Model (adapted from Business Continuity Institute, UK)

PROGRESSING TOWARDS ISO 22301:2012 BUSINESS CONTINUITY MANAGEMENT CERTIFICATION

As governments, regulators and industry recognise the critical role of business continuity in mitigating the effects of disruptive incidents, they seek increasing assurance that key players such as TM have appropriate business continuity arrangements in place.

INTENSIFYING TM CORPORATE SECURITY PLAN

One area of growing concern is cyber security, especially in the wake of high-profile corporate cyber-attacks in recent years. Companies are increasingly more vulnerable to such attacks given the proliferation of personnel connected devices on top of the traditional network access points. This can lead to imminent BCM related risks such as service disruption and data leakage.

For our part, to reflect our commitment to adhering to best **BCM practices**, we have been working steadfastly towards obtaining the **ISO 22301:2012** certification. In **2015**, we completed the documentation review, gap analysis and validation for this global standard; and the final certification process by **SIRIM** is expected to take place in **2016**. The certification would validate the efficacy of our **BCM programme** hence our ability to provide continuous service to customers.

Recognising these threats, a Corporate Security Intensification plan has been incorporated as part of our **BCM roadmap** for **2015** and beyond. Under the plan, we will formulate/identify the capabilities required to mitigate the risk of cyber-attacks both internally and externally.

BCM PROGRAMME MANAGEMENT

TM’s business continuity plans for each of the four key areas identified are reviewed periodically and tested to ensure efficacy. We also regularly update the technologies employed to match the dynamic business environment and changes in regulatory requirements. Further strengthening our efforts, we continuously promote business continuity awareness among all employees Company-wide, with an emphasis on capacity building. As a result, we have been able to form effective Operation Response and Crisis Management Teams at specific levels within the organisation.

The BCM PMO team is guided by the BCM Steering Committee, chaired by the Group Chief Executive Officer and attended by members of the Top Management. The committee reviews, deliberates and approves resolutions related to the development and execution of BCM programmes. In the event of a crisis, the recovery process is supervised by the Corporate Crisis Management Team (CCMT), chaired by the Group Chief Financial Officer in his capacity as the Recovery Director. The CCMT proved effective during the floods in early 2015.

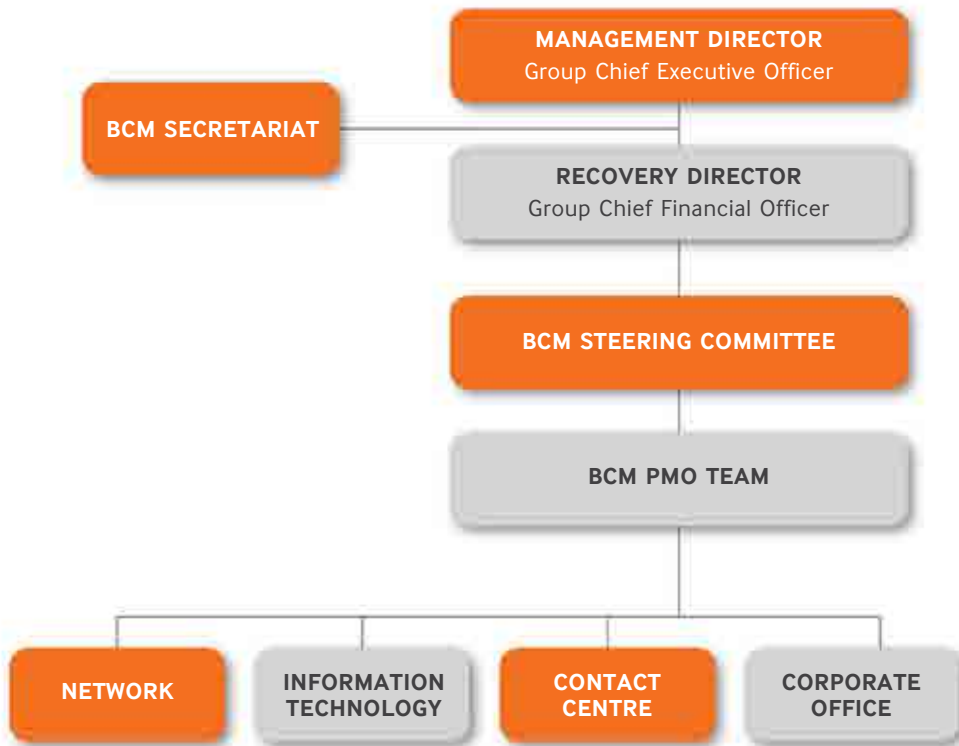


Figure: TM BCM PMO Structure

MOVING FORWARD

Effective integration of **BCM** into business planning positively reduces the risk of losses in the event of a disaster while helping to save lives and important infrastructure. Furthermore, failure to provide continuous service as a result of a prolonged system downtime or **network outage** may result in **high subscriber** churn in addition to not meeting the requirements as set by the regulatory bodies. To successfully mitigate these risks, we will work continuously towards improving and upgrading our existing **BCM plan** and programme Group-wide.

As each business unit operates out of multiple locations with diversified business functions, a **'one-size-fits-all'** business continuity plan (BCP) may not necessarily work. We will therefore continue to have individualised business recovery plans; however all of these will be guided by the principles of the **ISO 22301:2012**.

The challenges moving forward for **TM BCM** is to support the Group’s aspirations under the Convergence and Digitalisation agenda. In particular, the inclusion of an **LTE mobile network** and the need to intensify cyber-security measures in handling customers’ digital workflow might necessitate a different approach to the current BCM programme in years to come.

TM will continue to embrace these challenges as we entrench our **leadership** in collective efforts aimed at mitigating disasters and building resilient communities via technology. We are motivated in this regard by a staunch belief that our commitment to business continuity and survival will contribute on a larger scale towards a sustainable nation.

Additional Compliance Information

In accordance with Appendix 9C of the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities)

The following information is provided in compliance with the Main LR of Bursa Securities:

1.0 UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

In 2015, the Company issued several Islamic Commercial Papers (ICP) and Islamic Medium Term Notes (IMTN) as part of the ICP/IMTN programmes approved in 2013. A summary of the transactions and utilisation of the proceeds is tabled below:

Issuance Date	Type	Nominal Value (RM million)	Maturity Date	Proceeds Utilisation
13 April 2015	ICP	150	12 June 2015	For capital expenditure and business operating requirements
12 June 2015	IMTN	300	10 June 2022	For full repayment of the previous ICP, capital expenditure and business operating requirements
2 July 2015	ICP	200	2 September 2015	For capital expenditure and business operating requirements
30 November 2015	IMTN	300	28 November 2025	For capital expenditure and business operating requirements

[Disclosed in accordance with Appendix 9C, Part A, item 13 of the Main LR]

2.0 SHARE BUY-BACK

The Company did not propose any share buy-back during the financial year.

[Disclosed in accordance with Appendix 9C, Part A, item 14 and Appendix 12D of paragraph 12.23 of the Main LR]

3.0 OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities during the financial year.

[Disclosed in accordance with Appendix 9C, Part A, item 15 of the Main LR]

4.0 DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt programme during the financial year.

[Disclosed in accordance with Appendix 9C, Part A, item 16 of the Main LR]

5.0 IMPOSITION OF SANCTIONS/ PENALTIES

There were no material public sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.

[Disclosed in accordance with Appendix 9C, Part A, item 17 of the Main LR]

6.0 NON-AUDIT FEES

The amount of non-audit fees incurred by the Group for services rendered by the external auditor, PricewaterhouseCoopers (PwC), and its affiliates during the financial year amounted to RM900,900. Details are as provided in the Board Audit Committee (BAC) Report on page 139 of this annual report

Services rendered by PwC are not prohibited by regulatory or other professional requirements, and are based on globally practised guidelines on auditor independence. PwC was engaged due to its expertise and experience, as well as its existing knowledge of TM Group's businesses.

Its appointment is consistent with the Group's governance and policy, taking into consideration the process and requirements stipulated in the Board Charter in relation to the terms of reference of the BAC. In addition, the appointment is made in the best interest of the Group's stakeholders in terms of quality, price and efficiency.

[Disclosed in accordance with Appendix 9C, Part A, item 18 of the Main LR]

7.0 VARIATION IN RESULTS

The Company did not make or release any profit estimates, forecasts or projections during the financial year.

[Disclosed in accordance with Appendix 9C, Part A, item 19 of the Main LR]

8.0 PROFIT GUARANTEE

The Company did not give any profit guarantee during the financial year.

[Disclosed in accordance with Appendix 9C, Part A, item 20 of the Main LR]

Additional Compliance Information

In accordance with Appendix 9C of the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities)

9.0 MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts or any contracts in relation to loans entered into by the Company and/or its subsidiaries involving interests of Directors or major shareholders either subsisting as at 31 December 2015 or entered into since the end of the previous financial year ended 31 December 2014.

[Disclosed in accordance with Appendix 9C, Part A, items 21 and 22 of the Main LR]

10.0 LISTING OF PROPERTIES

The Company had on 3 May 2002 obtained a waiver from Bursa Securities from having to disclose detailed particulars of its properties in the Company's 2001 Annual Report and subsequent annual reports. The waiver is still subsisting to date.

The net book value of land and buildings, and usage of properties for the financial year ended 31 December 2015 is disclosed on pages 389 to 390 of this Annual Report.

[Disclosed in accordance with Appendix 9C, Part A, item 25 of the Main LR]

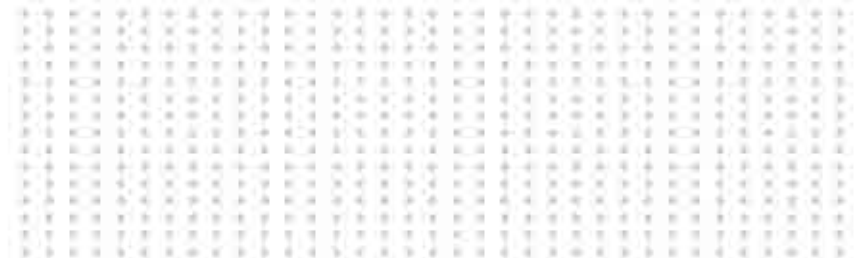
11.0 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (RRPT)

At the 30th Annual General Meeting (AGM) held on 30 April 2015, the Company had obtained a general mandate from its shareholders on the RRPT entered into by the Company and/or its subsidiaries (RRPT Mandate). This RRPT Mandate is valid until the conclusion of the forthcoming 31st AGM of the Company to be held on 28 April 2016.

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main LR, details of the RRPT entered into during the financial year ended 31 December 2015 pursuant to the said RRPT Mandate are as follows:

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	Value of Transactions (RM'000)
Our Company and/or our subsidiaries	Axiata Group Berhad (Axiata) and/or its subsidiaries (Axiata Group)	Minister of Finance (Incorporated) (MoF (Inc.)), Khazanah Nasional Berhad (Khazanah), Dato' Sri Dr Mohmad Isa Hussain, Asri Hamidin @ Hamidon, Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin, Nik Rizal Kamil Tan Sri Nik Ibrahim Kamil, Dato' Fauziah Yaacob and Dato' Siti Zauyah Md Desa	In addition to their shareholdings in our Company, MoF (Inc.) and Khazanah have direct and indirect shareholdings of 38.23% in Axiata. Dato' Sri Dr Mohmad Isa and his Alternate, Asri, are representatives of MoF (Inc.) on our Board. Tunku Dato' Mahmood Fawzy and his Alternate, Nik Rizal Kamil, are representatives of Khazanah on our Board.	<u>Revenue</u>	
				– Interconnect revenue from Axiata Group	70,056
				– Provision of Voice over Internet Protocol (VoIP) related services to Axiata Group	17,567
				– Provision of leased-line services to Axiata Group	14,883
				– Provision of data and bandwidth related services to Axiata Group	56,927
				– Site rental for telecommunications infrastructure, equipment and related charges by TM Group to Celcom Axiata Berhad (Celcom)	39,765
– Provision of internet access and broadband services to Celcom	79				
– Provision of contact centre and business process outsourcing services by VADS Berhad (VADS) to Axiata Group	55,989				

Transacting Companies in our Group	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Relationship	Nature of RRPT	Value of Transactions (RM'000)
<i>Cont'd.</i>					
			Dato' Fauziah and her Alternate, Dato' Siti Zauyah, were previously representatives of MoF (Inc.) on our Board. They resigned on 30 October 2015.	– Provision of fibre optic core and bandwidth services by Fiberail Sdn Bhd to Celcom	4,643
				– Provision of dark fibre, bandwidth, space and facility by Fibrecomm Network (M) Sdn Bhd (Fibrecomm) to Celcom	5,573
				– Rental of office premises to Axiata Group	15,218
				<u>Cost</u>	
				– Interconnect charges by Axiata Group	75,900
				– Leased line charges by Axiata Group	2,359
				– Dark fibre and leased line charges by Celcom to Fibrecomm	1,122
				– VoIP related services by Axiata Group	21,434
				– Core rental and mobile services from Celcom to TM Group	2,493
				– Site rental for telecommunications infrastructure, equipment and related charges by Axiata Group to TM Group	718
TOTAL					384,726
Our Company and/or our subsidiaries	Astro Malaysia Holdings Berhad (AMH) and its subsidiaries (AMH Group)	Khazanah, Tunku Dato' Mahmood Fawzy and Nik Rizal Kamil	In addition to its shareholding in our Company, Khazanah is a major shareholder of AMH with deemed interest of 20.72%. Tunku Dato' Mahmood Fawzy and his Alternate, Nik Rizal Kamil, are representatives of Khazanah on our Board.	<u>Revenue</u>	
				– Provision of data centre services by VADS to AMH	3,726
				– Provision of internet access, broadband and fibre circuit services to AMH	7,424
				– Provision of ICT products, radio transmission and connectivity services to AMH	20,521
			<u>Cost</u>		
			– Provision of content by AMH to TM Group	56,756	
TOTAL					88,427



TM HAS OVER THE YEARS BUILT A STRONG CORPORATE REPUTATION BASED NOT ONLY ON THE PRODUCTS AND SERVICES THAT WE PROVIDE BUT, PERHAPS EVEN MORE IMPORTANTLY, ON SOUND PRINCIPLES OF ETHICS AND INTEGRITY. THE COMPANY HAS PROGRESSED IN IMPLEMENTING AN ETHICAL WORK ENVIRONMENT FRAMED BY POLICIES AND PROCEDURES, ALL OF WHICH ARE INTEGRAL TO THE VIABILITY AND SUSTAINABILITY OF OUR BUSINESS SINCE THE INTRODUCTION OF OUR GUIDING VALUES KRISTAL IN 2002. THE SIGNING OF THE CORPORATE INTEGRITY PLEDGE IN 2011 HAS FURTHER SHOWCASED TM'S FULLEST COMMITMENT, IN PROMOTING VALUES OF INTEGRITY, TRANSPARENCY, ACCOUNTABILITY AND GOOD CORPORATE GOVERNANCE.

Recognising that it requires constant effort to maintain the highest level of integrity, in 2015 we further enhanced our ethical work environment via the following initiatives:

1. AMENDMENT OF TM CODE OF BUSINESS ETHICS

TM Code of Business Ethics (CBE) was launched on 23 October 2004, laying down guiding principles for TM and our business partners and reinforcing our Kristal core values of Total Commitment to Customers, Uncompromising Integrity and Respect and Care.

Since then, we have updated the CBE to keep it relevant to the local and international climate. The CBE was first revised in 2010, and underwent a second revision in 2015. Among the salient provisions in the latest revision are: Understanding the Rules about Gifts, Entertainment and Corporate Hospitality; and Fighting Bribery & Corruption. These new provisions underline our zero tolerance to corruption, and will help employees to make the right decisions when providing or accepting gifts, hospitality, entertainment or travel in the course of work. The new CBE also requires employees to make certain disclosures to the Company to ensure transparency in all their actions and relationships.

2. ENHANCEMENT OF THE WHISTLEBLOWING CHANNEL

TM provided additional features on ethical queries and reporting through the enhancement of our Whistleblowing channel. With the new development we will be able to

provide reports and audit trails on the number of calls that comes in. The process is now strengthened whereby calls are now routed to the dedicated authorised Management personnel including grievances against the Board of Directors. The aim is to increase the level of trust in the whistleblowing system among employees and external parties and to ensure better understanding of ethics and integrity and also that concerns are handled discreetly and thoroughly.

3. CONFLICT OF INTEREST & CONFIDENTIALITY UNDERTAKING

We ensure the confidentiality of all information communicated through our Ethics Line as well as its documentation. Members of the Ethics & Integrity Management Committee (EIMC) and its secretariat, persons in charge, designated personnel of TM Ethics Line, the respective secretaries of the EIMC and staff from Enterprise Ethics & Integrity Unit and the Special Affairs Unit are fully apprised of our Conflict of Interest (COI) and Confidentiality Undertaking (CU) policies. Among others, the COI and CU provide that all information received via the Ethics Line, emails and documentation received will be used strictly for the purpose of investigation, reporting and updating to the BOD and/or Management, and circulation shall be restricted to authorised personnel only.

4. ETHICS & INTEGRITY E-LEARNING

In 2015, in our effort to reinforce employees' knowledge, awareness and understanding of ethics and integrity, we have re-launched the e-Learning module now named as Ethics & Integrity e-Learning. This marked our continuous commitment in internalising integrity among the employees ever since 2010 where TM has been acknowledged as being the first GLC to provide Code of Business Ethics training via the e-Learning platform.

5. DECLARATION OF ASSETS & INTEREST (DOA)

In 2015, we migrated the DOA to a new system. The declaration form has been simplified to ease the declaration process at all level of employees. The new form is now aligned with the current investment style which involves but is not limited to gold investment, Unit Trust and foreign investment. It also provides easy tracking and monitoring of completed declarations, as well as auto-generated email reminders to all employees.

6. INTEGRITY PACT IMPLEMENTATION FOR TM EMPLOYEES

To fulfil the requirement of TM's Integrity Pact, all employees are now required to make on-line annual declaration that they

will refrain from being involved in any corrupt practices with any of TM's Business Partners including the prohibition of unauthorised use of TM's proprietary information. It is TM's aspiration that this initiative will assist to reduce and eradicate corrupt practices and enhance transparency in TM procurement approach.

7. REQUIREMENT TO OBTAIN STATEMENT OF DISCLAIMER FOR CORPORATE HOSPITALITY OFFERED TO TM CUSTOMERS AND BUSINESS PARTNERS

Events and trips are sometimes organised by TM for customers and/or business partners in order to build relationships, promote sales, increase our stakeholders' exposure to TM products and services, maximise publicity or build brand affinity. To ensure integrity in these undertakings, we require the authorised signatory of the company accepting our invitation to sign a Corporate Hospitality Disclaimer Letter to ensure non-violation of the organisation's internal rules and procedures or local laws.

INTEGRITY BEST PRACTICES

Our efforts to promote the highest ethical values have been recognised by independent parties. Our policies and framework were showcased in the Government Transformation Plan (GTP) Annual Report 2014 as a benchmark on ethics and integrity best practices. We were also named among the 10 most transparent companies in Malaysia by the Minority Shareholder Watchdog Group (MSWG).

We place great emphasis on communicating and embedding good corporate practices among our employees. In 2015, this was underlined by the following initiatives:

REACHING OUT PROGRAMMES

Throughout the year, we conducted various sessions to train and educate our employees on corporate integrity nation-wide. These saw the participation of employees across our lines of business, state operations and subsidiaries, as well as key business partners. We also arranged for a former magistrate who was convicted for bribery under the MACC Act 2009 to share his experiences.

Over a series of 12 sessions, our guest spoke candidly about how he got embroiled in corruption and abused his power, his time in prison and subsequent stigma as an ex-convict. He emphasised the importance of religion in providing a strong foundation to keep individuals on the path of honesty and integrity.

INCULCATION OF INTEGRITY THROUGH RELIGION

In Islam, work is considered an act of worshipping the Almighty (*Ibadah*) and trust (*Amanah*), provided it is in line with Shari'ah (Islamic law). Trust is a psychological contract which carries an important responsibility and accountability. Such responsibility and accountability are important in the life of a Muslim in order to receive forgiveness (*Maghfirah*) from the Almighty and attain true success (*Falah*). To stress the importance of integrity at work, a talk entitled '*Bagaimana Menjadi Mukmin Profesional Yang Berjaya*' (How to Become a Successful Professional Believer) was held. The audiences were reminded that employees should do good without seeking reward or recognition. Work should not be seen simply as a means of making a living but more as a means to do good.

8. RECOGNITION ON ETHICS AND



Integrity@Heart & OSHE week 2015.

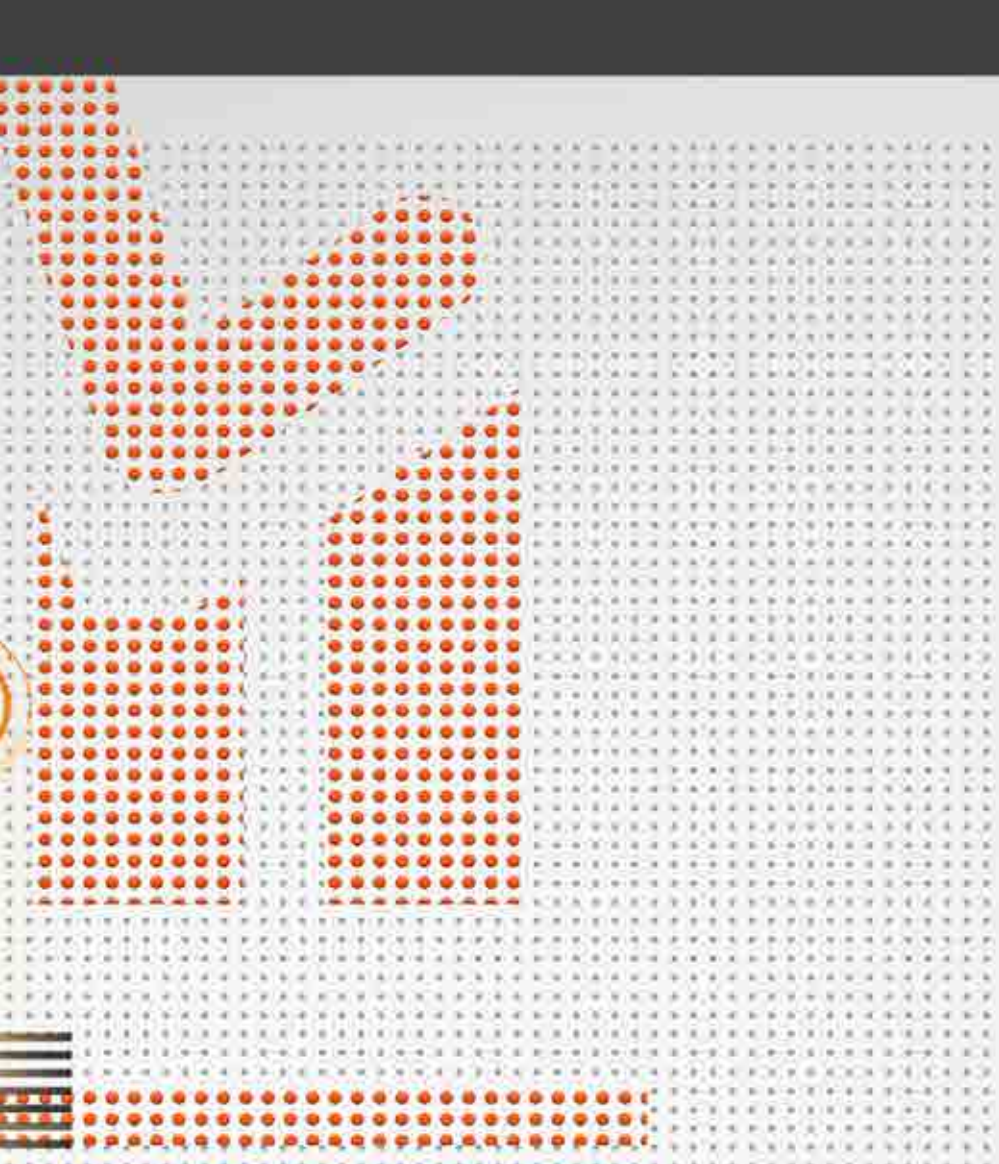
LEADERS SET THE TONE – MANAGEMENT MESSAGES

TM's leadership has always strived to serve as models of integrity for all employees to emulate. In 2015, the leadership bench further reinforced principles of integrity via their engagement programmes with the employees held at the headquarters and states. Integrity goes beyond compliance with the law; it includes improving the internal customer experience, treatment of customers and business partners, productivity, transparency in communication to staff, and defining critical areas for improvement to ensure TM succeeds as an organisation.



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FOCUSED ON PERFORMANCE



GROUP

CHIEF FINANCIAL OFFICER

FOR THE CURRENT FY2015, TM DELIVERED A HEALTHY SET OF FINANCIAL RESULTS, SIGNIFYING STRENGTH IN OUR CURRENT BUSINESS, DESPITE THE CHALLENGING ENVIRONMENT. WE WERE KEPT BUSY OVER 2015 WITH THE ROLLOUT OF OUR HSBB2, SUBB AND LTE NETWORK ALONGSIDE THE CONTINUED IMPROVEMENT OF OUR PRODUCTS AND SERVICES IN ORDER TO PROVIDE THE BEST DIGITAL EXPERIENCE FOR OUR CUSTOMERS.

D A T U K B A Z L A N O S M A N

Group Chief Financial Officer

Our operating revenue grew by 4.3% in FY2015 to RM11.72 billion as compared to RM11.24 billion in FY2014. Our reported EBIT was RM1.26 billion, whilst our normalised EBIT was RM1.24 billion, 2.9% and 10.6% lower, respectively, against 2014. Our operating revenue growth was driven by Internet and multimedia revenue, which grew by 12.4% against FY2014. This strong performance was mainly due to higher cumulative broadband customers, particularly UniFi, as well as strong traction from our upselling activities over the course of the year. This was followed by 2.4% growth in data revenue.

Excluding P1, our operating revenue grew by 3.0% to RM11.52 billion, whilst our reported EBIT was 13.7% higher against 2014, at RM1.53 billion, whilst Normalised EBIT stood at RM1.52 billion.

However, due to the impact of the depreciating Ringgit as well as a higher tax impact, our reported Group PATAMI was lower by 15.8%, at RM700.3 million, whilst on a normalised basis, it was 4.9% lower, at RM894.9 million.

2015 is the first full-year of consolidation of P1, which had some impact on TM in terms of cost and profitability, as we head towards the launch of our converged services. Notwithstanding, we have put in place numerous initiatives to mitigate costs and improve asset productivity to increase profitability.

In our current business, we recorded higher cost in certain areas, which were in line with higher revenue across our business clusters/ Lines of Business. The currency depreciation also impacted our international trade settlements and long terms loans, where we saw some unrealised forex losses in relation to our long term loans. Of our total debt, we have hedged a large part of our foreign currency exposure, and only 13.1% of the same is unhedged.

In 2015, capital expenditure was higher at RM2.51 billion, or 21.4% of revenue. This was driven by the rollout of the HSBB2 and SUBB projects. These projects will increase high speed broadband coverage on both the fiber and DSL technologies, enabling us to provide a better customer experience across a wider coverage of the population.

We remain committed in maintaining the strength of our financial position and managing our balance sheet optimally. Our cash position was stable in 2015, with our gross debt/EBITDA ratio of 1.90x well within our credit rating headroom of 2.0-2.5x. We closed 2015 with a healthy cash balance of RM3.51 billion.

To demonstrate our commitment to grow TM's value creation and sustainable returns for our investors, we declared a 2nd interim dividend of 12.1 sen per share, or RM454.7 million. Together with the 1st interim dividend paid on 23rd September 2015, this brings to a total dividend payout of 21.4 sen per share, or RM804.2 million for FY2015.

The coming year will see higher capex intensity, with the peak of our HSBB2 and SUBB rollout planned for 2016, in tandem with our other initiatives aimed at strengthening the core business and enhancing customers experience, whilst investing for the future, in line with our transformation into the Convergence Champion.

We have announced our 2016 Headline KPI's, two of which are financial targets, namely revenue growth of 3-3.5% whilst we target our EBIT to remain at the same level as 2015. This takes into account our impending entry into the mobility space, and the renewed approach to Managed Accounts planned for 2016, in addition to the higher intensity of the HSBB2 and SUBB rollout over the coming months.



Datuk Bazlan Osman
Group Chief Financial Officer

closed 2015 with a healthy cash balance

RM3.51 billion

total dividend payout of

21.4 sen

per share or

RM804.2 million
for FY2015

C F A L E N

26 FEBRUARY 2015

Announcement of the audited consolidated results and declaration of final single-tier dividend of 13.4 sen per share for the financial year ended 31 December 2014, of which Dividend Reinvestment Scheme (DRS) was applied.

19 MAY 2015

Date of entitlement for the final single-tier dividend of 13.4 sen per share for the financial year ended 31 December 2014, of which DRS was applied.

19 JUNE 2015

Additional listing of 38,565,824 new ordinary shares of RM0.70 each pursuant to the DRS.

6 APRIL 2015

Issuance of the 30th Annual General Meeting (AGM) Notice together with the 2014 Annual Report, 2014 Sustainability Report and Circular to Shareholders.

29 MAY 2015

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2015.

25 AUGUST 2015

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2015 and declaration of an interim single-tier dividend of 9.3 sen per share for the financial year ended 31 December 2015.

30 APRIL 2015

30th AGM of the Company.

18 JUNE 2015

Date of payment of the final single-tier dividend of 13.4 sen per share for the financial year ended 31 December 2014, of which DRS was applied.

9 SEPTEMBER 2015

Date of entitlement for the interim single-tier dividend of 9.3 sen per share for the financial year ended 31 December 2015.

DIARY

23 SEPTEMBER 2015

Date of payment of the interim single-tier dividend of 9.3 sen per share for the financial year ended 31 December 2015.

26 NOVEMBER 2015

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2015.

24 FEBRUARY 2016

Announcement of the audited consolidated results and declaration of second interim single-tier dividend of 12.1 sen per share for the financial year ended 31 December 2015.

10 MARCH 2016

Date of entitlement for the second interim single-tier dividend of 12.1 sen per share for the financial year ended 31 December 2015.

24 MARCH 2016

Date of payment of the second interim single-tier dividend of 12.1 sen per share for the financial year ended 31 December 2015.

4 APRIL 2016

Issuance of the 31st AGM Notice, 2015 Annual Report and 2015 Sustainability Report.

28 APRIL 2016

31st AGM of the Company.

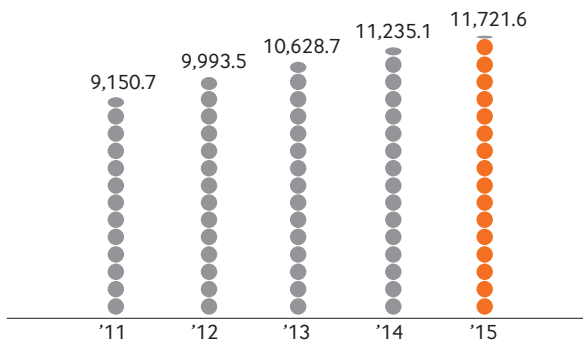


GROUP FINANCIAL HIGHLIGHTS

In RM Million	2011	2012	2013	2014	2015
OPERATING RESULTS					
1. Operating revenue	9,150.7	9,993.5	10,628.7	11,235.1	11,721.6
2. Profit before taxation and zakat	1,001.2	1,069.6	1,046.0	1,105.5	911.8
3. Profit for the financial year	1,237.1	1,305.9	1,047.8	842.5	591.8
4. Profit attributable to equity holders of the Company	1,191.0	1,263.7	1,012.2	831.8	700.3
KEY DATA OF FINANCIAL POSITION					
1. Total shareholders' equity	7,424.0	6,894.8	7,136.7	7,571.1	7,780.6
2. Total assets	22,252.3	22,195.9	21,146.5	22,623.2	24,413.1
3. Total borrowings	6,410.4	7,140.4	6,455.2	6,448.4	7,583.7
SHARE INFORMATION					
1. Per share					
Earnings (basic)	33.3 sen	35.3 sen	28.3 sen	22.9 sen	18.7 sen
Gross dividend	19.6 sen	22.0 sen	26.1 sen	22.9 sen	21.4 sen
Net assets	207.5 sen	192.7 sen	199.5 sen	203.6 sen	207.0 sen
2. Share price information					
High	RM5.09	RM6.40	RM6.00	RM7.57	RM7.79
Low	RM3.50	RM4.71	RM5.05	RM5.28	RM6.00
FINANCIAL RATIOS					
1. Return on shareholders' equity	15.8%	17.7%	14.4%	11.3%	9.1%
2. Return on total assets	5.6%	5.9%	5.0%	3.7%	2.4%
3. Debt equity ratio	0.9	1.0	0.9	0.9	1.0
4. Dividend cover	1.7	1.6	1.1	1.0	0.9

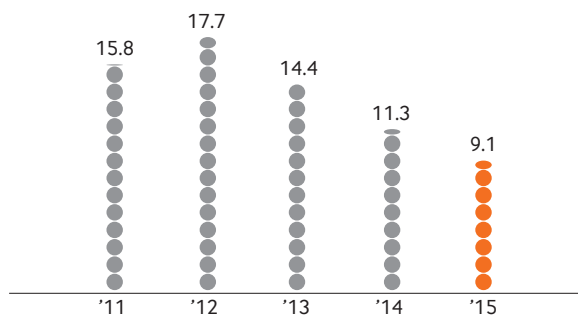
Operating Revenue

(RM Million)



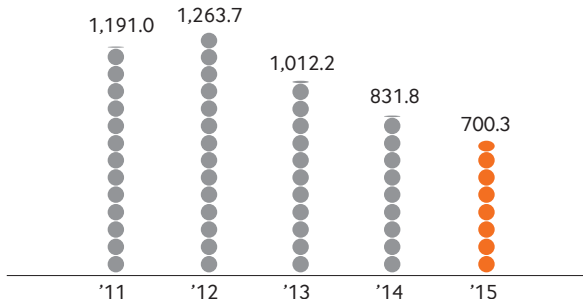
Return on Shareholders' Equity

(%)



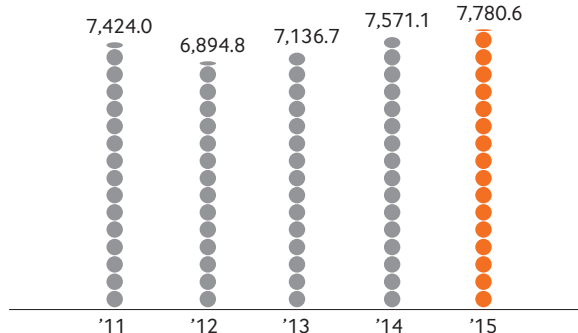
Profit Attributable to Equity Holders of the Company

(RM Million)



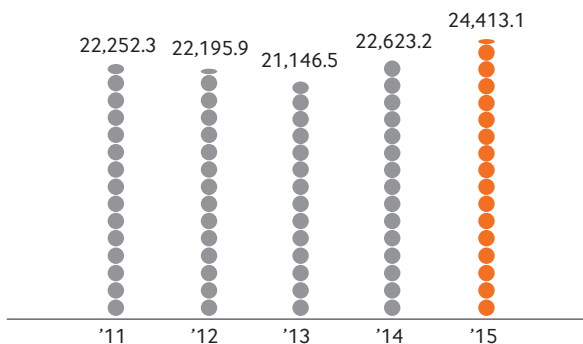
Total Shareholders' Equity

(RM Million)



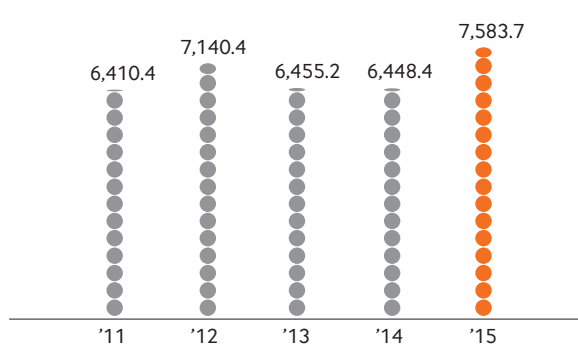
Total Assets

(RM Million)



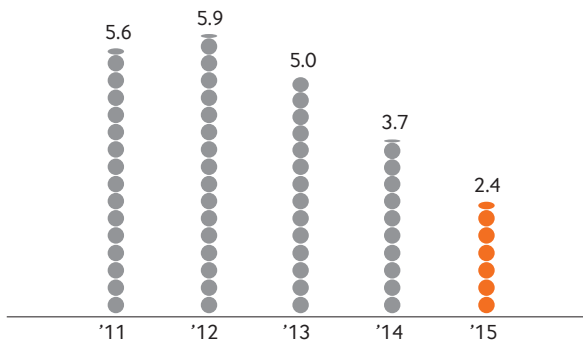
Total Borrowings

(RM Million)

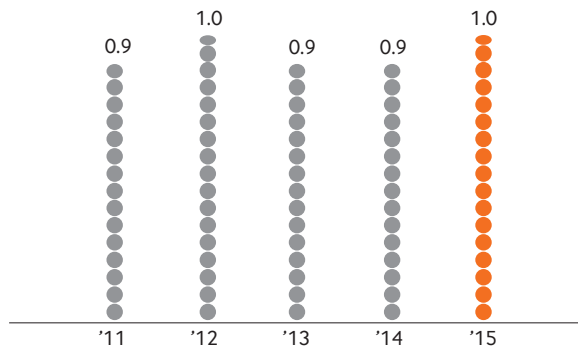


Return on Total Assets

(%)



Debt Equity Ratio



COMMITMENT TO SHAREHOLDERS

In our quest to make life and business easier for a better Malaysia, we remain committed to our responsibility to create long term value for our shareholders. This is demonstrated by through our relentless focus on the key pillars of PIP3.0, and providing high total shareholder return.

For the financial year 2015, we paid a total net dividend payout of RM804.2 million to our shareholders, comprising:

- An interim dividend of 9.3 sen per share amounting to RM349.5 million, paid on 23 September 2015; and
- A second interim dividend of 12.1 sen per share amounting to RM454.7 million, paid on 24 March 2016.

Shareholder Base

Our shareholder base as at 31 January 2016 comprised 22,717 institutional and private/retail shareholders. Among our substantial shareholders are Khazanah Nasional Berhad, the Employees Provident Fund (EPF) and AmanahRaya Trustees Berhad – Skim Amanah Saham Bumiputera, which together account for 56.46% holding of the Group as at 31 December 2015. Meanwhile, our foreign shareholding stood at 11.34%.

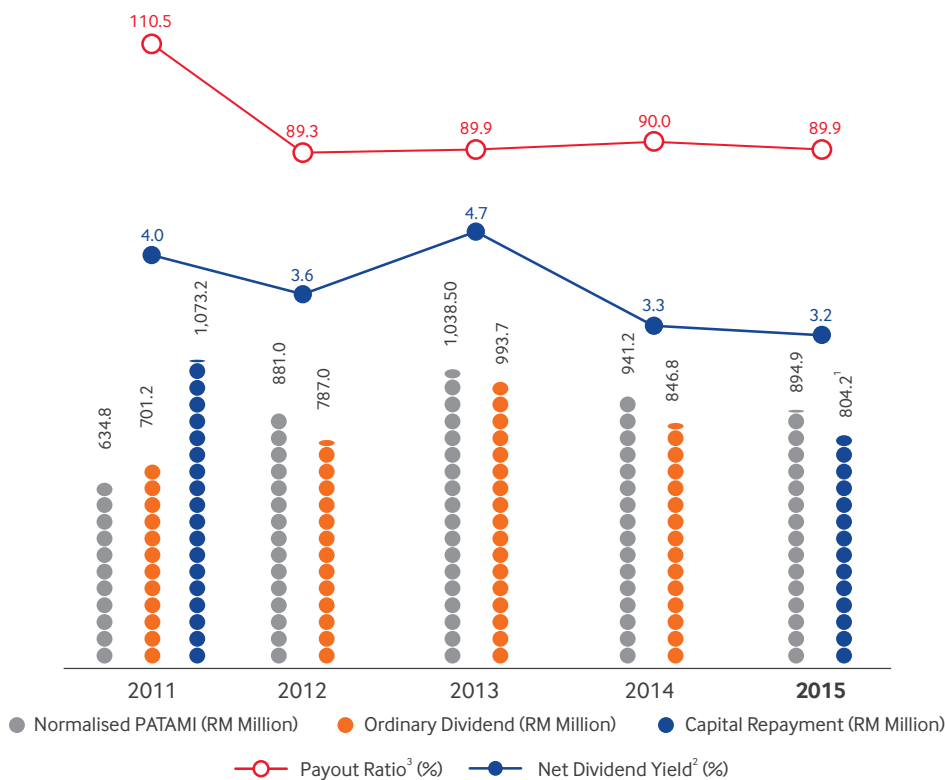
Transparency

We continue to maintain a high level of transparency in our financial reporting, and are equally stringent in our corporate governance. Our operations are guided by the Malaysian Code on Corporate Governance, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) as well as international best practices.

TM continued to receive recognition for its corporate governance and disclosure in 2015. ASEAN Corporate Governance (CG) Awards, we were listed in the Top 50 Publicly Listed Companies from ASEAN and Top 3 Public Listed Companies in Malaysia. We were also awarded the Top CG Overall Recognition, Top 10 CG Disclosure Merit Recognition, Long term value creation (10 years), Exemplary AGM Conduct & Minutes and Industry Excellence - Telecommunications & Media at the ASEAN Corporate Governance Transparency Index, Findings and Recognition (The Malaysian Chapter) 2015. At the Annual Corporate Report Awards (NACRA 2015), we received the Overall Excellence Award – Gold, Trading & Services Sector Award, Best Design – Platinum, and Best CSR – Gold.

SHAREHOLDER RETURNS (2011-2015)

Dividend Payout Policy of RM700 million or up to 90.0% of Normalised PATAMI whichever is higher



¹ 2015 1st Interim Dividend of 9.3 sen per share and 2nd Interim Dividend of 12.1 sen per share
² Net Dividend Yield based on closing price at year end
³ Excludes Capital Distributions/Repayment

DIVIDEND POLICY

We reiterate our dividend commitment as stated in our dividend policy statement:

“In determining the dividend payout ratio in respect of any financial year after the Proposed Demerger, our Company intends to adopt a progressive dividend policy which enables us to provide stable and sustainable dividends to our shareholders while maintaining an efficient capital structure and ensuring sufficiency of funding for future growth.

Our Company intends to distribute yearly dividends of RM700 million or up to 90.0% of our normalised PATAMI, whichever is higher.

Dividends will be paid only if approved by our Board out of funds available for such distribution. The actual amount and timing of dividend payments will depend upon our level of cash and retained earnings, results of operations, business prospects, monetisation of non-core assets, projected levels of capital expenditure and other investment plans, current and expected obligations and such other matters as our Board may deem relevant.”

TM CREDIT RATING

TM continues to exhibit strong fundamentals and a sound balance sheet. This is evident from the credit ratings accorded by both local and international rating agencies, as indicated below:

- Rating Agency of Malaysia AAA
- Moody’s Investors Service A3 (with a baseline credit assessment of “a3”)
- Standard & Poor’s A- (with a standalone credit profile of “a-”)
- Fitch A-

We are dedicated to maintaining our investment grade credit ratings and will continue with our prudent approach to financial and capital management and positive engagements with the rating agencies in order for them to have transparent and fair access to our key information.

Local Currency Debt

	TMISIS B
Coupon	4.870%
Maturity Date	28 Dec 2018
Principal (RM)	925,000,000

Note:
TMISIS is an abbreviation for TM Islamic Stapled Income Securities

	IMTN 001	IMTN 002	IMTN 003	IMTN 004	IMTN 005	IMTN 006	IMTN 007	IMTN 008	IMTN 009	IMTN 010	IMTN 011	IMTN 012	IMTN 013	IMTN 014
Coupon	4.50%	4.20%	4.20%	4.00%	3.95%	3.95%	3.93%	4.30%	4.82%	4.738%	4.55%	4.55%	4.23%	4.88%
Maturity Date	25 Jun 2021	13 Sep 2021	10 Dec 2021	13 May 2022	19 Dec 2022	28 Apr 2023	23 Jun 2023	18 Dec 2020	21 Mar 2024	27 Jun 2024	7 Oct 2024	20 Dec 2024	10 Jun 2022	28 Nov 2025
Principal (RM)	300,000,000	300,000,000	200,000,000	250,000,000	300,000,000	400,000,000	250,000,000	200,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000

Note:

- (i) ICP is an abbreviation for Islamic Commercial Paper and IMTN is an abbreviation for Islamic Medium Term Note
- (ii) IMTN 001 to IMTN 007 were issued under the ICP/IMTN programme of up to RM2.0 billion
- (iii) IMTN 008 to IMTN 014 were issued under ICP/IMTN programme of up to RM3.0 billion

Foreign Currency Debt

	Yankee Bond
Coupon	7.875%
Maturity Date	1 Aug 2025
Principal (USD)	300,000,000

	JPY Term Loan	USD Term Loan
Interest Rate	0.91375%	3mLibor + 0.91%
Maturity Date	20 Nov 2017	30 Oct 2020
Principal	7,800,000,000	100,000,000

Note:

- (i) The JPY term loan was swapped to RM exposure with an interest rate of 3.62%
- (ii) The USD term loan was swapped to RM exposure with an average interest rate of 4.01%

INVESTOR RELATIONS

TM is committed to maintaining open and transparent communication with our shareholders and investors in order to nurture a strong relationship with them. To keep them abreast of our strategies, performance and key business activities, we have a well-planned investor relations programme which includes conferences, non-deal roadshows and one-on-one meetings. We have a designated Investor Relations unit whose key role is to be proactive in disseminating relevant and timely information to the investing community.

Ensuring compliance with best practices, all communication with the capital market is governed by our Investor Relations Policy and Guidelines and is in line with Bursa Malaysia's Corporate Disclosure Guide 2011.

Quarterly Financial Results Announcement and Briefing

Subsequent to disclosing our quarterly earnings to Bursa Securities, briefings are held for analysts and fund managers/investors via teleconferencing. These sessions are chaired by the Group CEO together with the Group CFO and attended by Senior Management representing our key Lines of Business. The objective is to ensure clear understanding of the Group’s financial and operational performance.

Financial Results Presentations

Presentation slides of our results are prepared in an investor-friendly manner to aid understanding of the Group’s performance. These are made available on the Company’s website following the release of information to Bursa Securities. Copies of the presentation slides are also distributed by e-mail to analysts and investors who are on the distribution list of our Investor Relations unit.

Investor Engagement

- **One-on-one Meetings, Conference Calls and Investor Conferences**

The Group CEO, Group CFO and Investor Relations team regularly hold meetings and conference calls with fund managers, financial analysts, rating agencies and other stakeholders in Malaysia and abroad. Senior Management and the Board of Directors also lend their support by participating in some of these activities.

In 2015, we reached out to a wider investor audience by mounting non-deal roadshows as well as attending conferences locally and internationally, to meet with both fixed income and equity investors.

Throughout the year, more than 300 meetings and engagements with investors and analysts were conducted.

The key areas of interest in our discussions during our engagements include our Convergence aspirations and upcoming launch of LTE services, the competitive and regulatory landscape, as well as our financial and operational performance and outlook.

- **Investor Relations Portal**

The Investor Relations unit maintains a portal on TM’s corporate website, <https://www.tm.com.my/AboutTM/InvestorRelations/Pages/Introduction.aspx>, which serves as an excellent communication platform and source of information for shareholders and the general public. The portal contains the Group’s annual reports, financial results, investor presentations, capital structure information, press releases and disclosures to Bursa Securities, and is updated in a comprehensive and timely manner.

- **Feedback**

TM highly values feedback from the investing community, as it allows us to keep improving our relationship with this stakeholder group. To further enhance our Investor Relations function, we continuously seek constructive ideas through ongoing engagement with stakeholders as well as provide an avenue through which they may communicate with the team at investor@tm.com.my.

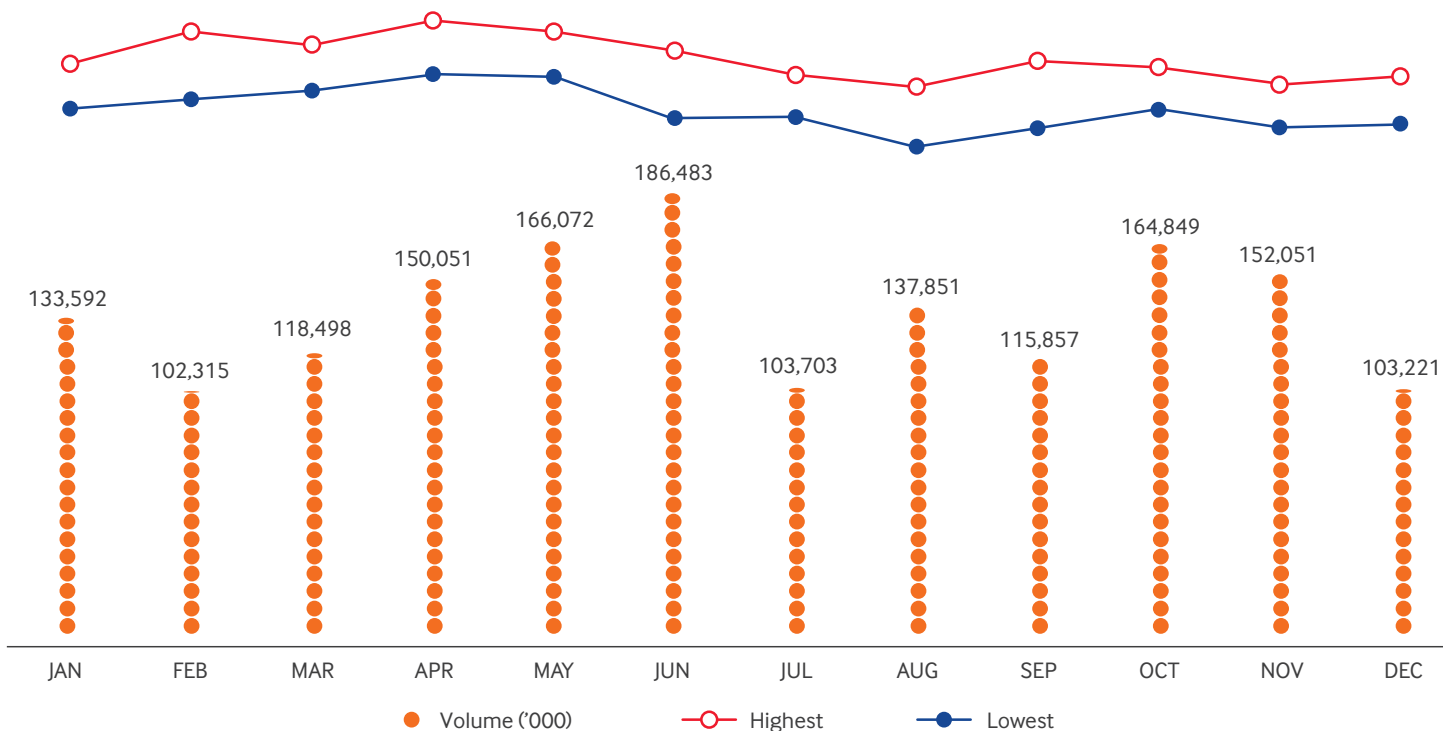
Stock Performance

We have been listed on Bursa Malaysia since 1990. In 2015, we recorded a total shares turnover of RM11,228 million with 1,630 million shares traded as compared to a total turnover of RM10,997 million with 1,766 million shares traded in 2014.

Our share price reached a record post-demerger high on 7 April 2015, at RM7.79 per share.

SHARE PRICE & VOLUME TRADED

2015 Monthly Trading Volume & Highest-Lowest Share Price

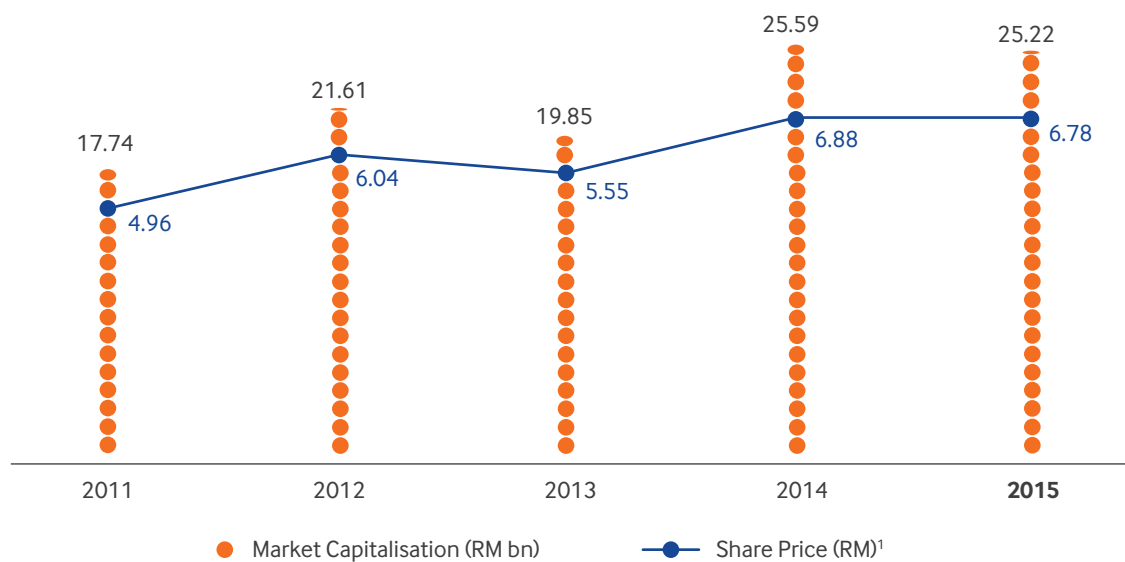


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Volume ('000)	133,592	102,315	118,498	150,051	166,072	186,483	103,703	137,851	115,857	164,849	152,051	103,221
Highest (RM)	7.05	7.60	7.37	7.79	7.60	7.27	6.86	6.66	7.10	7.00	6.70	6.82
Lowest (RM)	6.64	6.80	6.94	7.23	7.18	6.48	6.49	6.00	6.31	6.63	6.31	6.38

TM SHARE PRICE VS. FBM KLCI INDEX 2015

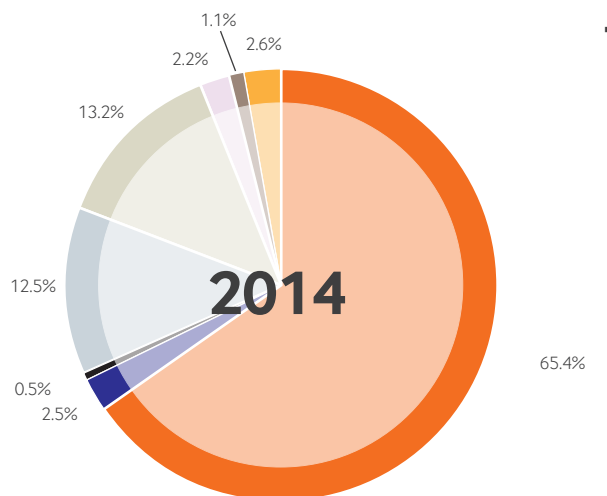


MARKET CAPITALISATION/SHARE PRICE

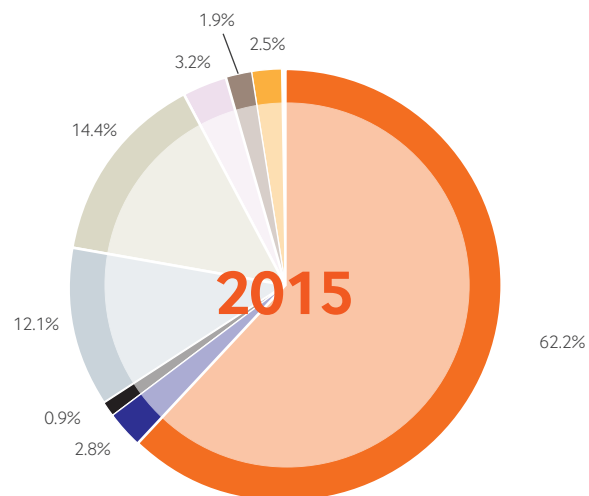


¹ Closing share price at year end

Simplified Group Statement of Financial Position & Segmental Analysis

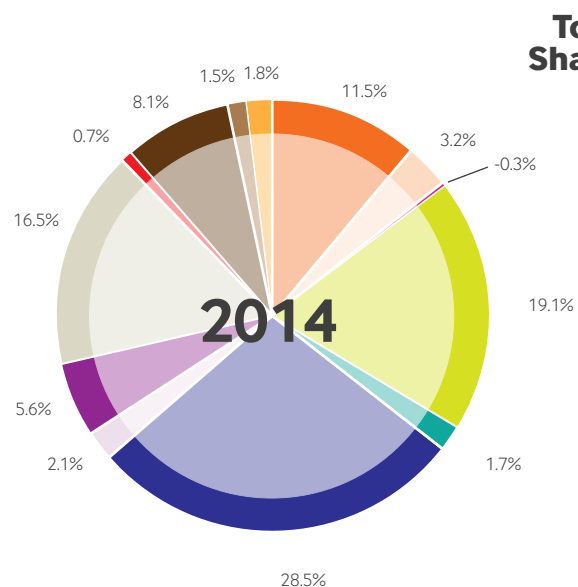


Total Assets

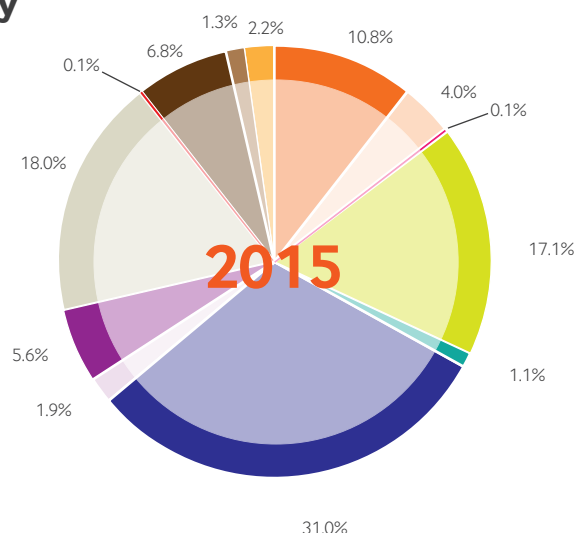


- Intangible assets
- Property, plant and equipment
- Available-for-sale investments
- Inventories

- Trade and other receivables
- Cash and bank balances
- Other non-current receivables
- Other assets



Total Liabilities & Shareholders' Equity

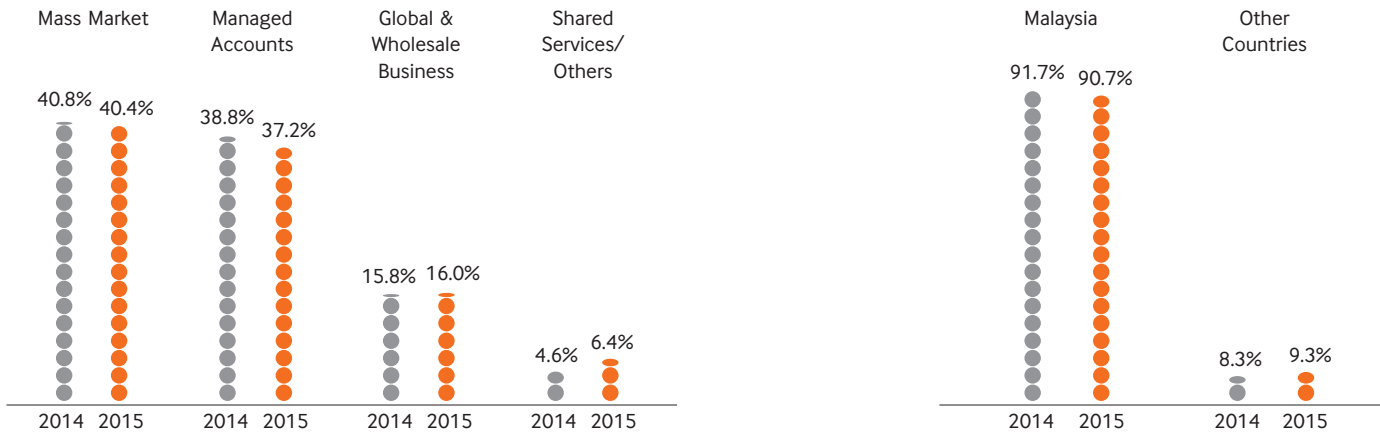


- Share capital
- Share premium
- Other reserves
- Retained profits
- Non-controlling interests
- Borrowings
- Customer deposits
- Deferred tax liabilities
- Trade and other payables

- Taxation and zakat
- Deferred income
- Derivative financial instruments
- Advance rental billings

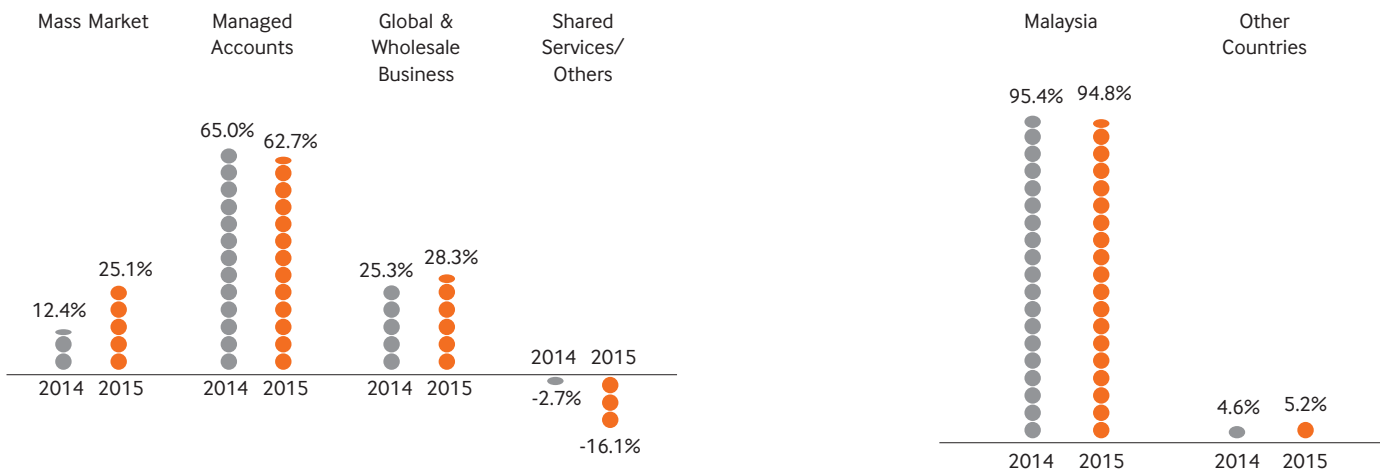
Segment Operating Revenue

for the financial year ended 31 December



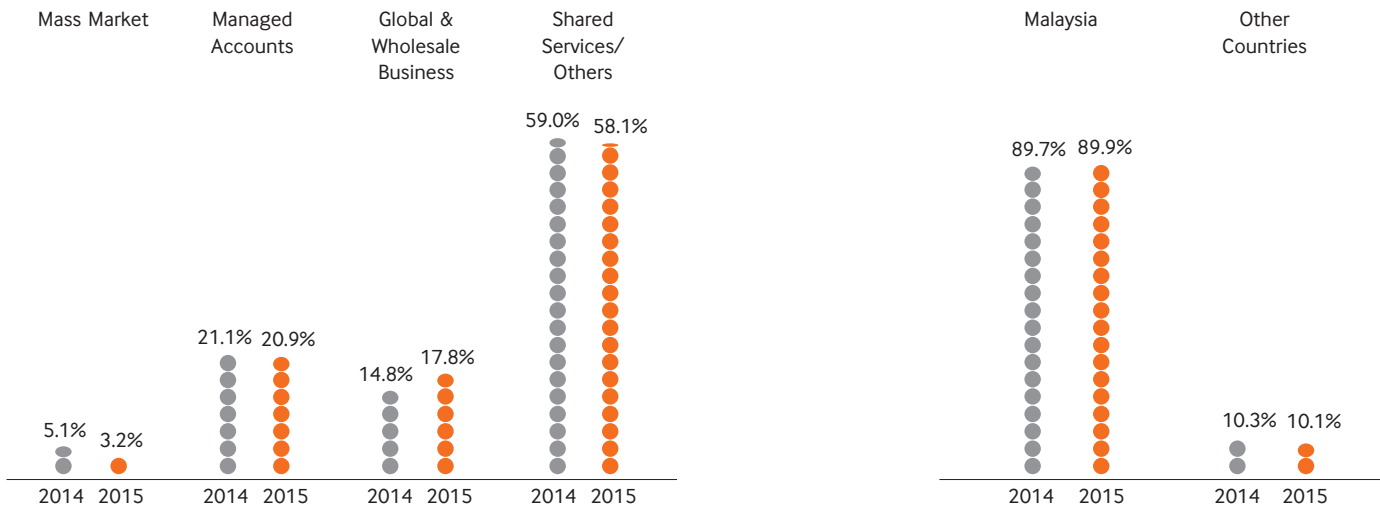
Segment Results

for the financial year ended 31 December



Segment Assets

as at 31 December



BY BUSINESS

BY GEOGRAPHICAL LOCATION

Group Quarterly Financial Performance

2015

In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2015
Operating revenue	2,774.1	2,840.6	2,922.5	3,184.4	11,721.6
Operating profit before finance cost	242.8	304.7	448.5	234.5	1,230.5
Profit before taxation and zakat	172.1	256.1	259.0	224.6	911.8
Profit attributable to equity holders of the Company	128.9	212.1	166.8	192.5	700.3
Basic earnings per share (sen)	3.5	5.7	4.4	5.1	18.7
Dividend per share (sen)	–	9.3	–	12.1	21.4

2014

In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2014
Operating revenue	2,620.0	2,821.8	2,636.0	3,157.3	11,235.1
Operating profit before finance cost	316.3	337.7	317.4	327.7	1,299.1
Profit before taxation and zakat	279.6	309.4	262.8	253.7	1,105.5
Profit attributable to equity holders of the Company	210.6	214.1	188.8	218.3	831.8
Basic earnings per share (sen)	5.9	6.0	5.1	5.9	22.9
Dividend per share (sen)	–	9.5	–	13.4	22.9

OPERATING REVENUE

TM Group revenue grew by 4.3% in 2015, from RM11,235.1 million in 2014 to RM11,721.6 million driven mainly by the increase in revenue for Internet and multimedia, data, voice and other telecommunications related services, which collectively represent 97.5% of the Group's revenue.

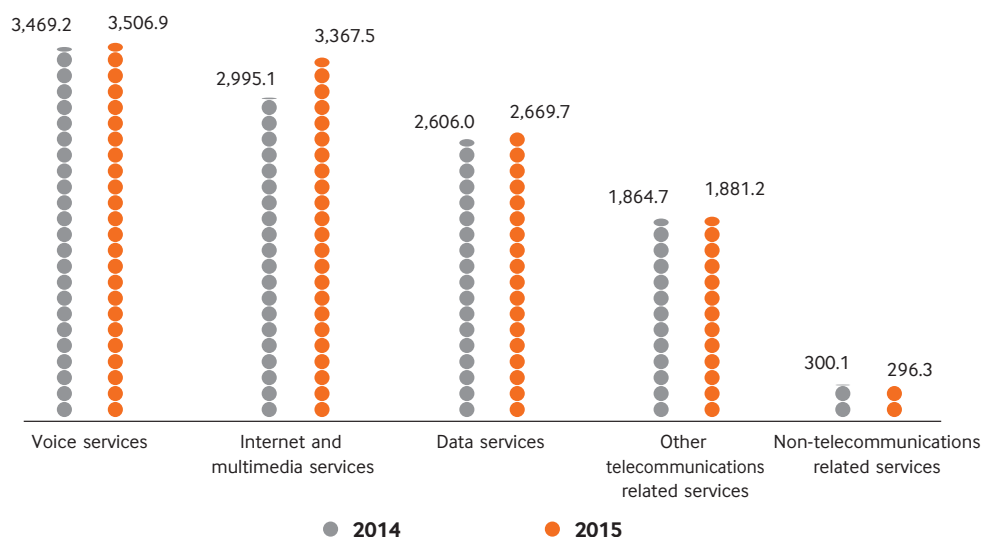
Internet and multimedia services

Maintaining its position as the nation's Broadband Champion, on track to become Malaysia's true Convergence Champion, the Group's broadband customer base grew by 4.9% to 2.34 million customers, driven by UniFi which continues to see a healthy year-on-year growth of 15.1% in customer base, with more than 839,000 customers as at 31 December 2015. With the launch of the all new UniFi and the UniFi Advance package in October 2015, 46.0% of UniFi customers are now on packages of 10Mbps and above. The higher customer base has also led to the increase in number of buys for Premium Channels and Video on Demand (VOD). A full year consolidation of Packet One Networks (Malaysia) Sdn Bhd (P1) Group in 2015 also contributed to the higher broadband revenue for 2015. Combined, these factors have contributed to the healthy 12.4% growth in Internet and multimedia services from RM2,995.1 million in 2014 to RM3,367.5 million in 2015. In line with this, Internet and multimedia services contributed 28.7% to the Group's operating revenue, as compared to 26.6% in the previous financial year.

Data services

Data services which mainly comprise leased, Ethernet, IPVPN and IP services, increased by 2.4% in the current financial year to RM2,669.7 million compared to RM2,606.0 million in 2014 contributed by strong domestic Ethernet and High Speed Broadband Access (HSBA) sales with continuing demand for higher bandwidth and increase in physical number of circuits. Sales

Operating Revenue (RM Million)



of international Indefeasible Right of Use (IRU) capacity also increased. Data services contributed to 22.8% of the Group's operating revenue in 2015, slightly lower compared to the 23.2% contribution in 2014.

Voice services

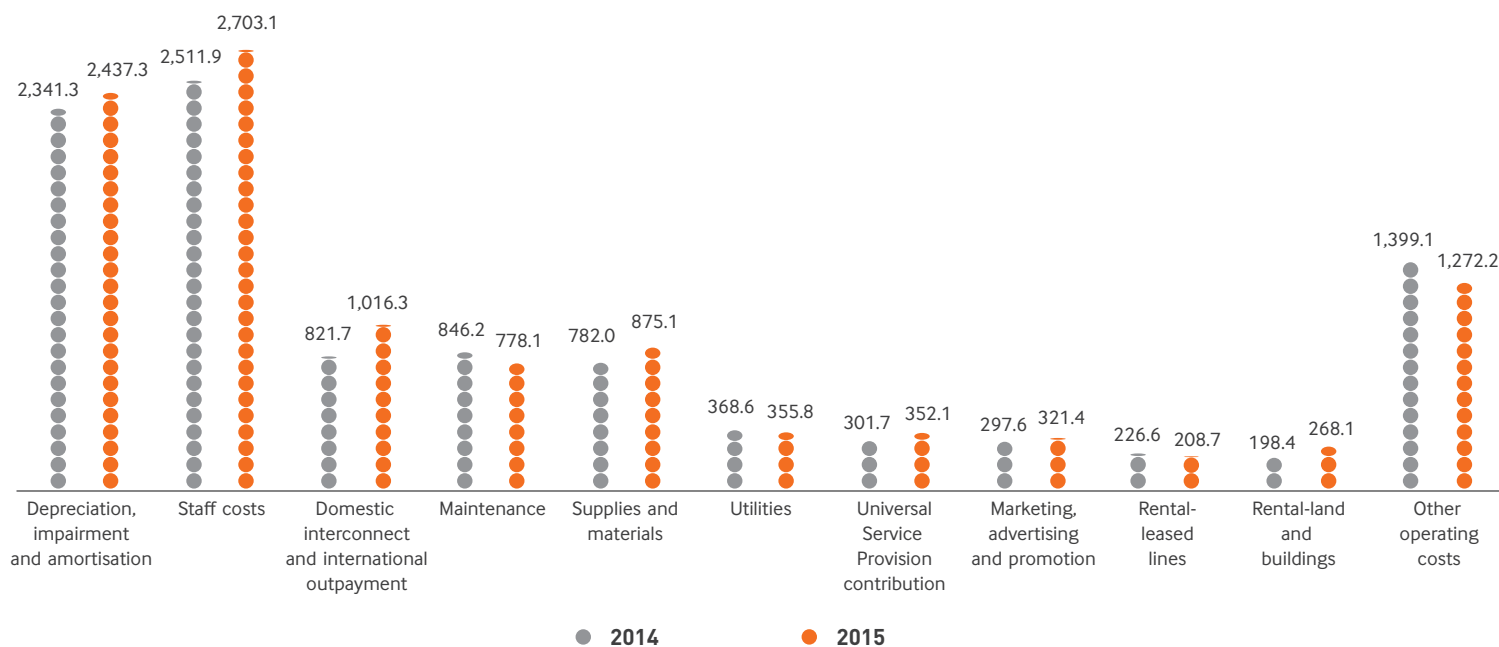
Revenue from voice services in 2015 was RM3,506.9 million, 1.1% higher than the RM3,469.2 million recorded in 2014. Comprising of revenue from business telephony which includes ISDN, interconnect and international inpayment, as well as residential telephony, the increase in voice services in 2015 was contributed mainly by increase in bilateral voice revenue from the Group's Global business. This year's increase means voice maintains a 29.9% contribution to the Group's revenue mix although this is a slight decrease from the 30.9% contribution in 2014.

Other telecommunications related services

Despite the increasingly competitive market and economic challenges of 2015, the Group successfully maintained and even increased

its revenue from other telecommunications related services slightly by 0.9%, amounting to RM1,881.2 million for 2015 compared to RM1,864.7 million in 2014. Revenue from this segment is derived primarily from customer projects, maintenance, broadcasting, managed Information and Communications Technology (ICT), business process outsourcing and enhanced value-added telecommunications services. The increase was primarily due to stable customer project revenue at the back of continuing realisation of grant revenue from Public-Private Partnership (PPP) projects with the Government. Subsidiaries such as VADS Berhad Group and GITN Sdn Berhad reported continuing growth in revenue for this segment particularly in driving forth the Group's ICT and business solutions revenue. In view of the relatively significant increase in Internet revenue for the Group, the contribution from other telecommunications related services to the Group's operating revenue decreased slightly to 16.0% from 16.6% in the previous financial year.

Operating Costs (RM Million)



Non-telecommunications related services

With RM296.3 million revenue in 2015, non-telecommunications related services contributed 2.5% of the Group’s operating revenue in 2015, slightly lower than the 2.7% contribution in 2014. The reduction from this revenue segment which comprise services from subsidiaries focusing on education, printing and publication of directories, property development and trading in customer premise equipment, was mainly due to absence of significant contribution from disposal of land by a wholly-owned subsidiary despite increase in revenue from subsidiaries servicing the education cluster namely Universiti Telekom Sdn Bhd.

OPERATING COSTS

The Group’s operating costs increased by 4.9% from RM10,095.1 million in 2014 to RM10,588.2 million in 2015. Higher direct cost such as domestic and international

outpayment, staff costs, supplies and materials are among the main contributors of the increase as explained below.

Depreciation, impairment and amortisation

This group of expenditure consisting of depreciation, impairment and write-off of property, plant and equipment (PPE), impairment of non-current asset held for sale (NCAHFS) as well as amortisation of intangible assets, increased by 4.1% from RM2,341.3 million in 2014 to RM2,437.3 million in 2015. Depreciation charges rose by 3.1% mainly from the impact of a full year consolidation of P1 in 2015 (compared to just 3 months in 2014 from the date of its acquisition by the Group on 30 September 2014), as well as impact of accelerated depreciation of certain telecommunications network equipment relating to WIMAX technology in view of the Group’s planned Long-Term Evolution (LTE) roll-out. On the same line, RM31.9 million impairment losses for PPE were also recognised mainly relating

to assets located at sites that are no longer in operation as well as assets that are affected by obsolescence. These were partially offset by a RM6.3 million reversal for impairment of NCAHFS that was impaired in 2014, but subsequently reversed in 2015 as conditions to the sale were subsequently unwound at the benefit of the Group. As a proportion of the Group’s overall cost, depreciation, impairment and amortisation accounted for 23.0% of the overall operating costs, a marginal decrease from 23.2% in 2014.

Domestic interconnect and international outpayment

The Group’s domestic interconnect and international outpayment increased by 23.7% from RM821.7 million to RM1,016.3 million, mainly due to increase in bilateral minutes with expansion in existing volume commitment (VC) contracts, as well as new VC deals coupled with the impact of foreign currency translation.

Staff costs

Staff costs for the Group increased by 7.6% from RM2,511.9 million in 2014 to RM2,703.1 million in 2015 following the impact of a full year consolidation of P1 Group and higher salaries due to annual increment which were offset partially by the impact of actual savings from Skim MESRA which was a voluntary separation scheme made available to employees aged 55 and above as at 31 December 2014. Staff costs contributed 25.5% of the overall Group's operating costs in 2015 compared to 24.9% in 2014.

Supplies and materials

Supplies and materials increased by 11.9% from RM782.0 million in 2014 to RM875.1 million in 2015 largely due to higher cost incurred for customer projects and various ICT projects in line with increase in revenue. This was partially offset by lower customer acquisition cost (CAC) due to lower number of UniFi accounts with CAC cost yet to be amortised at the end of 2015.

Maintenance

Maintenance costs decreased 8.0% during the year from RM846.2 million to RM778.1 million in 2015 mainly as a result of continuing effectiveness of cost control measures as well as more comprehensive maintenance contracts negotiated with business partners. These cost savings were realised despite consolidation of additional network maintenance cost from the P1 Group.

OTHER OPERATING INCOME

Other operating income decreased by 19.8% from RM154.3 million in 2014 to RM123.7 million due to the recognition of RM21.9 million negative goodwill relating to the acquisition of a subsidiary in 2014, with no such income in 2015. There were also lower gains on disposal of non-current assets held for sale in 2015.

NET FINANCE COST

The Group's net finance cost increased by 69.2% from RM202.9 million to RM343.4 million in the current financial year mainly from the onset of unrealised foreign exchange losses on re-translation of borrowings as explained below.

Finance cost

Finance cost for the Group increased by 10.9% from RM291.6 million in 2014 to RM323.4 million in 2015 following the impact of the issuance of RM600.0 million Islamic Medium Term Notes (IMTN) in 2015 coupled with the full year impact of interest expense from the quarterly drawdowns of IMTNs made between March to December 2014 that amounted to RM1,200.0 million. The IMTN were drawdown mainly to fund the Group's capital expenditure as well as business operating requirements.

Finance income

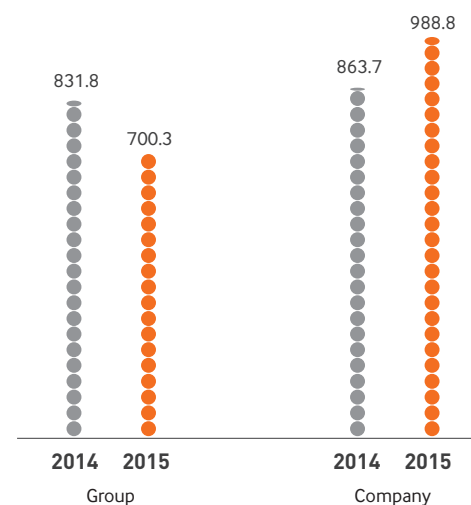
Finance income increased by 20.4% from RM136.6 million in 2014 to RM164.4 million in 2015 contributed by higher interest income from deposits in line with higher funds available for placement, coupled with higher yield.

Foreign exchange on translation of borrowings

With the significant weakening of Ringgit Malaysia against US Dollar in 2015, the Group recorded a foreign exchange loss of RM184.4 million on translation of the Group's unhedged US Dollar borrowings as compared to RM31.8 million loss in 2014.

The unhedged foreign currency borrowings constitute only 13.1% of the Group's total borrowings, comprising of long dated debentures maturing only in 2025. 2014 also included forward foreign currency contract fair value loss of RM16.1 million as compared to nil in the current financial year since all forward contracts on borrowings entered by

Profit Attributable to Equity Holders of the Company (RM Million)

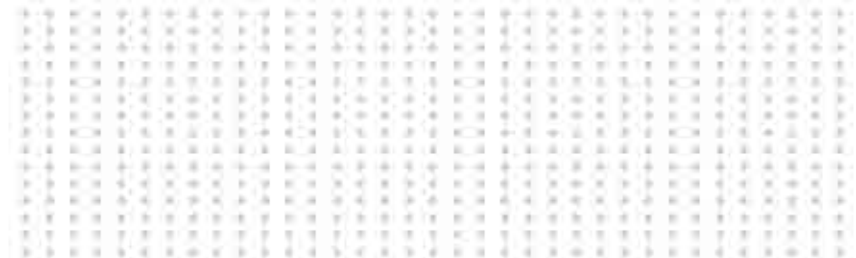


the Group had fully expired in September 2014 upon the Group's redemption of the USD465.1 million Guaranteed Notes.

Consequent from the above, the net foreign exchange loss registered in the current financial year of RM184.4 million was significantly higher than RM47.9 million recorded last year.

TAXATION EXPENSE

The current financial year recorded a higher tax charge of RM314.3 million as compared to RM259.9 million in 2014 following the impact of higher profit before taxation and higher effective tax rate for the Group. The significantly higher effective tax rate for the Group in 2015 was mainly in view of deferred tax assets/credits relating to the operational losses of P1 Group which has not been recognised by the Group and is deferred to a point in the future until the Group is more reasonably able to determine future profits to be contributed by P1 Group against which the deferred tax credits can be utilised.



PROFITABILITY

The Group's profit before taxation and zakat decreased by 17.5% from RM1,105.5 million to RM911.8 million in 2015 mainly due to lower operating profit with higher net finance cost. Profit attributable to equity holders also reduced to RM700.3 million from RM831.8 million in 2014, primarily due to the impact from foreign exchange losses on translation of borrowings arising from the weakening of Ringgit Malaysia against US Dollar.

TOTAL ASSETS

The Group's total assets stood at RM24,413.1 million, a 7.9% increase from RM22,623.2 million at the end of the previous financial year primarily contributed by the increase in inventories, cash and bank balances, trade and other receivables, property, plant and equipment (PPE) as well as intangible assets.

Trade and other receivables

Trade and other receivables increased by 4.3% to RM2,947.1 million primarily due to higher billings during the current financial year arising from the steady increase in revenue as compared to collection. Increase in trade debtors were mainly from the Government cluster of the Group's business as well as the Global & Wholesale business reflective of the impact of foreign currency translation on debtors balances denominated in foreign currency.

Cash and bank balances

The Group's cash and bank balances grew by 17.6% to RM3,511.6 million from RM2,985.8 million at the end of the previous financial year, primarily due to net cash inflows from customers, proceeds from new borrowings and new issuance of shares under the Dividend Reinvestment Scheme which were collectively higher than the purchase of PPE, financing costs, payments to suppliers as well as dividend distributions to shareholders.

Inventories

Significant increase in inventories at RM236.8 million from RM115.9 million at the end of the previous financial year mainly consist of RM65.4 million increase in international submarine cables capacity held for sale, as well as increase in work-in-progress relating to the Group's increasing customer projects.

Property, plant and equipment (PPE)

The Group's PPE stood at RM15,186.9 million as at the end of 2015, registering a 2.7% increase from RM14,785.1 million as at the end of 2014. The increase was partially due to higher asset additions and capital expenditure, coupled with lower asset write-off in the current financial year despite accelerated depreciations in line with the Group's planned LTE roll-out and impairments losses recognised for certain network equipment relating to sites that are no longer in operation.

TOTAL LIABILITIES

The Group's total liabilities increased by 11.7% from RM14,663.3 million at the end of the previous financial year to RM16,374.4 million, primarily due to higher borrowings, trade and other payables.

Borrowings

Borrowings increased by 17.6% to RM7,583.7 million from RM6,448.4 million recorded at the end of previous financial year mainly due to the issuance of RM600.0 million new IMTN and the first issuance of a series of 8-year Convertible Medium Term Notes by P1 amounting to RM35.8 million subscribed by a non-controlling interest of P1. Foreign exchange losses on translation of the Group's USD and JPY borrowings also contributed to the higher borrowing balances in 2015.

Trade and other payables

Current trade and other payables grew by 21.1% to RM4,367.0 million from RM3,605.2 million at end 2014 generally due to higher provisions as well as increase in accrued capital expenditure towards the financial year end as the Group invests into Public-Private Partnership (PPP) capital projects with the Government namely High Speed Broadband 2 (HSBB2) and Sub-Urban Broadband (SUBB). The increase was also attributed by pending claim by Malaysian Communications and Multimedia Commission relating to the Group's Universal Service Provision (USP) contribution.

SHAREHOLDERS' EQUITY

The Group's shareholders' equity remained strong at RM7,780.6 million, registering an increase of 2.8% from the previous financial year. The increase was supported by the current year profit attributable to equity holders of the Company of RM700.3 million and issuance of new ordinary shares pursuant to the Dividend Reinvestment Scheme net of dividends paid out totalling to RM847.9 million during the year.

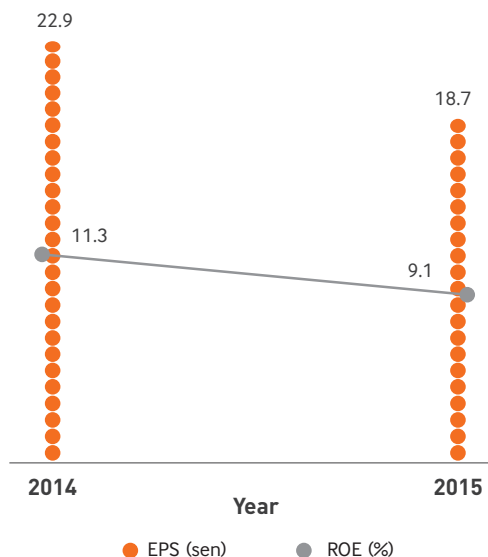
Earnings per share (EPS) and return on shareholders' equity (ROE)

In line with the lower profit attributable to the equity holders of the Company, the basic EPS for 2015 decreased to 18.7 sen as compared to 22.9 sen in 2014. Consistently, ROE reduced from 11.3% in 2014 to 9.1% in 2015.

Dividends

True to its commitment to reward shareholders, the Board of Directors has, on 24 February 2016, declared a second interim single-tier cash dividend of 12.1 sen per share amounting to RM454.7 million payable on 24 March 2016. No further final dividend will be recommended. Together with the first interim single-tier dividend of 9.3 sen per share, the total dividend payout in respect of the financial year ended 31 December 2015 would be RM804.2 million or 21.4 sen per share, in line with the Company's dividend payout policy of RM700.0 million or up to 90.0% of normalised profit attributable to equity holders, whichever is higher.

EPS and ROE



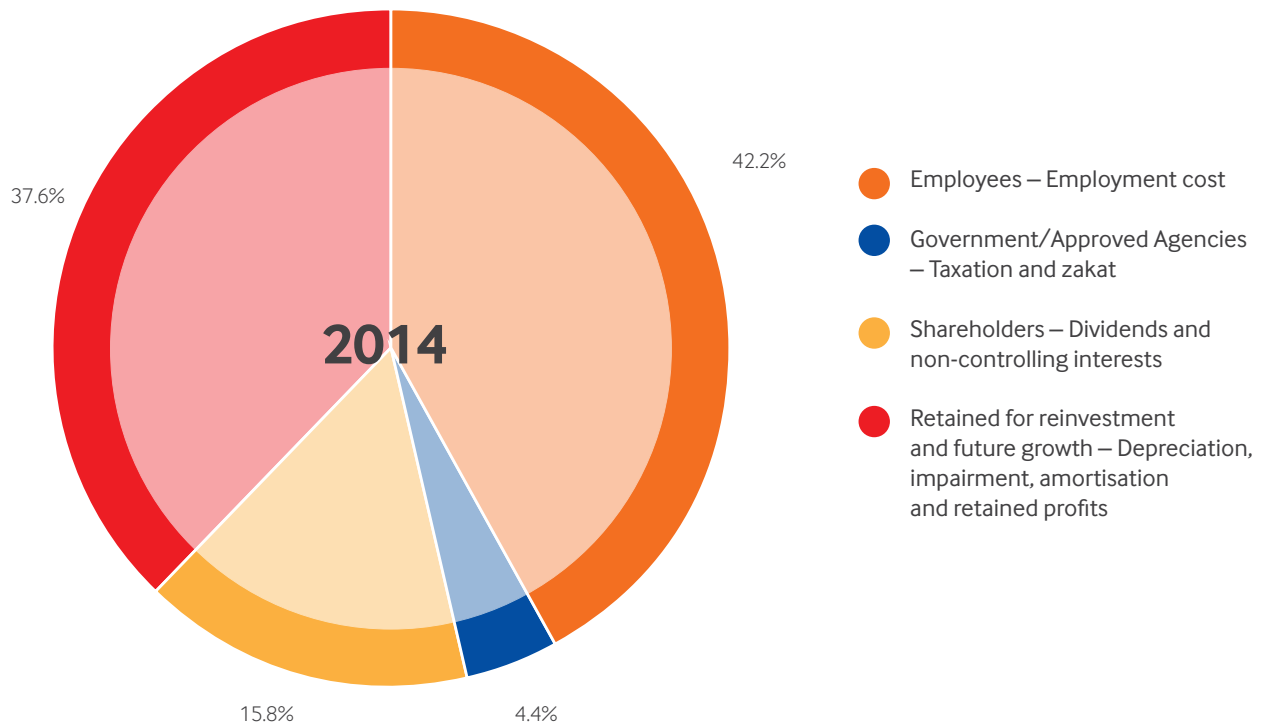
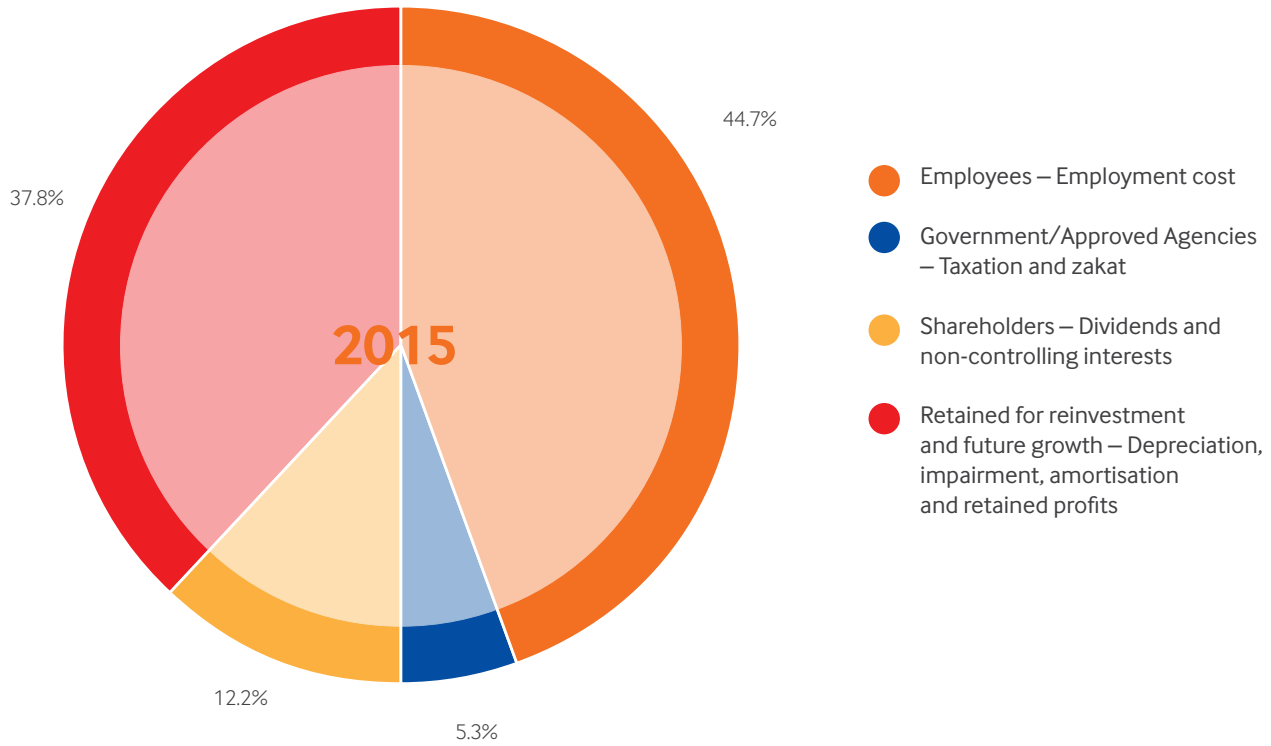
Statement of Value Added

Value added is a measure of wealth created. The following statement shows the Group's value added for 2014 and 2015 and its distribution by way of payments to employees, government/approved agencies and shareholders, with the balance retained in the Group for reinvestment and future growth.

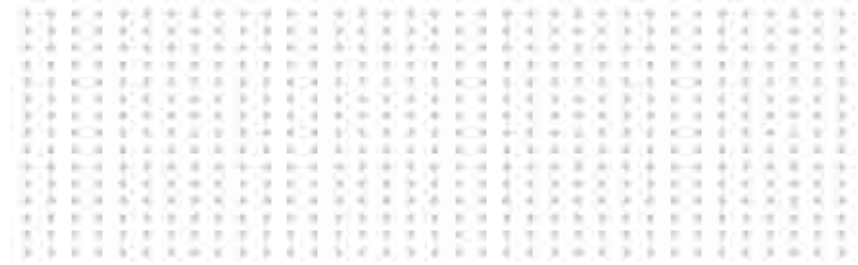
	2014 RM Million	2015 RM Million
VALUE ADDED		
Revenue	11,235.1	11,721.6
Purchase of goods and services	(5,241.9)	(5,447.8)
Value added by the Group	5,993.2	6,273.8
Other operating income (net)	154.3	123.7
Other gains/(losses) (net)	4.8	(26.6)
Finance income	136.6	164.4
Finance cost	(291.6)	(323.4)
Foreign exchange loss on borrowings	(47.9)	(184.4)
Share of results of associates	9.3	24.7
Value added available for distribution	5,958.7	6,052.2
DISTRIBUTION		
To Employees		
Employment cost	2,511.9	2,703.1
To Government/Approved Agencies		
Taxation and Zakat	263.0	320.0
To Shareholders		
Dividends	931.5	847.9
Non-controlling interests	10.7	(108.5)
Retained for reinvestment and future growth		
Depreciation, impairment and amortisation	2,341.3	2,437.3
Net reduction in retained profits	(99.7)	(147.6)
Total distributed	5,958.7	6,052.2



Distribution of Value Added



TM Group Products & Services



MASS MARKET

1. INTERNET SERVICES

- Broadband (Consumer)
 - UniFi VIP
 - UniFi Advance
 - Streamyx
 - TM WiFi
 - Streamyx Wireless (CDMA/EVDO)
 - TMgo
- Broadband (SME)
 - UniFi BIZ
 - UniFi Biz Advance
 - Office in a Box (OIAB)

2. VOICE SERVICE ACCESS

- Homeline
- Businessline
- CDMA

3. VALUE-ADDED SERVICES

- Marketing Tools
- Voicemail
- Consumer
 - Home Gadget Protection
 - Security and Surveillance
- SME
 - Security and Surveillance
 - SurePay
 - SurePay POS

4. PREPAID SERVICE

- iTalk

5. GEOMATICS

- AVLS (Automatic Vehicle Location)
- SmartMap
- SmartMap API
- Navigation System
- Engineering Service (eg: JUPEM Project)

NEW MEDIA

1. CONTENT SERVICES

- Hypp TV
- HyppTV Everywhere
- B-Smart
- My1Content
- TM Shop
- E-browse

2. VALUE-ADD SERVICES

- E-storage
- HyppMe

3. ADVERTISING SERVICES

- Yellow Pages Publications, Destination Malaysia and Switch ON
- Digital Yellow Pages (Internet & Mobile)
- TV Advertising via Hypp TV
- NXD Ads Solution

MANAGED ACCOUNTS

1. INTEGRATED INTERNET AND WIFI SERVICES

- Direct
- Hospitality Entertainment Solutions (HoTes)
- Enterprise WiFi
- Managed Internet Solution (xCube)

2. INTERNET VAS

- BOD (Direct)
- Border Gateway Protocol (BGP)
- Expedite Request
- IPv4 for Direct
- IPv6 for Direct
- Service Level Guarantee (SLG)
- DDoS Defense for Direct

3. VOICE SERVICE ACCESS

- Multi-Line SIP
- ISDN
- TMCentrex

4. VOICE VALUE-ADDED SERVICES

- Tollfree
- Infoblast
- Call Plan
 - Flexi Smart Call
 - Smart Call/Smart Biz
 - Flexi Destina
 - Flexi Destina Plus
 - Flexi Destina Value
 - Flexi Destina for Toll Free
 - Privilege Plan

5. INTEGRATED ICT SERVICES

- Managed Communication & Collaboration Services
 - Managed Unified Communications
 - Managed TelePresence Services
- Managed Network Services
 - Managed Local Area Network (MLAN)
 - Managed Bandwidth Management Service (MBMS)
 - Managed Load Balancer Service (MLBS)
 - Managed WAN Optimisation Service (MWAS)
 - Managed Network Visibility Services (MNVS)
- Managed Data Centre & Cloud Services
 - Managed Data Centre Services
 - Managed Cloud Services
 - Managed Data Centre Internet Services

6. DATA SERVICES

- Manage Connectivity
 - Digital Leased Line (Wideband)
 - Digital Leased Line (Broadband)
 - Hyperband Leased Line
 - VSAT C-Band
 - VSAT Ku-Band
- Managed Network
 - IPVPN Premier
 - IPVPN Lite
 - IPVPN Value
 - Metro Ethernet

7. PRODUCTISED SOLUTIONS

- Managed Security Services
 - Managed Web Application Firewall (MWF)
 - Managed Unified Threat Management (MUTM)
 - Managed Advanced Threat Protection (MATP)
 - Managed Secure Remote Access (MSRA)
 - Hosted Web Security Service (HWS)
- Enterprise Mobility Services
 - Enterprise Mobility Management (EMM)

2. BACKHAUL SERVICES

- Wholesale Ethernet
- TM Next-Gen Backhaul™ (NGBH)
- Wholesale Internet Access
- Domestic Transit Access
- My1Hub™
- IP Wholesale
- High Speed Broadband (HSBB) Transmission

3. VOICE SERVICES

- Bilateral Voice Services
- Hubbing Voice Services
- Global SMS Hub
- SCCP Signalling Exchange (SSE)
- Wholesale VOIP

4. ACCESS SERVICES

- DSL Wholesale
- High Speed Broadband (HSBB) Access
- Wholesale Wireless Service

5. INFRA SERVICES

- Tenancy

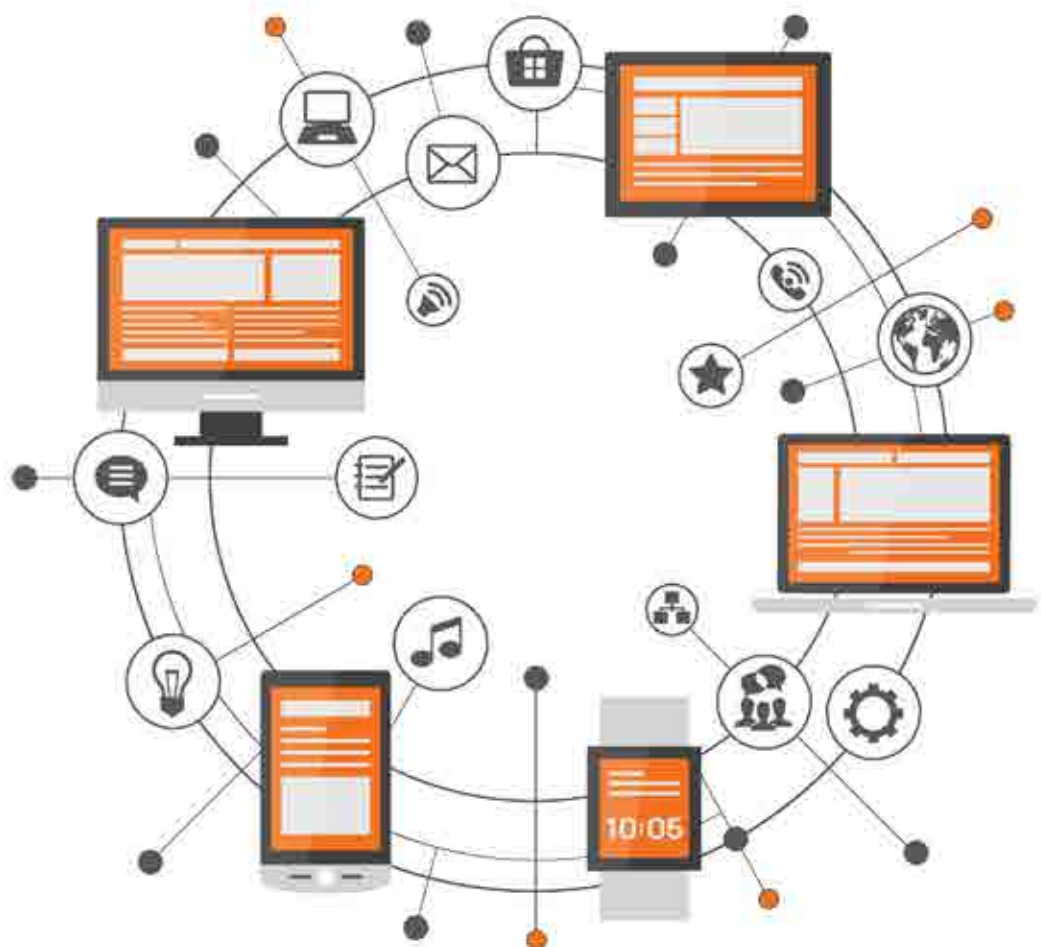
6. BEYOND CONNECTIVITY

- TM Media Delivery Solutions

GLOBAL & WHOLESALE

1. DATA SERVICES

- International Bandwidth Services
- International Ethernet Services
- Global VSAT Services
- Global Internet Protocol Virtual Private Network (IPVPN) Services
- Global IP Transit
- Optical Bandwidth
- Global Hosting Services





Life Made Easier™



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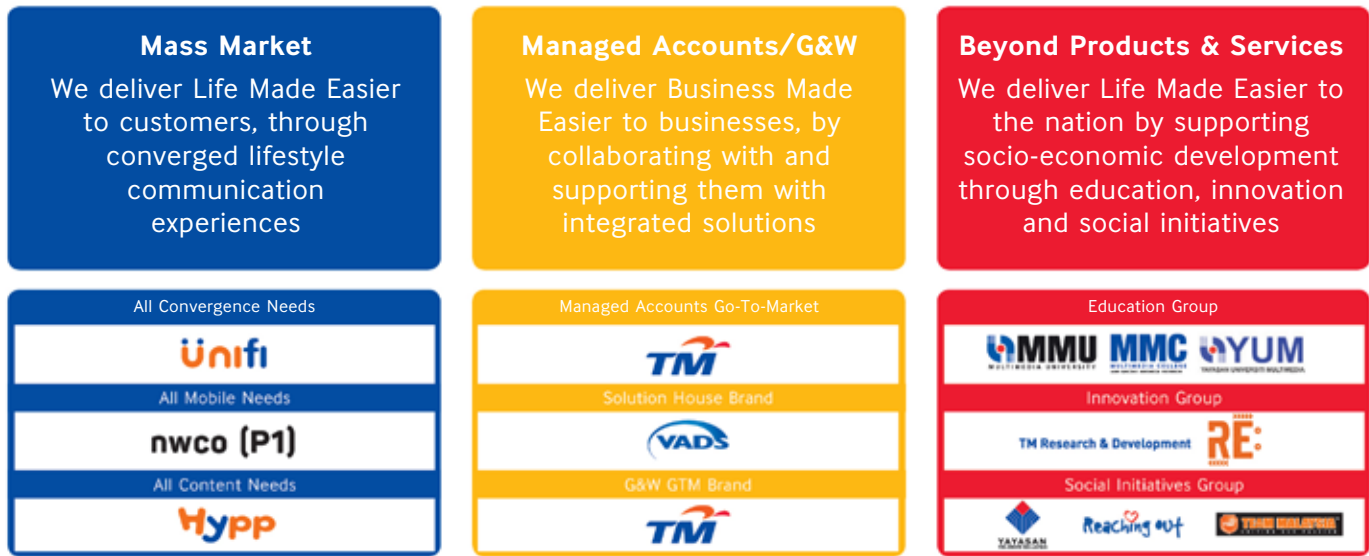
A stylized globe graphic composed of a grid of small orange dots, located in the upper left quadrant of the page.

CUSTOMER
CHAMPION

In line with our vision to deliver **Life Made Easier** and **Business Made Easier**, we have adopted a simplified brand architecture for our go-to-market (GTM) to bring us closer to our customers



Vision: To make life and business easier, for a better Malaysia




Brand Architecture

We have divided our segments into 3 main clusters:



Note:

Pages with  icons refers to this brand architecture

Unmatched choices for the makers of tomorrow

Introducing the all new UniFi



Get unmatched choices with the new UniFi. Now the whole family can learn, explore, create, and enjoy a better tomorrow. That's what broadband is in the era of Convergence.

#ForTheMakersOfTomorrow™

GET THE ALL NEW UniFi
ADVANCE PLAN™