YOUR NEXT IS NOW

TM

Integrated Annual Report 2023

Financial Statements

OUR FINANCIALS

Our strategic financial approach enables us to drive sustainable business growth through technology that empowers communities, businesses and the Government.

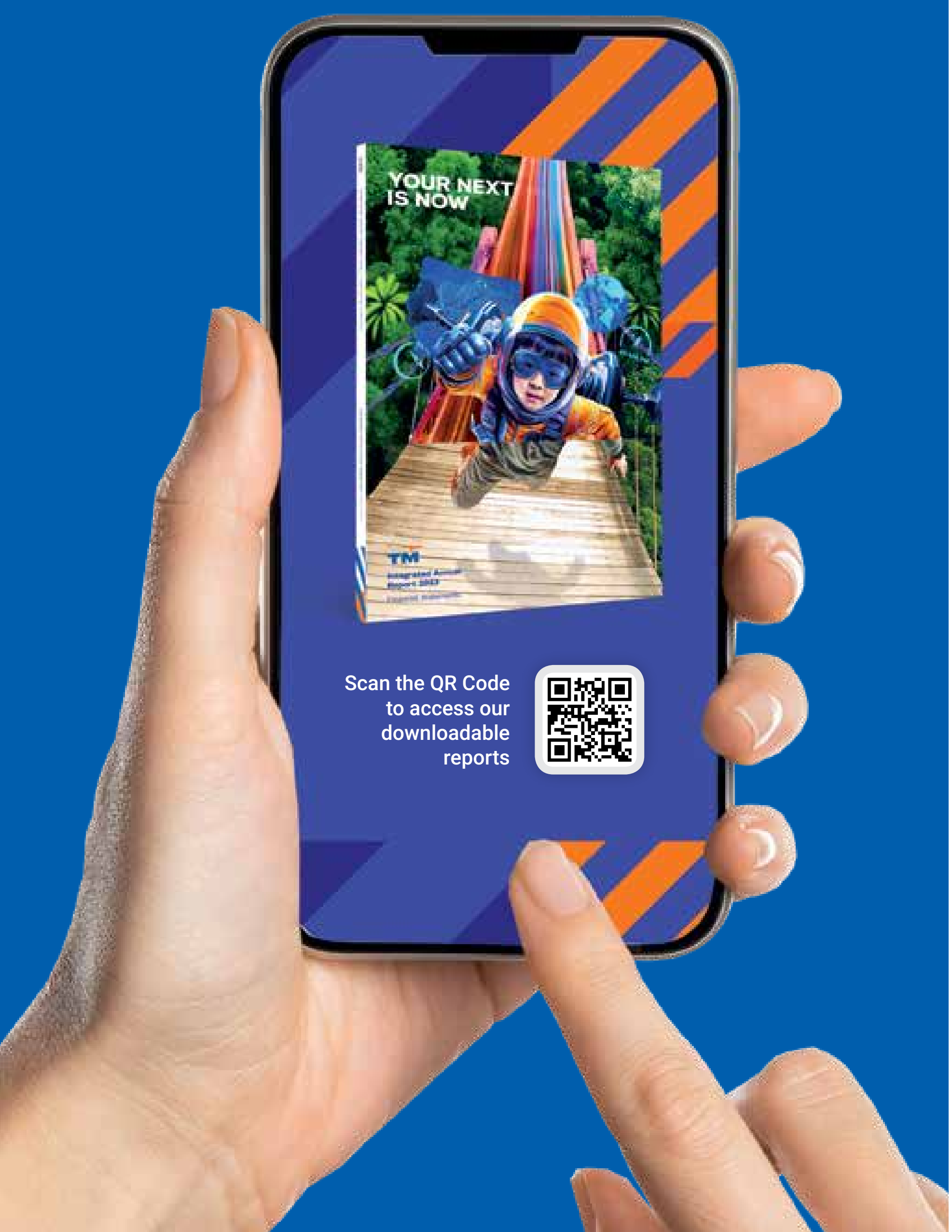
Each investment we make is focused on bringing TM closer to our aspiration of becoming a Digital Powerhouse by 2030.


RM

Cover Rationale

We are the Future Shapers that drive a sustainable and progressive Digital Malaysia by humanising technology for communities, businesses and Government.

Our goal is to enable humans and machines to work together in unleashing new, imaginative solutions that transform the way we live, realising a world of endless possibilities.



COMMITMENT TO SUSTAINABILITY
In upholding our responsibility to the environment, we are committed to reducing our carbon footprint in the production of our Integrated Annual Reports in printed form. We strongly advocate all stakeholders to access our downloadable reports at tm.com.my/iar2023

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Financial Calendar

2023

28 February
Announcement of the unaudited consolidated results for the 4th quarter and declaration of a final interim single-tier dividend of 7.5 sen per share for the financial year ended (FYE) 31 December 2022.

16 March
Date of entitlement of the final interim single-tier dividend of 7.5 sen per share for the FYE 31 December 2022.

31 March
Date of payment of the final interim single-tier dividend of 7.5 sen per share for the FYE 31 December 2022.

26 April
Issuance of the 38th AGM Notice, Integrated Annual Report (IAR) 2022 and Circular to Shareholders.

25 May
- 38th AGM of the Company: Outcome of Meeting.
- Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2023.

25 August
Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2023 and declaration of an interim single-tier dividend of 9.5 sen per share for the FYE 31 December 2023.

12 September
Date of entitlement of the interim single-tier dividend of 9.5 sen per share for the FYE 31 December 2023.

29 September
Date of payment of the interim single-tier dividend of 9.5 sen per share for the FYE 31 December 2023.

23 November
Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2023.

2024

23 February
Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2023 and declaration of second interim single-tier dividend of 10.5 sen per share and final single-tier dividend of 5.0 sen per share for the FYE 31 December 2023.

13 March
Date of entitlement of the second interim single-tier dividend of 10.5 sen per share for the FYE 31 December 2023.

29 March
Date of payment of the second interim single-tier dividend of 10.5 sen per share for the FYE 31 December 2023.

2 April
Date of entitlement of the final single-tier dividend of 5.0 sen per share for the FYE 31 December 2023.

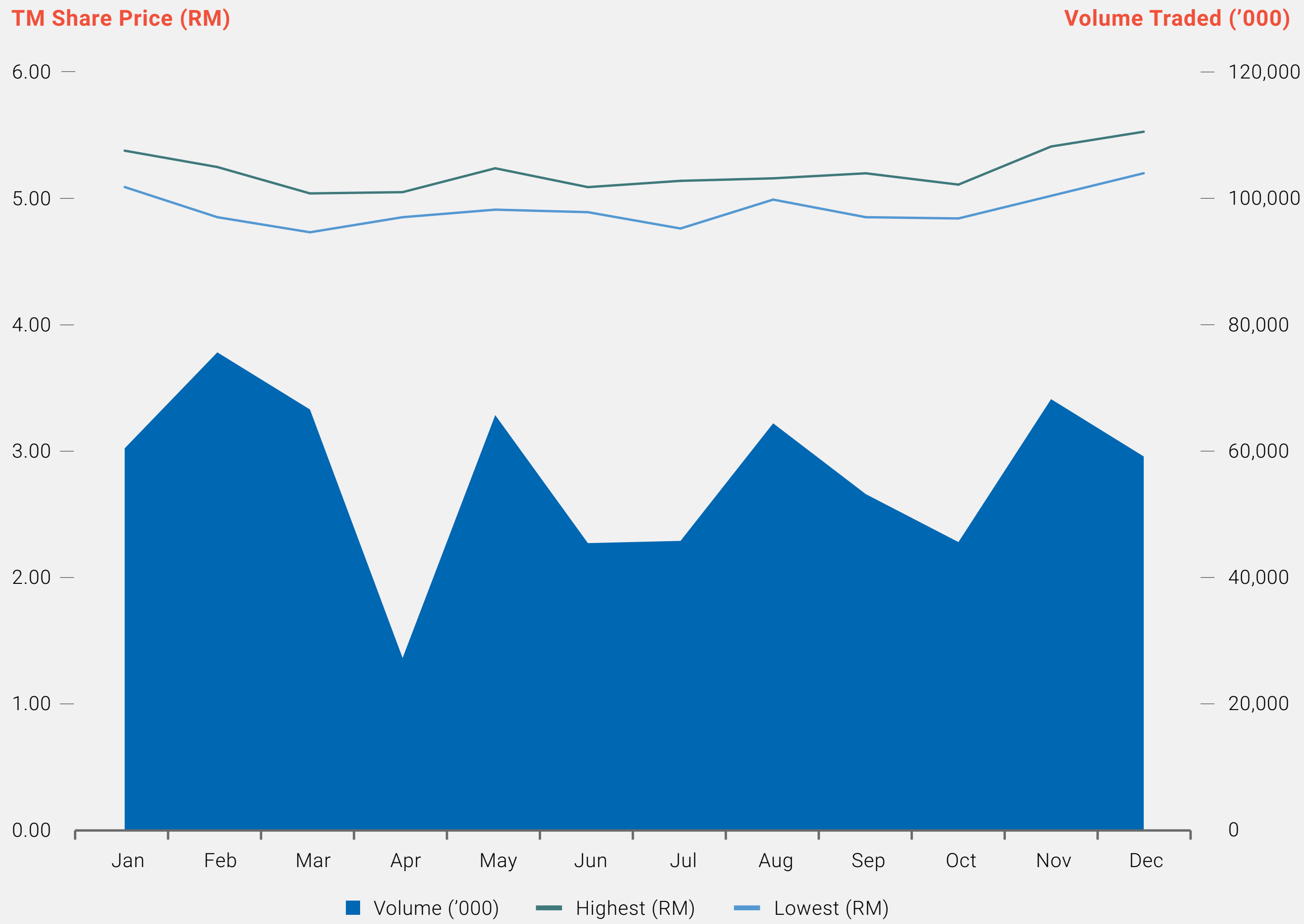
19 April
Date of payment of the final single-tier dividend of 5.0 sen per share for the FYE 31 December 2023.

30 April
Issuance of the 39th AGM Notice, IAR 2023 and Circular to Shareholders.

30 May
39th AGM of the Company.

Share Performance

TM SHARE PRICE & VOLUME TRADED

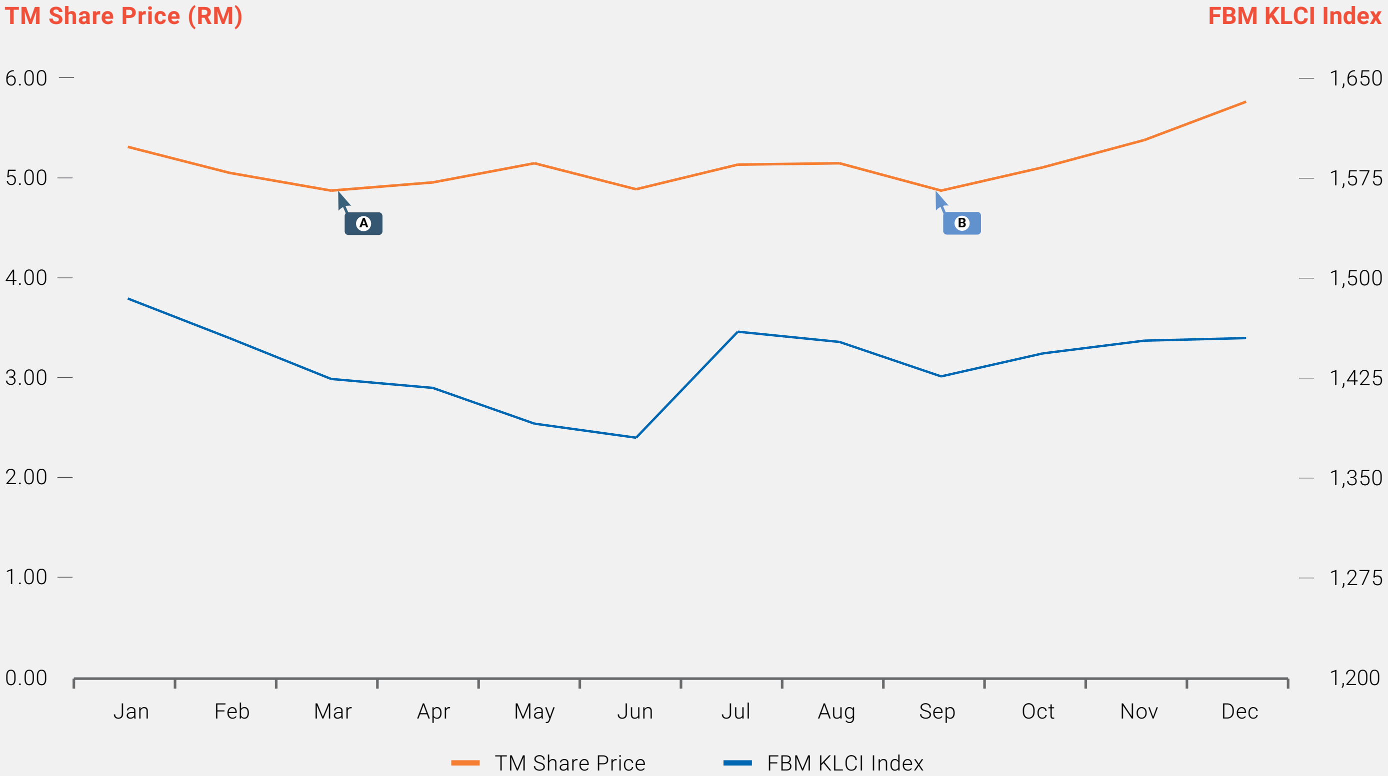


YEAR 2023

Month	Volume Traded	Highest (RM)	Lowest (RM)
January	60,284,800	5.39	5.10
February	75,441,800	5.26	4.86
March	66,416,800	5.05	4.74
April	27,168,700	5.06	4.86
May	65,524,600	5.25	4.92
June	45,310,500	5.10	4.90
July	45,662,200	5.15	4.77
August	64,232,600	5.17	5.00
September	53,049,600	5.21	4.86
October	45,473,500	5.12	4.85
November	68,062,200	5.41	5.03
December	59,101,200	5.58	5.21

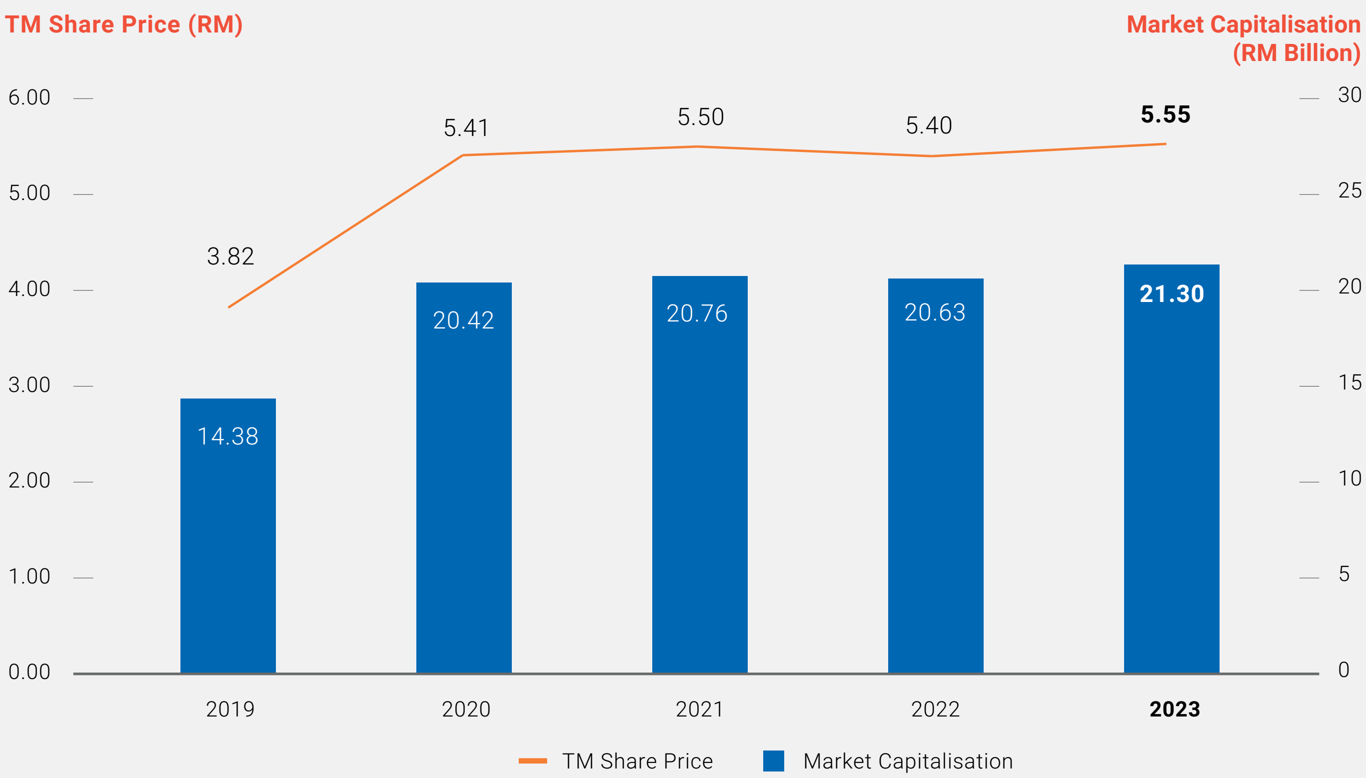
Share Performance

TM SHARE PRICE VS FBM KLCI INDEX 2023



			Entitlement Date	Payment Date
A	Final Interim Dividend FY2022	7.5 sen per share	16 March 2023	31 March 2023
B	Interim Dividend FY2023	9.5 sen per share	12 September 2023	29 September 2023

TM SHARE PRICE & MARKET CAPITALISATION



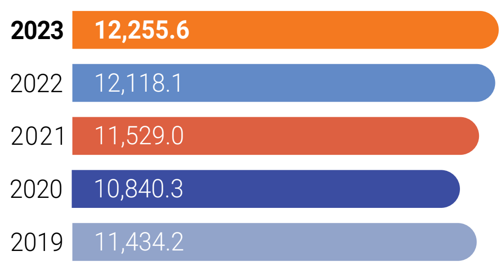
* TM share price is based on month-end closing price

Group Financial Highlights

In RM Million	2023	2022	2021	2020	2019
OPERATING RESULTS					
Operating revenue	**12,255.6**	12,118.1	11,529.0	10,840.3	11,434.2
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**4,884.1**	4,953.1	4,344.8	3,888.6	4,022.6
Earnings before interest and tax (EBIT)	**2,088.4**	2,090.2	1,710.1	1,604.7	1,568.3
Profit before tax and zakat	**1,808.5**	1,686.5	1,246.8	1,278.5	925.1
Profit for the financial year	**1,885.0**	1,144.2	877.9	996.0	557.4
Profit attributable to equity holders of the Company (PATAMI)	**1,870.5**	1,143.3	895.2	1,016.0	632.7
KEY DATA OF FINANCIAL POSITION					
Total shareholders' equity	**9,163.0**	7,936.5	7,502.5	7,124.6	7,353.3
Total assets	**22,935.8**	23,131.3	22,831.1	24,278.5	25,599.7
Total borrowings	**4,763.2**	5,269.3	5,720.0	7,626.8	8,733.1
Lease liabilities	**1,857.6**	1,774.5	1,883.7	1,907.6	1,914.9
SHARE INFORMATION					
Per share					
Earnings (basic)	**48.9 sen**	30.2 sen	23.7 sen	27.0 sen	16.8 sen
Gross dividend	**25.0 sen**	16.5 sen	13.0 sen	14.3 sen	10.0 sen
Net assets	**238.8 sen**	207.7 sen	198.8 sen	188.8 sen	195.3 sen
Share price information					
High	**RM5.58**	RM6.10	RM6.82	RM5.59	RM4.68
Low	**RM4.74**	RM4.68	RM5.16	RM3.09	RM2.57
FINANCIAL RATIOS					
Return on shareholders' equity (ROE)	**23.0%**	17.7%	13.9%	13.7%	13.5%
Return on total assets	**8.5%**	6.0%	4.3%	4.0%	4.1%
Return on invested capital (ROIC)	**10.5%**	10.8%	9.0%	8.4%	8.0%
Debt equity ratio	**0.8**	1.0	1.2	1.4	1.3
Dividend cover	**2.0**	1.8	1.8	1.9	1.7

Operating Revenue

(RM Million)



Total Shareholders' Equity

(RM Million)

Group Financial Highlights

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

(RM Million)

2023	**4,884.1**
2022	4,953.1
2021	4,344.8
2020	3,888.6
2019	4,022.6

Total Assets

(RM Million)

2023	**22,935.8**
2022	23,131.3
2021	22,831.1
2020	24,278.5
2019	25,599.7

Earnings Before Interest and Tax (EBIT)

(RM Million)

2023	**2,088.4**
2022	2,090.2
2021	1,710.1
2020	1,604.7
2019	1,568.3

Total Borrowings

(RM Million)

2023	**4,763.2**
2022	5,269.3
2021	5,720.0
2020	7,626.8
2019	8,733.1

Profit Attributable to Equity Holders of the Company (PATAMI)

(RM Million)

2023	**1,870.5**
2022	1,143.3
2021	895.2
2020	1,016.0
2019	632.7

Return on Invested Capital (ROIC)

(%)

2023	**10.5**
2022	10.8
2021	9.0
2020	8.4
2019	8.0

Return on Shareholders' Equity (ROE)

(%)

2023	**23.0**
2022	17.7
2021	13.9
2020	13.7
2019	13.5

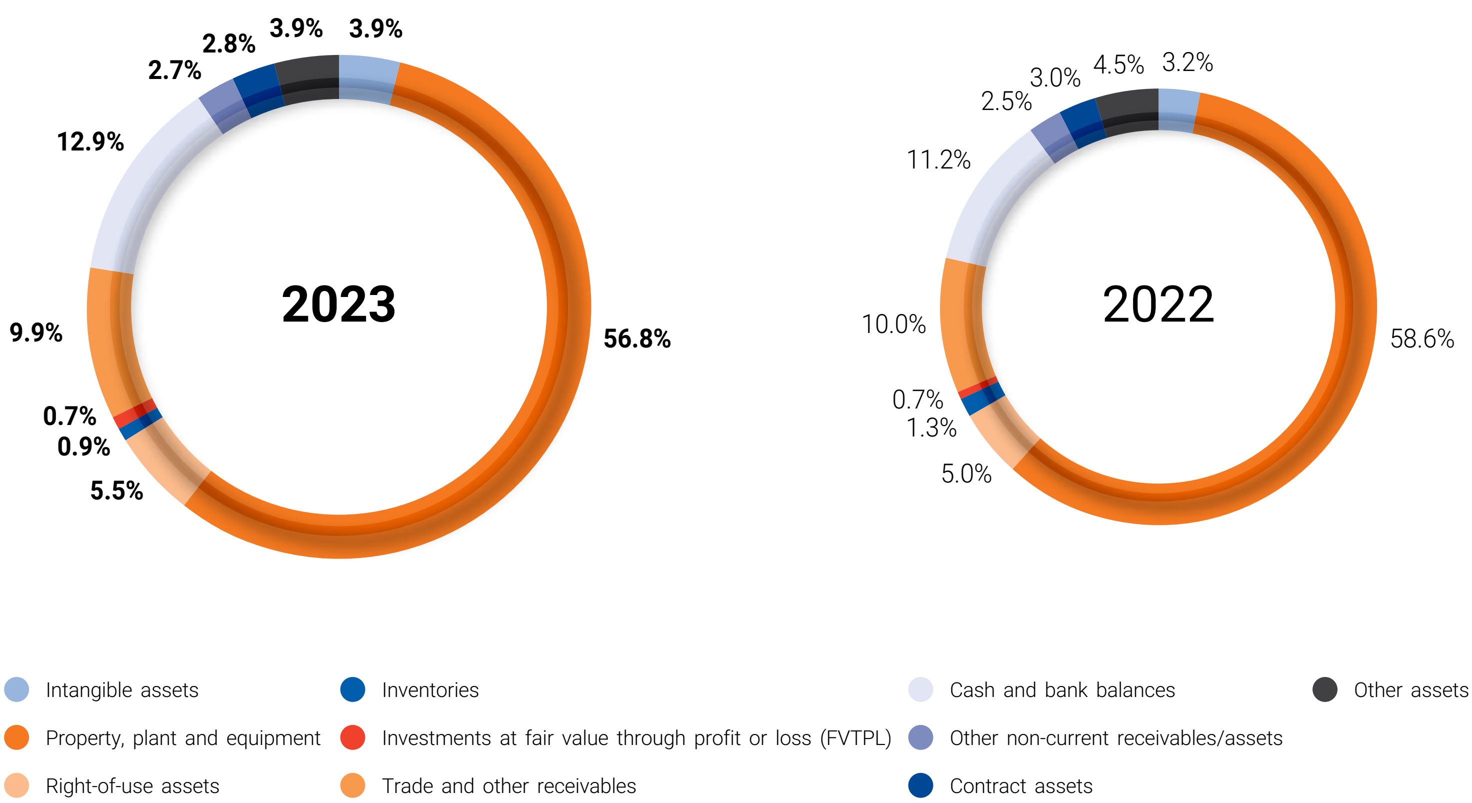
Debt Equity Ratio

2023	**0.8**
2022	1.0
2021	1.2
2020	1.4
2019	1.3

Simplified Group Statement of Financial Position & Segmental Analysis

TOTAL ASSETS

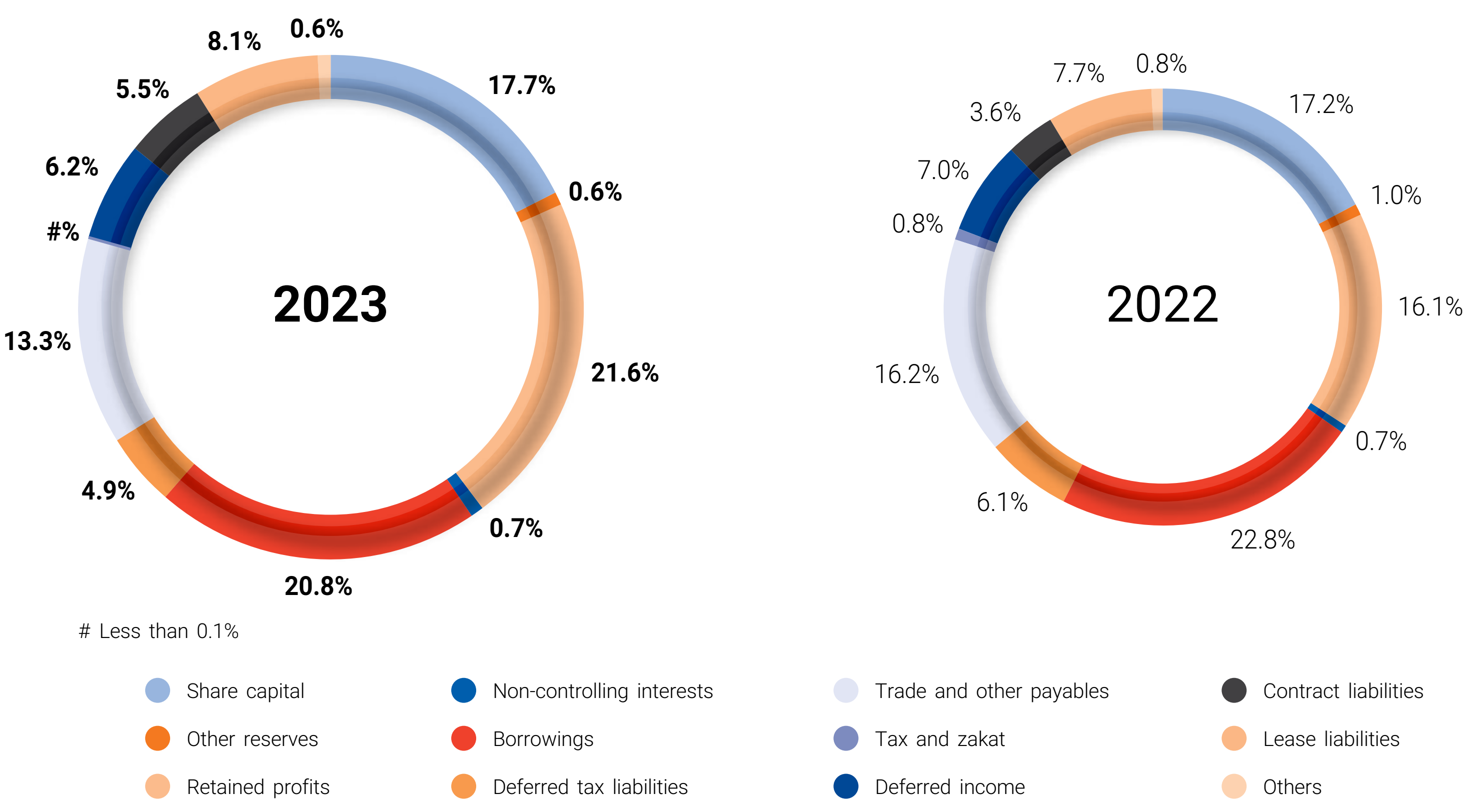
	2023 RM Million	2022 RM Million
Intangible assets	**903.0**	745.8
Property, plant and equipment	**13,026.4**	13,547.0
Right-of-use assets	**1,275.2**	1,153.7
Inventories	**204.6**	305.4
Investments at fair value through profit or loss (FVTPL)	**153.4**	166.7
Trade and other receivables	**2,275.0**	2,312.3
Cash and bank balances	**2,955.2**	2,579.4
Other non-current receivables/assets	**610.9**	574.3
Contract assets	**644.3**	702.4
Other assets	**887.8**	1,044.3
Total Assets	**22,935.8**	23,131.3



Simplified Group Statement of Financial Position & Segmental Analysis

TOTAL LIABILITIES & SHAREHOLDERS' EQUITY

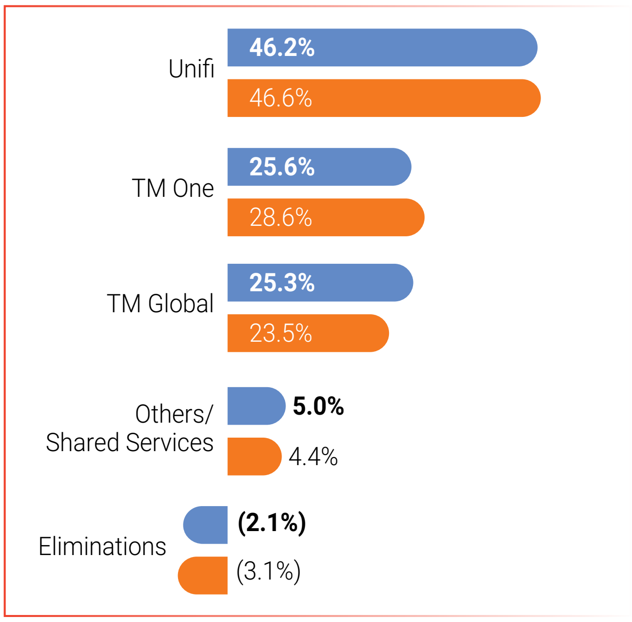
	2023 RM Million	2022 RM Million
Share capital	**4,070.2**	3,986.5
Other reserves	**141.9**	220.0
Retained profits	**4,950.9**	3,730.0
Non-controlling interests	**159.6**	152.6
Borrowings	**4,763.2**	5,269.3
Deferred tax liabilities	**1,127.0**	1,425.8
Trade and other payables	**3,059.2**	3,742.6
Tax and zakat	**8.0**	177.7
Deferred income	**1,414.8**	1,630.7
Contract liabilities	**1,247.9**	839.0
Lease liabilities	**1,857.6**	1,774.5
Others	**135.5**	182.6
Total Liabilities & Shareholders' Equity	**22,935.8**	23,131.3



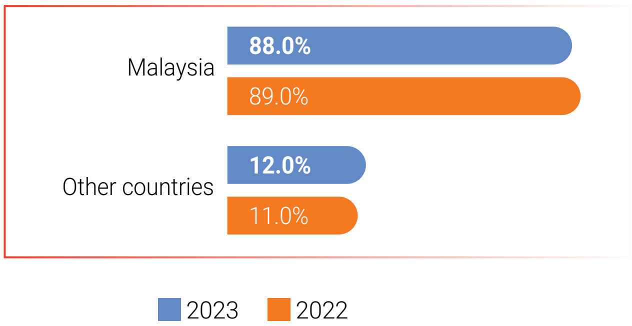
Simplified Group Statement of Financial Position & Segmental Analysis

EXTERNAL REVENUE FROM CUSTOMER-FACING BUSINESS UNIT
for the financial year ended 31 December

By Business	2023 RM Million	2022 RM Million
Unifi	**5,664.0**	5,648.1
TM One	**3,141.8**	3,470.0
TM Global	**3,098.5**	2,851.8
Others/Shared Services	**606.1**	532.7
Eliminations	**(254.8)**	(384.5)
Total	**12,255.6**	12,118.1



By Geographical Location	2023 RM Million	2022 RM Million
Malaysia	**10,786.2**	10,786.0
Other countries	**1,469.4**	1,332.1
Total	**12,255.6**	12,118.1



Group Quarterly Financial Performance

In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2023
2023					
Operating revenue	**2,951.5**	**3,098.5**	**3,076.3**	**3,129.3**	**12,255.6**
Operating profit before finance cost	**473.9**	**630.7**	**578.0**	**416.2**	**2,098.8**
Profit before tax and zakat	**421.0**	**488.8**	**505.0**	**393.7**	**1,808.5**
Profit attributable to equity holders of the Company	**330.1**	**568.7**	**538.2**	**433.5**	**1,870.5**
Basic earnings per share (sen)	**8.6**	**14.9**	**14.1**	**11.3**	**48.9**
Dividend per share (sen)	**–**	**9.5**	**–**	**15.5**	**25.0**

In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2022
2022					
Operating revenue	2,892.4	3,089.3	3,158.1	2,978.3	12,118.1
Operating profit before finance cost	553.5	697.8	607.1	223.2	2,081.6
Profit before tax and zakat	467.2	545.0	460.3	214.0	1,686.5
Profit attributable to equity holders of the Company	339.9	378.0	265.2	160.2	1,143.3
Basic earnings per share (sen)	9.0	10.0	7.0	4.2	30.2
Dividend per share (sen)	–	9.0	–	7.5	16.5

Group Financial Review

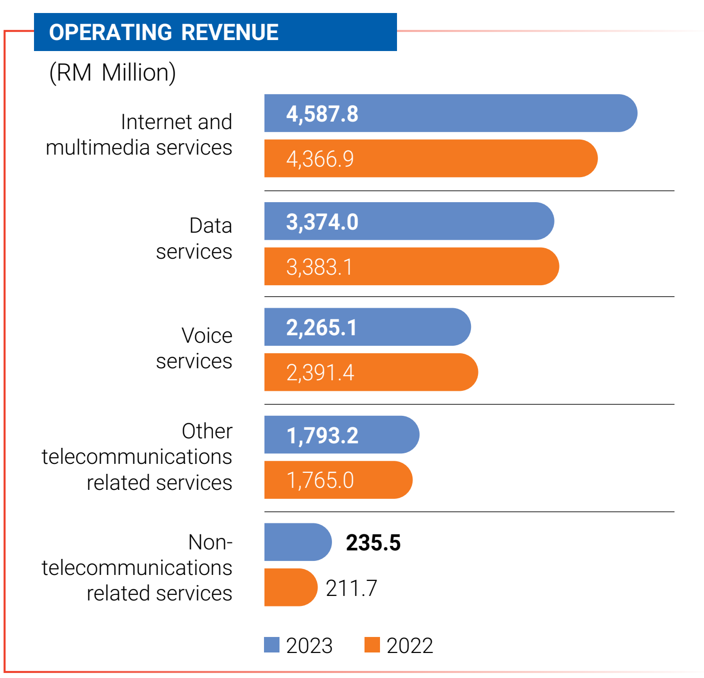
The Group's 2023 financial performance reaffirms its resilience in navigating through the competitive market landscape while maintaining a stable momentum throughout 2023.

The Group closed the year with operating revenue of RM12.26 billion, a 1.1% increase from RM12.12 billion in 2022. Amidst the escalating technology expenses, intense competition and regulatory changes, the Group's Earnings Before Interest and Tax (EBIT) was flat at RM2.09 billion in 2023.

OPERATING REVENUE

The 1.1% increase in operating revenue was propelled by strong performances, particularly from Unifi and TM Global, whilst TM One continues to navigate the market complexities while exploring new growth opportunities. The Group saw revenue growth through Internet and multimedia services, other telecommunication services and non-telecommunication services, rising in totality together with data services, from RM12.12 billion in 2022 to RM12.26 billion in 2023, despite challenging conditions.

Against the backdrop of intensifying and aggressive competition faced in 2023, Unifi continues to maintain the growth trajectory for fixed broadband subscribers, driven by enhanced convergence campaigns and retention activities. Total fixed broadband customers now stand at 3.13 million nationwide and ARPUs continue to stabilise as we saw better take-ups of higher value packages. TM One continues to lead the industry, pioneering innovation and entered into various strategic collaboration including Private 5G projects, Smart City developments with prediction Artificial Intelligence with PLAN Malaysia, cloud solutions and other digital projects with enterprise and public sector customers. TM Global continues to drive Malaysia's digital economy through comprehensive wholesale data solutions for domestic service providers, global carriers and hyperscalers.



Internet and multimedia services

Internet and multimedia services revenue remains the largest portion of the Group's revenue contributing 37.4% of the Group's total revenue in 2023 (2022: 36.0%). In closing the financial year with a total revenue of RM4,587.8 million, this revenue line grew by 5.1% (RM220.9 million) compared to RM4,366.9 million in 2022, in line with the increased total broadband subscriber base of 3.13 million at the close of the financial year, a 4.3% (0.13 million) growth from 31 December 2022.

This was attributable to various promotions and retention programs including the launch of Converged and High-Speed offerings with Smart Home features, and 1Gbps and 2Gbps plans. The Group's Unifi TV content was enriched by the introduction of new premium and free-to-air (FTA) channels, 77 channels and 18 streaming apps including Netflix, HBO, HBO HITS, HBO Family, BeIN, Moonbug Kids and many more, as well as original content for Unifi TV customers.

Data services

Revenue from data services contributed 27.5% of the Group's revenue compared to 27.9% in 2022, comprising mainly of leased lines, Ethernet, IPVPN and IP services, serving both domestic and global telecommunication licensed customers. Data services recorded RM3,374.0 million revenue in 2023, a marginal 0.3% (RM9.1 million) decrease from RM3,383.1 million recorded in 2022, mainly due to price adjustments for certain service contracts. Despite facing competitive pricing pressures in both corporate and public sectors, the Group has enhanced its position in providing High-Speed Broadband Access (HSBA) and leased lines to other telecommunications service providers, both domestically and internationally.

Other telecommunications related services

Other telecommunications related services comprise of revenue derived primarily from customer projects, data centre, cloud, managed Information and Communications Technology (ICT), business process outsourcing and smart service solutions. Contributing 14.6% to the Group's total revenue, other telecommunication related services increased by 1.6% (RM28.2 million) to RM1,793.2 million from RM1,765.0 million in 2022. This is in line with the increase in colocation and restoration of submarine cable revenue at TM Global. Despite the challenging and competitive market environment in 2023, other telecommunication-related services contributed 14.6% to the Group's revenue in both 2023 and 2022.

Non-telecommunications related services

The Group's RM235.5 million revenue from non-telecommunications related services rose 11.2% (RM23.8 million) in 2023 from RM211.7 million in 2022, contributed to 1.9% of the Group's total revenue (1.7% in 2022), which comprise the Group's diversified ventures in non-telecommunication related business activities through subsidiaries focusing on education and property development.

Group Financial Review

OPERATING COSTS

Following the challenges stemming from changes in the regulatory landscape, heightened competitive pressures and economic conditions, the Group saw a 1.4% (RM142.3 million) escalation in operating costs, recorded at RM10,312.8 million for 2023 from the RM10,170.5 million recorded in the previous year. This was driven largely by the expenditure on maintenance and enhancing customer experience, improving the quality of our network and accelerating go-to-market speed as part of our convergence proposition.

Depreciation, impairment and amortisation

Depreciation, impairment and amortisation was 2.3% (RM67.2 million) lower from RM2,862.9 million in 2022 to RM2,795.7 million in 2023 mainly due to the review of asset useful life during the previous financial year, which resulted in smaller asset base in the current year being subjected to depreciation. This was partially offset by the recognition of a one-off impairment loss amounting to RM120.6 million, primarily in relation to certain computer support system and buildings related to the digital infrastructure of the Group, as well as accelerated depreciation for telecommunication towers and telecommunication network assets.

Domestic, international outpayment and commission

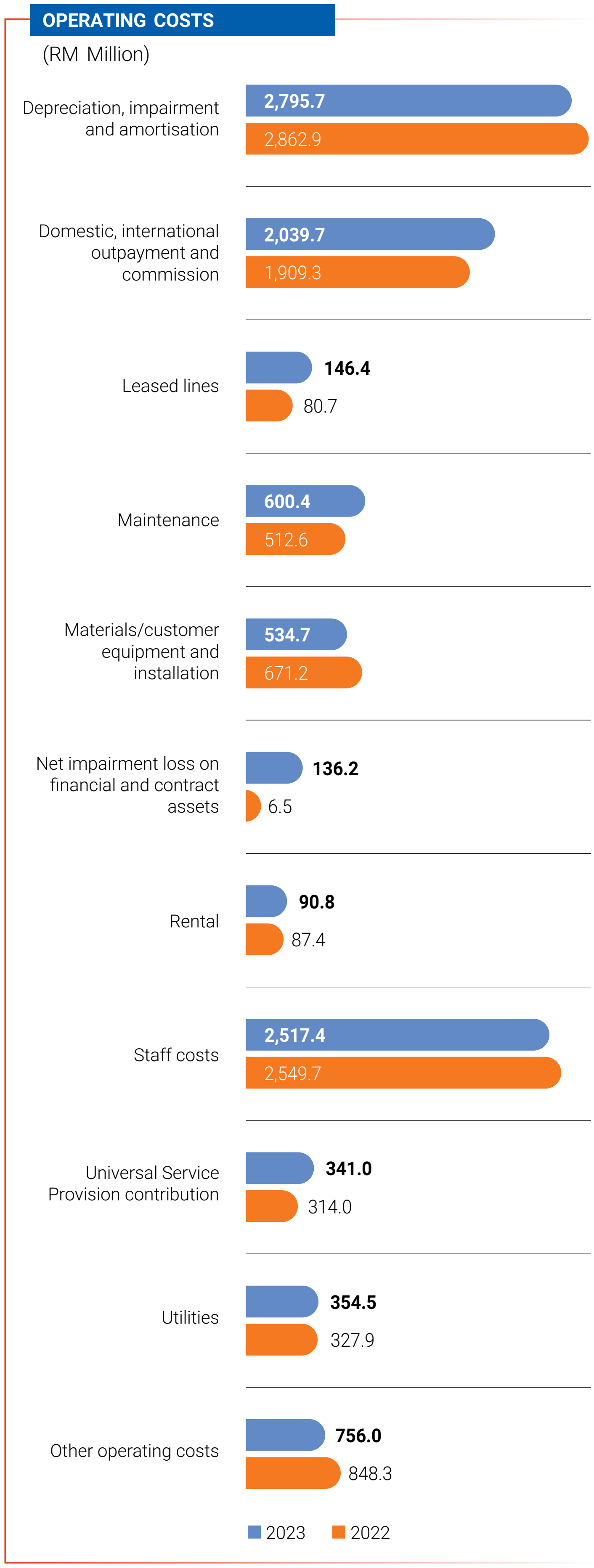
Forming 19.8% of the Group's total operating costs, domestic, international outpayment and commission increased 6.8% (RM130.4 million) year-on-year against the 1.1% increase in the Group's operating revenue. This cost elements largely comprise of telecommunication outpayment and operational costs incurred to service international and domestic traffic minutes, commissions to resellers and agents, cost of telecommunication equipment and engineering services in serving the Group's solution based services to our enterprise and public sector customers.

Maintenance

At RM600.4 million for 2023, the Group's maintenance cost increased by 17.1% (RM87.8 million) from RM512.6 million recorded in 2022. This cost component largely consists of repair and maintenance costs for the Group's network, buildings and premises, as well as systems and software. The Group is actively pursuing new initiatives to streamline maintenance programs and reduce costs while also seeking improved collaboration with maintenance partners without compromising service quality to our customers.

Materials/customer equipment and installation

The RM534.7 million materials/customer equipment and installation cost the Group incurred in 2023 represents 5.2% of the Group's total cost, a 20.3% (RM136.5 million) decrease from the previous financial year. This element of the Group's cost is made up of expenses on customer premise equipment (CPE) such as routers and modems when acquiring specific customer contracts. Where relevant, such costs are capitalised and subsequently amortised as expenses to the income statement over the minimum contract period signed with respective customers. This element of cost was 4.4% over total revenue in 2023, compared to 5.5% in 2022, a spending element key in ensuring the Group's investments towards better customer experience.



Group Financial Review

Net impairment loss on financial and contract assets

The Group closed the year with RM136.2 million provision for impairment of trade receivable balances in 2023, an increase of RM129.7 million compared to RM6.5 million recorded in 2022. The cost over revenue ratio for this cost element that represents the Group's general and specific provision for impairment loss from trade and other receivable was at a level of 1.1% of revenue, compared to 0.1% in the previous financial year.

Staff costs

In 2023, the Group concluded its three-year transformation program (2021-2023), during which optimising manpower remained a crucial strategy for aligning the organisation's size and skill set to future needs, ensuring the Group is equipped with digital-ready skills and workforce capabilities. Staff costs represent 24.4% of the Group's total operating cost with reduction of 1.3% (RM32.3 million) year-on-year. In absolute terms, the Group's total staff cost (net of staff cost capitalised) in 2023 was at RM2,517.4 million compared to RM2,549.7 million in 2022 with headcount at the end of the year anchored at 18,891 compared to 19,499 at the end of 2022.

OTHER GAINS/LOSSES (NET)

The Group's fair value gains or losses on financial instruments carried on its Consolidated Statement of Financial Position at fair value through profit or loss (FVTPL) as well as gains or losses realised to the income statement from the disposals or de-recognition of instruments carried at fair value through other comprehensive income (FVOCI) are reported as Other gains/losses (net). For 2023, the Group recorded a net RM10.4 million Other gains (2022: RM8.6 million net losses) mainly contributed by the fair value movement of the Group's investment in a technology investment fund, as well as fair value movements in investments in fixed income unit trust portfolios.

NET FINANCE COST

The Group has been reviewing its borrowing profile and has proactively undertaken early repayments in recent years. During the financial year, the Group completed an early redemption of its USD59.1 million (RM262.5 million) debentures that will be due on 1 August 2025 and the repayment of RM250.0 million Islamic Medium-Term Notes (IMTN) as it became due on 24 August 2023. Taken together with the Early Redemption of Multi-currency Euro Medium Term Notes (EMTN) Sukuk of USD50.0 million and repayment of the RM300.0 million IMTN in the previous financial year, the Group's finance cost decreased by RM31.3 million compared to 2022, without any new borrowings during the current financial year ended.

Consequently, with higher finance income of RM101.1 million in 2023 compared to RM74.8 million in 2022 and RM45.3 million decrease in foreign exchange translation losses during the year on the Group's USD-denominated borrowings, at RM303.4 million the Group's net finance cost for 2023 in totality was 25.3% (RM102.9 million) lower than the RM406.3 million recorded in 2022.

Tax Expenses

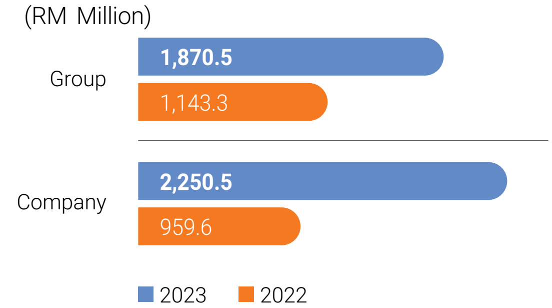
Following the internal reorganisation, the Group has recognised deferred tax assets associated with previously unutilised tax losses in arriving at the net tax credit for the current financial year ended against tax charges of RM533.3 million in 2022. Zakat contribution from the Group for 2023 was RM9.9 million compared to the RM9.0 million in 2022, closing the year with net tax credit after zakat of RM76.5 million (2022: RM542.3 million tax and zakat charges).

Profitability

2023 marked the completion of the Group's three-year transformation phase, during which the Group has maintained productive momentum throughout the year despite the headwinds from regulatory changes, heightened competitive pressure and other market dynamics affecting the landscape.

The Group's Earnings Before Interest and Tax (EBIT) remained flat at RM2.09 billion in 2023 due to higher operational costs. With a RM102.9 million lower net finance cost and recognition of tax credits from unutilised tax losses, the Group's Profit after Tax and Non-controlling Interests (PATAMI) in 2023 of RM1,870.5 million is 63.6% (RM727.2 million) higher than RM1,143.3 million recorded last year.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(RM Million)



TOTAL ASSETS

The Group closed the financial year end with total assets of RM22,935.8 million compared to RM23,131.3 million at the end of the previous financial year. This was largely contributed from net reduction in property, plant and equipment, receivables at fair value through other comprehensive income, inventories, trade and other receivables, contract assets, contract cost assets, against net increase in right of use assets, intangible assets and cash and bank balances between the two balance sheet dates.

Property, plant and equipment (PPE)

TM Group's property, plant, and equipment decreased by 3.8% (RM520.6 million) to RM13,026.4 million at the end of the financial year, compared to RM13,547.0 million at the end of 2022. Capital expenditure (CAPEX) of the Group was RM1,943.8 million in 2023, 15.9% of the Group's revenue. CAPEX for the year was 20.0% (RM485.3 million) lower than the RM2,429.1 million spent in 2022, a more prudent and diligent approach in expanding the Group's network infrastructure nationwide as well as regional network of submarine cable systems. The reduction in PPE base was attributed to the revision in useful life of certain network and last mile elements including fibre optic cables, in the previous financial year.

ROU assets

ROU assets represent the Group's collective rights to use leased assets which predominantly comprise rentals of thousands of telecommunication transmission sites throughout the nation, identified capacity within international and domestic submarine cables and co-location arrangements at data centres along with lease on office buildings, over the remaining lease period of those lease contracts. These assets are depreciated over the lease period and the Group would apply critical assumptions on the most probable outcome of extension for contracts with options to extend. The Group closed the financial year with RM1,275.2 million ROU assets compared to RM1,153.7 million last year, with new ROU contracts created during the current financial year that was higher than the net current year depreciation and termination of contracts.

Trade and Other Receivables

Trade and other receivables balance was at RM2,275.0 million at the end of 2023 compared to RM2,312.3 million the year before. The RM37.3 million movement in balances translates to a decrease in Accounts Receivable (AR) days to collect and were mainly due to decrease in accrued earnings and grant recoverable from the Government and other relevant local or federal authorities.

Cash and bank balances

Cash and bank balances of the Group increased between the reporting year ends with RM2,955.2 million recorded as at 31 December 2023, as compared to RM2,579.4 million at the end of the previous balance sheet date. The RM375.8 million movements in cash and bank balances was driven by optimised capital expenditure for the year and improved receipts on trade receivable balances during the financial year ended, despite reductions in borrowings from early redemption of debentures and repayment of Islamic Medium-Term Notes upon its maturity.

Inventories

The inventory levels dropped from RM305.4 million at the end of 2022 to RM204.6 million at the financial year end. This decline was primarily driven by a decrease in the Group's holding of telecommunication and customer-premise equipment, partially offset by the increase in the international network capacity held for resale at TM Global, specifically the international submarine cables.

TOTAL LIABILITIES

The Group closed the financial year ended with lower total liabilities of RM13,613.2 million compared to RM15,042.2 million recorded at the end of 2022.

Borrowings

Total borrowings of the Group stood at RM4,763.2 million as at 31 December 2023 compared to RM5,269.3 million at the end of 2022. Reduction in borrowings were mainly due to repayment of RM250.0 million Islamic Medium-Term Notes upon its maturity on 24 August 2023, as well as USD59.1 million (RM262.5 million) debentures upon early redemption on 9 May 2023.

Lease liabilities

The Group's lease liabilities were RM1,857.6 million at the end of the financial year, a 4.7% (RM83.1 million) increase compared to RM1,774.5 million at the end of the previous financial year. Lease liabilities represent the present value of the Group's obligation to make future lease payments, discounted at borrowing rates inherent to the individual entities within the Group.

Trade and other payables

The Group's total trade and other payables decreased 18.3% (RM683.4 million) at RM3,059.2 million as at 31 December 2023, compared to RM3,742.6 million. This is aligned to reduction in Accounts Payable (AP) days to settle payments with increase in payments to suppliers during 2023.

Group Financial Review

SHAREHOLDERS' EQUITY

The Group's strong performance for 2023 with PATAMI of RM1,870.5 million, less the RM649.6 million appropriation of dividend in cash during the year led to a 15.5% (RM1,226.5 million) increase in shareholders' equity.

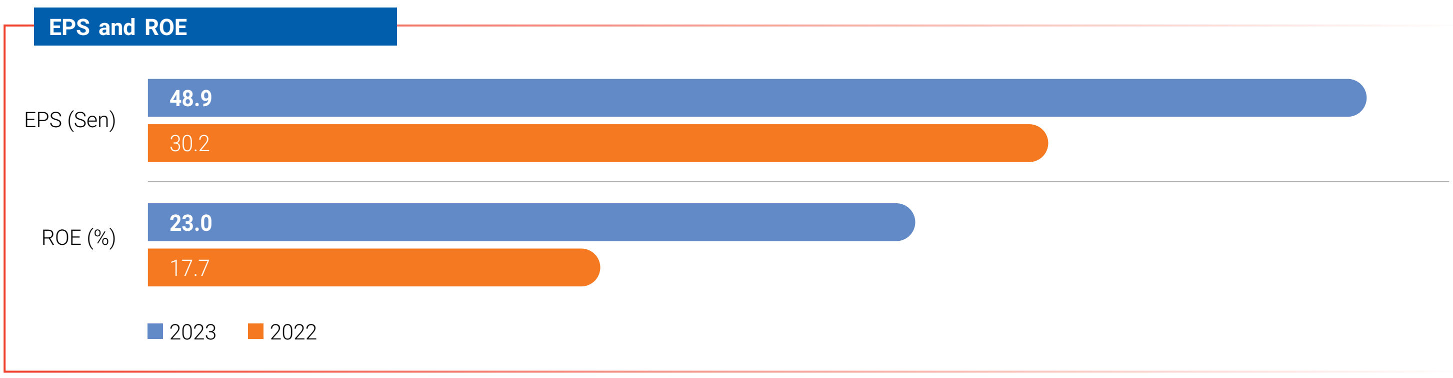
Despite issuance of new ordinary shares during the year from the Group's Long Term Incentive Plan (LTIP), net asset per share increased from 207.7 sen per share at the end of the previous financial year to close at 15.0% higher at 238.8 sen.

Earnings per share (EPS) and return on shareholders' equity (ROE)

The Group's EPS for 2023 increased to 48.9 sen per share from 30.2 sen per share in 2022, resulting from a 63.6% (RM727.2 million) increase in the Group's profit after tax and minority interests (PATAMI). Correspondingly, the return on equity (ROE), also increased from 17.7% in 2022 to 23.0% in 2023.

Dividends

The Group remains committed to its dividend payout policy to distribute yearly dividend of 40% to 60% from the Group's Reported PATAMI. For our shareholders, the Group declared on 23 February 2024 a 2nd interim single-tier dividend of 10.5 sen per share and a final single-tier dividend of 5.0 sen per share, with a total payout amounting to approximately RM403.0 million and RM191.9 million, respectively, for the financial year of 2023. Together with the first interim dividend of 9.5 sen per share declared on 25 August 2023, the total dividend for the financial year ended 31 December 2023 is 25.0 sen per share, amounting to RM957.9 million.



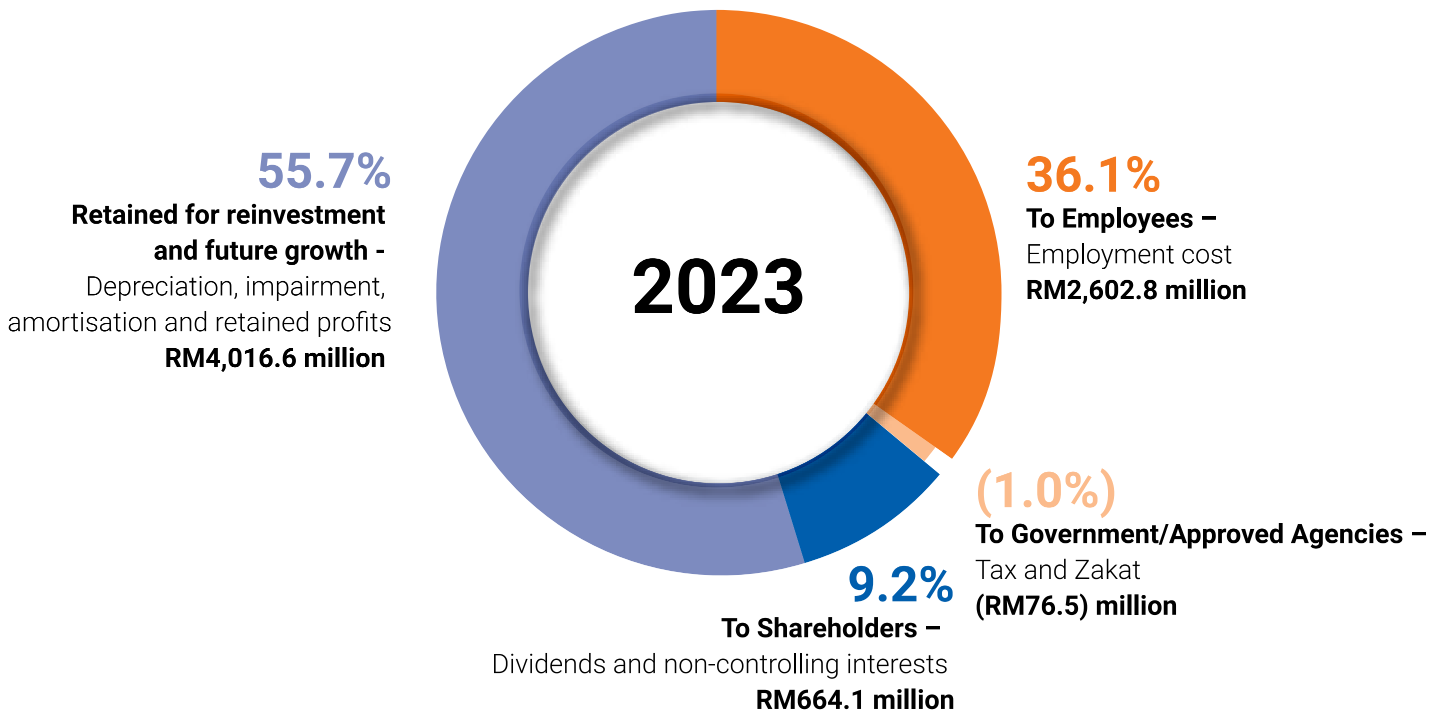
Statement of Value Added

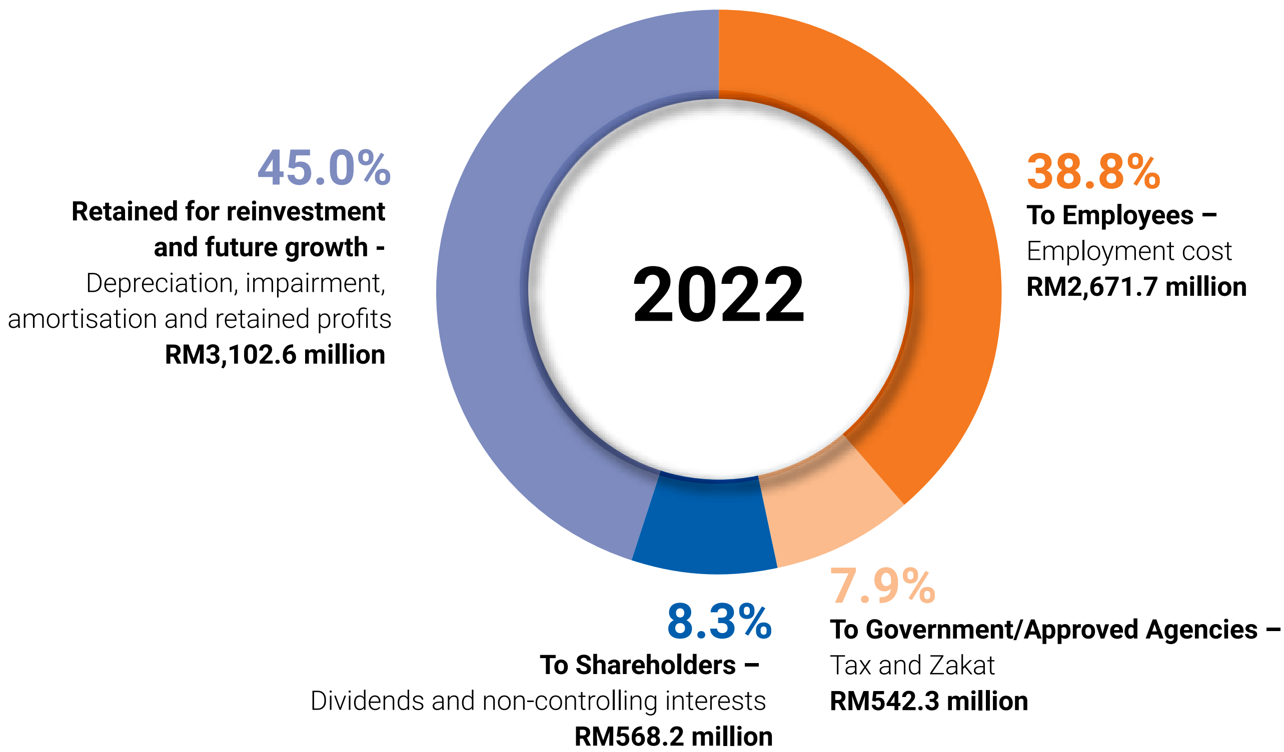
Value added is a measure of wealth created. The following statement shows the Group's value added for 2023 and 2022 and its distribution by way of payments to employees, government/approved agencies and shareholders, with the balance retained in the Group for reinvestment and future growth.

	2023 RM Million	2022 RM Million
VALUE ADDED		
Revenue	**12,255.6**	12,118.1
Purchase of goods and services	**(4,914.3)**	(4,972.2)
Value added by the Group	**7,341.3**	7,145.9
Other operating income (net)	**145.6**	142.6
Other gains/(losses) (net)	**10.4**	(8.6)
Finance income	**101.1**	74.8
Finance cost	**(355.8)**	(387.1)
Foreign exchange loss on borrowings	**(48.7)**	(94.0)
Share of results of associate	**13.1**	11.2
Value added available for distribution	**7,207.0**	6,884.8

	2023 RM Million	2022 RM Million
DISTRIBUTION		
To Employees		
Employment cost	**2,602.8**	2,671.7
To Government/Approved Agencies		
Tax and Zakat	**(76.5)**	542.3
To Shareholders		
Dividends	**649.6**	567.3
Non-controlling interests	**14.5**	0.9
Retained for reinvestment and future growth		
Depreciation, impairment and amortisation	**2,795.7**	2,862.9
Net increase in retained profits	**1,220.9**	239.7
Total distributed	**7,207.0**	6,884.8

Distribution of Value Added





Tax Strategy Statement

This document sets out TM Group's (including subsidiaries and overseas branches) tax policy and approach in conducting its tax affairs and dealing with tax compliance risk for the financial year ended 31 December 2023.

1. KEY PRINCIPLES

TM Group is committed to conduct its tax affairs based on the following principles:

(a) Timely compliance with all applicable tax laws and regulations of the countries in which it operates;
(b) Ensure that business transactions are driven by business purpose or commercial purpose taking into account TM's Core Values;
(c) Apply due diligence and professional care, including seeking written opinion from third party advisors and rulings/confirmations from the tax authorities, where necessary, to ensure that the position taken is supportable and defendable in a tax audit; and
(d) Adopt open and collaborative professional relationships with the relevant tax authorities.

2. TAX GOVERNANCE

The finance teams in each entity within the Group are responsible in ensuring timely tax compliance. TM's Group Tax Unit (Group Tax) will work together with the Group's various Business Finance Departments to provide advice and guidance to ensure compliance with the tax regulations and that business decision making is commercially justified.

The respective Business Finance Departments would seek input from Group Tax on:

(a) Business proposals to ensure a clear understanding of the tax consequences;
(a) Assessment and management of tax risks to ensure compliance with local and overseas tax regulations in respect of TM's cross border related party transactions;
(a) Tax technical position to ensure that a position taken is supported by documentation, legal interpretation and the practice adopted by the tax authorities. Where required, external tax advice would be sought in consultation with Group Tax; and
(a) Audits and enquiries from tax/regulatory authorities.

In addition, Group Tax must be involved in the planning, implementation and documentation of any business or share acquisitions and disposals, changes in corporate structure, significant business transactions, new cross border intra-group trading arrangements and selection of tax advisors.

3. ATTITUDE TO TAX PLANNING

TM will utilise tax incentives and reliefs to minimise the tax costs of conducting its business provided that they are aligned with intended policy objectives of the Governments which introduced the incentives, supported with genuine commercial activity and consistent with the business and/or operational objectives of TM Group.

4. MANAGEMENT OF TAX RISKS

Written advice will be obtained from external advisors to support the decision making process where there is uncertainty on the application/interpretation of tax laws and/or the transaction carries substantial reputational, monetary or regulatory risk.

Any changes in relevant tax laws and practices are monitored through regular updates from external tax advisors, discussions/dialogues with the professional bodies and relevant tax authorities and participation in seminars/conferences. Team members at Business Finance Department and Group Tax have recognised accounting qualifications and the Group's activities provide opportunities for training in respect of taxation to ensure that members of the finance team have the necessary experience and expertise to identify and manage tax matters as they arise.

Group Tax has the responsibility to determine the technical position to be taken by TM in relation to tax matters.

From time to time, our position may differ from those of the tax authorities with regards to the appropriate tax treatment. Where such circumstances arise, TM will work constructively and proactively with the tax authorities with a view to achieving an early resolution to any matters arising.

Depending on the degree of risk and/or nature of the transactions involved, tax action/decision will be referred to the Board Audit Committee (BAC) and the Board of Directors for approval and guidance.

The subjective nature in the interpretation of tax laws and various tax rules makes it impossible to fully mitigate all tax risks. Therefore, we endeavour to keep tax risks to a minimum and do not set a limit on acceptable risks.

We seek to manage our affairs consistent with our tax strategy principles and will refer to the BAC and Board of Directors for guidance, where required.

5. RELATIONSHIPS WITH TAX AUTHORITIES

TM Group seeks to:

(a) Deal with tax authorities and other relevant bodies in a collaborative, courteous and timely manner;
(b) Engage in open dialogue to discuss tax planning, strategy, risks and significant transactions;
(c) Make fair, accurate and timely disclosure in correspondences and returns; and
(d) Provide response to queries and information requests on a timely basis and seek to resolve issues with the tax authorities to aim for early agreement on disputed matters and to obtain a ruling/confirmation on technical positions, where possible.

Statement of Responsibility by Directors

In respect of the Audited Financial Statements for the Financial Year Ended 31 December 2023

The Directors are required by the Companies Act 2016 (CA 2016) to prepare the financial statements for each financial year in accordance with applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the relevant provisions of the CA 2016 and the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Directors are responsible to ensure that the financial statements give a true and fair view of the financial position of the Group and the Company at the end of the financial year, and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- adopted appropriate and relevant accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- ensured that all applicable approved accounting standards have been followed; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operation for the foreseeable future.

The Directors have the responsibility to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure the financial statements comply with the CA 2016.

The Directors also have the overall responsibilities to take such steps that are reasonably open to them to safeguard the assets of the Group and of the Company, and for the establishment, implementation and maintenance of appropriate accounting and internal control systems for the detection and prevention of fraud and other irregularities.

Directors' Report

for the financial year ended 31 December 2023

The Directors have the pleasure of submitting the audited financial statements of the Group and the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Group and the Company are the establishment, maintenance and provision of telecommunications and related services. The details and principal activities of subsidiaries are set out in note 53 to the audited financial statements. There were no significant changes in the principal activities of the Group during the financial year. On 1 March 2023, the Company carried through the transfer of telecommunication business and the identified assets and liabilities to one of its subsidiaries, TM Technology Services Sdn Bhd (TM Tech), as set out in note 55 to the audited financial statements. Subsequent to the transfer, the Company continues its operations as an investment holding company.

RESULTS

The results of the operations of the Group and the Company for the financial year were as follows:

	The Group RM Million
Profit for the financial year attributable to:	
– equity holders of the Company	1,870.5
– non-controlling interests	14.5
Profit for the financial year	1,885.0

	The Company RM Million
Profit for the financial year attributable to:	
– equity holders of the Company	
– continuing operations	2,086.1
– discontinued operations	164.4
Profit for the financial year	2,250.5

In the opinion of the Directors, the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except for the Group's internal reorganisation during the financial year as set out in note 55 to the audited financial statements.

DIVIDENDS

Since the end of the previous financial year, dividends paid, declared or proposed on ordinary shares of the Company were as follows:

	The Company RM Million
(a) In respect of the financial year ended 31 December 2022, a final interim single-tier dividend of 7.5 sen per share was declared on 28 February 2023 and paid on 31 March 2023	286.6
(b) In respect of the financial year ended 31 December 2023, an interim single-tier dividend of 9.5 sen per share was declared on 25 August 2023 and paid on 29 September 2023	363.0

On 23 February 2024, the Board of Directors declared the following dividends in respect of the financial year ended 31 December 2023:

(a) Second interim single-tier dividend of 10.5 sen per share which will be paid on 29 March 2024 to shareholders whose names appear in the Register of Members and Record of Depositors on 13 March 2024.

(b) Final single-tier dividend of 5.0 sen per share which will be paid on 19 April 2024 to shareholders whose names appear in the Register of Members and Record of Depositors on 2 April 2024.

The financial statements for the current financial year do not reflect these proposed dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

On 25 May 2023, the Shareholders approved the renewal of authority for Directors of the Company to allot and issue new ordinary shares in the Company (New TM Shares) in accordance with the Dividend Reinvestment Scheme (DRS) (as disclosed in note 13(b) to the audited financial statements) at the Thirty-eighth (38th) Annual General Meeting (AGM) until the conclusion of the next AGM.

EMPLOYEE SHARE SCHEME – LONG TERM INCENTIVE PLAN (LTIP)

On 29 September 2016, the Company implemented LTIP that is enforceable over a period of 10 years, having obtained shareholders' approval at an Extraordinary General Meeting (EGM) on 28 April 2016 and all other subsequent required approvals. The EGM also approved the By-Laws governing the LTIP.

There has been no further grant of new LTIP tranches during the current financial year.

During the financial year, New TM Shares were issued following the fulfilment of the vesting conditions pursuant to the LTIP to eligible employees of the Company and its subsidiaries as detailed below:

Description	Listing date	Total TM Shares Issued	Issue Price per unit (RM)
Restricted Shares	16 February 2023	893,200	5.1254
Performance Shares	16 February 2023	73,600	5.1254
Restricted Shares	22 September 2023	13,399,600	5.0006
Performance Shares	22 September 2023	1,221,700	5.0006
Restricted Shares	28 November 2023	165,400	5.2444
Restricted Shares	22 December 2023	23,100	5.4587
Performance Shares	22 December 2023	841,300	5.4587
TOTAL		**16,617,900**	

Description of both Restricted Shares (RS) and Performance Shares (PS) have been disclosed in note 14 to the audited financial statements for the financial year ended 31 December 2023.

SHARE CAPITAL

Shares issued pursuant to LTIP

Pursuant to the vesting of the RS and PS under the LTIP as disclosed above, the number of ordinary shares of the Company increased by 16,617,900 during the financial year and the number of ordinary shares of the Company was 3,837,628,280 as at 31 December 2023.

Shares issued pursuant to DRS

No new shares were issued pursuant to the DRS during the financial year as the DRS was not made applicable to any dividends appropriated during the financial year.

The Company will seek shareholders' approval at the forthcoming Thirty-ninth (39^{th}) AGM for the renewal of the authority for the Directors of the Company to allot and issue New TM Shares pursuant to the DRS and the approval of Bursa Securities for the listing and quotation of the New TM Shares.

ISSUANCES, REPURCHASES AND REPAYMENTS OF DEBT

Repayment of Islamic Medium Term Notes (IMTN)

On 24 August 2023, the Group repaid in full, at its nominal value, the RM250.0 million IMTN at 4.34% per annum upon its maturity date. The IMTN was issued as part of the RM3.0 billion IMTN Programme, as disclosed in note 17(b) to the audited financial statements.

Early Redemption of Debentures

On 10 August 1995, the Company issued USD300.0 million 7.875% per annum Debentures that will become due on 1 August 2025, as disclosed in note 17(e) to the audited financial statements.

On 9 May 2023, USD59.1 million (RM262.5 million) of Debentures were redeemed ahead of its maturity and cancelled subsequently.

MOVEMENTS ON RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Directors' Report
for the financial year ended 31 December 2023

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were prepared, the Directors took reasonable steps to:

(a) ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) ensure that any current assets that were unlikely to be realised in the ordinary course of business, including the value of current assets as shown in the accounting records of the Group and the Company, had been written down to an amount which the current assets might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which:

(a) would render the amounts written off for bad debts or the amount of allowance for doubtful debts inadequate to any substantial extent; or

(b) would render the value attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

At the date of this report, there are:

(a) no charges on the assets of the Group and the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

(b) no contingent liabilities have arisen in the Group and the Company since the end of the financial year.

No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year, which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company, which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of any operations of the Group and the Company for the financial year in which this report is made.

DIRECTORS

The Directors in office during the financial year and from the end of the financial year to the date of this report are:

Directors	**Alternate Director**
Dato' Zainal Abidin Putih *(Appointed on 1 August 2023)*	
Amar Huzaimi Md Deris *(Appointed on 1 August 2023)*	
Datuk Dr. Shahrazat Haji Ahmad *(Appointed on 15 December 2023)*	Iszad Jeffri Ismail *(Appointed on 15 December 2023)*
Dato' Mohamed Nasri Sallehuddin	
Muhammad Afhzal Abdul Rahman	
Tunku Afwida Tunku Dato' A.Malek	
Balasingham A. Namasiwayam	
Hisham Zainal Mokhtar	
Suhendran Sockanathan	
Datuk Siti Zauyah Md Desa	
Rossana Annizah Ahmad Rashid	
Ahmad Taufek Omar *(Appointed on 1 November 2023)*	

DIRECTORS (CONTINUED)

Directors who resigned during the year	**Alternate Director**
Tan Sri Mohammed Azlan Hashim *(Ceased as director on 31 July 2023)*	
Datuk Shazril Imri Mokhtar *(Ceased as director on 31 July 2023)*	
Dato' Anis Rizana Mohd Zainudin @ Mohd Zainuddin *(Resigned on 25 September 2023)*	Iszad Jeffri Ismail *(Ceased as alternate director on 25 September 2023)*

Pursuant to Clause 106(2) of the Company's Constitution, the following Directors who were appointed during the year shall retire at the forthcoming 39th AGM of the Company and being eligible, offer themselves for re-election:

(i) Dato' Zainal Abidin Putih;
(ii) Amar Huzaimi Md Deris;
(iii) Ahmad Taufek Omar; and
(iv) Datuk Dr. Shahrazat Haji Ahmad.

In accordance with Clause 112 of the Company's Constitution, Suhendran Sockanathan shall retire by rotation at the forthcoming 39th AGM of the Company and being eligible, offers himself for re-election.

Tunku Afwida Tunku Dato' A.Malek and Balasingham A. Namasiwayam who also retire by rotation in accordance with Clause 112 of the Company's Constitution, would not seek re-election at the 39th AGM. Hence, both Directors retire upon the conclusion of the 39th AGM.

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report (not including the directors listed above) are:

Directors

Abdul Rahman Taha
Ahmad Fairus Rahim
Azlan Ariff Mohd Suah
Azween Zakaria
Baharul Nizam Said Daliman
Bhavin Chimanlal Shah
Datuk Mohd Rani Hisham Samsudin
Elvin Tan Shen Wei
Fatimah Mis
Gyma Marich Saibi
Haslina Kamaruzzaman
Hawaby Sultan Muhamad
Ismail Hassan
Jafer Sadig Abdul Lathiff
Jazlan Azizy
Junaidah Mat Pilus
Khaidhir Elias
Khairul Liza Ibrahim
Marina Noordin
Micheal Lim Ban Chen
Mohamad Noor Azman Ali
Mohamed Faisal Naina Mohamed
Mohamed Suhaimi Yaacob
Mohamed Tajul Mohamed Sultan
Mohd Hafiz Lockman
Mohd Noridzuan Md Arif
Mohd Nizam Abd Razak
Nor A'dni Ismail
Nora'zam Jaafar
Peter Wong Kwong Weng
Prof. Dato' Dr. Mazliham Mohd Su'ud

Directors' Report
for the financial year ended 31 December 2023

DIRECTORS (CONTINUED)

The names of the directors of the subsidiaries of the Company since the begining of the financial year to the date of this report (not including the directors listed above) are: (continued)

Directors	Alternate Director
Raja Zaireen Raja Zaib Shah	
Razidan Ghazalli	
Romulo Jr Carlos	
Rozhan Zainuddin	
Sarinah Abu Bakar	
Shazurawati Abd Karim	
Wan Shamilah Wan Muhammad Saidi	
Zulkifli Salahudin	Dr. Pavala Malar Kannan Mariappan

DIRECTORS' INTEREST IN SHARES

In accordance with the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year has any direct or indirect interests in the shares in the Company and its related corporations, during the financial year except for the following:

		Number of ordinary shares			
	Interest	Balance as at 1.1.2023/ date of appointment	Acquired/ LTIP Vested	Disposed	Balance as at 31.12.2023
Amar Huzaimi Md Deris	Direct	88,810	230,200*	–	319,010
Balasingham A. Namasiwayam	Direct	16,279	–	–	16,279

* Acquisition of 230,200 new TM Shares upon fulfilment of LTIP vesting conditions.

None of the Directors who held office at the end of the financial year have been granted any units of shares under the LTIP of the Group and the Company as described in note 14 to the audited financial statements except for the following:

	Interest	Grant Date	Grant Type	Balance as at date of appointment	Adjustment	Vested	Balance as at 31.12.2023
Amar Huzaimi Md Deris	Direct	20 December 2019	PS	46,100	23,500	(69,600)[1]	–
	Direct	17 August 2020	PS	73,000	21,900	(94,900)[2]	–
	Direct	4 December 2020	PS	57,600	8,100	(65,700)[3]	–

Notes:

1. *The 4th PS grant issued on 20 December 2019 whereby it was fully vested on 16 February 2023 upon fulfilment of vesting conditions. The final number of shares vested was higher than the original grant due to the PS multiplier pursuant to the LTIP vesting conditions.*
2. *The 5th PS grant issued on 17 August 2020 whereby it was fully vested on 22 September 2023 upon fulfilment of vesting conditions. The final number of shares vested was higher than the original grant due to the PS multiplier pursuant to the LTIP vesting conditions.*
3. *The 6th PS grant issued on 4 December 2020 was fully vested on 22 December 2023 upon fulfilment of vesting conditions. The final number of shares vested was higher than the original grant due to the PS multiplier pursuant to the LTIP vesting conditions.*

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors has received or become entitled to receive a benefit (except for the Directors' fees, remuneration and others as disclosed in the following table) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest and any benefit that may deem to have been received by certain Directors, except that certain Directors also received remuneration from related corporations.

	The Group		The Company	
	2023 RM Million	2022 RM Million	2023 RM Million	2022 RM Million
Non-Executive Directors' fees	**2.9**	3.4	**2.1**	2.6
Non-Executive Directors' other emoluments	**1.9**	1.1	**1.8**	1.1
Executive Director's salary, allowances and bonus	**4.8**	3.1	**4.8**	3.1
Executive Director's Employees' Provident Fund (EPF)	**1.1**	0.6	**1.1**	0.6
	10.7	8.2	**9.8**	7.4

DIRECTORS' BENEFITS (CONTINUED)

Neither during nor at the end of the financial year was the Company or any of its related corporations, a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM0.2 million.

BUSINESS REVIEW

A business review for the Group and the Company for the financial year ended 31 December 2023 and the prospect for the coming financial year is set out in the Words from the Leaders section of the Group's and the Company's Integrated Annual Report for the financial year ended 31 December 2023.

During the financial year ended, the Group successfully carried through the internal reorganisation exercise that began in 2022, aimed at improving the Group's competitive edge among industry players through streamlining operations of its Malaysian based telecommunication business within a single legal entity, TM Technology Services Sdn Bhd This reinforces TM's Fixed-Mobile Convergence (FMC) positioning, boosting operational efficiencies and agility, allowing the Group to focus on further elevating customer experience and exploring new ventures.

TM Group completed its transformation phase in 2023 and is now focusing on becoming a Digital Powerhouse by 2030 (PWR 2030). This involves exploring new ventures and utilising emerging technologies like Artificial Intelligence to position Malaysia as a digital hub for the region.

TM's commitment aligns with the nation's aspiration of becoming a fully integrated digital society, ensuring that TM continues to play a key role in the era of digital innovation.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in the following table:

	The Group		The Company	
	2023 RM Million	2022 RM Million	2023 RM Million	2022 RM Million
Statutory Audit Fees				
– Ernst & Young PLT	**3.3**	2.5	**0.4**	1.4
– Member firms of Ernst & Young PLT	**0.3**	0.3	**–**	–
Audit Related Fees	**0.7**	0.4	**–**	0.4
	4.3	3.2	**0.4**	1.8

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2023.

AUDITORS

The auditors, Ernst & Young PLT (202006000003 (LLP0022760-LCA) & AF 0039) have expressed their willingness to seek re-appointment.

In accordance with a resolution of the Board of Directors dated 4 April 2024.

DATO' ZAINAL ABIDIN PUTIH
Director

AMAR HUZAIMI MD DERIS
Director

Income Statements
for the financial year ended 31 December 2023

All amounts are in million unless otherwise stated	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
CONTINUING OPERATIONS					
OPERATING REVENUE	5	**12,255.6**	12,118.1	**703.6**	44.4
OPERATING COSTS					
– depreciation, impairment and amortisation	6(a)	**(2,795.7)**	(2,862.9)	**1,456.7**	–
– net (impairment loss)/reversal of impairment on financial and contract assets		**(136.2)**	(6.5)	**–**	4.9
– other operating costs	6(b)	**(7,380.9)**	(7,301.1)	**(13.8)**	(45.4)
OTHER OPERATING INCOME (net)	7	**145.6**	142.6	**2.4**	75.5
OTHER GAINS/(LOSSES) (net)	8	**10.4**	(8.6)	**10.4**	(8.6)
OPERATING PROFIT BEFORE FINANCE COST		**2,098.8**	2,081.6	**2,159.3**	70.8
FINANCE INCOME		**101.1**	74.8	**45.1**	46.5
FINANCE COST		**(355.8)**	(387.1)	**(82.8)**	(84.7)
FOREIGN EXCHANGE LOSS ON BORROWINGS		**(48.7)**	(94.0)	**(32.6)**	(93.8)
NET FINANCE COST	9	**(303.4)**	(406.3)	**(70.3)**	(132.0)
ASSOCIATE					
– share of results (net of tax)	29	**13.1**	11.2	**–**	–
PROFIT/(LOSS) BEFORE TAX AND ZAKAT FROM CONTINUING OPERATIONS		**1,808.5**	1,686.5	**2,089.0**	(61.2)
TAX AND ZAKAT	10	**76.5**	(542.3)	**(2.9)**	(4.4)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR FROM CONTINUING OPERATIONS		**1,885.0**	1,144.2	**2,086.1**	(65.6)
DISCONTINUED OPERATIONS					
PROFIT FOR THE FINANCIAL YEAR FROM DISCONTINUED OPERATIONS	55	**–**	–	**164.4**	1,025.2
PROFIT FOR THE FINANCIAL YEAR		**1,885.0**	1,144.2	**2,250.5**	959.6
ATTRIBUTABLE TO:					
– equity holders of the Company					
– continuing operations		**1,870.5**	1,143.3	**2,086.1**	(65.6)
– discontinued operations		**–**	–	**164.4**	1,025.2
– non-controlling interests		**14.5**	0.9	**–**	–
PROFIT FOR THE FINANCIAL YEAR		**1,885.0**	1,144.2	**2,250.5**	959.6
EARNINGS PER SHARE (sen)					
– basic	11	**48.9**	30.2		
– diluted	11	**48.7**	30.0		

Following the Group's internal reorganisation which became effective 1 March 2023, the Company's telecommunication business and operations have effectively been amalgamated with the selected wholly-owned subsidiaries and transferred to TM Tech. The Group's internal reorganisation has no impact to the business activities and operations of the Group. Refer to note 55 for details.

The above Income Statements are to be read in conjunction with the Notes to the Financial Statements on pages 35 to 141.
Independent Auditors' Report – Pages 143 to 147.

Statements of Comprehensive Income

for the financial year ended 31 December 2023

All amounts are in million unless otherwise stated	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
PROFIT FOR THE FINANCIAL YEAR		**1,885.0**	1,144.2	**2,250.5**	959.6
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to income statement:					
– (decrease)/increase in fair value of equity investments at fair value through other comprehensive income (FVOCI)	30(a)	**(12.6)**	7.5	**(12.6)**	7.5
Items that may be reclassified subsequently to income statement:					
– increase/(decrease) in fair value of investments at fair value through other comprehensive income (FVOCI)	30(b)	**1.3**	(3.9)	**1.3**	(3.9)
– reclassification adjustments relating to FVOCI investments disposed	8	**#**	0.2	**#**	0.2
– increase in fair value of receivables at FVOCI	31	**1.7**	1.3	**–**	1.3
– cash flow hedge:					
– increase/(decrease) in fair value of cash flow hedge	20	**23.7**	(2.9)	**23.7**	(2.9)
– change in fair value of currency basis	20	**(5.9)**	(5.9)	**(5.9)**	(5.9)
– reclassification to foreign exchange losses on borrowings	9	**(19.0)**	(23.8)	**(19.0)**	(23.8)
– currency translation differences					
– subsidiaries		**2.1**	9.9	**–**	–
– associate		**0.2**	0.4	**–**	–
Other comprehensive loss for the financial year		**(8.5)**	(17.2)	**(12.5)**	(27.5)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**1,876.5**	1,127.0	**2,238.0**	932.1
ATTRIBUTABLE TO:					
– equity holders of the Company					
– continuing operations		**1,862.0**	1,126.1	**2,073.6**	(94.4)
– discontinued operations		**–**	–	**164.4**	1,026.5
– non-controlling interests		**14.5**	0.9	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**1,876.5**	1,127.0	**2,238.0**	932.1

Amount less than RM0.1 million

Following the Group's internal reorganisation which became effective 1 March 2023, the Company's telecommunication business and operations have effectively been amalgamated with the selected wholly-owned subsidiaries and transferred to TM Tech. The Group's internal reorganisation has no impact to the business activities and operations of the Group. Refer to note 55 for details.

The above Statements of Comprehensive Income are to be read in conjunction with the Notes to the Financial Statements on pages 35 to 141.
Independent Auditors' Report – Pages 143 to 147.

Statements of Financial Position

as at 31 December 2023

All amounts are in million unless otherwise stated	Note	The Group 2023 RM	The Group 2022 RM	The Company 2023 RM	The Company 2022 RM
SHARE CAPITAL	13	**4,070.2**	3,986.5	**4,070.2**	3,986.5
OTHER RESERVES	15	**141.9**	220.0	**102.4**	183.8
RETAINED PROFITS	16	**4,950.9**	3,730.0	**4,608.2**	2,935.6
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**9,163.0**	7,936.5	**8,780.8**	7,105.9
NON-CONTROLLING INTERESTS		**159.6**	152.6	**–**	–
TOTAL EQUITY		**9,322.6**	8,089.1	**8,780.8**	7,105.9
Borrowings	17	**3,536.8**	4,959.6	**1,111.9**	4,400.1
Payable to a subsidiary	18	**–**	–	**–**	552.2
Lease liabilities	19	**1,634.5**	1,544.2	**–**	652.2
Deferred tax liabilities	21	**1,127.0**	1,425.8	**–**	1,412.6
Deferred income	22	**1,414.8**	1,630.7	**–**	1,615.6
Trade and other payables	38	**25.9**	24.6	**–**	–
NON–CURRENT LIABILITIES		**7,739.0**	9,584.9	**1,111.9**	8,632.7
		17,061.6	17,674.0	**9,892.7**	15,738.6
Property, plant and equipment	23	**13,026.4**	13,547.0	**–**	12,034.9
Investment property	24	**–**	–	**–**	97.9
Intangible assets	25	**903.0**	745.8	**–**	268.7
Right-of-use assets	26	**1,275.2**	1,153.7	**–**	690.0
Subsidiaries	27	**–**	–	**8,426.2**	2,297.3
Loans and advances to subsidiaries	28	**–**	–	**19.3**	35.5
Associate	29	**100.1**	94.3	**–**	–
Equity investments at fair value through other comprehensive income (FVOCI)	30(a)	**136.5**	149.1	**136.5**	149.1
Investments at fair value through profit or loss (FVTPL)	30(c)	**150.1**	164.6	**150.1**	164.6
Receivables at fair value through other comprehensive income (FVOCI)	31	**49.7**	147.0	**–**	147.0
Other non-current receivables/assets	32	**610.9**	574.3	**494.4**	275.6
Derivative financial instruments	20	**149.8**	132.0	**149.8**	132.0
Deferred tax assets	21	**19.1**	24.1	**–**	–
NON-CURRENT ASSETS		**16,420.8**	16,731.9	**9,376.3**	16,292.6
Inventories	33	**204.6**	305.4	**–**	265.7
Trade and other receivables	35	**2,275.0**	2,312.3	**421.4**	2,298.1
Contract assets	5(b)	**644.3**	702.4	**–**	579.8
Contract cost assets	34	**357.3**	420.7	**–**	375.2
Loans and advances to subsidiaries	28	**–**	–	**7.4**	5.0
Receivables at fair value through other comprehensive income (FVOCI)	31	**2.6**	8.4	**–**	8.4
Investments at fair value through other comprehensive income (FVOCI)	30(b)	**70.4**	66.5	**70.4**	66.5
Investments at fair value through profit or loss (FVTPL)	30(c)	**3.3**	2.1	**3.3**	2.1
Financial assets at fair value through profit or loss (FVTPL)	36	**2.3**	2.2	**2.3**	2.2
Cash and bank balances	37	**2,955.2**	2,579.4	**638.0**	2,126.7
CURRENT ASSETS		**6,515.0**	6,399.4	**1,142.8**	5,729.7
Trade and other payables	38	**3,033.3**	3,718.0	**626.0**	4,727.6
Contract liabilities	5(c)	**1,247.9**	839.0	**–**	857.5
Customer deposits	39	**135.5**	182.6	**–**	180.7
Borrowings	17	**1,226.4**	309.7	**0.2**	272.4
Lease liabilities	19	**223.1**	230.3	**–**	77.1
Tax and zakat		**8.0**	177.7	**0.2**	168.4
CURRENT LIABILITIES		**5,874.2**	5,457.3	**626.4**	6,283.7
NET CURRENT ASSETS/(LIABILITIES)		**640.8**	942.1	**516.4**	(554.0)
		17,061.6	17,674.0	**9,892.7**	15,738.6

The above Statements of Financial Position are to be read in conjunction with the Notes to the Financial Statements on pages 35 to 141.
Independent Auditors' Report – Pages 143 to 147.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2023

All amounts are in million unless otherwise stated	Note	Attributable to equity holders of the Company								
		Special Share*/ Ordinary Shares								
		Share Capital RM	FVOCI Reserves RM	Hedging Reserve RM	Cost of Hedging Reserve RM	Long Term Incentive Plan Reserve RM	Currency Translation Differences RM	Retained Profits RM	Non-controlling Interests RM	Total Equity RM
At 1 January 2023		**3,986.5**	**99.1**	**(13.2)**	**16.8**	**81.9**	**35.4**	**3,730.0**	**152.6**	**8,089.1**
Profit for the financial year		**–**	**–**	**–**	**–**	**–**	**–**	**1,870.5**	**14.5**	**1,885.0**
Other comprehensive income										
Items that will not be reclassified subsequently to income statement:										
– decrease in fair value of equity investments at FVOCI	30(a)	**–**	**(12.6)**	**–**	**–**	**–**	**–**	**–**	**–**	**(12.6)**
Items that may be reclassified subsequently to income statement:										
– increase in fair value of investments at FVOCI	30(b)	**–**	**1.3**	**–**	**–**	**–**	**–**	**–**	**–**	**1.3**
– reclassification adjustments relating to FVOCI investments disposed	8	**–**	**#**	**–**	**–**	**–**	**–**	**–**	**–**	**#**
– increase in fair value of receivables at FVOCI	31	**–**	**1.7**	**–**	**–**	**–**	**–**	**–**	**–**	**1.7**
– cash flow hedge										
– increase in fair value of cash flow hedge	20	**–**	**–**	**23.7**	**–**	**–**	**–**	**–**	**–**	**23.7**
– change in fair value currency basis	20	**–**	**–**	**–**	**(5.9)**	**–**	**–**	**–**	**–**	**(5.9)**
– reclassification to foreign exchange loss on borrowings	9	**–**	**–**	**(19.0)**	**–**	**–**	**–**	**–**	**–**	**(19.0)**
– currency translation differences										
– subsidiaries		**–**	**–**	**–**	**–**	**–**	**2.1**	**–**	**–**	**2.1**
– associate		**–**	**–**	**–**	**–**	**–**	**0.2**	**–**	**–**	**0.2**
Total comprehensive (loss)/income for the financial year		**–**	**(9.6)**	**4.7**	**(5.9)**	**–**	**2.3**	**1,870.5**	**14.5**	**1,876.5**
Transactions with owners:										
Final interim dividend paid for the financial year ended 31 December 2022	12	**–**	**–**	**–**	**–**	**–**	**–**	**(286.6)**	**–**	**(286.6)**
Interim dividend paid for the financial year ended 31 December 2023	12	**–**	**–**	**–**	**–**	**–**	**–**	**(363.0)**	**–**	**(363.0)**
Dividends paid to non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7.5)**	**(7.5)**
Long Term Incentive Plan (LTIP):										
– ordinary shares granted**	14, 15	**–**	**–**	**–**	**–**	**14.1**	**–**	**–**	**–**	**14.1**
– transfer from LTIP reserve upon issuance of shares on vesting		**83.7**	**–**	**–**	**–**	**(83.7)**	**–**	**–**	**–**	**–**
Total transactions with owners		**83.7**	**–**	**–**	**–**	**(69.6)**	**–**	**(649.6)**	**(7.5)**	**(643.0)**
At 31 December 2023		**4,070.2**	**89.5**	**(8.5)**	**10.9**	**12.3**	**37.7**	**4,950.9**	**159.6**	**9,322.6**

Amount less than RM0.1 million

* Issued and fully paid shares include the Special Rights Redeemable Preference Share (Special Share) of RM1.00. Refer to note 13(a) for details of the terms and rights attached to the Special Share.

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

The above Consolidated Statement of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements on pages 35 to 141.

Independent Auditors' Report – Pages 143 to 147.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2022

		Attributable to equity holders of the Company								
		Special Share*/ Ordinary Shares								
All amounts are in million unless otherwise stated	Note	Share Capital RM	FVOCI Reserves RM	Hedging Reserve RM	Cost of Hedging Reserve RM	Long Term Incentive Plan Reserve RM	Currency Translation Differences RM	Retained Profits RM	Non-controlling Interests RM	Total Equity RM
At 1 January 2022		3,729.0	94.0	13.5	22.7	127.9	25.1	3,490.3	(174.6)	7,327.9
Profit for the financial year		–	–	–	–	–	–	1,143.3	0.9	1,144.2
Other comprehensive income										
Items that will not be reclassified subsequently to income statement:										
– increase in fair value of equity investments at FVOCI	30(a)	–	7.5	–	–	–	–	–	–	7.5
Items that may be reclassified subsequently to income statement:										
– decrease in fair value of investments at FVOCI	30(b)	–	(3.9)	–	–	–	–	–	–	(3.9)
– reclassification adjustments relating to FVOCI investments disposed	8	–	0.2	–	–	–	–	–	–	0.2
– increase in fair value of receivables at FVOCI	31	–	1.3	–	–	–	–	–	–	1.3
– cash flow hedge										
– decrease in fair value of cash flow hedge	20	–	–	(2.9)	–	–	–	–	–	(2.9)
– change in fair value currency basis	20	–	–	–	(5.9)	–	–	–	–	(5.9)
– reclassification to foreign exchange loss on borrowings	9	–	–	(23.8)	–	–	–	–	–	(23.8)
– currency translation differences										
– subsidiaries		–	–	–	–	–	9.9	–	–	9.9
– associate		–	–	–	–	–	0.4	–	–	0.4
Total comprehensive income/(loss) for the financial year		–	5.1	(26.7)	(5.9)	–	10.3	1,143.3	0.9	1,127.0
Transactions with owners:										
Shares issued pursuant to Dividend Reinvestment Scheme (DRS)	13	180.4	–	–	–	–	–	–	–	180.4
Acquisition of non-controlling interests		–	–	–	–	–	–	(336.3)	334.0	(2.3)
Final interim dividend paid for the financial year ended 31 December 2021	12	–	–	–	–	–	–	(226.4)	–	(226.4)
Interim dividend paid for the financial year ended 31 December 2022	12	–	–	–	–	–	–	(340.9)	–	(340.9)
Dividends paid to non-controlling interests		–	–	–	–	–	–	–	(7.7)	(7.7)
Long Term Incentive Plan (LTIP):										
– ordinary shares granted**	14, 15	–	–	–	–	31.1	–	–	–	31.1
– transfer from LTIP reserve upon issuance of shares on vesting		77.1	–	–	–	(77.1)	–	–	–	–
Total transactions with owners		257.5	–	–	–	(46.0)	–	(903.6)	326.3	(365.8)
At 31 December 2022		3,986.5	99.1	(13.2)	16.8	81.9	35.4	3,730.0	152.6	8,089.1

* Issued and fully paid shares include the Special Rights Redeemable Preference Share (Special Share) of RM1.00. Refer to note 13(a) for details of the terms and rights attached to the Special Share.

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

The above Consolidated Statement of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements on pages 35 to 141.

Independent Auditors' Report – Pages 143 to 147.

Company Statement of Changes in Equity

for the financial year ended 31 December 2023

All amounts are in million unless otherwise stated	Note	Special Share*/ Ordinary Shares Share Capital RM	FVOCI Reserves RM	Hedging Reserve RM	Cost of Hedging Reserve RM	Long Term Incentive Plan Reserve RM	Retained Profits RM	Total Equity RM
At 1 January 2023		**3,986.5**	**99.1**	**(13.2)**	**16.8**	**81.1**	**2,935.6**	**7,105.9**
Profit for the financial year		–	–	–	–	–	2,250.5	2,250.5
Other comprehensive income								
Items that will not be reclassified subsequently to income statement:								
– decrease in fair value of equity investments at FVOCI	30(a)	–	(12.6)	–	–	–	–	(12.6)
Items that may be reclassified subsequently to income statement:								
– increase in fair value of investments at FVOCI	30(b)	–	1.3	–	–	–	–	1.3
– reclassification adjustments relating to FVOCI investments disposed	8	–	#	–	–	–	–	#
– cash flow hedge								
– increase in fair value of cash flow hedge	20	–	–	23.7	–	–	–	23.7
– change in fair value currency basis	20	–	–	–	(5.9)	–	–	(5.9)
– reclassification to foreign exchange loss on borrowings	9	–	–	(19.0)	–	–	–	(19.0)
Total comprehensive (loss)/income for the financial year		–	(11.3)	4.7	(5.9)	–	2,250.5	2,238.0
Transactions with owners:								
Final interim dividend paid for the financial year ended 31 December 2022	12	–	–	–	–	–	(286.6)	(286.6)
Interim dividend paid for the financial year ended 31 December 2023	12	–	–	–	–	–	(363.0)	(363.0)
Transferred to TM Tech due to internal reorganisation	55	–	0.4	–	–	–	–	0.4
Distribution of assets from liquidated subsidiaries arising from internal reorganisation		–	–	–	–	–	71.7	71.7
Long Term Incentive Plan (LTIP):								
– ordinary shares granted**	14, 15	–	–	–	–	14.4	–	14.4
– transfer from LTIP reserve upon issuance of shares on vesting		83.7	–	–	–	(83.7)	–	–
Total transactions with owners		83.7	0.4	–	–	(69.3)	(577.9)	(563.1)
At 31 December 2023		**4,070.2**	**88.2**	**(8.5)**	**10.9**	**11.8**	**4,608.2**	**8,780.8**

Amount less than 0.1 million

* Issued and fully paid shares include the Special Rights Redeemable Preference Share (Special Share) of RM1.00. Refer to note 13(a) for details of the terms and rights attached to the Special Share.

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

The above Company Statement of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements on pages 35 to 141.

Independent Auditors' Report – Pages 143 to 147.

Company Statement of Changes in Equity

for the financial year ended 31 December 2022

All amounts are in million unless otherwise stated	Note	Special Share*/ Ordinary Shares Share Capital RM	FVOCI Reserves RM	Hedging Reserve RM	Cost of Hedging Reserve RM	Long Term Incentive Plan Reserve RM	Retained Profits RM	Total Equity RM
At 1 January 2022		3,729.0	94.0	13.5	22.7	126.8	2,543.3	6,529.3
Profit for the financial year		–	–	–	–	–	959.6	959.6
Other comprehensive income								
Items that will not be reclassified subsequently to income statement:								
– increase in fair value of equity investments at FVOCI	30(a)	–	7.5	–	–	–	–	7.5
Items that may be reclassified subsequently to income statement:								
– decrease in fair value of investments at FVOCI	30(b)	–	(3.9)	–	–	–	–	(3.9)
– reclassification adjustments relating to FVOCI investments disposed	8	–	0.2	–	–	–	–	0.2
– increase in fair value of receivables at FVOCI	31	–	1.3	–	–	–	–	1.3
– cash flow hedge								
– decrease in fair value of cash flow hedge	20	–	–	(2.9)	–	–	–	(2.9)
– change in fair value currency basis	20	–	–	–	(5.9)	–	–	(5.9)
– reclassification to foreign exchange loss on borrowings	9	–	–	(23.8)	–	–	–	(23.8)
Total comprehensive income/(loss) for the financial year		–	5.1	(26.7)	(5.9)	–	959.6	932.1
Transactions with owners:								
Shares issued pursuant to Dividend Reinvestment Scheme (DRS)	13	180.4	–	–	–	–	–	180.4
Final interim dividend paid for the financial year ended 31 December 2021	12	–	–	–	–	–	(226.4)	(226.4)
Interim dividend paid for the financial year ended 31 December 2022	12	–	–	–	–	–	(340.9)	(340.9)
Long Term Incentive Plan (LTIP):								
– ordinary shares granted**	14, 15	–	–	–	–	31.4	–	31.4
– transfer from LTIP reserve upon issuance of shares on vesting		77.1	–	–	–	(77.1)	–	–
Total transactions with owners		257.5	–	–	–	(45.7)	(567.3)	(355.5)
At 31 December 2022		3,986.5	99.1	(13.2)	16.8	81.1	2,935.6	7,105.9

* Issued and fully paid shares include the Special Rights Redeemable Preference Share (Special Share) of RM1.00. Refer to note 13(a) for details of the terms and rights attached to the Special Share.

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

The above Company Statement of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements on pages 35 to 141.

Independent Auditors' Report – Pages 143 to 147.

Statements of Cash Flows

for the financial year ended 31 December 2023

All amounts are in million unless otherwise stated	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES	40	**3,686.1**	3,265.8	**567.3**	2,812.4
CASH FLOWS USED IN INVESTING ACTIVITIES	41	**(1,643.9)**	(1,334.9)	**(858.3)**	(1,198.6)
CASH FLOWS USED IN FINANCING ACTIVITIES	42	**(1,687.8)**	(1,465.6)	**(971.0)**	(1,165.4)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**354.4**	465.3	**(1,262.0)**	448.4
EFFECT OF EXCHANGE RATE CHANGES		**(0.8)**	(1.0)	**7.3**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**2,344.3**	1,880.0	**1,892.7**	1,444.3
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37	**2,697.9**	2,344.3	**638.0**	1,892.7

The above Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements on pages 35 to 141.
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Notes to the Financial Statements

for the financial year ended 31 December 2023

All amounts are in million unless otherwise stated

1. PRINCIPAL ACTIVITIES

The principal activities of the Group and of the Company are the establishment, maintenance and provision of telecommunications and related services. The details and principal activities of subsidiaries are set out in note 53. There were no significant changes in the principal activities of the Group during the financial year. On 1 March 2023, the Company carried through the transfer of telecommunication business and the identified assets and liabilities to one of its subsidiaries, TM Technology Services Sdn Bhd (TM Tech) according to the terms of the Merger Agreement. Subsequent to the transfer, the Company continues its operations as an investment holding company.

Telekom Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is Level 51 North Wing, Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur. The principal office and place of business of the Company is Menara TM, Jalan Pantai Baharu, 50672 Kuala Lumpur.

2. MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation of the Financial Statements

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 2016, in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in the Material Accounting Policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as at the reporting date, and the reported amounts of the revenue and expenses during the reported period. It also requires the Directors to exercise their judgements in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgements or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(i) The amendments to published standards that are effective and applicable for the Group's and the Company's financial year beginning 1 January 2023

The amendments to published standards that are effective and applicable to the Group and the Company are as follows:

Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

- Amendments to MFRS 101 and MFRS Practice Statement 2 "Disclosure of Accounting Policies" require companies to disclose material accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendments add guidance on how to apply the concept of materiality in making decisions about accounting policy disclosures.

Except for the Amendments to MFRS 101 and MFRS Practice Statement 2, the adoption of the other applicable amendments to published standards have not led to any material impact on the financial result, position or disclosure for the current or previous periods nor any of the Group's and of the Company's Material Accounting Policies.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Preparation of the Financial Statements (continued)

(ii) Amendments to published standards that have been issued but not yet effective and have not been adopted early by the Group and the Company

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability

Effective for annual periods to be announced by MASB

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

The adoption of the above annual improvements and amendments to published standards are not expected to have a material impact on the financial statements of the Group and of the Company.

(b) Economic Entities in the Group

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control.

Subsidiaries are consolidated using the acquisition method of accounting except for business combinations involving entities or businesses under common control. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are excluded from consolidation from the date that control ceases.

The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date-fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in the Consolidated Income Statement (refer to Material Accounting Policies note 2(e)(i) on Goodwill).

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Intra-group transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated.

(ii) Business combination under common control

The Group applies merger accounting to account for business combinations under common control involving the parent company and its wholly-owned subsidiaries. Under merger accounting, assets and liabilities acquired are not restated to their respective fair values. The assets and liabilities are recognised at the carrying amounts included in the financial statements of the transferred entities.

The difference between any consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is recognised as an adjustment to equity. No new goodwill arises in merger accounting.

The acquired entity's results, assets and liabilities are consolidated from the date on which the business combination between entities under common control occurred. The comparative information is not restated.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Economic Entities in the Group (continued)

(iii) Associate

Investment in associate is accounted for in the consolidated financial statements using the equity method of accounting and is initially recognised at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

(c) Investments in Subsidiaries and Associate Separate Financial Statements

Investments in subsidiaries and associate are stated at cost less accumulated impairment losses in the Company's separate financial statements. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (refer to Material Accounting Policies note 2(f) on Impairment of Non-Financial Assets). Impairment losses are charged to the Income Statement.

(d) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Certain freehold land are carried at fair value, being their deemed cost in accordance with the exemption provided by MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards" as at 1 January 2011, the date of transition to MFRS.

(i) Cost

Cost of telecommunications network comprises expenditure up to and including the last distribution point before the customers' premises and includes contractors' charges, materials, direct labour and related overheads. The cost of other property, plant and equipment comprises their purchase cost and any incidental cost of acquisition. These costs include the costs of dismantling, removal and restoration, the obligation which was incurred as a consequence of installing the asset. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent cost is included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the period in which they are incurred.

(ii) Depreciation

Freehold land is not depreciated as it has an infinite life. Leasehold land is depreciated over the period of its respective lease and is classified as long-term lease if it has an unexpired lease period of 50 years and above. Other property, plant and equipment are depreciated on a straight line basis to allocate the cost of the assets to their residual values over their estimated useful lives in years as summarised below:

Telecommunications civil works, ducts and manholes	30
Telecommunications network and infrastructure related	2 – 20
Movable plant and equipment	3 – 10
Computer support systems	3 – 8
Buildings	5 – 40

Capital work-in-progress are stated at cost and are not depreciated. Upon completion, capital work-in-progress are transferred to categories of property, plant and equipment depending on the nature of the assets. Capital work-in-progress includes servicing equipment, materials and spares.

(iii) Impairment

At each reporting date, the Group assesses whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying value of the asset is fully recoverable. A write-down is made if the carrying value exceeds the recoverable amount (refer to Material Accounting Policies note 2(f) on Impairment of Non-Financial Assets).

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Intangible Assets

(i) Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment at least annually, or when events or circumstances occur indicating that an impairment may exist.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value-in-use and the fair value less cost of disposal. Any impairment is recognised immediately as an expense and not subsequently reversed.

(ii) Software

Acquired software costs and development costs that are directly associated with identifiable and unique software products controlled by the Group and the Company that will generate probable future economic benefits exceeding costs beyond one year are recognised as intangible assets. The assets are amortised from the point which they are ready for use. Amortisation is calculated on a straight line basis over their estimated useful lives as summarised as below:

Infrastructure Software	5 – 8
Application Software	3 – 8
Others	3 – 8

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Computer software for a computer-controlled machine tool that cannot operate without that specific software is an integral part of the related hardware and it is accounted for as property, plant and equipment as disclosed under note 2(d). Software that is not an integral part of the related hardware is accounted for as an intangible asset.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying value of the asset is fully recoverable.

(iii) Telecommunication Spectrum

Telecommunication spectrum acquired in a business combination is carried at cost less accumulated amortisation. Amortisation is calculated on a straight line basis over the estimated useful life of 7 years.

Other telecommunication spectrums acquired through Spectrum Assignment (SA) are amortised based on the assignment term of the respective spectrum bands. The annual fees incurred during the SA periods are recognised as expenses in the Income Statement.

Spectrums are subjected for impairment review whenever adverse events or changes in circumstances indicate that impairment may have occurred.

(f) Impairment of Non-Financial Assets

Assets that have an indefinite useful life, namely goodwill, are not subject to amortisation and are tested for impairment annually, or as and when events or circumstances occur indicating that an impairment may exist. Property, plant and equipment and other non-current assets, including intangible assets with definite useful life, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

(g) Financial Assets

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial Assets (continued)

Debt instruments

There are three measurement categories into which the Group and the Company classify their debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest (SPPI) are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Income Statement.

(b) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses).

Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the Income Statement.

(c) FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within other gains/(losses) in the period when they arise.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value except for subsidiaries and associate. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments is established.

Offsetting Financial Instruments

Certain amounts of trade receivables and trade payables are offset and the net amount presented in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(h) Impairment of Financial Assets

Impairment for contract assets and debt instruments

The Group assesses on a forward looking basis the expected credit loss (ECL) associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has contract assets and four types of financial instruments that are subject to the ECL model:

- Trade receivables
- Other receivables
- Loans to subsidiaries
- Receivables at FVOCI

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of Financial Assets (continued)

Impairment for contract assets and debt instruments (continued)

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss is immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach for receivables other than trade and contract assets

At each reporting date, the Group measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equals to lifetime ECL is required. Note 4(a)(ii)(c)(ii) sets out the measurement details of ECL.

(ii) Simplified approach for trade receivables and contract assets

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Note 4(a)(ii)(c)(i) sets out the measurement details of ECL.

Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. It considers available reasonable and supportable forward-looking information. Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 and 365 days of when they fall due for trade receivable and non-trade receivable balances respectively.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor’s financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of Financial Assets (continued)

Impairment for contract assets and debt instruments (continued)

(ii) Simplified approach for trade receivables and contract assets (continued)

Groupings of instruments for measurement of ECL

(i) Collective assessment

To measure ECL, trade receivables and contract assets arising from the Unifi, TM One and TM Global customer-facing business units have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled services provided and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(ii) Individual assessment

Trade receivables and contract assets which are in default or credit-impaired are assessed individually. Loans to subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each loan to subsidiary.

Write-off

The financial assets and contract assets are written off when there is no reasonable expectation of recovery. Indicators such as the failure of a debtor to engage in a repayment plan with the Group, early termination of contract by customers and a failure to make contractual payment for a prolonged period.

(i) Derivative Financial Instruments and Hedging Activities

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement within "other gains or losses – net". Where the Group and the Company exclude the foreign currency basis spread from the designation of derivatives used as hedging instrument, the change in the foreign currency basis spread of the hedging instrument is recognised in other comprehensive income and accumulated in costs of hedging reserve within equity. The Group and the Company designate the cost of hedging application in relation to foreign currency basis spread on a hedge by hedge basis.

Amounts accumulated in equity (including the cost of hedging reserve) are reclassified to the Income Statement in the periods when the hedged cash flows affect the Income Statement. The gain or loss relating to the effective portion of cross currency interest rate swaps and interest rate swap hedging fixed rate borrowings is recognised in the Income Statement within "finance cost".

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged cash flows affect profit or loss in the Income Statement.

(j) Inventories

Inventories comprise telecommunications equipment, capacity held for resale and land held for sale are stated at lower of cost and net realisable value.

Cost is determined on a weighted average basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location. The cost of finished goods comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs.

Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs to completion and applicable variable selling expenses. In arriving at the net realisable value, due allowance is made for all obsolete and slow moving items.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Discontinued Operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax for the financial year from discontinued operations in the Income Statements.

Additional disclosures are provided in note 55. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(l) Share Capital

(i) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distribution to holders of a financial instrument classified as an equity instrument is debited directly to equity.

(ii) Share Issue Costs

Incremental costs directly attributable to the issuance of new shares or options are deducted against equity.

(iii) Dividend to Shareholders of the Company

Dividends on redeemable preference shares are recognised as a liability and expressed on an accrual basis. Other dividends are recognised as a liability in the period in which they are declared.

Dividend in specie of shares distributed to the Group's and the Company's shareholders is recorded at the carrying value of net asset distributed. The distribution is recorded as a movement in equity.

(m) Financial Liabilities

Trade and other payables, customer deposits and borrowings are classified as other financial liabilities. These are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

(n) Leases

(a) Accounting by lessee

The Group and the Company leases various categories of items such as telecommunications network, lands and buildings. Leases are recognised as right-of-use (ROU) asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases such as properties and customer premise equipment (CPE) for which the Group and the Company are lessees, they have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(i) Lease term

In determining the lease term, extension options (or periods after termination options) are only included if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and of the Company.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Leases (continued)

(a) Accounting by lessee (continued)

(ii) Right-of-use (ROU) assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life.

In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities due to modification and termination of lease contracts.

(iii) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments to be made over the lease term. Lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period.

(iv) Reassessment of lease liabilities

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(v) Short-term leases and low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are those with individual asset cost of less than RM25,000 and comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight line basis as an expense in profit or loss.

(b) Accounting by lessor

Finance leases

The Group and the Company classify a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company derecognise the underlying asset and recognise a receivable at an amount equal to the net investment in a finance lease. The receivable is measured based on future payments to be received discounted using the interest rate implicit in the lease, adjusted for any direct costs. The difference between derecognised asset and lease receivables is recognised in the Income Statement. Finance income arising from lease receivables is recognised over the term of the lease on the Group's and the Company's net investment in the lease to reflect a constant periodic rate of return.

Operating leases

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognised lease payments received under operating lease as lease income on a straight line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the Statement of Financial Position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Income Statement over the financial period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to the Income Statement on a straight line basis over the estimated useful lives of the related assets.

(p) Income Taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by foreign subsidiaries or associate on distributions of retained profits to companies in the Group, and real property gains taxes payable on disposal of properties. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, and associate operate and generate taxable income.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available in the future, against which the deductible temporary differences or unutilised tax losses and tax credits (including investment allowances) can be utilised.

(q) Revenue Recognition

(i) Revenue from contracts with customers under MFRS 15

(a) Revenue from Internet and multimedia, voice and data services

Revenue from Internet and multimedia, voice and data services are bundled contracts prevalent to the Unifi, TM One and TM Global customer-facing business unit of the Group. It is common for contracts with customers for these services to require a minimum subscription period, whereby any early termination by the customer will result in a penalty charged against the customer. Such minimum subscription periods shall be taken as the contract period. Contract periods may be modified for extensions when customers accept equipment relating to the contract free of charges in exchange for an extension to the previous minimum contract period. Allocation of the total consideration receivable to the different components of the contract is based on the separate stand-alone selling price of each component.

Customer premise equipment (CPE) provided for Internet and multimedia and voice contracts are accounted for as a separate performance obligation to the customer. CPE for data services are mostly intrinsic to the services provided to customers and are not accounted for as a separate performance obligation. Revenue allocated to CPE is recognised upfront upon installation of the CPE at the inception of the contract. Consequently, this will reduce the monthly service revenue recognised when compared to the fixed amount billed subsequently on a recurring basis. This results in the recognition of a contract asset when the device or content is delivered before the payment is due whereas if the payment happens before the delivery of device or content, then a contract liability is recognised.

Other performance obligations in Internet and multimedia, voice and data services contracts are recognised on a straight line basis over the contractual period as services are provided on a continuous basis.

Notes to the Financial Statements
for the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Revenue Recognition (continued)

(i) Revenue from contracts with customers under MFRS 15 (continued)

(b) Revenue from Wholesale Voice and data services

Certain wholesale services are contracted with volume discounts based on aggregated cumulative volume. Revenue from these contracts is recognised based on the price specified in the contract, net of the volume discounts estimated to be given over the contract period. Accumulated experience and expected trends are used to estimate and provide for the discounts, using the most likely value method. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The difference between the revenue recognised net of estimated discounts and the amount billed to customers are recognised as contract liabilities.

Revenue net of estimated discounts is recognised on a straight line basis over the contractual period.

(c) Revenue from Other telecommunication related services

Revenue from Other telecommunication related services mainly comprises revenue from contracts with customers of TM One which bundles the provision of data services and/or Internet and voice services with customised Information and Communications Technology (ICT) products and solutions. It is common for these contracts to include the delivery, installation and maintenance services of telecommunication related equipment and network. Revenue from the Group's Business Process Outsourcing services are also disclosed under this category.

When the total contract price for a bundled contract is negotiated and concluded together, certain portions of the bundled equipment or services may be provided at discounted prices. The total consideration received in such bundled or multiple performance obligation contracts is allocated between the different performance obligations based on the stand-alone selling price of each component. Where these are not directly observable, they are estimated based on expected cost plus margin.

Revenue is generally recognised over time based on the progress towards the satisfaction of the performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's and the Company's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group or the Company to the customer (i.e. certificates of acceptance); or
- the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. costs incurred to date).

Consequently, the timing of revenue recognition may differ from the amount and frequency of contracted milestone billings. Contract assets will be recognised when the equipment or services are delivered before the relevant billings to customers are due, whereas if the billing to customers happen before the delivery of the associated equipment or services, then a contract liability is recognised.

(d) Revenue from Non-telecommunication related services

Revenue from Non-telecommunication related services mainly comprise revenue from tuition fees from the Group's education cluster. These contracts with customers are largely single performance obligation contracts where revenue is recognised upon rendering of services.

(ii) Revenue from other sources

Dividend income from investment in subsidiaries, associate and equity investments is recognised when a right to receive payment is established.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Contracts with Customers

(i) Contract Cost Assets

Sales commission and other third party acquisition costs resulting directly from securing contracts with customers will be capitalised when they are incremental and expected to be recovered over the contract period when it exceeds 12 months. These are then amortised on straight line basis over either the average customer retention period or the contract term.

(ii) Contract Assets

Contract assets is the right of the Group and of the Company to receive consideration in exchange for goods or services that the Group and the Company have transferred to a customer conditioned to factor(s) other than the passage of time.

(iii) Contract Liabilities

The Group's and the Company's obligation to transfer goods or services to a customer for which the Group and the Company have received consideration in advance from customer is presented as contract liability. A contract liability is also recognised for expected volume discounts granted to customer for future purchases.

(s) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company.

(ii) Defined Contribution Plans

The Group's and the Company's contributions to defined contribution plans are charged to the Income Statement in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value. These include limited medical benefits provided up to a certain age for eligible ex-employees under certain optional retirement scheme.

Notes to the Financial Statements

for the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Employee Benefits (continued)

(iv) Share-based Compensation

- **Equity-settled Share-based Compensation**

  The fair value of the employee services received in exchange for the grant of shares to employees of the Group and of the Company are recognised as an expense in the Income Statement over the vesting period of the grant (or each respective grants in the event of multiple grants) with a corresponding increase in share-based payment reserve in equity.

  For shares granted to the employees of subsidiaries, the fair value of the grant is recognised as a cost to investment in the subsidiaries over the vesting period with a corresponding adjustment to equity.

- **Cash-settled Share-based Compensation**

  The fair value of the employee services received in exchange for the cash payment by the Group or the Company to employees in lieu of shares of the Group and of the Company are recognised at the fair value of the liability incurred, as expense in the Income Statement over the vesting period of the grant (or each respective grants in the event of multiple grants).

The total amount to be expensed over the respective vesting periods is determined by reference to the fair value of the shares granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions about the number of shares that are expected to vest. At each reporting date, the Group and the Company revise estimates of the number of shares that are expected to vest. It recognises the impact of the revision of original estimates of the grant liability, if any, in the Income Statement with a corresponding adjustment to share-based payment reserve in equity.

The fair value of shares granted to employees of subsidiaries are allocated to the subsidiaries.

When the shares granted are vested and issued, the fair value is credited to share capital with corresponding debit to reserves and cash received (if any).

(t) Foreign Currencies

(i) Functional and Presentation Currency

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses that relate to borrowings are presented in the Income Statement within "net finance cost". All other foreign exchange gains and losses are presented in the Income Statement within "operating costs".

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are mentioned below:

(a) Accounting for Contracts with Customers

Certain estimates were made in applying MFRS 15 for the Group and the Company. These estimates were made, amongst others, on volume commitments, transaction prices and future discounts, which took into consideration the circumstances and information that were available at the reporting date. Accordingly, the Group and the Company will continue to refine these estimates, where applicable.

	Areas of Estimates	Basis of Estimates
(i)	Determination of Stand-alone Selling Price	The relative Stand-alone Selling Price (SSP) of each performance obligation is used as a basis to allocate the total contracted price from a contract with customer to the different performance obligations that the contract comprises of. Management estimates the SSP of performance obligations at contract inception based on observable prices for the type of hardware, goods or services likely to be provided in similar circumstances to similar customers. When observable market price is limited from the market, historical profit margins for actual similar services provided from recent years is used as a basis to be applied on planned or estimated cost to provide a service to arrive to a SSP.
(ii)	Measurement of progress of performance obligation	Certain contracts for which a combination of performance obligations may be delivered to the customer over a medium/long term period may require an estimate of percentage of completion of the services delivered to the customer based on the total costs incurred over expected cost of the contract. Where practicable, acceptance milestones from customers over total contracted deliverables are also used as a measure of progress.
(iii)	Determination of transaction price	Certain medium/long term wholesale contracts involve tiered or volume discounts given based on the transaction price of all services under that contract once a certain volume or number of sites of services is reached. Estimates are made on the expected discounts to be given for such contracts based on total cumulative services together with estimates of scales expected to be reached over the contract period and general economic environment affecting general level of demand from the particular customer. Adjustments on such estimates and its impact on the total transaction prices expected from the entire contract are revised cumulatively at least on an annual review basis.
(iv)	Allocation of discounts and transaction price to performance obligations	Management estimates the SSP at contract inception based on observable prices of the type of hardware likely to be provided and the services rendered in similar circumstances to similar customers. If discount is granted, either for certain or all performance obligations, it is allocated to all performance obligations within the contract based on their relative SSP.

Notes to the Financial Statements

for the financial year ended 31 December 2023

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Estimated Useful Lives of Property, Plant and Equipment

The Group and the Company review annually the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage, changes in technology, latest findings in research and development, updated practices to enhance performance of certain network assets and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A change in the estimated useful lives of property, plant and equipment would change the recorded depreciation and the carrying amount of property, plant and equipment.

During the financial year, the Group revised the estimated useful lives of certain telecommunications network, movable plant and equipment and computer support systems, giving rise to an increase in depreciation charges for the current financial year ended from the shortening of useful lives. The revision reflects the expected economic usage of the Group's telecommunication network, movable plant and equipment and computer support systems. The change in the estimated useful lives is accounted for prospectively in accordance with MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors". Further details are disclosed in note 23(c).

(c) Useful Life of Intangible Asset Acquired through Business Combination

The useful life over which intangible asset acquired through business combination are amortised depends on management's estimate of the period over which economic benefit will be derived from the asset. Useful lives are periodically reviewed to ensure that they remain appropriate.

(d) Impairment of Property, Plant and Equipment and Intangible Assets

The Group assesses impairment of the property, plant and equipment and intangible assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable (i.e. the carrying amount of the asset is more than the recoverable amount). Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate.

Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

During the financial year, the Group recognised total impairment losses on assets amounting to RM120.6 million in property, plant and equipment and RM0.4 million in intangible asset respectively, primarily in relation to certain computer support system and buildings as well as certain infrastructure software related to the digital infrastructure.

Further detail on assumptions and estimates applied in arriving to the impairment losses recognised at the Group are disclosed in notes 23(b).

(e) Impairment of Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy or whenever events or changes in circumstances indicate that this is necessary. The assumptions used, results and conclusion of the impairment assessment are stated in note 25(a).

(f) Impairment of Receivables

The Group and the Company assess at each reporting date whether there is objective evidence that receivables have been impaired. Impairment loss is calculated periodically based on a review of the current status of existing receivables and historical collection trends to reflect the actual and anticipated experience.

The Group and the Company apply the ECL impairment approach under the requirements of MFRS 9 "Financial Instruments". The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 4(a)(ii).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(g) Accounting for Leases

Certain estimates were made in applying MFRS 16 for the Group and the Company. These estimates were made on incremental borrowing rate, extension and termination options took into consideration the circumstances and information that were available at the reporting date. Accordingly, the Group and the Company will continue to refine these estimates, where applicable.

	Areas of Estimates	Basis of Estimates
(i)	Measurement of lease liability using incremental borrowing rate	The incremental borrowing rate is determined based on interest rate for the list of AAA rated bonds issued in the current year and will be adjusted based on factors such as credit risk specific to the respective entities, country risk and collateralised elements that are applicable to each lease. The incremental borrowing rate is reviewed on a semi-annual basis.
(ii)	Determination of the extension and termination option	In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

(h) Taxation

(i) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established, where appropriate on the basis of amounts expected to be paid to the tax authorities. Where relevant, this is measured using the single best estimate of the most likely outcome, considering strategic and commercial interest and substance of the circumstances surrounding such positions.

(ii) Deferred Tax Assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences or unutilised tax losses and tax credits (including investment allowances) can be utilised. This involves judgement regarding future taxable profits of a particular entity in which the deferred tax asset has been recognised.

Estimating the future taxable profits involved significant assumptions, especially in respect of demand on existing and new services, competition and regulatory changes that may impact the pricing of services. These assumptions were derived based on past performance, future prospect and adjusted for non-recurring circumstances.

(i) Fair Value of Derivatives and Other Financial Instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group exercises its judgement in selecting a variety of valuation methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

Notes to the Financial Statements

for the financial year ended 31 December 2023

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(i) Fair Value of Derivatives and Other Financial Instruments (continued)

The fair value of derivatives is the present value of their future cash flows. The Group estimated the fair values at the reporting date, of certain equity investments at FVOCI and investments at FVOCI that are not traded in an active market by using the net tangible assets and the discounted cash flow methods respectively. Although the Group and the Company believe that estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The summary of financial instruments by category is disclosed in note 47. The valuation of such financial instruments is further discussed in note 48.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risk Factors

The main risks arising from the Group's and the Company's financial assets and liabilities are market risk (comprises foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's and the Company's overall risk management seeks to minimise potential adverse effects of these risks on the financial performance of the Group and the Company.

The Group has established risk management policies, guidelines and procedures in order to manage its exposure to these financial risks. Hedging strategies are determined in light of commercial commitments to mitigate the relevant risks exposures. Derivative financial instruments are used to hedge the underlying commercial exposures and are not held for speculative purposes.

(i) Market Risk

- Foreign Exchange Risk

The Group's and the Company's foreign exchange risk refer to adverse exchange rate movements on foreign currency positions originating from trade receivables and payables, deposits and borrowings denominated in foreign currencies, and from retained profits in overseas subsidiaries, where the functional currencies are not in Ringgit Malaysia.

The Group's and the Company's objective is to mitigate foreign exchange exposure to an acceptable level against pre-determined limits and impact to the Income Statement. The Group and the Company monitor their foreign currency denominated assets and liabilities and uses various hedging instruments such as forward contracts, Cross Currency Interest Rate Swaps (CCIRS) contracts and option structures as well as maintaining funds in foreign currencies at appropriate levels to support operating cash flows requirement. The Group's and the Company's policy requires all transactions for hedging foreign currency exchange risk exposure be executed within the parameters approved by the Board of Directors.

The foreign exchange risk of the Group and the Company arises predominantly from borrowings denominated in foreign currencies, mainly the US Dollar. After hedging of the US Dollar borrowings, the foreign currency borrowings composition is decreased to 25.8% (2022: 27.3%) of the Group's total borrowings as at 31 December 2023 and increased to 58.5% (2022: 27.5%) of the Company's total borrowings as at 31 December 2023. The composition of the Company's foreign currency borrowings has increased in 2023 due to certain borrowings transferred to TM Tech arising from the internal reorganisation of TM Group (note 55).

Based on the borrowings position as at 31 December 2023, if the Ringgit Malaysia had weakened/strengthened by 5.0% against the US Dollar with all other variables held constant, the post-tax profit and equity for the financial year would have been lower/higher by approximately RM84.4 million (2022: RM94.2 million) (before hedging) and RM61.4 million (2022: RM72.1 million) (after hedging) for the Group and lower/higher by approximately RM55.6 million (2022: RM94.2 million) (before hedging) and RM32.6 million (2022: RM72.1 million) (after hedging) for the Company as a result of foreign exchange losses or gains on translation of US Dollar denominated borrowing.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial Risk Factors (continued)

(i) Market Risk (continued)

- Interest Rate Risk

The Group and the Company have cash and short term deposits, fixed income securities and fixed income unit trust funds that are exposed to interest rate movement. The Group and the Company manage their interest rate risk on cash and short term deposits through allocation in suitable tenure. For fixed income securities, the Group and the Company apply suitable duration and basis point valuation analysis impact to manage its interest rate risk. As for fixed income unit trust funds, it applies the fund manager's duration structure management for the future interest rate trend.

The Group's investments in money market, fixed income securities and fixed income unit trust funds as at 31 December 2023 were RM2,213.9 million (2022: RM1,768.0 million), RM70.4 million (2022: RM66.5 million) and RM93.0 million (2022: RM90.3 million) respectively. Correspondingly, the Company's investments in money market, fixed income securities and fixed income unit trust funds as at 31 December 2023 were RM636.5 million (2022: RM1,704.0 million), RM70.4 million (2022: RM66.5 million) and RM93.0 million (2022: RM90.3 million) respectively. The decline in the Company's investments in money market was resulted from the transfer of certain investments in money market to TM Tech arising from the internal reorganisation of TM Group (note 55). For an increase/decrease of 25 basis points in the Overnight Policy Rate (OPR) by Bank Negara Malaysia and assuming the overall yield curve also increases/decreases by the same percentage, the finance income from the money market portfolio of the Group and the Company would correspondingly move up/down by approximately RM5.5 million (2022: RM4.4 million) and RM1.6 million (2022: RM4.3 million) respectively while the net asset value of the fixed income securities and fixed income unit trust fund of the Group and the Company would move down/up by approximately RM0.8 million (2022: RM0.5 million) and RM0.5 million (2022: RM0.7 million) respectively.

The Group's and the Company's debts include revolving credits, borrowings, bonds, notes and debentures. The Group's and the Company's objective is to manage the interest rate risk to an acceptable level of exposure on the finance cost. The Group and the Company review their composition of fixed and floating rate debt based on assessment of its existing exposure and desirable interest rate profile acceptable to the Group and the Company. Hedging instruments such as interest rate swaps are used to manage these risks.

The Group's and the Company's policy requires all transactions for hedging interest rate risk exposure be executed within the parameters approved by the Board of Directors.

The Group and the Company have entered into interest rate swap transactions with creditworthy financial institutions. Based on the hedging position as at 31 December 2023, the Group's and the Company's interest rate profiles after hedging, were both at 100% fixed interest rate (2022: 100% fixed interest rate). As such, the Group and the Company would not be affected by any hike in the OPR. This was also the position as at the end of the previous financial year.

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for the financial year ended 31 December 2023

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial Risk Factors (continued)

(ii) Credit Risk

Financial assets that are primarily exposed to credit risks are receivables, cash and bank balances, marketable securities and financial instruments used in hedging activities.

Due to the nature of the Group's and the Company's business, customers are mainly segregated according to business units. The Group and the Company have no significant concentration of credit risk due to its diverse customer base. Credit risk is managed through the application of stringent credit control assessment and approval, credit limit and monitoring procedures. Where appropriate, the Group and the Company obtain deposits or bank guarantees from customers to be held as collaterals.

Expected Credit Loss (ECL)

The Group and the Company estimate and provide for ECL in relation to trade and other receivables.

(a) Measurement of ECL

(i) Trade receivables and contract assets – Simplified approach

The expected loss rates recognised for trade receivables and contract assets are based on the payment profiles of sales over a period of 24 to 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic variables affecting the ability of the customers to settle the receivables. The Group and the Company have identified the following to be the most relevant factors applicable to each of the three main customer-facing business units in the Group and the Company, and accordingly the correlation between historical loss rates against these macroeconomic variables are being applied as a basis in forecasting forward looking expected loss rate based on the expected changes in these factors.

Unifi	• Malaysian Consumer Price Index
TM One	• FTSE Bursa Malaysia Kuala Lumpur Composite Index • Unemployment Rate • Brent Crude Oil Price
TM Global	• Brent Crude Oil Price • London Interbank Offered Rate

No significant changes to estimation techniques or assumptions were made during the current financial year compared to those applied in the previous financial year.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial Risk Factors (continued)

(ii) Credit Risk (continued)

Expected Credit Loss (ECL) (continued)

(a) Measurement of ECL (continued)

(ii) Receivables other than trade and contract assets – General 3-stages approach

The Group and the Company use the 3-stages approach for the ECL on receivables other than trade and contract assets. The 3-stages approach reflects their receivables' credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Debtors and repayments are more than 365 days past due	Lifetime ECL
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology where:

- PD ("probability of default") – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ("loss given default") – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ("exposure at default") – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjust for forward looking macroeconomic data. The Group and the Company have identified the industry and geographical area which the debtor operates in, to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

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for the financial year ended 31 December 2023

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial Risk Factors (continued)

(ii) Credit Risk (continued)

Expected Credit Loss (ECL) (continued)

(b) Reconciliation of loss allowance

(i) Trade receivables and contract assets – Simplified approach

The loss allowance for trade receivables and contract assets as at 31 December 2023 and 31 December 2022 reconcile to the opening loss allowance for that provision as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Opening loss allowance as at 1 January	**512.0**	826.4	**484.0**	976.5
Reclassification to other receivables	**(2.0)**	–	**–**	–
	510.0	826.4	**484.0**	976.5
Increase in loss allowance recognised in profit or loss during the year	**131.8**	7.3	**1.6**	15.1
Receivables written off	**(33.7)**	(319.0)	**(18.9)**	(61.9)
Netted off against unrecovered contract assets	**(9.0)**	(2.7)	**(1.4)**	(9.0)
Credit risk recovered from a subsidiary	**–**	–	**–**	3.4
Reversal of loss allowance (note 53(a)(iv))	**–**	–	**–**	(440.1)
Internal reorganisation*:				
– transferred from subsidiaries	**–**	–	**23.1**	–
– transferred to TM Tech	**–**	–	**(488.4)**	–
At 31 December	**599.1**	512.0	**–**	484.0

* On 1 March 2023, all balances related to loss allowance for trade receivables and contract assets for the Company have been transferred to TM Tech due to the internal reorganisation.

(ii) Receivables other than trade and contract assets – General 3-stages approach

The loss allowance for receivables other than trade and contract assets as at 31 December 2023 and 31 December 2022 reconcile to the opening loss allowance as follows:

The Group	Performing RM	Under-performing RM	Non-performing RM	Total RM
At 1 January 2023	**28.0**	**15.8**	**107.9**	**151.7**
Reclassification	**–**	**–**	**2.0**	**2.0**
New/originating financial assets	**(0.8)**	**–**	**–**	**(0.8)**
Additional impairment on existing financial assets	**–**	**3.7**	**8.6**	**12.3**
Write-off	**–**	**–**	**(9.7)**	**(9.7)**
Closing loss allowance as at 31 December 2023	**27.2**	**19.5**	**108.8**	**155.5**
At 1 January 2022	26.8	19.7	109.3	155.8
New/originating financial assets	1.2	–	–	1.2
(Reversal)/Additional impairment on existing financial assets	–	(3.9)	10.5	6.6
Write-off	–	–	(11.9)	(11.9)
Closing loss allowance as at 31 December 2022	28.0	15.8	107.9	151.7

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial Risk Factors (continued)

(ii) Credit Risk (continued)

Expected Credit Loss (ECL) (continued)

(b) Reconciliation of loss allowance (continued)

(ii) Receivables other than trade and contract assets – General 3-stages approach (continued)

The loss allowance for receivables other than trade and contract assets as at 31 December 2023 and 31 December 2022 reconcile to the opening loss allowance is as follows: (continued)

The Company	Performing RM	Under-performing RM	Non-performing RM	Total RM
At 1 January 2023	**28.0**	**34.2**	**174.2**	**236.4**
Reversal of impairment on existing financial assets	**–**	**–**	**(9.1)**	**(9.1)**
Write-off	**–**	**–**	**(27.1)**	**(27.1)**
Internal reorganisation*:				
– transferred from subsidiaries	**–**	**(0.1)**	**20.1**	**20.0**
– transferred to TM Tech	**(28.0)**	**(28.0)**	**(157.1)**	**(213.1)**
Closing loss allowance as at 31 December 2023	**–**	**6.1**	**1.0**	**7.1**
At 1 January 2022	26.8	386.0	2,909.6	3,322.4
New/originating financial assets	1.2	–	–	1.2
(Reversal)/Additional impairment on existing financial assets	–	(1.8)	24.5	22.7
Reversal of impairment on existing financial assets (note 53(a)(iv))	–	(350.0)	(666.5)	(1,016.5)
Write-off[+#]	–	–	(2,093.4)	(2,093.4)
Closing loss allowance as at 31 December 2022	28.0	34.2	174.2	236.4

* On 1 March 2023, all balances related to loss allowance for receivables other than trade and contract assets for the Company have been transferred to TM Tech due to the internal reorganisation.

\+ Includes specific provision for impairment of loan to a subsidiary amounting to RM350.0 million as disclosed in note 44(c).

\# Receivables written off as part of the recapitalisation exercise as disclosed in note 53(a).

Notes to the Financial Statements
for the financial year ended 31 December 2023

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial Risk Factors (continued)

(ii) Credit Risk (continued)

Expected Credit Loss (ECL) (continued)

(c) Maximum exposure to credit risk

(i) Trade receivables and contract assets – Simplified approach

The following table contains an analysis of the credit risk exposure of financial instruments for which ECL allowances are recognised. The gross carrying amount of financial assets below also represent the Group's and the Company's maximum exposure to credit risk on these assets:

The Group	Current RM	1 – 90 days past due RM	91 – 180 days past due RM	More than 181 days past due RM	Total RM
31 December 2023					
Expected loss rate	**4.79%**	**22.25%**	**51.51%**	**93.76%**	**28.57%**
Gross carrying amount – trade receivables, accrued earnings and contract assets (excluding grant receivables)	**1,139.0**	**332.1**	**274.9**	**350.9**	**2,096.9**
Loss allowance	**(54.6)**	**(73.9)**	**(141.6)**	**(329.0)**	**(599.1)**
Carrying amount (net of loss allowance)	**1,084.4**	**258.2**	**133.3**	**21.9**	**1,497.8**
Grant receivables*	**110.3**	**227.4**	**–**	**118.7**	**456.4**
Net trade receivables, accrued earnings and contract assets	**1,194.7**	**485.6**	**133.3**	**140.6**	**1,954.2**
31 December 2022					
Expected loss rate	4.62%	19.79%	25.65%	96.30%	23.10%
Gross carrying amount – trade receivables, accrued earnings and contract assets (excluding grant receivables)	1,309.5	337.5	231.6	337.8	2,216.4
Loss allowance	(60.5)	(66.8)	(59.4)	(325.3)	(512.0)
Carrying amount (net of loss allowance)	1,249.0	270.7	172.2	12.5	1,704.4
Grant receivables*	499.4	118.7	–	–	618.1
Net trade receivables, accrued earnings and contract assets	1,748.4	389.4	172.2	12.5	2,322.5

* Included in grant receivables are low credit risk sovereign debts due from government for projects such as HSBB and others.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial Risk Factors (continued)

(ii) Credit Risk (continued)

Expected Credit Loss (ECL) (continued)

(c) Maximum exposure to credit risk (continued)

(i) Trade receivables and contract assets – Simplified approach (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which ECL allowances are recognised. The gross carrying amount of financial assets below also represent the Group's and the Company's maximum exposure to credit risk on these assets: (continued)

On 1 March 2023, all the balances related to trade receivables and contract assets including impairment for the Company have been transferred to TM Tech due to the internal reorganisation (note 55).

The Company	Current RM	1 – 90 days past due RM	91 – 180 days past due RM	More than 181 days past due RM	Total RM
31 December 2022					
Expected loss rate	6.52%	22.47%	25.40%	91.39%	25.30%
Gross carrying amount – trade receivables, accrued earnings and contract assets (excluding grant receivables)	1,073.8	286.1	235.8	317.1	1,912.8
Loss allowance	(70.0)	(64.3)	(59.9)	(289.8)	(484.0)
Carrying amount (net of loss allowance)	1,003.8	221.8	175.9	27.3	1,428.8
Grant receivables*	499.4	118.7	–	–	618.1
Net trade receivables, accrued earnings and contract assets	1,503.2	340.5	175.9	27.3	2,046.9

* Included in grant receivables are low credit risk sovereign debts due from government for projects such as HSBB and others.

Notes to the Financial Statements

for the financial year ended 31 December 2023

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial Risk Factors (continued)

(ii) Credit Risk (continued)

Expected Credit Loss (ECL) (continued)

(c) Maximum exposure to credit risk (continued)

(ii) Receivables other than trade and contract assets – General 3-stages approach

The following table contains an analysis of the credit risk exposure of receivables other than trade and contract assets for which an ECL allowance is recognised. The gross carrying amount of receivables other than trade and contract assets disclosed below also represent the maximum exposure to credit risk on these assets:

The Group Internal credit rating	Expected credit loss rate	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default RM	Loss allowance RM	Carrying amount (net of impairment provision) RM
As at 31 December 2023					
Performing	**2.75%**	**12 month ECL**	**987.7**	**(27.2)**	**960.5**
Underperforming	**44.83%**	**Lifetime ECL**	**43.5**	**(19.5)**	**24.0**
Non-performing	**99.73%**	**Lifetime ECL**	**109.1**	**(108.8)**	**0.3**
Total			**1,140.3**	**(155.5)**	**984.8**
As at 31 December 2022					
Performing	3.22%	12 month ECL	870.9	(28.0)	842.9
Underperforming	40.20%	Lifetime ECL	39.3	(15.8)	23.5
Non-performing	97.38%	Lifetime ECL	110.8	(107.9)	2.9
Total			1,021.0	(151.7)	869.3

The Company Internal credit rating	Expected credit loss rate	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default RM	Loss allowance RM	Carrying amount (net of impairment provision) RM
As at 31 December 2023					
Performing	**–**	**12 month ECL**	**753.8**	**–**	**753.8**
Underperforming	**31.44%**	**Lifetime ECL**	**19.4**	**(6.1)**	**13.3**
Non-performing	**100.00%**	**Lifetime ECL**	**1.0**	**(1.0)**	**–**
Total			**774.2**	**(7.1)**	**767.1**
As at 31 December 2022					
Performing	3.36%	12 month ECL	833.4	(28.0)	805.4
Underperforming	43.96%	Lifetime ECL	77.8	(34.2)	43.6
Non-performing	79.22%	Lifetime ECL	219.9	(174.2)	45.7
Total			1,131.1	(236.4)	894.7

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Financial Risk Factors (continued)

(ii) Credit Risk (continued)

The Group and the Company place their cash and cash equivalents with various creditworthy financial institutions. The Group's policy limits the concentration of credit exposure to any single financial institution based on its net tangible asset position and/or credit rating, which is subject to annual review.

The Group and the Company have appointed several fixed income, commercial papers and fixed income unit trust funds managers to manage their investment portfolios. In managing the portfolios' credit risk, the investment parameter was established to restrict all fund managers to only invest in securities that carry at least A3/P1/MARC1 credit ratings or equivalent. This is in accordance with the Group's Treasury Investment Policies and Guidelines. In the current financial year, the Group's and the Company's investment portfolios were predominantly securities carrying AAA/AA credit ratings or above, as shown in note 30(b) and note 30(c).

All hedging instruments are executed with creditworthy financial institutions with a view to limiting the credit risk exposure of the Group and the Company. The Group and the Company, however, are exposed to credit-related losses in the event of non-performance by counterparties to financial derivative instruments, but does not expect any counterparties to fail to meet their obligations.

In complying with the risk management policies, all counterparties are required to maintain certain credit rating as defined by the international and local rating agencies.

(iii) Liquidity Risk

Group Treasury maintains cash and cash equivalents at a level that is deemed appropriate by the management to finance the Group's operations. It also actively monitors and controls liquidity risk exposures and funding needs across legal entities within the Group, business lines and currencies, taking into account legal, regulatory and operational limitations via a centralised Treasury operation.

Due to the dynamic nature of the underlying business, the Group and the Company also aim at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

Cash flow forecasts are performed in the operating entities of the Group on a rolling basis and are aggregated by Group Treasury to ensure sufficient cash is available to meet operational needs while maintaining adequate headroom on its undrawn committed credit facilities at all times. As at 31 December 2023, the Group and the Company held deposits with financial institutions of RM1,959.5 million (2022: RM1,533.7 million) and RM636.5 million (2022: RM1,470.8 million) respectively and cash and bank balances of RM741.3 million (2022: RM811.4 million) and RM1.5 million (2022: RM422.7 million) respectively that are expected to be readily available to meet any payment obligation when it falls due. The decrease in the Company's held deposit with financial institutions and cash and bank balances was resulted from the transfer of certain deposits to TM Tech arising from the internal reorganisation of TM Group (note 55).

Refinancing risk is managed by limiting the amount of borrowings that mature within any specific period and by having appropriate strategies in place to manage refinancing needs as they arise. The Group has sufficient internally generated funds and funds from financing facilities available (with remaining combined limit of up to RM5.9 billion nominal value) to meet capital expenditure, business operating requirements as well as obligations as and when they fall due, in the next 12 months. The analysis of the maturity profile of the Group's and the Company's financial liabilities are shown in note 49.

There has been no significant change in the Group's and the Company's financial risk management objectives and policies as well as their financial risk exposure in the current financial year as compared to the preceding financial year.

(b) Capital Management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide long term return to shareholders and benefits for other stakeholders. The Group's and the Company's capital management framework comprises of a dividend policy and strives to maintain an optimal capital structure that will improve its capital efficiency.

Notes to the Financial Statements

for the financial year ended 31 December 2023

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Capital Management (continued)

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends to be paid to the shareholders or may return capital to shareholders vis-à-vis its debt-to-equity ratio (gearing level). In 2014, the Group introduced a Dividend Reinvestment Scheme (DRS) whereby its shareholders have the option to either receive cash dividends or reinvest the dividends in new ordinary shares of the Company. Depending on the level of subscription of DRS, the Group would be able to enlarge its share capital base as well as strengthen its capital position through the DRS whenever applicable.

The gearing ratios as at 31 December were as follows:

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
Borrowings (RM million) (note 17)	**4,763.2**	5,269.3	**1,112.1**	5,224.7 *
Lease Liabilities (RM million) (note 19)	**1,857.6**	1,774.5	**–**	729.3
Total Debt (RM million)	**6,620.8**	7,043.8	**1,112.1**	5,954.0
Total Shareholders' Equity (RM million)	**9,163.0**	7,936.5	**8,780.8**	7,105.9
Debt-to-equity Ratio#	**0.8**	1.0	**0.4**	0.9

* Includes Payable to a subsidiary (note 18) for the Company

\# Based on average debt

The Group also monitors its gearing level in comparison to its peers within the industry while maintaining the desired level of credit rating. During 2023, the Group's credit rating remained unchanged at AAA by RAM, A- by S&P and A3 by Moody's in parallel with Malaysia's sovereign credit rating.

The Group has complied with all imposed debt covenants.

5. OPERATING REVENUE

(a) Disaggregation of the Group's and the Company's revenue

(i) Revenue accounted for under MFRS 15 and others, classified by nature of service provided

	The Group		The Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Revenue accounted for under MFRS 15				
Internet and multimedia services	**4,587.8**	4,366.9	**–**	–
Data services	**3,076.2**	3,130.8	**–**	–
Voice services	**2,265.1**	2,391.4	**–**	–
Other telecommunications related services	**1,200.9**	1,262.7	**–**	–
Non-telecommunications related services	**235.5**	211.7	**–**	–
	11,365.5	11,363.5	**–**	–
Others				
Dividend income from subsidiaries	**–**	–	**696.7**	41.0
Dividend income from equity investments at FVOCI	**–**	–	**6.9**	3.4
Data services	**297.8**	252.3	**–**	–
Other telecommunications related services	**592.3**	502.3	**–**	–
	890.1	754.6	**703.6**	44.4
TOTAL OPERATING REVENUE FROM CONTINUING OPERATIONS	**12,255.6**	12,118.1	**703.6**	44.4

Other than the revenue accounted for under MFRS 15, the Group has leasing revenue under data services accounted for under MFRS 16 "Leases" and mainly grant revenue under other telecommunications related services that are accounted for in accordance with MFRS 120 "Accounting for Government Grants and Disclosure of Government Grants."

5. OPERATING REVENUE

(a) Disaggregation of the Group's and the Company's revenue (continued)

(ii) Revenue accounted for under MFRS 15, by timing of revenue recognition

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
– At a point in time	**367.8**	224.7	**–**	–
– Over time	**10,997.7**	11,138.8	**–**	–
TOTAL OPERATING REVENUE	**11,365.5**	11,363.5	**–**	–

(b) Contract assets

The following table summarises significant changes in contract assets:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Contract assets as at 1 January	**702.4**	719.6	**579.8**	524.9
Impairment reclassification from trade/other receivables	**–**	0.5	**–**	–
	702.4	720.1	**579.8**	524.9
– Revenue recognised for services yet to be invoiced	**397.8**	497.0	**37.4**	398.3
– Amount subsequently invoiced (transferred to trade receivables)	**(444.8)**	(512.1)	**(95.3)**	(334.4)
– Impairment recognised for contract assets	**(11.1)**	(2.6)	**(1.4)**	(9.0)
– Internal reorganisation (note 55):				
– transferred from subsidiaries	**–**	–	**3.0**	–
– transferred to TM Tech	**–**	–	**(523.5)**	–
Contract assets as at 31 December	**644.3**	702.4	**–**	579.8

Provision for impairment of contract assets

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	**5.8**	5.4	**5.5**	5.5
Impairment reclassification from trade/other receivables	**–**	0.5	**–**	–
	5.8	5.9	**5.5**	5.5
– Impairment recognised for contract assets	**11.1**	2.6	**1.4**	9.0
– Netted off against unrecovered contract assets	**(9.0)**	(2.7)	**(1.4)**	(9.0)
– Internal reorganisation*:				
– transferred from subsidiaries	**–**	–	**2.6**	–
– transferred to TM Tech	**–**	–	**(8.1)**	–
At 31 December (note 4(a))	**7.9**	5.8	**–**	5.5

* On 1 March 2023, all balances related to provision for impairment of contract assets for the Company has been transferred to TM Tech due to the internal reorganisation.

Notes to the Financial Statements

for the financial year ended 31 December 2023

5. OPERATING REVENUE (CONTINUED)

(c) Contract liabilities

The following table summarises significant changes in contract liabilities:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Contract liabilities as at 1 January	**839.0**	857.4	**857.5**	909.6
– Amount billed in advance for services yet to be delivered	**9,300.5**	8,360.3	**1,807.9**	8,291.9
– Revenue realised from receipts in advance of supply goods or services	**(8,891.6)**	(8,378.7)	**(1,446.9)**	(8,344.0)
– Internal reorganisation (note 55):				
– transferred from subsidiaries	**–**	–	**6.5**	–
– transferred to TM Tech	**–**	–	**(1,225.0)**	–
Contract liabilities as at 31 December	**1,247.9**	839.0	**–**	857.5

During the financial year, RM591.9 million (2022: RM489.8 million) and RM445.2 million (2022: RM542.0 million) out of contract liabilities balance of RM839.0 million as at 1 January 2023 (1 January 2022: RM857.4 million) and RM857.5 million (1 January 2022: RM909.6 million) has been recognised as revenue at Group and Company respectively.

(d) Unsatisfied Performance Obligations

The following table summarises contract price allocated to unsatisfied performance obligations resulting from contracts with customers:

	The Group	
	2023 RM	2022 RM
– Voice, data and Internet and multimedia contracts with remaining contract period	**7,951.5**	8,314.7
– Customer projects and others with service to be delivered	**2,551.2**	4,056.0
TOTAL UNSATISFIED PERFORMANCE OBLIGATIONS	**10,502.7**	12,370.7

These are expected to be fulfilled or delivered to customers over the next 1 to 36 months.

(e) Assets recognised from costs incurred to obtain and fulfil a contract

In addition to the contract balances disclosed above, the Group and the Company have also recognised assets in relation to costs incurred to obtain and fulfil customer contract. This is presented within contract cost assets in the Statement of Financial Position. These are mostly commissions paid to agents in the course of securing a new customer contract, where the amount paid can be directly attributed to the new contract.

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Asset recognised from costs incurred to obtain and fulfil a contract at 1 January	**420.7**	379.2	**375.2**	355.4
– Addition from customer contracts with service yet to be delivered as performance obligations are not yet satisfied	**361.3**	435.5	**59.6**	402.5
– Amortisation	**(424.7)**	(394.0)	**(63.3)**	(382.7)
– Internal reorganisation (note 55):				
– transferred from subsidiaries	**–**	–	**66.0**	–
– transferred to TM Tech	**–**	–	**(437.5)**	–
Asset recognised from costs incurred to obtain and fulfil a contract at 31 December	**357.3**	420.7	**–**	375.2

Notes to the Financial Statements

for the financial year ended 31 December 2023

6(a). DEPRECIATION, IMPAIRMENT AND AMORTISATION

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Depreciation of property, plant and equipment (PPE) (note 23)	**2,103.0**	2,336.2	**–**	–
Depreciation of right-of-use assets (note 26)	**291.8**	355.5	**–**	–
Impairment/(Reversal of impairment) of PPE (note 23 and 23(b))	**120.6**	(14.6)	**–**	–
Reversal of impairment of right-of-use assets (note 26)	**–**	(0.5)	**–**	–
Write-off/Retirement of PPE (note 23)	**25.1**	15.7	**–**	–
Write-off/Retirement of intangible assets (note 25)	**–**	10.9	**–**	–
Amortisation of intangible assets (note 25)	**254.8**	159.7	**–**	–
Impairment of intangible assets (note 25)	**0.4**	–	**–**	–
Reversal of impairment in subsidiaries	**–**	–	**(1,456.7)**	–
TOTAL DEPRECIATION, IMPAIRMENT AND AMORTISATION	**2,795.7**	2,862.9	**(1,456.7)**	–

6(b). OTHER OPERATING COSTS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Domestic, international outpayment and commission	**2,039.7**	1,909.3	**–**	–
Leased lines	**146.4**	80.7	**–**	–
Maintenance	**600.4**	512.6	**–**	–
Materials/customer equipment and installation	**534.7**	671.2	**–**	–
Rental – others	**55.9**	46.3	**–**	–
Rental – leases of low-value assets (note 26(a))	**7.0**	2.4	**–**	–
Rental – short-term leases (note 26(a))	**27.9**	38.7	**–**	–
Staff costs	**2,602.8**	2,671.7	**9.8**	7.4
Staff costs capitalised into PPE	**(85.4)**	(122.0)	**–**	–
Universal Service Provision contribution	**341.0**	314.0	**–**	–
Utilities	**354.5**	327.9	**–**	–
Others	**756.0**	848.3	**4.0**	38.0
TOTAL OTHER OPERATING COSTS	**7,380.9**	7,301.1	**13.8**	45.4

Notes to the Financial Statements
for the financial year ended 31 December 2023

6(b). OTHER OPERATING COSTS (CONTINUED)

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Staff costs include:				
– salaries, allowances, overtime and bonus	**1,888.7**	1,852.0	**–**	–
– contribution to Employees Provident Fund (EPF)	**304.8**	303.5	**–**	–
– termination benefit	**24.2**	137.6	**–**	–
– other staff benefits	**274.3**	219.2	**–**	–
– Long Term Incentive Plan (LTIP)				
– equity-settled	**14.5**	31.5	**–**	–
– cash-settled	**0.2**	1.2	**–**	–
– remuneration of Executive Director of the Company				
– salaries, allowances and bonus	**4.8**	3.1	**4.8**	3.1
– contribution to EPF	**1.1**	0.6	**1.1**	0.6
– remuneration of Non-Executive Directors of the Company				
– fees	**2.9**	3.4	**2.1**	2.6
– allowances	**1.9**	1.1	**1.8**	1.1
Others include:				
– group auditors' remuneration				
– statutory audit fees				
– Ernst & Young PLT	**3.3**	2.5	**0.4**	0.4
– member firms of Ernst & Young PLT	**0.3**	0.3	**–**	–
– audit related fees	**0.7**	0.4	**–**	–
– tax and other non-audit fees	**0.6**	0.7	**–**	–

Estimated money value of benefits-in-kind of Directors amounted to RM1.0 million (2022: RM1.1 million) for the Group and the Company.

In ensuring independence of the external auditors, the Board Audit Committee has policies governing the engagement of the external auditors for non-audit services and the related approval process that has to be adhered to before any such non-audit services commence.

7. OTHER OPERATING INCOME (net)

	The Group		The Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Dividend income from equity securities – unquoted	**6.9**	3.4	**–**	–
Gain on disposal of a subsidiary	**–**	8.8	**–**	0.6
Income from sales of scrap	**76.9**	66.4	**–**	–
Interest income from subsidiaries	**–**	–	**2.4**	74.9
Insurance claims	**13.1**	0.3	**–**	–
Loss on disposal of staff loans (note 32(i)(a))	**(2.6)**	(3.4)	**–**	–
Profit on disposal of PPE	**4.5**	7.6	**–**	–
Penalty on breach of contract	**1.8**	4.4	**–**	–
Rental income from land and buildings	**5.9**	25.2	**–**	–
Income from training and related activities	**1.2**	2.2	**–**	–
Others	**37.9**	27.7	**–**	–
TOTAL OTHER OPERATING INCOME (net)	**145.6**	142.6	**2.4**	75.5

8. OTHER GAINS/(LOSSES) (net)

	The Group and The Company	
	2023 RM	**2022 RM**
Fair value movement of financial assets at fair value through profit or loss		
– equity securities quoted on the Bursa Malaysia Securities Berhad	**0.1**	–
– investment in technology investment fund	**8.6**	(6.1)
– investment in fixed income unit trust fund	**1.7**	(2.3)
Investments at fair value through other comprehensive income		
– reclassification from fair value reserves	**#**	(0.2)
TOTAL OTHER GAINS/(LOSSES) (net)	**10.4**	(8.6)

Amount less than RM0.1 million

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for the financial year ended 31 December 2023

9. NET FINANCE COST

The Group	2023 Conventional Foreign RM	2023 Conventional Domestic RM	2023 Islamic Principles RM	2023 Total RM	2022 Conventional Foreign RM	2022 Conventional Domestic RM	2022 Islamic Principles RM	2022 Total RM
Finance income from								
– short term bank deposits	**31.9**	**9.0**	**31.7**	**72.6**	11.7	4.9	25.4	42.0
– other deposits	**–**	**19.1**	**0.1**	**19.2**	–	7.9	1.3	9.2
– staff loans	**–**	**0.1**	**6.8**	**6.9**	–	–	21.4	21.4
– unwinding of discount on lease receivables	**–**	**2.4**	**–**	**2.4**	–	2.2	–	2.2
TOTAL FINANCE INCOME	**31.9**	**30.6**	**38.6**	**101.1**	11.7	15.0	48.1	74.8
Finance cost on								
– borrowings from financial institutions and debentures	**(82.8)**	**(0.4)**	**(1.2)**	**(84.4)**	(84.7)	(0.7)	(1.8)	(87.2)
– Islamic Medium Term Notes	**–**	**–**	**(170.2)**	**(170.2)**	–	–	(182.0)	(182.0)
– unwinding of discount on other borrowings and payables (note 17(c))	**–**	**(2.1)**	**–**	**(2.1)**	–	(3.3)	–	(3.3)
– interest and finance charges paid/ payable for lease liabilities (note 26(a))	**–**	**(98.6)**	**–**	**(98.6)**	–	(108.6)	–	(108.6)
– amortisation of interest subsidy on staff loan	**–**	**–**	**(0.5)**	**(0.5)**	–	–	(7.2)	(7.2)
Borrowing costs capitalised								
– under Islamic Principles	**–**	**–**	**–**	**–**	–	–	1.2	1.2
TOTAL FINANCE COST	**(82.8)**	**(101.1)**	**(171.9)**	**(355.8)**	(84.7)	(112.6)	(189.8)	(387.1)
Foreign exchange revaluation on borrowings								
– loss	**(67.7)**	**–**	**–**	**(67.7)**	(117.8)	–	–	(117.8)
– reclassification of foreign exchange gain from other comprehensive income	**19.0**	**–**	**–**	**19.0**	23.8	–	–	23.8
TOTAL FOREIGN EXCHANGE LOSS ON BORROWINGS	**(48.7)**	**–**	**–**	**(48.7)**	(94.0)	–	–	(94.0)
NET FINANCE COST	**(99.6)**	**(70.5)**	**(133.3)**	**(303.4)**	(167.0)	(97.6)	(141.7)	(406.3)

9. NET FINANCE COST (CONTINUED)

	2023				2022			
	Conventional		Islamic		Conventional		Islamic	
The Company	Foreign RM	Domestic RM	Principles RM	Total RM	Foreign RM	Domestic RM	Principles RM	Total RM
Finance income from								
– short term bank deposits	**23.9**	**1.3**	**11.2**	**36.4**	10.8	4.6	23.2	38.6
– other deposits	**–**	**8.7**	**–**	**8.7**	–	7.9	–	7.9
TOTAL FINANCE INCOME	**23.9**	**10.0**	**11.2**	**45.1**	10.8	12.5	23.2	46.5
Finance cost on								
– borrowings from financial institutions and debentures	**(82.8)**	**–**	**–**	**(82.8)**	(84.7)	–	–	(84.7)
TOTAL FINANCE COST	**(82.8)**	**–**	**–**	**(82.8)**	(84.7)	–	–	(84.7)
Foreign exchange revaluation on borrowings								
– loss	**(51.6)**	**–**	**–**	**(51.6)**	(117.6)	–	–	(117.6)
– reclassification of foreign exchange gain from other comprehensive income	**19.0**	**–**	**–**	**19.0**	23.8	–	–	23.8
TOTAL FOREIGN EXCHANGE LOSS ON BORROWINGS	**(32.6)**	**–**	**–**	**(32.6)**	(93.8)	–	–	(93.8)
NET FINANCE COST	**(91.5)**	**10.0**	**11.2**	**(70.3)**	(167.7)	12.5	23.2	(132.0)

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for the financial year ended 31 December 2023

10. TAX AND ZAKAT

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
The tax (credit)/charge for the Group and the Company comprise:				
Malaysia				
Income Tax				
Current year	**160.2**	574.2	**–**	–
Prior year	**34.8**	21.7	**–**	–
Deferred Tax (net)	**(293.9)**	(73.6)	**–**	–
	(98.9)	522.3	**–**	–
Overseas				
Income Tax				
Current year	**11.4**	11.0	**–**	–
Prior year	**0.6**	1.3	**–**	–
Deferred Tax (net)	**0.5**	(1.3)	**–**	–
	12.5	11.0	**–**	–
TOTAL TAX	**(86.4)**	533.3	**–**	–
Zakat	**9.9**	9.0	**2.9**	4.4
TAX AND ZAKAT	**(76.5)**	542.3	**2.9**	4.4
Total tax is attributable to profit/(loss) from continuing operations	**(86.4)**	533.3	**–**	–
Current tax				
Current year	**171.6**	585.2	**–**	–
Under accrual in prior years (net)	**35.4**	23.0	**–**	–
Deferred tax				
Origination and reversal of temporary differences	**(293.4)**	(74.9)	**–**	–
	(86.4)	533.3	**–**	–

10. TAX AND ZAKAT (CONTINUED)

The relationship between tax and profit before tax and zakat from continuing operations can be explained by the numerical reconciliation between tax expense and the product of accounting profit multiplied by the Malaysian tax rate as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) Before Tax and Zakat from Continuing Operations	**1,808.5**	1,686.5	**2,089.0**	(61.2)
Tax calculated at the applicable Malaysian tax rate of 24%	**434.0**	404.8	**501.4**	(14.7)
Tax effects of:				
– share of results of associate	**(2.2)**	(1.9)	**–**	–
– expenses not deductible for taxation purposes	**158.2**	116.7	**9.6**	25.1
– income not subject to taxation	**(100.9)**	(151.2)	**(511.0)**	(10.4)
– expenses allowed for double deduction	**(16.3)**	(16.6)	**–**	–
– change in tax rate*	**–**	129.0	**–**	–
– utilisation of current year tax losses	**(41.6)**	–	**–**	–
– utilisation and recognition of previously unrecognised tax losses	**(593.9)**	–	**–**	–
– temporary difference for which no deferred tax is recognised	**40.9**	7.8	**–**	–
– current year tax losses not recognised	**–**	21.7	**–**	–
– under accrual of income tax (net)	**35.4**	23.0	**–**	–
TOTAL TAX	**(86.4)**	533.3	**–**	–

* 33% Prosperity Tax (Cukai Makmur) rate on chargeable income exceeding RM100.0 million applicable only for Year of Assessment 2022 for the Company

11. EARNINGS PER SHARE (sen)

(a) Basic earnings per share

Basic earnings per share of the Group was calculated by dividing the net profit attributable to equity holders by the weighted average number of issued and paid-up ordinary shares of the Company in issue during the financial year.

	The Group	
	2023	2022
Profit attributable to equity holders of the Company (RM million)	**1,870.5**	1,143.3
Weighted average number of ordinary shares (million)	**3,825.9**	3,785.9
Basic earnings per share (sen) attributable to equity holders of the Company	**48.9**	30.2

(b) Diluted earnings per share

Diluted earnings per share for the current financial year was calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of issued and paid-up ordinary shares adjusted for conversion of all dilutive potential ordinary shares granted to employees under a Long Term Incentive Plan (LTIP) (note 14) that is an employee share scheme which will vest subject to certain performance conditions being met.

	The Group	
	2023	2022
Profit attributable to equity holders of the Company (RM million)	**1,870.5**	1,143.3
Weighted average number of ordinary shares (million)	**3,825.9**	3,785.9
Adjustment for dilutive effect of LTIP (million)	**12.1**	25.4
Weighted average number of ordinary shares (million)	**3,838.0**	3,811.3
Diluted earnings per share (sen) attributable to equity holders of the Company	**48.7**	30.0

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for the financial year ended 31 December 2023

12. DIVIDENDS IN RESPECT OF ORDINARY SHARES

Dividends approved and paid in respect of ordinary shares:

The Company	2023 Dividend per share Sen	2023 Amount of single-tier dividend RM	2022 Dividend per share Sen	2022 Amount of single-tier dividend RM
Final Interim dividend paid in respect of the financial year ended 31 December 2021	–	–	6.0	226.4
Interim dividend paid in respect of the financial year ended 31 December 2022	–	–	9.0	340.9
Final Interim dividend paid in respect of the financial year ended 31 December 2022	**7.5**	**286.6**	–	–
Interim dividend paid in respect of the financial year ended 31 December 2023	**9.5**	**363.0**	–	–
DIVIDENDS RECOGNISED AS DISTRIBUTION TO ORDINARY EQUITY HOLDERS OF THE COMPANY	**17.0**	**649.6**	15.0	567.3

The Board of Directors has declared second interim single-tier cash dividend of 10.5 sen per share and final single-tier cash dividend of 5.0 sen per share for the financial year ended 31 December 2023 on 23 February 2024. The second interim single-tier cash dividend will be paid on 29 March 2024 to shareholders whose names appear in the Register of Members and Record of Depositors on 13 March 2024. The final single-tier dividend will be paid on 19 April 2024 to shareholders whose names appear in the Register of Members and Record of Depositors on 2 April 2024. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

13. SHARE CAPITAL

The Company	2023 Number of shares	2023 RM	2022 Number of shares	2022 RM
Issued and fully paid:				
Ordinary shares				
At 1 January	**3,821.0**	**3,986.5**	3,773.7	3,729.0
Issuance of shares under Dividend Reinvestment Scheme (sub-note (b))	–	–	33.3	180.4
Issuance of Long Term Incentive Plan shares (sub-note (c))	**16.6**	**83.7**	14.0	77.1
At 31 December – ordinary shares with no par value	**3,837.6**	**4,070.2**	3,821.0	3,986.5
Special Share (sub-note (a))				
At 1 January and 31 December	**#**	**#**	#	#
TOTAL ISSUED AND FULLY PAID-UP SHARE CAPITAL	**3,837.6**	**4,070.2**	3,821.0	3,986.5

Amount less than RM0.1 million

13. SHARE CAPITAL (CONTINUED)

(a) Special Rights Redeemable Preference Share (Special Share)

The Special Share is held by the Special Shareholder, Minister of Finance, a body corporate established under the Minister of Finance (Incorporation) Act 1957 (MOF Inc). MOF Inc's holding would enable the Government through the Minister of Finance to ensure that certain major decisions affecting the operations of the Company are consistent with the Government's policy. The Special Shareholder, which may only be the Government or any representative or person acting on its behalf, is entitled to receive notice of meetings but does not carry any right to vote at such meetings of the Company. However, the Special Shareholder is entitled to attend and speak at such meetings.

Certain matters, in particular, the alteration of the Articles of Association of the Company relating to the rights of the Special Shareholder, the dissolution of the Company, any substantial acquisitions and disposal of assets, amalgamation, merger and takeover, require the prior consent of the Special Shareholder.

The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time. In a distribution of capital in a winding up of the Company, the Special Shareholder is entitled to the repayment of the capital paid up on the Special Share in priority to any repayment of capital to any other members. The Special Share does not confer any other right to participate in the capital or profits of the Company.

(b) Dividend Reinvestment Scheme (DRS)

On 27 March 2014, the Company announced a proposal to undertake a DRS that provides shareholders of the Company (Shareholders) the option to elect to reinvest, in whole or in part, their cash dividend which includes interim, final, special or any other cash dividend, in new ordinary share(s) in the Company (New TM Share).

The DRS received the approval from the Bursa Malaysia Securities Berhad via its letter dated 7 April 2014 and the Shareholders' approval at the Company's Extraordinary General Meeting on 8 May 2014.

Whenever the DRS is made applicable to any dividend distributed, shareholders have the following options to reinvest their cash dividend in New TM Shares (Option to Reinvest):

- to elect to participate by reinvesting in whole or in part the portion of such dividend to which the Option to Reinvest applies (Electable Portion), at the issue price for New TM Shares.

  In the event that only part of the Electable Portion is reinvested, the Shareholders shall receive the remaining portion of the dividend in cash; or

- to elect not to participate in the Option to Reinvest and thereby receive the entire dividend in cash.

On 25 October 2022, pursuant to DRS, the Company increased its issued and fully paid share capital from issuance of 33,342,157 New TM Shares at an issue price of RM5.41 per New TM Shares relating to the Electable Portion of the interim single-tier dividend for the financial year ended 31 December 2022 of 9.0 sen per TM Shares. This translates to 52.93% rate of acceptance of shareholders to reinvest their cash dividend (RM180.4 million) in New TM Shares. No new shares were issued pursuant to the DRS during the financial year.

(c) Long Term Incentive Plan (LTIP)

During the financial year, the Company issued 16,617,900 New TM shares amounting to RM83.7 million pursuant to the vesting of shares from the Restricted Share (RS) and Performance Share (PS) granted to employees as disclosed in note 14, detailed as follows:

Number of issued ordinary shares	Issue price per share
966,800	RM5.13
14,621,300	RM5.00
165,400	RM5.24
864,400	RM5.46

Upon completion on listing and quotation of the above New TM Shares on Main Market Bursa Malaysia Securities Berhad, the total issued and paid up share capital of the Company was RM4,070,183,137.01 comprising of 3,837,628,280 ordinary shares and 1 Special Rights Redeemable Preference Shares.

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14. EMPLOYEE SHARE SCHEME–LONG TERM INCENTIVE PLAN (LTIP)

On 28 April 2016, shareholders of the Company approved the LTIP and the grants of shares of the Company to eligible employees of the Group and the Company at an Extraordinary General Meeting. The LTIP is a scheme under which shares may be issued by the Company to employees for no cash consideration.

The LTIP comprises a Restricted Share (RS) Grant and Performance Share (PS) Grant where for clarification purposes, the main differences in the features of the RS Grant and the PS Grant are the eligibility of the Eligible Employees in terms of their job grades in the Group, the performance metrics to be met which will be determined prior to the grant being made in writing to the Eligible Employees and the vesting periods of the Grant to the Eligible Employees. A committee has been established to administer the LTIP (LTIP Committee) in accordance with the By-Laws governing the LTIP.

Features of LTIP

(i) Eligibility

All employees other than the non-executive or independent Directors of the Company, who has entered into a full-time or fixed-term employment with, and is on the payroll of the Group or the Company are eligible to participate in the scheme (Eligible Employees) subject to fulfilling any other eligibility criteria which may be determined by the LTIP Committee at its sole discretion from time to time. Eligible Employees may elect not to participate in the scheme.

(ii) Maximum number of new ordinary shares of the Company under the LTIP

The total number of new ordinary shares of the Company which may be made available under the LTIP shall not exceed in aggregate ten percent (10%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) (Maximum Shares) at any point in time over the duration of the LTIP.

(iii) Basis of allocation and maximum allowable allotment

The total number of new ordinary shares of the Company that can be offered and allotted to any Eligible Employees (as defined in the By-Laws in relation to the LTIP shall be at the absolute discretion of the LTIP Committee) after taking into consideration amongst other factors, the performance, his/her potential for future development and contribution to the success and development of the Group and such other criteria as the LTIP Committee may deem relevant.

Further, not more than 10% of the Company's new ordinary shares available under the LTIP will be allocated to any individual Eligible Employee who, either singly or collectively through persons connected with the Eligible Employees, holds 20% or more of the Company's issued and fully paid-up share capital.

The LTIP Committee shall have sole and absolute discretion in determining whether the shares of the Company available for vesting under the Proposed LTIP are to be granted to the Eligible Employees or any group or groups of Eligible Employees via:

(a) one single Grant (as the case may be) at a time determined by the LTIP Committee; or

(b) several Grants (as the case may be) where the vesting of the Company's Shares comprised in those Grants are staggered or made in several tranches at such times and on terms determined by the LTIP Committee.

In the event the LTIP Committee decides that the Grant or vesting of any number of shares of the Company under LTIP is to be staggered, the number of shares to be granted in each Grant and the timing for the vesting of the same shall be decided by the LTIP Committee at its sole and absolute discretion. Each Grant shall be separate and independent from the others.

(iv) Duration of the LTIP

The LTIP shall continue to be in force for a period of ten (10) years commencing from the effective date of implementation of the Proposed LTIP, being the date on which full compliance with the relevant requirements under the By-Laws and the Listing Requirements in relation to the Proposed LTIP, have been obtained and/or met.

On the expiry of the LTIP, any Grants which have yet to be vested (whether fully or partially) shall be deemed terminated and be null and void. Notwithstanding anything set out in the By-Laws and subject to compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to the LTIP, the LTIP may be terminated at any time during its term.

14. EMPLOYEE SHARE SCHEME - LONG TERM INCENTIVE PLAN (LTIP) (CONTINUED)

(v) Ranking of the shares issued under the LTIP

The new shares issued under the LTIP shall be subject to the provisions of the memorandum and articles of association of the Company. The new shares, shall, upon issuance and allotment, rank equally in all respects with the then existing shares of the Company, except that they shall not be entitled to any dividend, rights, allotment and/or other distribution, the entitlement date of which is prior to the date on which the new shares are allotted to the grantees pursuant to the LTIP.

(vi) Restrictions on Transfer

The new shares issued under the LTIP will be subject to such restriction on transfer upon the terms and conditions in accordance with the By-Laws.

The Group and the Company implemented the LTIP with effect from 29 September 2016, after having obtained all required approvals and complied with the requirements pertaining to the LTIP.

Restricted Shares (RS)

Under the RS, selected Eligible Employees of the Group and the Company will be vested shares of the Company over the duration of the LTIP Period (as determined by the LTIP Committee for each tranche of RS respectively), subject to individual performance metrics being met and the achievement of certain operational measures, including but not limited to a profit after tax target and/or other financial measures as may be relevant in accordance with terms and conditions stipulated and determined by the LTIP Committee in its sole and absolute discretion.

In the event that the performance metrics are not met over the period set by the LTIP Committee as being applicable to the RS Grantees, the RS Grant will not be vested to them at the end of the said period.

Performance Shares (PS)

Under the PS, selected Eligible Employees and Executive Directors of the Group and the Company will be vested shares of the Company over the duration of the LTIP Period (as determined by the LTIP Committee for each tranche of PS respectively), subject to individual performance metrics being met and the achievement of certain market based indicators.

In the event that the performance metrics are not met over the period set by the LTIP Committee as being applicable to the PS Grantees, a roll over feature may extend the performance period and vesting date by one year.

(a) The total number of the RS and PS granted for the Group and the Company, percentage of shares to be vested and the vesting period are as follow:

The Group and the Company

			Entitlement over the Company's Shares	
RS/PS	Grant Date	Vesting Date	Number of Shares Granted	Reference Price per unit (RM)[1]
RS				
Grant 1	1 December 2016	31 July 2019	9,219,500	6.15
Grant 2	1 June 2017	3 August 2020	9,401,200	6.47
Grant 3	17 June 2019	1 June 2022	15,274,100	4.06
Grant 4	17 August 2020	17 August 2023	15,028,100	3.76
PS[2]				
Grant 1	1 June 2017	1 June 2020/1 June 2021[3]	1,928,100	6.35
Grant 2	4 December 2017	30 November 2020/30 November 2021[3]	1,854,200	6.26
Grant 3	17 June 2019	1 June 2022/1 June 2023	1,001,500	4.06
Grant 4	20 December 2019	15 December 2022/15 December 2023	1,117,800	3.85
Grant 5	17 August 2020	17 August 2023/16 August 2024	1,436,600	3.76
Grant 6	4 December 2020	30 November 2023/29 November 2024	1,127,300	5.10

1 Refers to the price at reference date for the purpose of granting the number of shares to the employees. For PS, this is based on a volume weighted-average price (VWAP).

2 In the event that certain performance metrics are not met over the period set by the LTIP Committee as being applicable to the PS Grantees, a roll over feature may extend the performance period and vesting date by one year.

3 The performance period and vesting date had been extended to 1 June 2021 and 30 November 2021 respectively and subsequently lapsed with no further extension.

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14. EMPLOYEE SHARE SCHEME – LONG TERM INCENTIVE PLAN (LTIP) (CONTINUED)

(b) The movement during the financial year in the number of RS and PS shares of the Company, in which the employees of the Group and the Company are entitled to, is as follows:

Attributed to Grantees from the Group:

	Closing Price per unit at Grant Date (RM)	At 1 January	Addition/ Adjustment	Vested	Forfeited	At 31 December	Fair Value at Grant Date (RM)
2023							
RS							
Grant 4	**3.76**	**14,067,000**	**–**	**(13,920,600)***	**(146,400)**	**–**	**3.84**
PS							
Grant 4	**3.85**	**850,300**	**–**	**(850,300)***	**–**	**–**	**3.86**
Grant 5	**3.76**	**971,300**	**282,800**	**(1,221,700)***	**(32,400)**	**–**	**3.70**
Grant 6	**5.10**	**809,300**	**111,400**	**(896,500)***	**(24,200)**	**–**	**5.76**

* Out of the shares vested, 16,617,900 have been issued as shares of the Company, listed in Bursa Malaysia Securities Berhad as at 31 December 2023. 271,200 is expected to be issued during financial year 2024 subject to certain administrative matters being addressed.

	Closing Price per unit at Grant Date (RM)	At 1 January	Addition/ Adjustment	Vested	Forfeited	At 31 December	Fair Value at Grant Date (RM)
2022							
RS							
Grant 3	4.06	13,555,100	–	(13,248,000)*	(307,100)	–	3.92
Grant 4	3.76	14,528,100	–	–	(461,100)	14,067,000	3.84
PS							
Grant 3	4.06	582,100	426,800	(984,800)*	(24,100)	–	4.38
Grant 4	3.85	700,700	287,200	–	(137,600)	850,300	3.86
Grant 5	3.76	1,125,000	–	–	(153,700)	971,300	3.70
Grant 6	5.10	929,200	–	–	(119,900)	809,300	5.76

* Out of the shares vested, 13,967,300 had been issued as shares of the Company, listed in Bursa Malaysia Securities Berhad as at 31 December 2022. 265,500 were subsequently issued during the financial year ended 31 December 2023.

Attributed to Grantees from the Company:

	Closing Price per unit at Grant Date (RM)	At 1 January	Adjustment^	Vested	Forfeited	At 31 December	Fair Value at Grant Date (RM)
2023							
RS							
Grant 4	**3.76**	**11,106,000**	**(11,106,000)**	**–**	**–**	**–**	**3.84**
PS							
Grant 4	**3.85**	**812,500**	**–**	**(812,500)**	**–**	**–**	**3.86**
Grant 5	**3.76**	**971,300**	**(971,300)**	**–**	**–**	**–**	**3.70**
Grant 6	**5.10**	**809,300**	**(809,300)**	**–**	**–**	**–**	**5.76**

^ The adjustment of 12,886,600 shares were due to movement of employees from the Company to TM Tech due to the internal reorganisation.

14. EMPLOYEE SHARE SCHEME – LONG TERM INCENTIVE PLAN (LTIP) (CONTINUED)

(b) The movement during the financial year in the number of RS and PS shares of the Company, in which the employees of the Group and the Company are entitled to, is as follows: (continued)

	Closing Price per unit at Grant Date (RM)	At 1 January	Adjustment	Vested	Forfeited	At 31 December	Fair Value at Grant Date (RM)
2022							
RS							
Grant 3	4.06	10,562,900	20,100	(10,351,200)*	(231,800)	–	3.92
Grant 4	3.76	11,254,300	129,200	–	(277,500)	11,106,000	3.84
PS							
Grant 3	4.06	557,600	409,600	(943,100)*	(24,100)	–	4.38
Grant 4	3.85	675,700	274,400	–	(137,600)	812,500	3.86
Grant 5	3.76	1,125,000	–	–	(153,700)	971,300	3.70
Grant 6	5.10	929,200	–	–	(119,900)	809,300	5.76

* Out of the shares vested, 11,138,900 had been issued as shares of the Company, listed in Bursa Malaysia Securities Berhad as at 31 December 2022. 155,400 were subsequently issued during the financial year ended 31 December 2023.

(c) The fair value of the RS and PS granted in which MFRS 2 "Share-based Payments" applies, were estimated using the Monte Carlo simulation model. The significant inputs in the model are as follows:

	Entitlement Over the Company's Share Reference Price per unit (RM)			
RS	**Grant 1**	**Grant 2**	**Grant 3**	**Grant 4**
Reference price	6.15	6.47	4.06	3.76
Grant Date	1 December 2016	1 June 2017	17 June 2019	17 August 2020
Vesting Date	31 July 2019	3 August 2020	1 June 2022	17 August 2023
Closing Share Price at Grant Date	6.15	6.47	4.06	3.76

	Entitlement Over the Company's Share Reference Price per unit (RM)					
PS	**Grant 1**	**Grant 2**	**Grant 3**	**Grant 4**	**Grant 5**	**Grant 6**
Reference price	6.35	6.26	4.06	3.85	3.76	5.10
Grant Date	1 June 2017	4 December 2017	17 June 2019	20 December 2019	17 August 2020	4 December 2020
Vesting Date	1 June 2020/ 1 June 2021	30 November 2020/ 30 November 2021	1 June 2022/ 1 June 2023	15 December 2022/ 15 December 2023	17 August 2023/ 16 August 2024	30 November 2023/ 29 November 2024
Closing Share Price at Grant Date	6.47	5.97	4.06	3.85	3.76	5.10

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14. EMPLOYEE SHARE SCHEME – LONG TERM INCENTIVE PLAN (LTIP) (CONTINUED)

(d) The amounts recognised in the income statements as disclosed in note 6(b) for all employees arising from the RS and PS are summarised as below:

	The Group	
	2023 RM	2022 RM
Restricted Shares	**10.7**	25.1
Performance Shares	**3.8**	6.4

15. OTHER RESERVES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fair value through other comprehensive income (FVOCI) reserve	**89.5**	99.1	**88.2**	99.1
Hedging reserve (note 2(i))	**(8.5)**	(13.2)	**(8.5)**	(13.2)
Cost of hedging reserve (note 2(i))	**10.9**	16.8	**10.9**	16.8
Long term incentive plan reserve	**12.3**	81.9	**11.8**	81.1
Currency translation differences arising from translation of:				
– subsidiaries	**35.0**	32.9	**–**	–
– associate	**2.7**	2.5	**–**	–
TOTAL OTHER RESERVES	**141.9**	220.0	**102.4**	183.8

16. RETAINED PROFITS

As at 31 December 2023, all of the Company's retained profits is available for tax exempt dividend distribution to shareholders.

17. BORROWINGS

The Group	2023 Weighted Average Rate of Finance	2023 Non-current RM	2023 Current RM	2023 Total RM	2022 Weighted Average Rate of Finance	2022 Non-current RM	2022 Current RM	2022 Total RM
DOMESTIC								
Secured								
Borrowings from financial institutions (sub-note (a))	–	–	–	–	4.68%	7.3	3.0	10.3
Total Domestic Secured	–	–	–	–	4.68%	7.3	3.0	10.3
Unsecured								
Borrowings from financial institutions	**4.25%**	–	**4.0**	**4.0**	3.57%	–	34.3	34.3
Borrowings under Islamic principles								
– Islamic Medium Term Notes (sub-note (b))	**4.68%**	**1,849.4**	**1,200.0**	**3,049.4**	4.66%	3,049.4	250.0	3,299.4
Other borrowings (sub-note (c))	**4.46%**	–	**22.2**	**22.2**	4.46%	21.3	22.2	43.5
Total Domestic Unsecured	**4.68%**	**1,849.4**	**1,226.2**	**3,075.6**	4.64%	3,070.7	306.5	3,377.2
Total Domestic	**4.68%**	**1,849.4**	**1,226.2**	**3,075.6**	4.64%	3,078.0	309.5	3,387.5
FOREIGN								
Unsecured								
Borrowings under Islamic principles								
– Euro Medium Term Notes (sub-note (d))	**3.54%**	**575.5**	–	**575.5**	3.54%	552.2	–	552.2
Debentures (sub-note (e))	**7.88%**	**1,110.2**	–	**1,110.2**	7.88%	1,327.6	–	1,327.6
Other borrowings	–	**1.7**	**0.2**	**1.9**	–	1.8	0.2	2.0
Total Foreign	**6.39%**	**1,687.4**	**0.2**	**1,687.6**	6.59%	1,881.6	0.2	1,881.8
TOTAL BORROWINGS	**5.29%**	**3,536.8**	**1,226.4**	**4,763.2**	5.33%	4,959.6	309.7	5,269.3

	2023 Domestic RM	2023 Foreign RM	2023 Total RM	2022 Domestic RM	2022 Foreign RM	2022 Total RM
The Group's non-current borrowings are repayable as follows:						
After one year and up to five years	**1,849.5**	**1,686.4**	**3,535.9**	2,028.5	1,880.6	3,909.1
After five years and up to ten years	–	**0.4**	**0.4**	1,049.5	0.7	1,050.2
After ten years	–	**0.5**	**0.5**	–	0.3	0.3
	1,849.5	**1,687.3**	**3,536.8**	3,078.0	1,881.6	4,959.6

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17. BORROWINGS (CONTINUED)

The Company	2023 Weighted Average Rate of Finance	2023 Non-current RM	2023 Current RM	2023 Total RM	2022 Weighted Average Rate of Finance	2022 Non-current RM	2022 Current RM	2022 Total RM
DOMESTIC								
Unsecured								
Borrowings under Islamic principles								
– Islamic Medium Term Notes (sub-note (b))	–	–	–	–	4.66%	3,049.4	250.0	3,299.4
Other borrowings (sub-note (c))	–	–	–	–	4.46%	21.3	22.2	43.5
Total Domestic	–	–	–	–	4.66%	3,070.7	272.2	3,342.9
FOREIGN								
Unsecured								
Debentures (sub-note (e))	**7.88%**	**1,110.1**	**–**	**1,110.1**	7.88%	1,327.6	–	1,327.6
Other borrowings	**–**	**1.8**	**0.2**	**2.0**	–	1.8	0.2	2.0
Total Foreign	**7.86%**	**1,111.9**	**0.2**	**1,112.1**	7.86%	1,329.4	0.2	1,329.6
TOTAL BORROWINGS	**7.86%**	**1,111.9**	**0.2**	**1,112.1**	5.57%	4,400.1	272.4	4,672.5

	2023 Domestic RM	2023 Foreign RM	2023 Total RM	2022 Domestic RM	2022 Foreign RM	2022 Total RM
The Company's non-current borrowings are repayable as follows:						
After one year and up to five years	**–**	**1,110.9**	**1,110.9**	2,021.2	1,328.4	3,349.6
After five years and up to ten years	**–**	**0.5**	**0.5**	1,049.5	0.7	1,050.2
After ten years	**–**	**0.5**	**0.5**	–	0.3	0.3
	–	**1,111.9**	**1,111.9**	3,070.7	1,329.4	4,400.1

(a) Secured borrowings of subsidiaries were facilities relating to projects of the subsidiaries and were secured mainly by either assignment of proceeds receivable from projects as well as fixed and floating charge over assets.

(b) On 30 August 2013, the Company received approval from the Securities Commission Malaysia for the establishment of an Islamic Commercial Papers (ICP) programme and Islamic Medium Term Notes (IMTN) programme with a total combined limit of up to RM3.0 billion in nominal value, which have respective tenures of 7 and 20 years from the date of first issue. The ICP shall have a tenure of not more than 12 months whilst the IMTN between 1 to 20 years provided that the respective debt securities mature before the expiry of the respective programmes.

On 28 September 2018, the Company received approval from the Securities Commission Malaysia for the establishment of an ICP programme and IMTN programme with a total combined limit of up to RM4.0 billion in nominal value, which have respective tenures of 7 and 30 years from the date of first issue. The ICP shall have a tenure of not more than 12 months whilst the IMTN between 1 to 30 years provided that the respective debt securities mature before the expiry of the respective programmes.

17. BORROWINGS (CONTINUED)

(b) The Company had on 1 March 2023, undertaken a novation exercise and novated to TM Technology Services Sdn Bhd, all of its rights and obligations of the ICP and IMTN programmes established in 2013 and 2018 by the Company pursuant to the vesting order granted by the High Court according to the terms of the Merger Agreement arising from the internal reorganisation of TM Group (note 55).

On 24 August 2023, the Group repaid in full, at its nominal value, the RM250.0 million IMTN at 4.34% per annum upon its maturity date.

The IMTN in issue as at the financial year end comprise the following (at nominal value):

	The Group	
	2023 RM	2022 RM
IMTN RM3.0 billion issued on 30 August 2013		
IMTN due in 2023 (4.34%)	**–**	250.0
IMTN due in 2024 (4.55% – 4.82%)	**1,200.0**	1,200.0
IMTN due in 2025 (4.88%)	**300.0**	300.0
IMTN due in 2027 (4.58%)	**500.0**	500.0
IMTN due in 2028 (4.73%)	**250.0**	250.0
IMTN RM4.0 billion issued on 28 September 2018		
IMTN due in 2028 (4.68%)	**800.0**	800.0
	3,050.0	3,300.0

On 1 March 2023, all the balances related to IMTN for the Company have been transferred to TM Tech due to the internal reorganisation (note 55).

There was no outstanding balance for ICP at the financial year end.

(c) Domestic other borrowings include the present value of future repayment obligation related to government grants received by the Company. On 1 March 2023, the amount has been transferred to TM Tech following the transfer of the rights and obligations related to government grants to TM Tech pursuant to the vesting order granted by the High Court according to the terms of Merger Agreement arising from the internal reorganisation of TM Group (note 55).

(d) Multi-Currency Euro Medium Term Notes (EMTN) Sukuk programme

On 3 March 2015, the Company through its wholly-owned subsidiary, Tulip Maple Berhad (Tulip Maple), received approval from the Securities Commission Malaysia for the establishment of an EMTN Sukuk programme of up to USD750.0 million in nominal value (or its equivalent in foreign currencies).

On 25 February 2016, Tulip Maple issued a 10-year USD50.0 million Sukuk due on 25 February 2026. The Sukuk carries a periodic distribution rate of 3.7% per annum payable semi-annually in arrears on 25 August and 25 February of each financial year commencing August 2016.

On 19 August 2016, Tulip Maple issued a 7-year USD50.0 million Sukuk due on 21 August 2023. The Sukuk carries a periodic distribution rate of 1 month London Interbank Offered Rate (LIBOR) plus 1.35% per annum payable monthly in arrears on the 19^{th} of every month commencing September 2016. On 19 August 2022, the Sukuk was redeemed ahead of its maturity and was subsequently cancelled.

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17. BORROWINGS (CONTINUED)

(d) Multi-Currency Euro Medium Term Notes (EMTN) Sukuk programme (continued)

On 15 November 2016, Tulip Maple issued a 10-year USD75.0 million Sukuk due on 15 November 2026. The Sukuk carries a periodic distribution rate of 3.422% per annum payable semi-annually in arrears on 15 May and 15 November of each financial year commencing May 2017.

The carrying value of EMTN in issue comprise the following:

	The Group	
	2023 RM	2022 RM
EMTN due in 2026 (3.70%)	**229.8**	220.4
EMTN due in 2026 (3.422%)	**345.7**	331.8
	575.5	552.2

(e) Debentures consist of the following:

	The Group and the Company	
	2023 RM	2022 RM
USD240.9 million (2022: USD300.0 million) 7.875% Debentures due in 2025	**1,110.1**	1,327.6

On 9 May 2023, USD59.1 million (RM262.5 million) of Debentures were redeemed ahead of its maturity and cancelled subsequently.

18. PAYABLE TO A SUBSIDIARY

Payable to a subsidiary relates to the EMTN Sukuk programme as disclosed in note 17(d) undertaken by Tulip Maple, a wholly-owned subsidiary of the Company.

The Company had on 1 March 2023 novated to TM Tech all of its rights and obligations of the outstanding Sukuk issued under the EMTN Sukuk Programme pursuant to the vesting order granted by the High Court according to the terms of Merger Agreement arising from the internal reorganisation of TM Group (note 55).

19. LEASE LIABILITIES

	2023				2022			
	Average Incremental Borrowing Rate	Non-current RM	Current RM	Total RM	Average Incremental Borrowing Rate	Non-current RM	Current RM	Total RM
The Group								
Lease liabilities	**5.33%**	**1,634.5**	**223.1**	**1,857.6**	5.42%	1,544.2	230.3	1,774.5
The Company								
Lease liabilities	**–**	**–**	**–**	**–**	6.02%	652.2	77.1	729.3

On 1 March 2023, all the balances related to lease liabilities for the Company have been transferred to TM Tech due to the internal reorganisation (note 55).

The Group's and the Company's maturity profile of lease liabilities are disclosed in note 49.

20. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

	Contract or notional amount RM	Fair value Assets RM	Fair value Liabilities RM	Fair value gain/(loss) during the financial year RM
The Group and the Company				
2023				
Derivatives accounted for under hedge accounting				
Cross currency interest rate swaps – cash flow hedge (sub-note (i))				
– 1 year to 3 years (sub-note (a))	**310.5**	**149.8**	**–**	**17.8**
TOTAL	**310.5**	**149.8**	**–**	**17.8**
2022				
Derivatives accounted for under hedge accounting				
Interest rate swaps – cash flow hedge				
– redeemed during the year (sub-note (b))	–	–	–	4.6
Cross currency interest rate swaps – cash flow hedge (sub-note (i))				
– 1 year to 3 years (sub-note (a))	310.5	132.0	–	(13.4)
TOTAL	310.5	132.0	–	(8.8)

The cumulative gains or losses on the hedged items attributable to the hedged risk is taken to OCI. Hedge accounting has been applied for the above hedges.

(i) Hedge accounting has been applied for these cash flow hedges where the underlying hedged items are as follow:

(a) the hedged portion of the recurring semi-annual coupon payment and final settlement of the remaining USD240.9 million 7.875% Debentures due in 2025.

(b) semi-annual interest payment at a monthly accrued floating rate of 1 month LIBOR plus 1.35% per annum and final settlement of the USD50.0 million Islamic Euro Medium Term Notes (EMTN) due in 2023. On 19 August 2022, the EMTN was redeemed ahead of its maturity and was subsequently cancelled accordingly.

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20. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS (CONTINUED)

Fair values of financial derivative instruments are the present values of their future cash flows. Favourable fair value indicates amount receivable by the Group and the Company if the contracts are terminated or vice versa. The Group and the Company are exposed to credit risk where the fair value of the contract is favourable, where the counterparty is required to pay the Group or the Company in the event of contract termination.

The maximum exposure to credit risk at the reporting date is the carrying amount of the derivative assets as presented on the Statements of Financial Position.

Summarised below are the derivative hedging transactions entered into by the Company:

(a) Cross Currency Interest Rate Swap (CCIRS) Contracts

Underlying Liability

USD300.0 million 7.875% Debentures due in 2025

In 1995, the Company issued USD300.0 million 7.875% Debentures due in 2025.

Hedging Instruments

On 17 October 2011, the Company entered into a CCIRS agreement with a notional amount of USD50.0 million that entitles it to receive interest at a fixed rate of 7.875% per annum on USD notional amount and obliges it to pay interest at a fixed rate of 7.875% on the RM notional amount (calculated at a pre-determined exchange rate). The swap will mature on 1 August 2025. On the maturity date, the Company would receive the USD notional amount and pay the counterparty an equivalent RM amount of RM154.0 million.

On 2 December 2011, the Company entered into another CCIRS agreement with a notional amount of USD50.0 million that entitles it to receive interest at a fixed rate of 7.875% per annum on USD notional amount and obliges it to pay interest at a fixed rate of 7.875% on the RM notional amount (calculated at a pre-determined exchange rate). The swap will mature on 1 August 2025. On the maturity date, the Company would receive the USD notional amount and pay the counterparty an equivalent RM amount of RM156.5 million.

The CCIRS contracts effectively convert part of the USD liability into RM liability.

(b) Interest Rate Swap (IRS) Contract

Underlying Liability

USD50.0 million 1 month LIBOR plus 1.35% Islamic Euro Medium Term Notes (EMTN) due in 2023

In 2016, the Company, through its wholly-owned subsidiary, Tulip Maple Berhad issued USD50.0 million Sukuk due on 21 August 2023.

Hedging Instrument

On 19 August 2016, the Company entered into an IRS agreement with a notional amount of USD50.0 million that entitles it to receive interest semi-annually at a monthly accrued floating rate of 1 month LIBOR plus 1.35% per annum. The Company is obliged to pay interest at a fixed rate of 2.85% per annum.

On 19 August 2022, the Sukuk was redeemed ahead of its maturity and was subsequently cancelled accordingly. The IRS was concurrently unwound on 19 August 2022.

21. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are presented on the Statements of Financial Position:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Subject to income tax:				
Deferred tax assets	**19.1**	24.1	**–**	–
Deferred tax liabilities	**1,127.0**	1,425.8	**–**	1,412.6
TOTAL DEFERRED TAX	**1,107.9**	1,401.7	**–**	1,412.6
At 1 January	**1,401.7**	1,476.8	**1,412.6**	1,463.6
Current year (credited)/charged to the Income Statement for continuing operations arising from:				
– property, plant and equipment	**(143.5)**	8.5	**–**	(40.1)
– right-of-use assets	**(90.8)**	(81.9)	**–**	(59.4)
– lease liabilities	**88.5**	73.5	**–**	58.9
– contract liabilities	**(87.9)**	(34.9)	**–**	(29.4)
– contract assets and others	**(49.2)**	(14.0)	**–**	(34.0)
– tax losses	**(9.1)**	–	**–**	–
– provisions and others	**(1.4)**	(26.1)	**21.2**	53.0
	(293.4)	(74.9)	**21.2**	(51.0)
– currency translation differences	**(0.4)**	(0.2)	**–**	–
Effect of internal reorganisation	**–**	–	**(1,433.8)**	–
At 31 December	**1,107.9**	1,401.7	**–**	1,412.6

Notes to the Financial Statements

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21. DEFERRED TAX (CONTINUED)

Breakdown of cumulative balances by each type of temporary difference:

	The Group		The Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
(a) Deferred tax assets				
Property, plant and equipment	**–**	2.1	**–**	–
Lease liabilities	**231.2**	319.7	**–**	175.0
Tax losses	**9.1**	–	**–**	–
Contract liabilities	**390.8**	302.9	**–**	284.9
Provisions and others	**387.4**	386.0	**–**	287.5
	1,018.5	1,010.7	**–**	747.4
Currency translation differences	**0.6**	0.2	**–**	–
	1,019.1	1,010.9	**–**	747.4
Offsetting	**(1,000.0)**	(986.8)	**–**	(747.4)
Total deferred tax assets after offsetting	**19.1**	24.1	**–**	–
(b) Deferred tax liabilities				
Property, plant and equipment	**1,793.8**	1,939.4	**–**	1,835.7
Right-of-use assets	**209.0**	299.8	**–**	165.6
Contract assets and others	**124.2**	173.4	**–**	158.7
	2,127.0	2,412.6	**–**	2,160.0
Offsetting	**(1,000.0)**	(986.8)	**–**	(747.4)
Total deferred tax liabilities after offsetting	**1,127.0**	1,425.8	**–**	1,412.6

The unutilised tax losses and unabsorbed capital/other tax allowances of subsidiaries for which no deferred tax asset has been recognised on the Statement of Financial Position are as follows:

	The Group	
	2023 RM	**2022 RM**
Unutilised tax losses	**67.1**	2,541.8
Unabsorbed capital and investment tax allowances	**2,946.9**	2,776.4
	3,014.0	5,318.2

The benefits of these tax losses and credits will only be obtained if the relevant subsidiaries derive future assessable income of a nature and amount sufficient for the benefits to be utilised. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making and there are no other tax planning opportunities or other evidence of recoverability in the near future.

21. DEFERRED TAX (CONTINUED)

(a) Under the Malaysian Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses will be imposed with a time limit of utilisation. Effective from year of assessment 2018, unutilised tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment. The Malaysian Finance Act 2021 has subsequently extended the utilisation period to 10 years. With that, the expiry dates of the Group's tax losses are summarised below:

	The Group	
	2023 RM	**2022 RM**
Year of assessment 2028	**42.4**	1,972.9
Year of assessment 2029	**–**	312.9
Year of assessment 2030	**–**	132.8
Year of assessment 2031	**15.9**	70.8
Year of assessment 2032	**8.8**	52.4

(b) Unabsorbed investment tax allowances with the following expiry:

	The Group	
	2023 RM	**2022 RM**
Year of assessment 2025	**356.9**	356.9

(c) Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions which the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2025. The Group is in scope of the enacted or substantively enacted legislation. The Group is in the process of assessing its exposure to the Pillar Two legislation. As the legislation was enacted close to the reporting date and due to the complexities in applying the legislation and calculating Global Anti-Base Erosion Proposal (GloBE) income, the Group continues to monitor and assess the impact of Pillar Two income taxes. The Group applies the exception to recognising and disclosing information about the deferred tax assets and liabilities related to Pillar Two income taxes.

22. DEFERRED INCOME

	The Group		The Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
At 1 January	**1,630.7**	1,649.8	**1,615.6**	1,633.4
Additions	**209.4**	309.3	**123.6**	306.7
Credited to the Income Statement	**(425.3)**	(328.4)	**(64.7)**	(324.5)
Transferred to TM Tech due to internal reorganisation (note 55)	**–**	–	**(1,674.5)**	–
At 31 December	**1,414.8**	1,630.7	**–**	1,615.6

Deferred income mainly includes government funding for Universal Service Provision (USP), High Speed Broadband (HSBB), HSBB2, Sub-Urban Broadband (SUBB), USP Broadband Fiberisation (BBF), Point of Presence (POP), Broadband to the General Population (BBGP) and Sistem Kabel Rangkaian 1Malaysia (SKR1M) projects respectively which are amortised on a straight line basis over the estimated useful lives of the related assets. Details of HSBB, HSBB2, SUBB, USP and BBF are disclosed in note 45(c) to (e).

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23. PROPERTY, PLANT AND EQUIPMENT

The Group	Telecom-munications Network RM	Movable Plant and Equipment RM	Computer Support Systems RM	Land (sub-note (c)) RM	Buildings RM	Capital Work-In-Progress RM	Total RM
Net Book Value							
As at 1 January 2023	**8,799.3**	**209.3**	**461.1**	**889.2**	**1,832.7**	**1,355.4**	**13,547.0**
Additions	**394.3**	**47.3**	**1.3**	**24.2**	**30.3**	**1,351.2**	**1,848.6**
Assetisation	**1,110.1**	**74.5**	**159.0**	**0.3**	**137.1**	**(1,481.0)**	**–**
Disposals	**(0.2)**	**(2.8)**	**(1.2)**	**–**	**–**	**–**	**(4.2)**
Charged to Income Statement	**–**	**–**	**–**	**–**	**–**	**(141.7)**	**(141.7)**
Write-off/Retirement (note 6(a))	**(0.2)**	**–**	**–**	**–**	**(0.8)**	**(24.1)**	**(25.1)**
Depreciation (note 6(a))	**(1,623.0)**	**(85.1)**	**(165.9)**	**(1.1)**	**(227.9)**	**–**	**(2,103.0)**
Impairment charge (note 6(a) and sub-note (b))	**–**	**(3.0)**	**(14.2)**	**–**	**(103.4)**	**–**	**(120.6)**
Currency translation differences	**–**	**0.6**	**(0.5)**	**–**	**1.2**	**0.2**	**1.5**
Transfer to intangible assets (note 25)	**–**	**–**	**(3.1)**	**–**	**–**	**–**	**(3.1)**
Transfer (to)/from right-of-use assets (note 26)	**(1.9)**	**–**	**–**	**–**	**28.9**	**–**	**27.0**
Reclassification	**90.5**	**19.9**	**(46.0)**	**–**	**(64.4)**	**–**	**–**
At 31 December 2023	**8,768.9**	**260.7**	**390.5**	**912.6**	**1,633.7**	**1,060.0**	**13,026.4**
At 31 December 2023							
Cost	**45,446.6**	**1,842.4**	**4,617.0**	**938.7**	**5,086.3**	**1,061.0**	**58,992.0**
Accumulated depreciation	**(35,484.7)**	**(1,578.7)**	**(4,140.4)**	**(23.4)**	**(3,349.7)**	**–**	**(44,576.9)**
Accumulated impairment	**(1,193.0)**	**(3.0)**	**(86.1)**	**(2.7)**	**(102.9)**	**(1.0)**	**(1,388.7)**
Net Book Value	**8,768.9**	**260.7**	**390.5**	**912.6**	**1,633.7**	**1,060.0**	**13,026.4**
Net Book Value							
As at 1 January 2022	9,130.0	225.9	502.4	890.4	1,945.6	661.8	13,356.1
Additions (sub-note (a))	485.6	57.3	0.3	–	12.2	2,068.8	2,624.2
Assetisation	1,103.2	6.1	144.2	–	63.3	(1,316.8)	–
Disposals	(5.8)	(3.0)	(0.1)	(0.1)	(3.0)	–	(12.0)
Charged to Income Statement	–	–	–	–	–	(52.4)	(52.4)
Write-off/Retirement (note 6(a))	(4.4)	(3.0)	–	–	(2.4)	(5.9)	(15.7)
Depreciation (note 6(a))	(1,922.7)	(78.9)	(150.0)	(1.1)	(183.5)	–	(2,336.2)
Reversal/(Impairment charge) (note 6(a))	16.3	(0.1)	–	–	(1.6)	–	14.6
Currency translation differences	–	0.1	0.1	–	1.8	(0.1)	1.9
Transfer to intangible assets (note 25)	–	–	(33.5)	–	–	–	(33.5)
Reclassification	(2.9)	4.9	(2.3)	–	0.3	–	–
At 31 December 2022	8,799.3	209.3	461.1	889.2	1,832.7	1,355.4	13,547.0
At 31 December 2022							
Cost	43,701.2	1,702.9	4,507.5	914.2	5,106.8	1,356.4	57,289.0
Accumulated depreciation	(33,709.4)	(1,493.6)	(3,974.5)	(22.3)	(3,274.1)	–	(42,473.9)
Accumulated impairment	(1,192.5)	–	(71.9)	(2.7)	–	(1.0)	(1,268.1)
Net Book Value	8,799.3	209.3	461.1	889.2	1,832.7	1,355.4	13,547.0

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Telecom-munications Network RM	Movable Plant and Equipment RM	Computer Support Systems RM	Land (sub-note (c)) RM	Buildings RM	Capital Work-In-Progress RM	Total RM
Net Book Value							
As at 1 January 2023	**8,338.9**	**200.6**	**298.0**	**412.4**	**1,401.5**	**1,383.5**	**12,034.9**
Additions	**56.1**	**1.4**	**0.3**	**24.2**	**22.8**	**228.3**	**333.1**
Assetisation	**37.7**	**11.1**	**–**	**–**	**66.9**	**(115.7)**	**–**
Disposals	**–**	**(0.6)**	**–**	**–**	**–**	**–**	**(0.6)**
Charged to Income Statement	**–**	**–**	**–**	**–**	**–**	**(27.6)**	**(27.6)**
Write-off/Retirement	**(0.2)**	**–**	**–**	**–**	**–**	**–**	**(0.2)**
Depreciation	**(239.4)**	**(8.5)**	**(17.4)**	**(0.2)**	**(21.3)**	**–**	**(286.8)**
Reclassification	**45.4**	**0.1**	**(45.4)**	**–**	**(0.1)**	**–**	**–**
Internal reorganisation (note 55):							
– transferred from subsidiaries	**3.3**	**16.5**	**45.2**	**0.9**	**19.8**	**68.4**	**154.1**
– transferred to TM Tech	**(8,241.8)**	**(220.6)**	**(280.7)**	**(437.3)**	**(1,489.6)**	**(1,536.9)**	**(12,206.9)**
At 31 December 2023	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net Book Value							
As at 1 January 2022	8,611.0	207.7	331.8	413.5	1,487.8	760.3	11,812.1
Additions (sub-note (a))	470.0	47.3	0.4	–	8.6	1,934.9	2,461.2
Assetisation	1,067.9	3.6	120.0	–	61.9	(1,253.4)	–
Disposals	–	(2.2)	–	(0.1)	(0.1)	–	(2.4)
Charged to Income Statement	–	–	–	–	–	(52.4)	(52.4)
Write-off/Retirement	(4.4)	(0.3)	–	–	(1.8)	(5.9)	(12.4)
Depreciation	(1,810.1)	(59.7)	(122.4)	(1.0)	(154.4)	–	(2,147.6)
Impairment reversal	8.9	–	–	–	–	–	8.9
Transfer to intangible assets (note 25)	–	–	(32.5)	–	–	–	(32.5)
Reclassification	(4.4)	4.2	0.7	–	(0.5)	–	–
At 31 December 2022	8,338.9	200.6	298.0	412.4	1,401.5	1,383.5	12,034.9
At 31 December 2022							
Cost	41,060.2	1,272.0	3,731.9	434.3	4,174.5	1,383.5	52,056.4
Accumulated depreciation	(32,204.5)	(1,071.4)	(3,432.4)	(19.3)	(2,773.0)	–	(39,500.6)
Accumulated impairment	(516.8)	–	(1.5)	(2.6)	–	–	(520.9)
Net Book Value	8,338.9	200.6	298.0	412.4	1,401.5	1,383.5	12,034.9

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23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) In the previous financial year, included in additions of the Group and the Company are borrowing costs of RM1.2 million directly attributable to the construction of qualifying assets.

(b) Impairment loss

During the financial year, the Group recognised impairment losses of RM120.6 million primarily in relation to certain computer support system and buildings as well as RM0.4 million (note 25) in relation to certain infrastructure software related to the digital infrastructure.

The impairment was made as triggered by the revised strategies and strategic direction of the said assets. The assumptions used for the impairment are as follows:

– The value-in-use was based on a 15-year discounted cash flow projection from 2024 to 2038;

– The cash flows assessed comprised of all related future cash flows reasonably expected from the capacity utilisation of the assets based on current contracts, secured contracts and sales funnels;

– No terminal value is applied in view of the finite life of the assets;

– Residual value of land and buildings based on a valuation performed by an independent professional valuer;

– The discount rate used is 10.0%.

(c) Review of useful life

The Group reviews the useful life of its property, plant and equipment. On annual basis, this review takes into consideration factors such as business plan and strategies, expected level of usage, changes in technology, latest findings in research and development and updated practises of the telecommunication industry. Arising from this review, the useful lives of certain telecommunication network, movable plant and equipment and computer support systems have been revised. The net impact of this change in estimates was RM133.8 million increase in depreciation for the current financial year.

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Details of land are as follows:

The Group	Freehold RM	Leasehold (sub-note (i)) RM	Other Land (sub-note (ii)) RM	Total RM
Net Book Value				
At 1 January 2023	**788.1**	**72.9**	**28.2**	**889.2**
Addition	**24.2**	**–**	**–**	**24.2**
Assetisation	**0.3**	**–**	**–**	**0.3**
Depreciation	**–**	**(1.1)**	**–**	**(1.1)**
At 31 December 2023	**812.6**	**71.8**	**28.2**	**912.6**
At 31 December 2023				
Cost	**815.2**	**94.9**	**28.6**	**938.7**
Accumulated depreciation	**–**	**(23.0)**	**(0.4)**	**(23.4)**
Accumulated impairment	**(2.6)**	**(0.1)**	**–**	**(2.7)**
Net Book Value	**812.6**	**71.8**	**28.2**	**912.6**
Net Book Value				
At 1 January 2022	788.1	74.1	28.2	890.4
Disposals	–	(0.1)	–	(0.1)
Depreciation	–	(1.1)	–	(1.1)
At 31 December 2022	788.1	72.9	28.2	889.2
At 31 December 2022				
Cost	790.7	94.9	28.6	914.2
Accumulated depreciation	–	(21.9)	(0.4)	(22.3)
Accumulated impairment	(2.6)	(0.1)	–	(2.7)
Net Book Value	788.1	72.9	28.2	889.2

The Company	Freehold RM	Leasehold (sub-note (i)) RM	Other Land (sub-note (ii)) RM	Total RM
Net Book Value				
At 1 January 2023	**321.0**	**63.2**	**28.2**	**412.4**
Addition	**24.2**	**–**	**–**	**24.2**
Depreciation	**–**	**(0.2)**	**–**	**(0.2)**
Internal reorganisation*:				
– transferred from subsidiaries	**0.5**	**0.4**	**–**	**0.9**
– transferred to TM Tech	**(345.7)**	**(63.4)**	**(28.2)**	**(437.3)**
At 31 December 2023	**–**	**–**	**–**	**–**
Net Book Value				
At 1 January 2022	321.0	64.3	28.2	413.5
Disposals	–	(0.1)	–	(0.1)
Depreciation	–	(1.0)	–	(1.0)
At 31 December 2022	321.0	63.2	28.2	412.4
At 31 December 2022				
Cost	323.6	82.1	28.6	434.3
Accumulated depreciation	–	(18.9)	(0.4)	(19.3)
Accumulated impairment	(2.6)	–	–	(2.6)
Net Book Value	321.0	63.2	28.2	412.4

* On 1 March 2023, all balances related to land for the Company have been transferred to TM Tech due to the internal reorganisation.

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23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) Details of land are as follows: (continued)

(i) Leasehold land comprise the following:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Long term leasehold land	**51.1**	52.2	**–**	51.9
Short term leasehold land	**20.7**	20.7	**–**	11.3
Total	**71.8**	72.9	**–**	63.2

Long term leasehold land has remaining unexpired lease period of 50 years and above.

(ii) The title deeds pertaining to other land have not yet been registered in the name of the Company. Pending finalisation with the relevant authorities, these lands have not been classified according to their tenures.

Other land will be reclassified accordingly as and when the title deeds pertaining to these lands have been registered.

24. INVESTMENT PROPERTY

	The Company	
	2023 RM	2022 RM
Net Book Value		
At 1 January	**97.9**	99.5
Additions	**–**	0.4
Depreciation	**(0.3)**	(2.0)
Transferred to TM Tech due to internal reorganisation (note 55)	**(97.6)**	–
At 31 December	**–**	97.9
At 31 December		
Cost	**–**	128.4
Accumulated depreciation	**–**	(30.5)
Net Book Value	**–**	97.9

The investment property of the Company comprises an office building located on a freehold land which is rented and occupied by a wholly-owned subsidiary.

The fair value of the property of the Company at 31 December 2022 was RM160.0 million based on a valuation performed by an independent professional valuer. The valuation was based on unobservable market data, classified at Level 3 of fair value hierarchy.

25. INTANGIBLE ASSETS

The Group	Goodwill RM	Telecom-munication Spectrum RM	Infrastructure Software RM	Application Software RM	Other Intangible Assets* RM	Software Development RM	Total RM
Net Book Value							
At 1 January 2023	**309.6**	**116.5**	**28.3**	**250.4**	**40.0**	**1.0**	**745.8**
Additions	**–**	**214.1**	**–**	**8.2**	**19.9**	**167.1**	**409.3**
Assetisation	**–**	**–**	**16.1**	**144.0**	**5.0**	**(165.1)**	**–**
Amortisation (note 6(a))	**–**	**(68.4)**	**(10.9)**	**(157.0)**	**(18.5)**	**–**	**(254.8)**
Impairment (note 6(a))	**–**	**–**	**(0.4)**	**–**	**–**	**–**	**(0.4)**
Transfer from property, plant and equipment (note 23)	**–**	**–**	**0.1**	**3.0**	**–**	**–**	**3.1**
At 31 December 2023	**309.6**	**262.2**	**33.2**	**248.6**	**46.4**	**3.0**	**903.0**
At 31 December 2023							
Cost	**366.7**	**389.4**	**99.4**	**765.2**	**98.7**	**3.0**	**1,722.4**
Accumulated amortisation	**–**	**(106.9)**	**(65.5)**	**(498.5)**	**(52.3)**	**–**	**(723.2)**
Accumulated impairment	**(57.1)**	**(20.3)**	**(0.7)**	**(18.1)**	**–**	**–**	**(96.2)**
Net Book Value	**309.6**	**262.2**	**33.2**	**248.6**	**46.4**	**3.0**	**903.0**
Net Book Value							
At 1 January 2022	309.6	135.2	24.0	160.5	36.1	–	665.4
Additions	–	7.1	–	3.3	46.1	161.0	217.5
Assetisation	–	–	13.2	141.3	–	(154.5)	–
Amortisation (note 6(a))	–	(25.8)	(8.9)	(82.7)	(42.3)	–	(159.7)
Write-off/Retirement (note 6(a))	–	–	#	(5.4)	–	(5.5)	(10.9)
Transfer from property, plant and equipment (note 23)	–	–	–	33.4	0.1	–	33.5
At 31 December 2022	309.6	116.5	28.3	250.4	40.0	1.0	745.8
At 31 December 2022							
Cost	366.7	175.3	81.2	571.3	178.2	1.0	1,373.7
Accumulated amortisation	–	(38.5)	(52.9)	(319.7)	(138.2)	–	(549.3)
Accumulated impairment	(57.1)	(20.3)	–	(1.2)	–	–	(78.6)
Net Book Value	309.6	116.5	28.3	250.4	40.0	1.0	745.8

Amount less than RM0.1 million

* Other intangible assets comprise the fair value of acquired development expenditure incurred in the design, development and testing of products and services, software and programme rights of subsidiaries.

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25. INTANGIBLE ASSETS (CONTINUED)

The Company	Infrastructure Software RM	Application Software RM	Other Intangible Assets RM	Software Development RM	Total RM
Net Book Value					
At 1 January 2023	**25.8**	**241.9**	**–**	**1.0**	**268.7**
Additions	**–**	**–**	**–**	**6.0**	**6.0**
Assetisation	**1.8**	**3.4**	**–**	**(5.2)**	**–**
Amortisation	**(1.7)**	**(23.8)**	**–**	**–**	**(25.5)**
Internal reorganisation (note 55):					
– transferred from subsidiaries	**–**	**–**	**30.7**	**–**	**30.7**
– transferred to TM Tech	**(25.9)**	**(221.5)**	**(30.7)**	**(1.8)**	**(279.9)**
At 31 December 2023	**–**	**–**	**–**	**–**	**–**
Net Book Value					
At 1 January 2022	21.1	158.5	–	–	179.6
Additions	–	0.1	–	155.7	155.8
Assetisation	13.2	136.0	–	(149.2)	–
Amortisation	(8.5)	(79.9)	–	–	(88.4)
Write-off/Retirement	–	(5.3)	–	(5.5)	(10.8)
Transfer from property, plant and equipment (note 23)	–	32.5	–	–	32.5
At 31 December 2022	25.8	241.9	–	1.0	268.7
At 31 December 2022					
Cost	77.2	549.9	–	1.0	628.1
Accumulated amortisation	(51.4)	(307.2)	–	–	(358.6)
Accumulated impairment	–	(0.8)	–	–	(0.8)
Net Book Value	25.8	241.9	–	1.0	268.7

25. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test for goodwill

The Group undertakes an annual test for impairment of its cash-generating units to which goodwill is allocated as follows:

	2023 RM	2022 RM
TM One Business Unit	**308.4**	308.4
Others	**1.2**	1.2
	309.6	309.6

The recoverable amount of the cash-generating unit is determined based on value-in-use calculation.

The following key assumptions have been applied in the value-in-use calculation:

	TM One	
	2023	2022
Pre-tax discount rate	**13.8%**	13.9%
Terminal growth rate	**1.0%**	1.0%

The discount rates applied to the cash flow forecasts are benchmarked against local peers at the date of the assessment of the cash-generating units. Pre-tax discount rates are derived by removing tax cash flows from the post-tax value-in-use, and by iteration, identify the pre-tax discount rate that makes the present value of the adjusted cash flows equal to the value-in-use calculated using the post-tax cash flows.

Terminal growth rate represents the growth rate applied to extrapolate pre-tax cash flow beyond five year financial budget period which takes into consideration the current and projected inflation and average growth rate for the telecommunication industry in Malaysia.

Impact of possible change in key assumptions used

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, management has concluded that no reasonably possible change in assumptions would cause the carrying amount of the cash-generating unit of TM One to exceed its recoverable amount.

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26. RIGHT-OF-USE ASSETS

The Group	Telecommunications Network RM	Movable Plant and Equipment RM	Land RM	Buildings RM	Total RM
Net Book Value					
As at 1 January 2023	**483.2**	**63.6**	**258.5**	**348.4**	**1,153.7**
Additions	**231.2**	**63.5**	**3.1**	**176.2**	**474.0**
Modification	**(54.7)**	**(11.6)**	**9.4**	**69.4**	**12.5**
Termination	**(0.4)**	**(35.3)**	**–**	**(10.5)**	**(46.2)**
Depreciation (note 6(a) and sub-note (a))	**(86.0)**	**(16.3)**	**(11.1)**	**(178.4)**	**(291.8)**
Transfer from/(to) property, plant and equipment (note 23)	**1.9**	**–**	**–**	**(28.9)**	**(27.0)**
At 31 December 2023	**575.2**	**63.9**	**259.9**	**376.2**	**1,275.2**
At 31 December 2023					
Cost	**953.9**	**122.1**	**316.7**	**1,499.2**	**2,891.9**
Accumulated depreciation	**(378.7)**	**(58.2)**	**(56.8)**	**(442.0)**	**(935.7)**
Accumulated impairment	**–**	**–**	**–**	**(681.0)**	**(681.0)**
Net Book Value	**575.2**	**63.9**	**259.9**	**376.2**	**1,275.2**

The Group	Telecommunications Network RM	Movable Plant and Equipment RM	Land RM	Buildings RM	Total RM
Net Book Value					
As at 1 January 2022	410.7	64.2	268.9	464.4	1,208.2
Additions	158.7	24.4	0.6	155.2	338.9
Modification	(2.1)	(4.2)	0.2	(30.3)	(36.4)
Termination	5.1	(0.2)	–	(6.9)	(2.0)
Depreciation (note 6(a) and sub-note (a))	(89.2)	(20.6)	(11.2)	(234.5)	(355.5)
Reversal of impairment (note 6(a))	–	–	–	0.5	0.5
At 31 December 2022	483.2	63.6	258.5	348.4	1,153.7
At 31 December 2022					
Cost	819.1	120.2	302.9	1,691.9	2,934.1
Accumulated depreciation	(335.9)	(56.6)	(44.4)	(649.7)	(1,086.6)
Accumulated impairment	–	–	–	(693.8)	(693.8)
Net Book Value	483.2	63.6	258.5	348.4	1,153.7

(a) The following amounts relating to leases are disclosed in the Income Statement:

	2023 RM	2022 RM
Depreciation of right-of-use assets (note 6(a))	**291.8**	355.5
Interest expense on lease liabilities (note 9)	**98.6**	108.6
Expenses relating to short-term leases (note 6(b))	**27.9**	38.7
Expenses relating to lease of low-value assets that are not shown above as short-term leases (note 6(b))	**7.0**	2.4

26. RIGHT-OF-USE ASSETS (CONTINUED)

The Company	Telecom-munications Network RM	Movable Plant and Equipment RM	Land RM	Buildings RM	Total RM
Net Book Value					
As at 1 January 2023	**344.7**	**23.3**	**251.6**	**70.4**	**690.0**
Additions	**1.3**	**–**	**0.2**	**0.2**	**1.7**
Modification	**–**	**–**	**#**	**–**	**#**
Termination	**(0.3)**	**(0.4)**	**–**	**(0.3)**	**(1.0)**
Depreciation	**(11.8)**	**(2.2)**	**(1.8)**	**(4.3)**	**(20.1)**
Internal reorganisation (note 55):					
– transferred from subsidiaries	**40.0**	**–**	**–**	**3.2**	**43.2**
– transferred to TM Tech	**(373.9)**	**(20.7)**	**(250.0)**	**(69.2)**	**(713.8)**
At 31 December 2023	**–**	**–**	**–**	**–**	**–**
Net Book Value					
As at 1 January 2022	247.1	17.5	261.9	155.3	681.8
Additions	169.1	21.5	0.6	33.3	224.5
Modification	10.2	0.1	0.2	(2.1)	8.4
Termination	(8.1)	(2.1)	–	(5.1)	(15.3)
Depreciation	(73.6)	(13.7)	(11.1)	(111.0)	(209.4)
At 31 December 2022	344.7	23.3	251.6	70.4	690.0
At 31 December 2022					
Cost	598.2	47.3	294.5	472.7	1,412.7
Accumulated depreciation	(253.5)	(24.0)	(42.9)	(402.3)	(722.7)
Net Book Value	344.7	23.3	251.6	70.4	690.0

Amount less than RM0.1 million

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27. SUBSIDIARIES

The Company	2023 Malaysia RM	2023 Overseas RM	2023 Total RM	2022 Malaysia RM	2022 Overseas RM	2022 Total RM
Unquoted investments, at cost	**8,355.1**	**22.0**	**8,377.1**	4,084.7	22.0	4,106.7
Accumulated impairment	**(7.7)**	**–**	**(7.7)**	(1,869.5)	–	(1,869.5)
	8,347.4	**22.0**	**8,369.4**	2,215.2	22.0	2,237.2
Equity contributions						
– Options granted to employees of subsidiaries	**13.1**	**–**	**13.1**	20.7	–	20.7
– LTIP granted to employees of subsidiaries	**43.7**	**–**	**43.7**	39.4	–	39.4
NET INVESTMENTS IN SUBSIDIARIES*	**8,404.2**	**22.0**	**8,426.2**	2,275.3	22.0	2,297.3

* Includes investments in unquoted subsidiaries that have been written down to recoverable amount of RM1.00 each.

The significant increase in the Company's investment in subsidiaries is arising from the Group's internal reorganisation exercise during the financial year, which comprise the transfer of assets and liabilities and settlement of certain related party oustanding balances from the selected wholly-owned subsidiaries involved in the internal reorganisation of TM Group (note 55). Furthermore, as at the financial year end, the impairment of the Company's investment in TM Tech of RM1,456.6 million made in the previous financial year as disclosed in note 53 has been reversed as the indication of impairment no longer exist.

Provisions for impairment of investment in subsidiaries

	The Company 2023 RM	The Company 2022 RM
At 1 January	**1,869.5**	420.7
Impairment recognised for investment in subsidiaries	**–**	6.4
Impairment of investment in a subsidiary arising from the subsidiary's recapitalisation exercise (note 53(a)(iv))	**–**	1,456.6
Disposal of a subsidiary	**–**	(14.2)
Distribution of assets arising from subsidiaries due to internal reorganisation	**(405.1)**	–
Reversal of impairment for investment in subsidiaries	**(1,456.7)**	–
At 31 December	**7.7**	1,869.5

The Group's effective equity interest in the subsidiaries, their respective principal activities and countries of incorporation are listed in note 53. Other than as disclosed in note 53, the proportion of the Group's voting rights in the subsidiaries held by the Group do not differ from the proportion of ordinary shares held or the Group's effective equity interests in the subsidiaries.

There are no significant restrictions on the ability of the subsidiaries to transfer funds in the form of dividends and other capital distributions or for loans or advances being made or repaid, to (or from) the Group.

27. SUBSIDIARIES (CONTINUED)

Set out below are the summarised financial information for each subsidiary which has non-controlling interests that are material to the Group, before any inter-company eliminations:

	Fiberail Sdn Bhd		Fibrecomm Network (M) Sdn Bhd	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Summarised Income Statement				
Revenue	**206.7**	160.7	**112.3**	122.6
Profit before income tax	**31.8**	16.2	**13.6**	17.3
Income tax expense	**(7.5)**	(2.1)	**(5.0)**	(4.6)
Profit after tax and total comprehensive income	**24.3**	14.1	**8.6**	12.7
Total comprehensive income attributed to non-controlling interests	**11.2**	6.5	**4.2**	6.2
Dividends paid to non-controlling interests	**4.7**	4.8	**2.7**	2.9
Summarised Statement of Financial Position				
Current assets	**222.1**	202.2	**76.2**	79.5
Current liabilities	**(167.1)**	(158.1)	**(32.7)**	(46.5)
Total net current assets	**55.0**	44.1	**43.5**	33.0
Non-current assets	**289.3**	303.8	**89.3**	113.9
Non-current liabilities	**(113.5)**	(127.7)	**(18.7)**	(36.0)
Total net non-current assets	**175.8**	176.1	**70.6**	77.9
Net assets	**230.8**	220.2	**114.1**	110.9
Cumulative non-controlling interests	**106.2**	101.3	**55.9**	54.3
Summarised Statement of Cash Flows				
Cash generated from operations	**112.1**	84.0	**7.7**	20.2
Interest paid	**(5.6)**	(6.1)	**(0.1)**	(0.1)
Income tax paid	**(7.5)**	(8.0)	**(1.0)**	(1.2)
Cash flows from operating activities	**99.0**	69.9	**6.6**	18.9
Cash flows used in investing activities	**(9.9)**	(37.0)	**(5.1)**	(5.5)
Cash flows used in financing activities	**(21.7)**	(24.5)	**(10.3)**	(13.1)
Net increase/(decrease) in cash and cash equivalents	**67.4**	8.4	**(8.8)**	0.3
Effect of exchange rate changes	**–**	–	**(0.1)**	(0.2)
Cash and cash equivalents at beginning of the financial year	**104.0**	95.6	**22.6**	22.5
Cash and cash equivalents at end of the financial year	**171.4**	104.0	**13.7**	22.6

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28. LOANS AND ADVANCES TO SUBSIDIARIES

	The Company	
	2023 RM	**2022 RM**
Loans and advances to subsidiaries	**32.3**	55.0
Accumulated impairment	**(5.6)**	(14.5)
Loans and advances to subsidiaries (net)	**26.7**	40.5
Current portion	**7.4**	5.0
Non-current portion	**19.3**	35.5
Loans and advances to subsidiaries	**26.7**	40.5

Loans and advances to subsidiaries represent shareholder loans and advances for working capital purposes. These loans and advances are unsecured and bear interest ranging from 4.12% to 7.81% (2022: 3.96% to 6.88%) and will mature between 1 to 7 years (2022: 1 to 8 years). Movements in the balances during the year are disclosed in note 44(c).

29. ASSOCIATE

The Group	**2023 RM**	**2022 RM**
Share of net assets of an associate		
Unquoted investments	**100.1**	94.3
TOTAL	**100.1**	94.3
The Group's share of profit of an associate	**13.1**	11.2
The Group's share of assets and liabilities of an associate is as follows:		
Non-current assets	**74.2**	76.2
Current assets	**27.9**	23.2
Non-current liabilities	**(1.2)**	(1.5)
Current liabilities	**(0.8)**	(3.6)
Net assets	**100.1**	94.3

The Group's associate is not material to the financial position, financial performance and cash flows of the Group.

The Group's effective equity interest in the associate, which is unquoted, its principal activities and country of incorporation are listed in note 54.

There are no contingent liabilities relating to the Group's interest in the associate and there are no significant restrictions on the ability of the associate to transfer funds in the form of dividend to the Group.

30(a). EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Equity investments at FVOCI comprise of individual unquoted equity investments.

	The Group and the Company	
	2023 RM	2022 RM
At 1 January	**149.1**	141.6
Fair value changes transferred to other comprehensive income	**(12.6)**	7.5
At 31 December	**136.5**	149.1

The equity investments are represented primarily by the Group's and the Company's investments in Asean Cableship Pte Ltd and Labuan Reinsurance (L) Ltd. The dividends received by the Group and the Company during the financial year amounted to RM6.9 million (2022: RM3.4 million).

At initial recognition, the Group and the Company have irrevocably elected to present fair value changes of non-trading equity investments above in OCI. The Group and the Company consider this classification to be more relevant as these instruments are strategic investments of the Group and the Company and not held for trading purpose.

30(b). INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

Investments in listed and unlisted bonds are classified as FVOCI, as the Group's and the Company's business model is achieved by collecting contractual cash flows and selling of these assets. The contractual cash flows of these investments are solely payment of principal and interest.

	The Group and the Company	
	2023 RM	2022 RM
At 1 January	**66.5**	82.3
Additions	**11.6**	18.3
Fair value changes transferred to other comprehensive income	**1.3**	(3.9)
Disposals	**(8.8)**	(30.3)
Accretion of finance income (net)	**(0.2)**	0.1
At 31 December	**70.4**	66.5

The credit quality of investments in listed and unlisted bonds is as follows:

	The Group and the Company	
	2023 RM	2022 RM
AAA	**28.2**	25.5
AA	**35.2**	32.6
A	**7.0**	7.0
BBB/BB	**–**	1.4
	70.4	66.5

Provision for impairment of Investments at FVOCI

	The Group and the Company	
	2023 RM	2022 RM
At 1 January/At 31 December (note 4(a))	**1.2**	1.2

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30(c). INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Investment in a technology investment fund, fixed income unit trust fund and certain investments in a rated Corporate Social Responsibility (CSR) sukuk are classified as financial assets at FVTPL. The investments do not meet the MFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest.

	The Group and the Company	
	2023 RM	2022 RM
At 1 January	**166.7**	318.5
Additional investment	**7.3**	15.1
Fair value changes through profit or loss (net)	**10.3**	(8.4)
Disposals	**(27.1)**	(161.5)
Management fees	**(0.9)**	(1.1)
Foreign exchange difference	**(2.9)**	4.1
At 31 December	**153.4**	166.7
Current portion	**3.3**	2.1
Non-current portion	**150.1**	164.6
TOTAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)	**153.4**	166.7

31. RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 January	**155.4**	297.9	**155.4**	297.9
Additions (including interest)	**18.6**	36.9	**4.1**	36.9
Repayments (net of conversion)	**(9.8)**	(42.7)	**(3.2)**	(42.7)
Disposal (note 32(i)(a))	**(130.2)**	(171.2)	**(130.2)**	(171.2)
Amortisation of prepayment	**16.4**	30.7	**–**	30.7
Impairment reclassification to other non-current receivables/ assets	**0.2**	2.1	**–**	2.1
Write-off of impairment	**–**	0.4	**–**	0.4
Fair value changes transferred to other comprehensive income	**1.7**	1.3	**–**	1.3
Transferred to TM Tech due to internal reorganisation (note 55)	**–**	–	**(26.1)**	–
TOTAL RECEIVABLES AT FVOCI (net)	**52.3**	155.4	**–**	155.4
Current portion	**2.6**	8.4	**–**	8.4
Non-current portion	**49.7**	147.0	**–**	147.0
TOTAL RECEIVABLES AT FVOCI (net)	**52.3**	155.4	**–**	155.4

Receivables at FVOCI comprises housing loans extended to employees. These loans are disposed to a third party when certain pre-determined conditions are met. Details of the housing loans to employees are as disclosed in note 32(i).

Provision for impairment of Receivables at FVOCI

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
As at 1 January	**11.0**	13.5	**11.0**	13.5
Impairment reclassification to other non-current receivables/ assets	**(0.2)**	(2.1)	**–**	(2.1)
Write-off impairment on housing loan	**–**	(0.4)	**–**	(0.4)
Transferred to TM Tech due to internal reorganisation*	**–**	–	**(11.0)**	–
At 31 December (note 4(a))	**10.8**	11.0	**–**	11.0

* On 1 March 2023, all balances related to provision for impairment of Receivables of FVOCI for the Company have been transferred to TM Tech due to the internal reorganisation.

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32. OTHER NON-CURRENT RECEIVABLES/ASSETS

	The Group		The Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Staff loans at amortised cost				
– under Islamic principles	**16.0**	17.3	**–**	17.2
– under conventional principles	**–**	#	**–**	#
Total staff loans (sub-note (i))	**16.0**	17.3	**–**	17.2
Other non-current assets				
– other deposits (sub-note (ii))	**288.3**	235.8	**261.2**	235.8
– prepayments (sub-note (iii))	**21.3**	214.1	**–**	–
– advance payment (sub-note (iv))	**233.2**	–	**233.2**	–
– others	**45.3**	84.5	**–**	–
	604.1	551.7	**494.4**	253.0
Prepaid employee benefits	**11.6**	27.9	**–**	27.9
	615.7	579.6	**494.4**	280.9
Staff loans receivable within twelve months included under other receivables (note 35)	**(4.8)**	(5.3)	**–**	(5.3)
TOTAL OTHER NON-CURRENT RECEIVABLES/ASSETS	**610.9**	574.3	**494.4**	275.6

\# Amount less than RM0.1 million

Provision for impairment of other non-current receivables/assets

	The Group		The Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
At 1 January	**2.1**	–	**2.1**	–
Impairment reclassification from impairment of receivables at FVOCI	**0.2**	2.1	**–**	2.1
	2.3	2.1	**2.1**	2.1
Transferred to TM Tech due to internal reorganisation	**–**	–	**(2.1)**	–
At 31 December (note 4(a))	**2.3**	2.1	**–**	2.1

(i) Staff loans comprise housing, vehicle, computer and club membership loans offered to employees with contractual financing cost of 4.0% per annum on a reducing balance basis except for club membership loans which are free of financing cost.

Housing loans are classified as receivables at FVOCI as disclosed in note 31 whilst the remaining staff loans are classified as receivables at amortised cost under note 32. There is no single significant credit risk exposure as the amount is mainly receivable from individuals. Staff loans inclusive of financing cost, are repayable in equal monthly instalments as follows:

- Housing loans – maximum tenure is up to employee retirement age (at 60 years of age)
- Vehicle loans – maximum of 9 years for new cars and 7 years for second hand cars
- Computer loans – 3 years

Credit risk arising from staff loans is mitigated by the enforcement of salary deductions as a mode of repayment. In addition, collateral is obtained for the following:

- Housing loans – registered land charges and assignments over the properties financed
- Vehicle loans – ownership claims over the vehicles financed

(a) During the current financial year, the Company disposed RM130.2 million (2022: RM171.2 million) of its employees housing loans for a total cash consideration of RM127.6 million (2022: RM167.8 million) pursuant to the Sale and Purchase (S&P) Agreement entered on 27 May 2009 with AmMortgage One Berhad (AmMortgage One), a wholly-owned subsidiary of AmBank (M) Berhad (AmBank). In tandem with the S&P Agreement, a Servicing Agreement between the Company, AmMortgage One and AmBank was also executed. The arrangement reflects the outsourcing of the Company's mortgage servicing operations to AmBank.

32. OTHER NON-CURRENT RECEIVABLES/ASSETS (CONTINUED)

(ii) The Company entered into two deposit agreements with financial institutions in 2011 with maturity on 1 August 2025, under which the Company will deposit RM4.1 million and RM4.2 million respectively every six months until the deposits' maturity date. On maturity, the Company will be entitled for deposits repayments of RM154.0 million and RM156.5 million respectively. The deposits are collateralised by Malaysian Government Bonds.

The deposits effectively build up a sinking fund with an assured value of RM154.0 million and RM156.5 million respectively on 1 August 2025 for the repayment of the Company's Debentures.

(iii) In the previous financial year, the Group's prepayment include the RM214.1 million Spectrum Assignment (SA) fees paid for 850 MHz and 2,300 MHz spectrum assigned to the Group for a period of 5 years commencing 1 January 2023. The prepayment for spectrum assignment is transferred to intangible asset on 1 January 2023.

(iv) The Government of Malaysia (GoM) had on 3 May 2023 announced the implementation of 5G network in 2 phases. In Phase 1, Digital Nasional Berhad (DNB) will continue its rollout of 5G network to meet its target Coverage of Populated Area (CoPA) by end of 2023. In Phase 2, the existing Single Wholesale Network will transition to a Dual Network based on conditions in line with global practices.

In relation to Phase 1 above, the Company, had on 1 December 2023 executed a Share Subscription Agreement (SSA) with Minister of Finance (Incorporated) (MoF Inc.) and DNB. As part of the SSA, the Company has paid RM233.2 million as an advance Access Agreement (AA) prepayment, which will be treated as shareholder advance to DNB subject to the fulfilment of the relevant Shareholder Advance Conditions Precedent (SACP). As at 31 December 2023, the SACP has yet to be met.

33. INVENTORIES

	The Group		The Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Telecommunications equipment	**32.6**	156.0	**–**	155.6
Capacity held for resale	**126.7**	104.4	**–**	104.4
Land held for sale	**39.9**	39.9	**–**	–
Others	**5.4**	5.1	**–**	5.7
TOTAL INVENTORIES	**204.6**	305.4	**–**	265.7

On 1 March 2023, all the balances related to inventories for the Company have been transferred to TM Tech due to the internal reorganisation (note 55).

34. CONTRACT COST ASSETS

	The Group		The Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
At 1 January	**420.7**	379.2	**375.2**	355.4
Additions	**361.3**	435.5	**59.6**	402.5
Amortised to the Income Statement	**(424.7)**	(394.0)	**(63.3)**	(382.7)
Internal reorganisation (note 55):				
– transferred from subsidiaries	**–**	–	**66.0**	–
– transferred to TM Tech	**–**	–	**(437.5)**	–
At 31 December	**357.3**	420.7	**–**	375.2

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35. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Receivables from external customers (including grant receivables)	**1,758.1**	1,416.9	**–**	1,174.6
Receivables from subsidiaries	**–**	–	**–**	138.2
Receivables from associate	**0.7**	–	**–**	–
	1,758.8	1,416.9	**–**	1,312.8
Impairment				
– external customers	**(591.2)**	(506.2)	**–**	(453.3)
– subsidiaries	**–**	–	**–**	(25.2)
	1,167.6	910.7	**–**	834.3
Accrued earnings and grant recoverable*	**142.3**	709.4	**–**	632.8
Total trade receivables (net)	**1,309.9**	1,620.1	**–**	1,467.1
Prepayments	**382.7**	284.2	**0.6**	445.8
Tax recoverable	**62.6**	76.4	**12.0**	0.6
Staff loans (note 32)	**4.8**	5.3	**–**	5.3
Other receivables from subsidiaries	**–**	–	**2.0**	143.9
Other receivables	**656.2**	463.7	**407.1**	443.0
Impairment of other receivables				
– external parties	**(141.2)**	(137.4)	**–**	(128.3)
– subsidiaries	**–**	–	**(0.3)**	(79.3)
Total other receivables (net)	**965.1**	692.2	**421.4**	831.0
TOTAL TRADE AND OTHER RECEIVABLES (net)	**2,275.0**	2,312.3	**421.4**	2,298.1

* Included in accrued earnings and grant recoverable are unbilled amounts for leasing contracts as well as grant from the Government or other relevant local or federal authorities for services rendered in the ordinary course of business.

Certain amounts of trade receivables have been subjected to offsetting with trade payables where these balances are from transactions transacted with the same counterparty and are settled on net basis, summarised as follows:

	2023			2022		
	Gross amount of trade receivables RM	Gross amount of trade payables and accruals set off against trade receivables (note 38) RM	Net amount of trade receivables RM	Gross amount of trade receivables RM	Gross amount of trade payables and accruals set off against trade receivables (note 38) RM	Net amount of trade receivables RM
The Group	**1,376.6**	**(66.7)**	**1,309.9**	1,805.9	(185.8)	1,620.1
The Company	**–**	**–**	**–**	1,652.9	(185.8)	1,467.1

For trade receivables and trade payables subject to netting arrangements above, each agreement between the Group and the counterparties is carried out on net settlement basis, including events of default.

Movement and balance analysis of loss allowance is disclosed under note 4(a)(ii).

35. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group and the Company are not exposed to major concentrations of credit risk due to the diversed customer base. The analysis of trade receivables by lines of business is considered the most appropriate disclosure of credit concentration. In addition, credit risk is mitigated to a certain extent by cash deposits (note 39) and bankers' guarantee obtained from customers amounting to RM41.0 million (2022: RM32.1 million) at the Group and nil (2022: RM32.1 million) at the Company respectively. The Group and the Company consider the impairment at the reporting date to be adequate to cover the potential financial loss.

Credit terms of trade receivables range from 30 to 90 days (2022: 30 to 90 days).

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

The Group's and the Company's recovery of trade and other receivables written off for financial year ended were RM7.0 million (2022: RM8.7 million) and RM1.1 million (2022: RM7.0 million) respectively.

36. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	The Group and the Company	
	2023 RM	**2022 RM**
Equity securities quoted on the Bursa Malaysia Securities Berhad	**2.3**	2.2
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**2.3**	2.2

37. CASH AND BANK BALANCES

	The Group		The Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Deposits with licensed banks:				
– Conventional	**842.9**	784.2	**512.9**	781.9
– Islamic principles	**1,371.0**	983.8	**123.6**	922.1
Total deposits with licensed banks	**2,213.9**	1,768.0	**636.5**	1,704.0
Cash and bank balances:				
– Conventional	**648.6**	714.2	**0.4**	384.1
– Islamic principles	**92.7**	97.2	**1.1**	38.6
TOTAL CASH AND BANK BALANCES	**2,955.2**	2,579.4	**638.0**	2,126.7
Less:				
Money held in trust (sub-note (a))/Deposits pledged	**(254.4)**	(234.3)	**–**	(233.2)
Deposit with maturity exceeding 3 months	**(2.9)**	(0.8)	**–**	(0.8)
TOTAL CASH AND CASH EQUIVALENTS	**2,697.9**	2,344.3	**638.0**	1,892.7

(a) Money held in trust amounting to USD54.9 million (RM253.3 million) [2022: USD52.7 million (RM233.2 million)] at the Group and nil [2022: USD52.7 million (RM233.2 million)] at the Company respectively comprise of bank balances of a consortium of international telecommunication companies investing jointly in an international submarine cable. In 2022, it was held in trust by the Company as its function as the appointed central billing party to the consortiums. On 1 March 2023, the money held in trust by the Company was transferred to TM Tech due to the internal reorganisation (note 55).

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37. CASH AND BANK BALANCES (CONTINUED)

The deposits are placed mainly with a number of creditworthy financial institutions. There is no major concentration of deposits in any single financial institution. The credit quality of the financial institutions in which cash and deposits are placed is as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
AAA	**1,334.7**	774.8	**516.0**	585.4
AA	**1,004.8**	850.7	**121.5**	763.4
A	**530.3**	551.2	**0.5**	436.0
NR (sub-note (b))	**85.4**	402.7	**–**	341.9
	2,955.2	2,579.4	**638.0**	2,126.7

(b) Mainly comprise deposits with other financial institutions with sovereign equivalent rating.

Deposits have maturities ranging from overnight to 90 days (2022: from overnight to 90 days) for the Group and overnight to 30 days (2022: from overnight to 90 days) for the Company. Bank balances are deposits held at call with banks.

The weighted average interest rate of deposits as at 31 December 2023 was 4.29% (2022: 4.40%) and 5.20% (2022: 4.55%) for the Group and the Company respectively.

38. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables and accruals	**1,668.0**	2,182.4	**0.3**	1,711.0
Payable for Universal Service Provision	**164.5**	146.0	**–**	143.1
Money held in trust (note 37(a))/Deposits pledged	**254.4**	233.2	**–**	233.2
Deferred revenue	**93.5**	62.4	**–**	12.8
Deposits and trust monies	**58.3**	88.1	**–**	69.7
Finance cost payable	**59.5**	76.3	**30.7**	76.3
Provision for dismantling cost	**34.7**	49.4	**–**	26.3
Duties and other taxes payable	**55.1**	69.8	**1.0**	62.7
Provision for voluntary separation programmes (sub-note (b))	**8.1**	42.6	**–**	36.4
Payables to subsidiaries (sub-note (a))	**–**	–	**587.9**	1,793.4
Other payables and accruals	**663.1**	792.4	**6.1**	562.7
	3,059.2	3,742.6	**626.0**	4,727.6
Current portion	**3,033.3**	3,718.0	**626.0**	4,727.6
Non-current portion	**25.9**	24.6	**–**	–
TOTAL TRADE AND OTHER PAYABLES	**3,059.2**	3,742.6	**626.0**	4,727.6

(a) Includes excess funds of subsidiaries managed and invested by the Company, which are interest bearing as disclosed in note 44(b)(ii).

(b) Provision for voluntary separation programmes for eligible employees

During the financial year, the Group continued to announce a series of offering of the voluntary separation programmes. Eligible employees who accepted the voluntary separation offers were compensated through special incentives and designated benefits over a period of 12 months.

38. TRADE AND OTHER PAYABLES (CONTINUED)

(b) Provision for voluntary separation programmes for eligible employees (continued)

The expected financial impact of these schemes which involves compensation payment made in tranches by stage within 12 months of the financial year end during which the acceptance was made, had been recognised in the financial statements based on the number of employees who have accepted the offer at the end of the financial year.

Certain amount of trade payables and accruals have been subjected to offsetting with trade receivables where these balances are from transactions transacted with the same counterparties and are settled on net basis, summarised as follows:

	2023			2022		
	Gross amount of trade payables and accruals RM	Gross amount of trade receivables set off against trade payables and accruals (note 35) RM	Net amount of trade payables and accruals RM	Gross amount of trade payables and accruals RM	Gross amount of trade receivables set off against trade payables and accruals (note 35) RM	Net amount of trade payables and accruals RM
The Group	**1,734.7**	**(66.7)**	**1,668.0**	2,368.2	(185.8)	2,182.4
The Company	**0.3**	**–**	**0.3**	1,896.8	(185.8)	1,711.0

Credit terms of trade and other payables excluding accruals vary from 30 to 90 days (2022: 30 to 90 days) depending on the terms of the contracts.

39. CUSTOMER DEPOSITS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Telephone services	**127.2**	171.4	**–**	171.3
Data services	**8.3**	11.2	**–**	9.4
TOTAL CUSTOMER DEPOSITS	**135.5**	182.6	**–**	180.7

On 1 March 2023, all the balances related to customer deposits for the Company have been transferred to TM Tech due to the internal reorganisation (note 55).

40. CASH FLOWS FROM OPERATING ACTIVITIES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Continuing operations				
Receipts from customers	**12,115.2**	11,428.3	**–**	–
Payments to suppliers and employees	**(7,705.9)**	(7,391.4)	**–**	–
Payments to suppliers for short-term lease and leases of low-value assets	**(34.9)**	(41.1)	**–**	–
Payments of finance cost	**(284.2)**	(277.7)	**(77.3)**	(84.7)
Payments of income taxes and zakat (net)	**(404.1)**	(452.3)	**–**	–
Dividends received	**–**	–	**703.6**	42.4
	3,686.1	3,265.8	**626.3**	(42.3)
Cash flows from operating activities of discontinued operations	**–**	–	**(59.0)**	2,854.7
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	**3,686.1**	3,265.8	**567.3**	2,812.4

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41. CASH FLOWS USED IN INVESTING ACTIVITIES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Continuing operations				
Investment in subsidiaries	**–**	–	**(426.2)**	(336.2)
Contribution for purchase of property, plant and equipment	**321.7**	248.7	**–**	–
Disposal of property, plant and equipment	**6.8**	19.6	**–**	–
Purchase of property, plant and equipment and intangible assets	**(2,193.1)**	(2,663.8)	**–**	–
Disposal/Maturity of current investments at fair value through other comprehensive income	**8.8**	30.3	**8.8**	30.3
Purchase of current investments at fair value through other comprehensive income	**(11.6)**	(18.3)	**(11.6)**	(18.3)
Purchase of investments at FVTPL	**(7.3)**	(15.1)	**(7.3)**	(15.1)
Disposal of investments at FVTPL	**27.1**	161.5	**27.1**	161.5
Long term deposits	**(16.6)**	(16.6)	**(16.6)**	(16.6)
Deposits with maturity exceeding 3 months	**(2.1)**	672.5	**–**	–
Repayments from subsidiaries – loans and advances	**–**	–	**14.6**	8.7
Repayments of loans by employees	**18.6**	50.4	**–**	–
Loans to employees	**(19.4)**	(29.4)	**–**	–
Disposal of housing loan	**127.6**	167.8	**–**	–
Interests received	**88.7**	54.1	**24.8**	26.9
Dividends received	**6.9**	3.4	**–**	–
	(1,643.9)	(1,334.9)	**(386.4)**	(158.8)
Cash flows used in investing activities of discontinued operations	**–**	–	**(471.9)**	(1,039.8)
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES	**(1,643.9)**	(1,334.9)	**(858.3)**	(1,198.6)

42. CASH FLOWS USED IN FINANCING ACTIVITIES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Continuing operations				
Proceeds from borrowings	**30.0**	80.0	**–**	–
Repayments of borrowings	**(605.4)**	(651.1)	**(262.7)**	–
Repayments of lease liabilities	**(455.3)**	(499.9)	**–**	–
Dividend paid to shareholders	**(649.6)**	(386.9)*	**(649.6)**	(386.9)*
Dividend paid to non-controlling interests	**(7.5)**	(7.7)	**–**	–
	(1,687.8)	(1,465.6)	**(912.3)**	(386.9)
Cash flows used in financing activities of discontinued operations	**–**	–	**(58.7)**	(778.5)
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES	**(1,687.8)**	(1,465.6)	**(971.0)**	(1,165.4)

* RM340.9 million gross interim dividend in respect of financial year 2022 (note 12) less RM180.4 million dividend elected by shareholders for reinvestment into New TM Shares under the DRS as disclosed in note 13(b).

42. CASH FLOWS USED IN FINANCING ACTIVITIES (CONTINUED)

Changes in liabilities arising from financing activities:

			Non-cash changes				
	At 1 January 2023 RM	Cash Flow RM	Interest Accretion RM	Foreign Exchange Movement RM	New Leases RM	Others RM	At 31 December 2023 RM
The Group							
Borrowings	**(5,269.3)**	**575.4**	**(1.6)**	**(67.7)**	**–**	**–**	**(4,763.2)**
Lease liabilities	**(1,774.5)**	**455.3**	**(98.6)**	**–**	**(439.8)**	**–**	**(1,857.6)**
	(7,043.8)	**1,030.7**	**(100.2)**	**(67.7)**	**(439.8)**	**–**	**(6,620.8)**

			Non-cash changes						
							Internal reorganisation (note 55)		
	At 1 January 2023 RM	Cash Flow RM	Interest Accretion RM	Foreign Exchange Movement RM	New Leases RM	Others RM	Transferred from subsidiaries RM	Transferred to TM Tech RM	At 31 December 2023 RM
The Company									
Borrowings	**(4,672.5)**	**262.7**	**(0.4)**	**(44.9)**	**–**	**–**	**(9.6)**	**3,352.6**	**(1,112.1)**
Lease liabilities	**(729.3)**	**58.7**	**(6.3)**	**–**	**(1.7)**	**1.2**	**(45.6)**	**723.0**	**–**
Payable to a subsidiary	**(552.2)**	**–**	**(0.1)**	**(6.7)**	**–**	**–**	**–**	**559.0**	**–**
	(5,954.0)	**321.4**	**(6.8)**	**(51.6)**	**(1.7)**	**1.2**	**(55.2)**	**4,634.6**	**(1,112.1)**

			Non-cash changes				
	At 1 January 2022 RM	Cash Flow RM	Interest Accretion RM	Foreign Exchange Movement RM	New Leases RM	Others RM	At 31 December 2022 RM
The Group							
Borrowings	(5,720.0)	571.1	(2.6)	(117.8)	–	–	(5,269.3)
Lease liabilities	(1,883.7)	499.9	(108.6)	–	(332.6)	50.5	(1,774.5)
	(7,603.7)	1,071.0	(111.2)	(117.8)	(332.6)	50.5	(7,043.8)
The Company							
Borrowings	(4,919.9)	322.7	(2.4)	(72.9)	–	–	(4,672.5)
Lease liabilities	(708.7)	232.3	(48.4)	–	(211.2)	6.7	(729.3)
Payable to a subsidiary	(730.7)	223.5	(0.1)	(44.9)	–	–	(552.2)
	(6,359.3)	778.5	(50.9)	(117.8)	(211.2)	6.7	(5,954.0)

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43. SIGNIFICANT NON-CASH TRANSACTIONS

Significant non-cash transactions during the financial year are as follows:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(a) Contra settlements with subsidiaries between trade and other receivables and trade and other payables	**–**	–	**79.6**	843.8
(b) Contra settlements with customers cum suppliers between trade receivables and trade payables	**175.9**	349.8	**156.5**	310.1

44. SIGNIFICANT RELATED PARTY DISCLOSURES

Set out below are the significant related party transactions and balances, in addition to related party transactions and balances mentioned elsewhere in the financial statements:

(a) Significant transactions with subsidiaries and associate

The Company has significant related party transactions with its subsidiaries and associate, as listed below:

BlueTel Networks Pte Ltd
Fiberail Sdn Bhd
Fibrecomm Network (M) Sdn Bhd
GITN Sdn Berhad
TM Technology Services Sdn Bhd
Telekom Malaysia (Australia) Pty Ltd
Telekom Malaysia (Hong Kong) Limited
Telekom Malaysia (S) Pte Ltd
Telekom Malaysia (UK) Limited
Telekom Malaysia (USA) Inc
Telekom Research & Development Sdn Bhd
TM Facilities Sdn Bhd
TMF Autolease Sdn Bhd
TM Global Incorporated
Universiti Telekom Sdn Bhd
VADS Business Process Sdn Bhd

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(i) Sales of goods and rendering of services to an associate				
– telecommunications related services	**7.9**	8.6	**–**	–
(ii) Purchases of goods and services from an associate				
– telecommunications related services	**63.6**	82.0	**–**	–
(iii) Dividend and interest income from subsidiaries	**–**	–	**696.7**	115.9

44. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Year end balances arising from:

	The Group		The Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
(i) Sales/Purchases of goods/services				
– receivables from subsidiaries	**–**	–	**28.7**	346.2
– receivables from associate	**0.7**	–	**–**	–
– payables to subsidiaries	**–**	–	**172.2**	565.4
– payables to associate	**16.6**	16.0	**–**	16.0
(ii) Other payables				
– subsidiaries	**–**	–	**322.9**	1,254.2

The above receivables from/payables to related parties arise mainly from sale/purchase transactions with credit terms of 30 to 90 days. The receivables/payables are unsecured and interest free.

In the previous financial year, other payables to subsidiaries mainly comprise excess funds of subsidiaries managed and invested by the Company under the fund optimisation arrangement. This amount is repayable on demand and the interest paid to subsidiaries in the financial year ranges from 1.96% to 3.88%. The fund optimisation arrangement is managed by TM Tech upon internal reorganisation.

In the current financial year, other payables to subsidiaries mainly comprise of government grant received on behalf of a subsidiary.

(c) Loans and advances to subsidiaries

Loans and advances to subsidiaries are net of provision for impairment of loans and advances to subsidiaries. The movement of provision for impairment of loans and advances to subsidiaries are disclosed below.

	The Company	
	2023 RM	**2022 RM**
At 1 January	**40.5**	382.1
Additional loans to subsidiaries	**–**	5.7
Repayments from subsidiaries	**(22.7)**	(8.7)
Settlement of loan of a subsidiary	**–**	(350.0)
Reversal of impairment on loans and advances to subsidiaries	**–**	11.4
Write-off	**8.9**	–
Interest charged (note 7)	**2.4**	74.9
Reclassified as other receivables	**(2.4)**	(74.9)
At 31 December (note 28)	**26.7**	40.5

Provisions for impairment of loans and advances to subsidiaries

	The Company	
	2023 RM	**2022 RM**
At 1 January	**14.5**	2,488.2
Reversal of impairment on loans and advances to subsidiaries	**–**	(11.4)
Reversal of impairment on loans and advances to a subsidiary arising from a subsidiary's recapitalisation exercise (notes 4(a)(ii)(b)(ii), 27, and 53(a)(iv))	**–**	(650.0)
Write-off	**(8.9)**	(1,812.3)
At 31 December (note 4(a))	**5.6**	14.5

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44. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(d) Key management personnel

Key management personnel are the persons who have authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. Consistent with the previous financial year, key management personnel has been defined as the Directors (executive and non-executive) of the Company and heads or senior management officers who are members of the Management Committee for the Group and the Company respectively. Effective 1 March 2023, the remuneration of key management personnel, except for the Directors, is paid by TM Tech due to the internal reorganisation.

Whenever exist, related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members.

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Key management personnel compensation@				
– fees	**3.1**	3.4	**2.3**	2.6
– salaries, allowances and bonus	**25.1**	22.1	**–**	–
– LTIP	**6.1**	1.1	**–**	–
– contribution to Employees Provident Fund	**3.5**	3.3	**–**	–
– estimated monetary value of benefits	**1.6**	1.7	**–**	–

@ Includes the Directors' remuneration (whether executive or otherwise) as disclosed in note 6(b).

In addition, certain key management personnel have family members who are officers of the Group with total remuneration amounting to RM0.2 million (2022: RM0.3 million).

(e) Government-related entities

Khazanah Nasional Berhad (Khazanah) is a major shareholder with 20.10% (2022: 20.19%) equity interest and is a related party of the Group and the Company. Khazanah is a wholly-owned entity of MOF Inc, which is in turn owned by the Ministry of Finance, a ministry of the Federal Government of Malaysia. Therefore, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group and the Company.

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

	Total amount of individually significant transactions		Corresponding outstanding balances	
	2023 RM	2022 RM	2023 RM	2022 RM
The Group				
Sales and Receivables	**720.3**	905.6	**47.5**	118.7
The Company				
Sales and Receivables	**–**	340.0	**–**	22.1

The Group also has individually significant contracts with other Government-related entities where the Group were provided funding for projects of which the amortisation of grants to the Income Statement in the current financial year was RM411.1 million (2022: RM332.9 million) with corresponding receivables of RM329.6 million (2022: RM118.7 million).

In addition to the above, the Group also have transactions that are collectively, but not individually significant with other Government-related entities in respect of the provision of telecommunications related services as well as procurement of telecommunications and related equipment and services in the normal course of business.

On 1 March 2023, all the assets and liabilities related to the projects of the Company had been transferred to TM Tech pursuant to the vesting order granted by the High Court according to the terms of the Merger Agreement.

45. CAPITAL AND OTHER COMMITMENTS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(a) Property, plant and equipment				
Commitments in respect of expenditures approved and contracted for	**2,355.2**	2,479.4	–	2,014.9

	The Group and the Company	
	2023 RM	2022 RM
(b) Investments at fair value through profit or loss (FVTPL)		
The Group's remaining capital commitment in a technology investment fund (disclosed as part of the Group's Non-Current Investment at FVTPL)	**14.8**	20.4

(c) High Speed Broadband (HSBB) Project

On 25 July 2008, the Company received the Letter of Award from the GoM for the implementation of the HSBB project under a Public-Private Partnership (PPP) arrangement. The PPP agreement was executed by the GoM and the Company on 16 September 2008.

The objective of the HSBB project is to develop the country's broadband infrastructure to increase broadband penetration and the competitiveness of the country in attracting foreign investments. The project involves the deployment of access, domestic core and international networks to deliver an end-to-end HSBB infrastructure. The estimated roll-out cost, to be incurred over a 10 years period (up to 25 July 2018) was projected to be RM11.3 billion. As a Co-Sponsor of the project, the GoM agreed to fund RM2.4 billion of the project cost. The remaining RM8.9 billion would be borne by the Company. Subsequently, the HSBB roll-out covered 1.3 million premises in 2012.

Under the above arrangement, the Company claimed from the GoM fifty percent (50.0%) of the capital expenditure incurred for the HSBB project on a quarterly basis over a 3.5 years period up to the maximum amount of RM2.4 billion.

In conjunction with the arrangement, the Company has to fulfil certain undertakings for the GoM including sharing of appropriate portion of any excess of the actual revenue and other cost savings incurred in relation to the project. During the previous financial year ended, the amount of cost savings to the project were concluded following an independent audit commissioned by the GoM. As a result, RM118.7 million was remitted to the GoM as a settlement of the undertaking for the cost savings.

On 1 March 2023, all the assets and liabilities related to the project had been transferred to TM Tech pursuant to the vesting order granted by the High Court according to the terms of the Merger Agreement.

(d) High Speed Broadband Project Phase 2 (HSBB2) and the Sub-Urban Broadband Project (SUBB)

On 17 December 2015, the Company signed two (2) PPP agreements with the GoM for the implementation of the HSBB2 and the SUBB to deploy access and domestic core networks to deliver an end-to-end broadband network infrastructure and services for the nation.

The 10-year HSBB2 project encompasses the deployment of additional access and core capacity covering state capitals and selected major towns throughout the country. It includes planning, designing, implementation, operation and maintenance of HSBB network infrastructure and services.

The SUBB infrastructure is rolled out over a period of ten (10) years, involving the upgrading of existing copper lines to deliver high-speed broadband access speeds of up to 20Mbps and up to 100Mbps in areas deployed with Fibre-to-the-Home (FTTH) technology, to over 420,000 premises by 2019.

The total cost of the HSBB2 investment for a period of ten (10) years is RM1.8 billion whereby the GoM invests RM500.0 million and the remaining RM1.3 billion is invested by the Company. The total cost of the SUBB investment for a period of ten (10) years is RM1.6 billion with the GoM investing RM600.0 million and the Company investing RM1.0 billion.

In conjunction with the arrangements, the Company has certain undertakings for the GoM which includes future repayment obligations as disclosed in note 17(c), sharing of appropriate portion of any excess of the actual revenue and arrangements in relation to cost savings incurred.

On 1 March 2023, all the assets and liabilities related to the projects had been transferred to TM Tech pursuant to the vesting order granted by the High Court according to the terms of the Merger Agreement.

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45. CAPITAL AND OTHER COMMITMENTS (CONTINUED)

(e) Broadband Fiberisation (BBF) Project under Universal Service Provision (USP)

On 4 March 2020, the Company was appointed by Malaysian Communications and Multimedia Commission (MCMC) as a designated universal service provider under Regulation 36F of the USP Regulations 2002 for the provisioning and implementation of fibre optic broadband access network and services to upgrade broadband customers currently served through legacy networks. Through this initiative, 0.9 million customers are targetted to be upgraded, out of which 0.4 million customers will be upgraded via the USP Fund, and the Company is required to upgrade the remaining 0.5 million customers to fibre-optic broadband access network(s) with its own funds.

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
(f) Amount approved and committed				
Donation via Yayasan Telekom Malaysia	**27.0**	25.0	**–**	–
Donation to Yayasan Telekom Malaysia	**–**	–	**–**	25.0

46. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), who is responsible for allocating resources and assessing performance of the operating segments including deciding on the overall strategic decisions.

In prior years and up to the Group's internal reorganisation that took effect on 1 March 2023 (refer to note 55), TM managed its business in three (3) operating segments separately namely, Unifi, TM One and TM Global.

The internal reorganisation is part of TM Group's ongoing transformation efforts to better reflect and reinforce its Fixed Mobile Convergence (FMC) business model in offering integrated broadband, mobile and data services, digital content as well as other innovative solutions via a single operating entity which is supported by a single common, integrated and end-to-end network infrastructure.

Effective 1 December 2023, Unifi, TM One and TM Global as the Group's customer-facing business units, are no longer considered as separate operating segments but instead as a single converged business unit, consistent with the manner in which internal reporting of discrete financial information is made to the CODM. Accordingly, the Group has now identified a single reportable segment of providing fixed-mobile convergence services for the purpose of disclosure under MFRS 8 "Operating Segments".

The converged business unit remains supported by Others/Shared Services, which comprise all shared services divisions, all business enabler divisions such as information technology and network.

Capital expenditure comprises additions to property, plant and equipment, intangible assets and right-of-use assets.

Significant non-cash expenses comprise mainly provision for impairment of receivables and unrealised foreign exchange gains or losses on settlement as disclosed in note 6(b).

46. SEGMENT REPORTING (CONTINUED)

External revenue by customer-facing business unit:

	The Group	
	2023 RM	2022 RM
Unifi	**5,664.0**	5,648.1
TM One	**3,141.8**	3,470.0
TM Global	**3,098.5**	2,851.8
Others/Shared Services	**606.1**	532.7
Eliminations	**(254.8)**	(384.5)
Total	**12,255.6**	12,118.1

	The Group	
	2023 RM	2022 RM
Other information		
Capital expenditure		
– additions during the financial year	**2,731.9**	3,180.6
Depreciation and amortisation	**2,649.6**	2,851.4
Write-off of property, plant and equipment	**25.1**	15.7
Write-off of intangible assets	**–**	10.9
Impairment/(Reversal of impairment) of property, plant and equipment	**120.6**	(14.6)
Reversal of impairment of right-of-use assets	**–**	(0.5)
Impairment of intangible assets	**0.4**	–
Significant non-cash expenses (net)	**200.3**	11.6

The prior year comparatives have been restated for better comparability with current year's disclosures. This includes the movement of revenue relating to certain contracts accounted for under grant accounting from lines of business to Others/Shared Services and several divisions under Others to Unifi and TM One.

By Geographical Location

The Group operates in a few countries as disclosed in note 53. Accordingly, the segmentation of the Group's operations by geographical location is segmented into Malaysia and other countries. The other countries operation is not further segregated as no individual overseas country contributed more than 10.0% of the consolidated operating revenue or assets.

In presenting information for geographical segments of the Group, sales are based on the country in which the customers are located. Total assets and capital expenditure are determined based on where the assets are located.

	Operating Revenue		Capital Expenditure	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysia	**10,786.2**	10,786.0	**2,558.6**	2,912.8
Other countries	**1,469.4**	1,332.1	**173.3**	267.8
	12,255.6	12,118.1	**2,731.9**	3,180.6

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47. FINANCIAL INSTRUMENTS BY CATEGORY

The Group	At amortised cost RM	At fair value through other comprehensive income RM	At fair value through profit or loss RM	Derivatives at FVTPL accounted for under hedge accounting RM	Other financial liabilities at amortised cost RM	Total RM
2023						
Financial Assets						
Derivative financial instruments (note 20)	–	–	–	149.8	–	149.8
Equity investments at fair value through other comprehensive income (FVOCI) (note 30(a))	–	136.5	–	–	–	136.5
Investments at fair value through profit or loss (FVTPL) (note 30(c))	–	–	153.4	–	–	153.4
Investments at fair value through other comprehensive income (FVOCI) (note 30(b))	–	70.4	–	–	–	70.4
Staff loans and other non-current receivables/assets (excluding prepayments, advance payment and prepaid employee benefits)	347.1	–	–	–	–	347.1
Trade and other receivables (excluding prepayments, tax recoverable, grant recoverable and staff loans)	1,368.5	–	–	–	–	1,368.5
Receivables at FVOCI (note 31)	–	52.3	–	–	–	52.3
Financial assets at fair value through profit or loss (note 36)	–	–	2.3	–	–	2.3
Cash and bank balances (note 37)	2,955.2	–	–	–	–	2,955.2
Total	4,670.8	259.2	155.7	149.8	–	5,235.5
Financial Liabilities						
Borrowings (note 17)	–	–	–	–	4,763.2	4,763.2
Lease liabilities (note 19)	–	–	–	–	1,857.6	1,857.6
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue) (note 38)	–	–	–	–	2,738.0	2,738.0
Customer deposits (note 39)	–	–	–	–	135.5	135.5
Total	–	–	–	–	9,494.3	9,494.3

47. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The Group	At amortised cost RM	At fair value through other comprehensive income RM	At fair value through profit or loss RM	Derivatives at FVTPL accounted for under hedge accounting RM	Other financial liabilities at amortised cost RM	Total RM
2022						
Financial Assets						
Derivative financial instruments (note 20)	–	–	–	132.0	–	132.0
Equity investments at fair value through other comprehensive income (FVOCI) (note 30(a))	–	149.1	–	–	–	149.1
Investments at fair value through profit or loss (FVTPL) (note 30(c))	–	–	166.7	–	–	166.7
Investments at fair value through other comprehensive income (FVOCI) (note 30(b))	–	66.5	–	–	–	66.5
Staff loans and other non-current receivables/assets (excluding prepayments and prepaid employee benefits)	321.1	–	–	–	–	321.1
Trade and other receivables (excluding prepayments, tax recoverable, grant recoverable and staff loans)	1,328.3	–	–	–	–	1,328.3
Receivables at FVOCI (note 31)	–	155.4	–	–	–	155.4
Financial assets at fair value through profit or loss (note 36)	–	–	2.2	–	–	2.2
Cash and bank balances (note 37)	2,579.4	–	–	–	–	2,579.4
Total	4,228.8	371.0	168.9	132.0	–	4,900.7
Financial Liabilities						
Borrowings (note 17)	–	–	–	–	5,269.3	5,269.3
Lease liabilities (note 19)	–	–	–	–	1,774.5	1,774.5
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue) (note 38)	–	–	–	–	3,421.8	3,421.8
Customer deposits (note 39)	–	–	–	–	182.6	182.6
Total	–	–	–	–	10,648.2	10,648.2

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47. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The Company	At amortised cost RM	At fair value through other comprehensive income RM	At fair value through profit or loss RM	Derivatives at FVTPL accounted for under hedge accounting RM	Other financial liabilities at amortised cost RM	Total RM
2023						
Financial Assets						
Derivative financial instruments (note 20)	–	–	–	149.8	–	149.8
Loans and advances to subsidiaries (note 28)	26.7	–	–	–	–	26.7
Equity investments at fair value through other comprehensive income (FVOCI) (note 30(a))	–	136.5	–	–	–	136.5
Investments at fair value through profit or loss (FVTPL) (note 30(c))	–	–	153.4	–	–	153.4
Investments at fair value through other comprehensive income (FVOCI) (note 30(b))	–	70.4	–	–	–	70.4
Staff loans and other non-current receivables/assets (excluding prepayments and prepaid employee benefits)	261.2	–	–	–	–	261.2
Trade and other receivables (excluding prepayments and tax recoverable) (note 35)	408.8	–	–	–	–	408.8
Financial assets at fair value through profit or loss (note 36)	–	–	2.3	–	–	2.3
Cash and bank balances (note 37)	638.0	–	–	–	–	638.0
Total	1,334.7	206.9	155.7	149.8	–	1,847.1
Financial Liabilities						
Borrowings (note 17)	–	–	–	–	1,112.1	1,112.1
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue) (note 38)	–	–	–	–	625.0	625.0
Total	–	–	–	–	1,737.1	1,737.1

47. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The Company	At amortised cost RM	At fair value through other comprehensive income RM	At fair value through profit or loss RM	Derivatives at FVTPL accounted for under hedge accounting RM	Other financial liabilities at amortised cost RM	Total RM
2022						
Financial Assets						
Derivative financial instruments (note 20)	–	–	–	132.0	–	132.0
Loans and advances to subsidiaries (note 28)	40.5	–	–	–	–	40.5
Equity investments at fair value through other comprehensive income (FVOCI) (note 30(a))	–	149.1	–	–	–	149.1
Investments at fair value through profit or loss (FVTPL) (note 30(c))	–	–	166.7	–	–	166.7
Investments at fair value through other comprehensive income (FVOCI) (note 30(b))	–	66.5	–	–	–	66.5
Staff loans and other non-current receivables/assets (excluding prepayments and prepaid employee benefits)	253.0	–	–	–	–	253.0
Trade and other receivables (excluding prepayments, tax recoverable, grant recoverable and staff loans)	1,228.3	–	–	–	–	1,228.3
Receivables at FVOCI (note 31)	–	155.4	–	–	–	155.4
Financial assets at fair value through profit or loss (note 36)	–	–	2.2	–	–	2.2
Cash and bank balances (note 37)	2,126.7	–	–	–	–	2,126.7
Total	3,648.5	371.0	168.9	132.0	–	4,320.4
Financial Liabilities						
Borrowings (note 17)	–	–	–	–	4,672.5	4,672.5
Lease liabilities (note 19)	–	–	–	–	729.3	729.3
Payable to a subsidiary (note 18)	–	–	–	–	552.2	552.2
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue) (note 38)	–	–	–	–	4,472.6	4,472.6
Customer deposits (note 39)	–	–	–	–	180.7	180.7
Total	–	–	–	–	10,607.3	10,607.3

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48. FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date.

(a) Financial Instruments Carried at Fair Value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels of valuations are:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's and the Company's financial assets and liabilities that are measured at fair value at 31 December.

	2023				2022			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
The Group								
Assets								
Financial assets at fair value through profit or loss								
– quoted securities	**2.3**	**–**	**–**	**2.3**	2.2	–	–	2.2
Derivatives accounted for under hedge accounting	**–**	**149.8**	**–**	**149.8**	–	132.0	–	132.0
Investments at fair value through OCI	**–**	**70.4**	**–**	**70.4**	–	66.5	–	66.5
Investments at fair value through profit or loss	**–**	**93.1**	**60.3**	**153.4**	–	90.3	76.4	166.7
Equity investments at fair value through OCI	**–**	**–**	**136.5**	**136.5**	–	–	149.1	149.1
Receivables at fair value through OCI	**–**	**–**	**52.3**	**52.3**	–	–	155.4	155.4
Total	**2.3**	**313.3**	**249.1**	**564.7**	2.2	288.8	380.9	671.9
The Company								
Assets								
Financial assets at fair value through profit or loss								
– quoted securities	**2.3**	**–**	**–**	**2.3**	2.2	–	–	2.2
Derivatives accounted for under hedge accounting	**–**	**149.8**	**–**	**149.8**	–	132.0	–	132.0
Investments at fair value through OCI	**–**	**70.4**	**–**	**70.4**	–	66.5	–	66.5
Investments at fair value through profit or loss	**–**	**93.1**	**60.3**	**153.4**	–	90.3	76.4	166.7
Equity investments at fair value through OCI	**–**	**–**	**136.5**	**136.5**	–	–	149.1	149.1
Receivables at fair value through OCI	**–**	**–**	**–**	**–**	–	–	155.4	155.4
Total	**2.3**	**313.3**	**196.8**	**512.4**	2.2	288.8	380.9	671.9

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group and the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise of equity securities quoted on the Bursa Malaysia Securities Berhad classified as fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

48. FAIR VALUES (CONTINUED)

(a) Financial Instruments Carried at Fair Value (continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back present value.
- Fair value of staff loans and long term receivables are determined through discounting future cash flows at market observable borrowing rates reflective of the credit ratings of the individuals from whom the receivables are due.
- Fair value of borrowings and long term payables are based on the expected cost and cash outflows if the borrowings and amount due are to be unwound or settled immediately.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in Level 2 except for staff loans, investments in non-traded equity security and a technology investment fund. There were no transfers of any instruments between Level 1, 2 and 3 of the fair valuation hierarchy during the current financial year.

The following table shows a reconciliation from the opening balance to the closing balance for fair value measurements at Level 3 of the fair value hierarchy:

The Group	Receivables at FVOCI RM	Non-traded Equity Investments at FVOCI (sub-note (i)) RM	Technology investment fund and Corporate Social Responsibility Sukuk RM
Assets			
At 1 January 2022	297.9	141.6	75.3
Addition during the year	36.9	–	13.9
Management fees	–	–	(1.1)
Repayments (net of conversion)	(42.7)	–	–
Disposal	(171.2)	–	(9.7)
Amortisation of prepayment	30.7	–	–
Impairment reclassification to other non-current receivables/assets	2.1	–	–
Write-off of impairment	0.4	–	–
Foreign exchange difference	–	–	4.1
Fair value changes transferred to other comprehensive income	1.3	7.5	(6.1)
At 31 December 2022	**155.4**	**149.1**	**76.4**
Addition during the year	**18.6**	**–**	**6.2**
Management fees	**–**	**–**	**(0.9)**
Repayments (net of conversion)	**(9.8)**	**–**	**–**
Disposal	**(130.2)**	**–**	**(27.1)**
Amortisation of prepayment	**16.4**	**–**	**–**
Impairment reclassification to other non-current receivables/assets	**0.2**	**–**	**–**
Foreign exchange difference	**–**	**–**	**(2.9)**
Fair value changes transferred to other comprehensive income	**1.7**	**(12.6)**	**8.6**
At 31 December 2023	**52.3**	**136.5**	**60.3**

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48. FAIR VALUES (CONTINUED)

(a) Financial Instruments Carried at Fair Value (continued)

The following table shows a reconciliation from the opening balance to the closing balance for fair value measurements at Level 3 of the fair value hierarchy: (continued)

The Company	Receivables at FVOCI RM	Non-traded Equity Investments at FVOCI (sub-note (i)) RM	Technology investment fund and Corporate Social Responsibility Sukuk RM
Assets			
At 1 January 2022	297.9	141.6	75.3
Addition during the year	36.9	–	13.9
Management fees	–	–	(1.1)
Repayments (net of conversion)	(42.7)	–	–
Disposal	(171.2)	–	(9.7)
Amortisation of prepayment	30.7	–	–
Impairment reclassification to other non-current receivables/assets	2.1	–	–
Write-off of impairment	0.4	–	–
Foreign exchange difference	–	–	4.1
Fair value changes transferred to other comprehensive income	1.3	7.5	(6.1)
At 31 December 2022	**155.4**	**149.1**	**76.4**
Addition during the year	**4.1**	**–**	**6.2**
Management fees	**–**	**–**	**(0.9)**
Repayments (net of conversion)	**(3.2)**	**–**	**–**
Disposal	**(130.2)**	**–**	**(27.1)**
Foreign exchange difference	**–**	**–**	**(2.9)**
Fair value changes transferred to other comprehensive income	**–**	**(12.6)**	**8.6**
Transferred to TM Tech due to internal reorganisation (note 55)	**(26.1)**	**–**	**–**
At 31 December 2023	**–**	**136.5**	**60.3**

(i) The fair valuation of non-traded equity investment is based on discounted future cash flows derived from the budgets and forecasts of the investee entity, duly approved by its Board of Directors. The future cash flows are discounted based on discount factors of comparable entities which are publicly listed whenever available, as well as industry benchmarks, having considered historical ability of the investee in meeting its previous budgets and forecasts. The Group also has Board representation in the investee through which due understanding of actual and forecasted performance are used by the Group in assessing the appropriateness of the estimates and assumptions used in arriving to the valuation.

Although the Group and the Company believe that estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurement in Level 3, if the discount rate used in the discounted cash flow analysis and multiples where applied is to differ by 5.0% from management's estimates, the carrying amount of non-traded equity investments would be approximately RM4.9 million lower or RM5.1 million higher (2022: RM6.9 million lower or RM7.3 million higher). The carrying amount of staff loans at Level 3 at the Group would approximately be RM2.5 million (2022: RM7.8 million) lower or higher if discount rate used in the valuation is to defer by 5.0% from management's estimates. The carrying amount of technology investment fund and Corporate Social Responsibility Sukuk would be an estimated RM3.0 million (2022: RM3.8 million) lower or higher if the discount rate used in the valuation were to differ by 5.0% from management's estimates. The significant unobservable inputs used in the fair value measurement of non-traded equity investments, technology investment fund, Corporate Social Responsibility Sukuk and staff loan are the risk-adjusted discount rates used in the valuation.

48. FAIR VALUES (CONTINUED)

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

Except for those as disclosed below, the carrying amounts of the financial assets and financial liabilities of the Group and the Company are reasonable approximation of fair values, either due to their short term nature or that they are floating rate instruments that are repriced to market interest rate on or near the reporting date. The following instruments are at Level 3 in the fair value hierarchy, save for borrowings, which are at Level 2.

	The Group				The Company			
	2023		2022		2023		2022	
	Carrying amount RM	Net fair value RM	Carrying amount RM	Net fair value RM	Carrying amount RM	Net fair value RM	Carrying amount RM	Net fair value RM
Assets								
Staff loans	**16.0**	**11.5**	17.3	12.7	**–**	**–**	17.2	12.6
Other non-current receivables/assets (excluding tax recoverable and prepayments)	**331.0**	**335.1**	303.8	297.4	**261.2**	**265.2**	235.8	229.4
Liabilities								
Borrowings	**4,763.2**	**4,883.8**	5,269.3	5,492.0	**1,112.1**	**1,151.3**	4,672.5	4,930.2
Payable to a subsidiary	**–**	**–**	–	–	**–**	**–**	552.2	517.4

Assets

In assessing the fair value of non-traded financial instruments, the Group and the Company use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Where impairment is made in respect of any investment, the carrying amount net of impairment made is deemed to be a close approximation of its fair value.

The fair values of staff loans and other non-current receivables/assets were estimated by discounting the estimated future cash flows using the prevailing market rates for similar credit risks and remaining period to maturity, respectively.

Collaterals are taken for staff loans and the Directors are of the opinion that the potential losses in the event of default will be covered by the collateral values on individual loan basis.

Liabilities

The fair value of quoted bonds was estimated using the respective quoted offer price. For unquoted borrowings with fixed interest rate, the fair values were estimated by discounting the estimated future cash flows using the prevailing market rates for similar credit risks and remaining period to maturity.

The financial liabilities will be realised at their carrying amounts and not at their fair values as the Directors have no intention to settle these liabilities other than in accordance with their contractual obligations.

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49. LIQUIDITY RISK

The following table analyses the maturity profile of the Group's and the Company's financial liabilities (including derivative financial liabilities) based on contractual undiscounted cash flows:

	Less than 1 year RM	>1 year to 2 years RM	>2 years to 5 years RM	>5 years RM	Total contractual undiscounted cash flow RM	Difference from carrying amount RM	Carrying amount as per Statement of Financial Position RM
The Group							
2023							
Borrowings	**(1,479.4)**	**(1,580.0)**	**(2,320.6)**	**(0.9)**	**(5,380.9)**	**617.7**	**(4,763.2)**
Lease liabilities	**(322.2)**	**(419.7)**	**(662.1)**	**(1,282.4)**	**(2,686.4)**	**828.8**	**(1,857.6)**
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue)	**(2,712.1)**	**(3.0)**	**(18.2)**	**(8.3)**	**(2,741.6)**	**3.6**	**(2,738.0)**
Customer deposits	**(135.5)**	**–**	**–**	**–**	**(135.5)**	**–**	**(135.5)**
Total	**(4,649.2)**	**(2,002.7)**	**(3,000.9)**	**(1,291.6)**	**(10,944.4)**	**1,450.1**	**(9,494.3)**
2022							
Borrowings	(581.0)	(1,465.5)	(3,005.5)	(1,086.6)	(6,138.6)	869.3	(5,269.3)
Lease liabilities	(326.8)	(312.9)	(648.0)	(1,368.1)	(2,655.8)	881.3	(1,774.5)
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue)	(3,397.2)	(3.0)	(15.8)	(9.8)	(3,425.8)	4.0	(3,421.8)
Customer deposits	(182.6)	–	–	–	(182.6)	–	(182.6)
Total	(4,487.6)	(1,781.4)	(3,669.3)	(2,464.5)	(12,402.8)	1,754.6	(10,648.2)
The Company							
2023							
Borrowings	**(109.1)**	**(1,173.8)**	**(0.6)**	**(0.9)**	**(1,284.4)**	**172.3**	**(1,112.1)**
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue)	**(625.0)**	**–**	**–**	**–**	**(625.0)**	**–**	**(625.0)**
Total	**(734.1)**	**(1,173.8)**	**(0.6)**	**(0.9)**	**(1,909.4)**	**172.3**	**(1,737.1)**
2022							
Borrowings	(522.5)	(1,443.1)	(2,409.9)	(1,086.6)	(5,462.1)	789.6	(4,672.5)
Lease liabilities	(120.9)	(102.0)	(225.7)	(878.7)	(1,327.3)	598.0	(729.3)
Payable to a subsidiary	–	–	(552.2)	–	(552.2)	–	(552.2)
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue)	(4,472.6)	–	–	–	(4,472.6)	–	(4,472.6)
Customer deposits	(180.7)	–	–	–	(180.7)	–	(180.7)
Total	(5,296.7)	(1,545.1)	(3,187.8)	(1,965.3)	(11,994.9)	1,387.6	(10,607.3)

50. INTEREST RATE MATURITY ANALYSIS

The table below summarises the Group's and the Company's interest rate profile. Included in the tables are the Group's and the Company's financial assets and liabilities at their carrying amounts, categorised by the earlier of repricing or contractual maturity dates. As such the spread of balances between the ageing brackets in the table below may not necessarily coincide with those shown in the liquidity risk schedule in note 49 or the repayment schedules in note 17. The Group's sensitivity to interest rates arises from mismatches in the repricing dates, cash flows and other characteristics of assets and their corresponding liability funding.

			Maturing or repriced (whichever is earlier)							
The Group	**WARF***	**1 year or less RM**	**>1 – 2 years RM**	**>2 – 3 years RM**	**>3 – 4 years RM**	**>4 – 5 years RM**	**More than 5 years RM**	**Total interest sensitive RM**	**Non-interest sensitive RM**	**Total RM**
2023										
Financial assets										
Derivative financial instruments	–	–	149.8	–	–	–	–	149.8	–	149.8
Equity investments at fair value through other comprehensive income (FVOCI)	–	–	–	–	–	–	–	–	136.5	136.5
Investments at fair value through profit or loss (FVTPL)										
– non-interest sensitive	–	–	–	–	–	–	–	–	59.3	59.3
– fixed interest rate	2.56%	3.3	90.8	–	–	–	–	94.1	–	94.1
Investments at fair value through other comprehensive income (FVOCI) (note 30(b))										
– fixed interest rate	4.14%	70.4	–	–	–	–	–	70.4	–	70.4
Receivable at FVOCI										
– balances under Islamic principles	6.12%	0.1	0.2	0.3	0.3	0.6	50.8	52.3	–	52.3
Staff loans and other non-current receivables/assets (excluding prepayments, advance payment and prepaid employee benefits)										
– non-interest sensitive	–	–	–	–	–	–	–	–	69.9	69.9
– fixed interest rate										
– conventional	3.52%	–	261.2	–	–	–	–	261.2	–	261.2
– balances under Islamic principles	9.97%	0.4	1.8	2.5	3.5	3.4	4.4	16.0	–	16.0
Trade and other receivables (excluding prepayments, tax recoverable, grant recoverable and staff loans)										
– non-interest sensitive	–	–	–	–	–	–	–	–	1,304.2	1,304.2
– fixed interest rate										
– balances under Islamic principles	3.70%	64.3	–	–	–	–	–	64.3	–	64.3
Financial assets at FVTPL	–	–	–	–	–	–	–	–	2.3	2.3
Cash and bank balances										
– non-interest sensitive	–	–	–	–	–	–	–	–	741.3	741.3
– fixed interest rate										
– conventional	1.95%	842.9	–	–	–	–	–	842.9	–	842.9
– balances under Islamic principles	2.35%	1,371.0	–	–	–	–	–	1,371.0	–	1,371.0
Total		2,352.4	503.8	2.8	3.8	4.0	55.2	2,922.0	2,313.5	5,235.5
Financial liabilities										
Borrowings										
– non-interest sensitive	–	–	–	–	–	–	–	–	1.9	1.9
– floating interest rate	4.37%	4.0	–	–	–	–	–	4.0	–	4.0
– fixed interest rate										
– conventional	7.81%	22.2	1,110.1	–	–	–	–	1,132.3	–	1,132.3
– balances under Islamic principles	4.50%	1,200.0	300.0	575.5	500.0	1,049.5	–	3,625.0	–	3,625.0
Lease liabilities	5.33%	223.1	334.9	194.8	156.3	114.3	834.2	1,857.6	–	1,857.6
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue)										
– non-interest sensitive	–	–	–	–	–	–	–	–	2,703.3	2,703.3
– fixed interest rate	2.65%	9.6	2.1	8.0	5.2	3.1	6.7	34.7	–	34.7
Customer deposits	–	–	–	–	–	–	–	–	135.5	135.5
Total		1,458.9	1,747.1	778.3	661.5	1,166.9	840.9	6,653.6	2,840.7	9,494.3
Interest sensitivity gap		893.5	(1,243.3)	(775.5)	(657.7)	(1,162.9)	(785.7)			

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50. INTEREST RATE MATURITY ANALYSIS (CONTINUED)

The Group	WARF*	1 year or less RM	Maturing or repriced (whichever is earlier) >1 – 2 years RM	>2 – 3 years RM	>3 – 4 years RM	>4 – 5 years RM	More than 5 years RM	Total interest sensitive RM	Non-interest sensitive RM	Total RM
2022										
Financial assets										
Derivative financial instruments	–	–	–	132.0	–	–	–	132.0	–	132.0
Equity investments at fair value through other comprehensive income (FVOCI)	–	–	–	–	–	–	–	–	149.1	149.1
Investments at fair value through profit or loss (FVTPL)										
– non-interest sensitive	–	–	–	–	–	–	–	–	75.4	75.4
– fixed interest rate	3.91%	2.1	89.2	–	–	–	–	91.3	–	91.3
Investments at fair value through other comprehensive income (FVOCI) (note 30(b))										
– fixed interest rate	4.11%	66.5	–	–	–	–	–	66.5	–	66.5
Receivable at FVOCI										
– balances under Islamic principles	6.17%	–	0.2	0.5	0.5	0.4	153.8	155.4	–	155.4
Staff loans and other non-current receivables/assets (excluding prepayments and prepaid employee benefits)										
– non-interest sensitive	–	–	–	–	–	–	–	–	68.0	68.0
– fixed interest rate										
– conventional	3.53%	–	–	235.8	–	–	–	235.8	–	235.8
– balances under Islamic principles	10.18%	0.5	1.8	3.5	4.1	3.2	4.2	17.3	–	17.3
Trade and other receivables (excluding prepayments, tax recoverable, grant recoverable and staff loans)										
– non-interest sensitive	–	–	–	–	–	–	–	–	1,264.0	1,264.0
– fixed interest rate										
– balances under Islamic principles	3.70%	64.3	–	–	–	–	–	64.3	–	64.3
Financial assets at FVTPL	–	–	–	–	–	–	–	–	2.2	2.2
Cash and bank balances										
– non-interest sensitive	–	–	–	–	–	–	–	–	811.4	811.4
– fixed interest rate										
– conventional	2.12%	784.2	–	–	–	–	–	784.2	–	784.2
– balances under Islamic principles	2.28%	983.8	–	–	–	–	–	983.8	–	983.8
Total		1,901.4	91.2	371.8	4.6	3.6	158.0	2,530.6	2,370.1	4,900.7
Financial liabilities										
Borrowings										
– non-interest sensitive	–	–	–	–	–	–	–	–	2.0	2.0
– floating interest rate	3.86%	6.9	2.9	2.9	–	1.4	–	14.1	–	14.1
– fixed interest rate										
– conventional	7.68%	52.6	21.3	1,327.6	–	–	0.1	1,401.6	–	1,401.6
– balances under Islamic principles	4.50%	250.0	1,200.0	300.0	552.2	500.0	1,049.4	3,851.6	–	3,851.6
Lease liabilities	5.42%	230.3	227.8	166.5	151.8	125.1	873.0	1,774.5	–	1,774.5
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue)										
– non-interest sensitive	–	–	–	–	–	–	–	–	3,372.4	3,372.4
– fixed interest rate	1.71%	26.3	1.4	0.1	–	13.7	7.9	49.4	–	49.4
Customer deposits	–	–	–	–	–	–	–	–	182.6	182.6
Total		566.1	1,453.4	1,797.1	704.0	640.2	1,930.4	7,091.2	3,557.0	10,648.2
Interest sensitivity gap		1,335.3	(1,362.2)	(1,425.3)	(699.4)	(636.6)	(1,772.4)			

* WARF – Weighted Average Rate of Finance as at 31 December

50. INTEREST RATE MATURITY ANALYSIS (CONTINUED)

The table below summarises the Weighted Average Rate of Finance (WARF) as at 31 December by major currencies for each class of financial asset and liability:

The Group	2023 USD	2023 RM	2022 USD	2022 RM
Financial assets				
Investments at fair value through profit or loss (FVTPL)	**–**	**2.56%**	–	3.91%
Investments at fair value through other comprehensive income (FVOCI)	**–**	**4.14%**	–	4.11%
Receivables at FVOCI – fixed interest rate	**–**	**6.12%**	–	6.17%
Staff loans and other non-current receivables/assets (excluding prepaid employee benefits)	**–**	**3.90%**	–	3.98%
Cash and bank balances	**5.60%**	**3.84%**	4.82%	4.08%
Financial liabilities				
Borrowings	**6.39%**	**4.68%**	6.59%	4.64%
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue)	**–**	**2.65%**	–	1.71%
Lease liabilities	**–**	**5.33%**	–	5.42%

The Company	WARF*	1 year or less RM	Maturing or repriced (whichever is earlier) >1 – 2 years RM	>2 – 3 years RM	>3 – 4 years RM	>4 – 5 years RM	More than 5 years RM	Total interest sensitive RM	Non-interest sensitive RM	Total RM
2023										
Financial assets										
Derivative financial instruments	**–**	**–**	**149.8**	**–**	**–**	**–**	**–**	**149.8**	**–**	**149.8**
Loans and advances to subsidiaries (net)										
– floating interest rate	**5.73%**	**7.4**	**2.9**	**–**	**7.1**	**9.3**	**–**	**26.7**	**–**	**26.7**
Equity investments at fair value through other comprehensive income (FVOCI)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**136.5**	**136.5**
Investments at fair value through profit or loss (FVTPL)										
– non-interest sensitive	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**59.3**	**59.3**
– fixed interest rate	**2.56%**	**3.3**	**90.8**	**–**	**–**	**–**	**–**	**94.1**	**–**	**94.1**
Investments at fair value through other comprehensive income (FVOCI) (note 30(b))										
– fixed interest rate	**4.14%**	**70.4**	**–**	**–**	**–**	**–**	**–**	**70.4**	**–**	**70.4**
Staff loans and other non-current receivables/assets (excluding prepayments and prepaid employee benefits)										
– fixed interest rate										
– conventional	**3.52%**	**–**	**261.2**	**–**	**–**	**–**	**–**	**261.2**	**–**	**261.2**
Trade and other receivables (excluding prepayments and tax recoverable)										
– non-interest sensitive	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**408.8**	**408.8**
Financial assets at FVTPL	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2.3**	**2.3**
Cash and bank balances										
– non-interest sensitive	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1.5**	**1.5**
– fixed interest rate										
– conventional	**4.45%**	**512.9**	**–**	**–**	**–**	**–**	**–**	**512.9**	**–**	**512.9**
– balances under Islamic principles	**0.75%**	**123.6**	**–**	**–**	**–**	**–**	**–**	**123.6**	**–**	**123.6**
Total		**717.6**	**504.7**	**–**	**7.1**	**9.3**	**–**	**1,238.7**	**608.4**	**1,847.1**

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50. INTEREST RATE MATURITY ANALYSIS (CONTINUED)

The Company	WARF*	1 year or less RM	Maturing or repriced (whichever is earlier) >1 – 2 years RM	>2 – 3 years RM	>3 – 4 years RM	>4 – 5 years RM	More than 5 years RM	Total interest sensitive RM	Non-interest sensitive RM	Total RM
2023										
Financial liabilities										
Borrowings										
– non-interest sensitive	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1.9**	**1.9**
– fixed interest rate										
– conventional	**7.88%**	**–**	**1,110.2**	**–**	**–**	**–**	**–**	**1,110.2**	**–**	**1,110.2**
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue)										
– non-interest sensitive	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**625.0**	**625.0**
Total		**–**	**1,110.2**	**–**	**–**	**–**	**–**	**1,110.2**	**626.9**	**1,737.1**
Interest sensitivity gap		**717.6**	**(605.5)**	**–**	**7.1**	**9.3**	**–**			

The Company	WARF*	1 year or less RM	Maturing or repriced (whichever is earlier) >1 – 2 years RM	>2 – 3 years RM	>3 – 4 years RM	>4 – 5 years RM	More than 5 years RM	Total interest sensitive RM	Non-interest sensitive RM	Total RM
2022										
Financial assets										
Derivative financial instruments	–	–	–	132.0	–	–	–	132.0	–	132.0
Loans and advances to subsidiaries (net)										
– floating interest rate	5.07%	–	21.3	–	–	8.8	10.4	40.5	–	40.5
Equity investments at fair value through other comprehensive income (FVOCI)	–	–	–	–	–	–	–	–	149.1	149.1
Investments at fair value through profit or loss (FVTPL)										
– non-interest sensitive	–	–	–	–	–	–	–	–	75.4	75.4
– fixed interest rate	3.91%	2.1	89.2	–	–	–	–	91.3	–	91.3
Investments at fair value through other comprehensive income (FVOCI) (note 30(b))										
– fixed interest rate	4.11%	66.5	–	–	–	–	–	66.5	–	66.5
Receivable at FVOCI										
– balances under Islamic principles	6.17%	–	0.2	0.5	0.5	0.4	153.8	155.4	–	155.4
Staff loans and other non-current receivables/assets (excluding prepayments and prepaid employee benefits)										
– fixed interest rate										
– conventional	3.53%	–	–	235.8	–	–	–	235.8	–	235.8
– balances under Islamic principles	10.18%	0.5	1.8	3.5	4.1	3.2	4.1	17.2	–	17.2
Trade and other receivables (excluding prepayments, tax recoverable, grant recoverable and staff loans)										
– non-interest sensitive	–	–	–	–	–	–	–	–	1,164.0	1,164.0
– fixed interest rate										
– balances under Islamic principles	3.70%	64.3	–	–	–	–	–	64.3	–	64.3
Financial assets at FVTPL	–	–	–	–	–	–	–	–	2.2	2.2
Cash and bank balances										
– non-interest sensitive	–	–	–	–	–	–	–	–	422.7	422.7
– fixed interest rate										
– conventional	2.20%	781.9	–	–	–	–	–	781.9	–	781.9
– balances under Islamic principles	2.35%	922.1	–	–	–	–	–	922.1	–	922.1
Total		1,837.4	112.5	371.8	4.6	12.4	168.3	2,507.0	1,813.4	4,320.4

50. INTEREST RATE MATURITY ANALYSIS (CONTINUED)

The Company	WARF*	1 year or less RM	Maturing or repriced (whichever is earlier) >1 – 2 years RM	>2 – 3 years RM	>3 – 4 years RM	>4 – 5 years RM	More than 5 years RM	Total interest sensitive RM	Non-interest sensitive RM	Total RM
2022										
Financial liabilities										
Borrowings										
– non-interest sensitive	–	–	–	–	–	–	–	–	2.0	2.0
– fixed interest rate										
– conventional	7.75%	22.2	21.3	1,327.5	–	–	0.1	1,371.1	–	1,371.1
– balances under Islamic principles	4.66%	250.0	1,200.0	300.0	–	500.0	1,049.4	3,299.4	–	3,299.4
Lease liabilities	6.02%	77.1	60.4	41.5	42.4	28.3	479.6	729.3	–	729.3
Payable to a subsidiary										
– balances under Islamic principles	3.53%	–	–	–	552.2	–	–	552.2	–	552.2
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue)										
– non-interest sensitive	–	–	–	–	–	–	–	–	3,227.6	3,227.6
– fixed interest rate	2.48%	1,218.7	–	–	–	–	–	1,218.7	–	1,218.7
– floating interest rate	–	26.3	–	–	–	–	–	26.3	–	26.3
Customer deposits	–	–	–	–	–	–	–	–	180.7	180.7
Total		1,594.3	1,281.7	1,669.0	594.6	528.3	1,529.1	7,197.0	3,410.3	10,607.3
Interest sensitivity gap		243.1	(1,169.2)	(1,297.2)	(590.0)	(515.9)	(1,360.8)			

* WARF – Weighted Average Rate of Finance as at 31 December

The table below summarises the Weighted Average Rate of Finance (WARF) as at 31 December by major currencies for each class of financial asset and liability:

The Company	2023 IDR	2023 USD	2023 RM	2022 IDR	2022 USD	2022 RM
Financial assets						
Loans and advances to subsidiaries (net)	**7.81%**	**7.81%**	**4.44%**	6.88%	5.06%	4.57%
Investments at fair value through other comprehensive income (FVOCI)	**–**	**–**	**4.14%**	–	–	4.11%
Investments at fair value through profit or loss (FVTPL)	**–**	**–**	**2.56%**	–	–	3.91%
Receivables at FVOCI	**–**	**–**	**–**	–	–	6.17%
Staff loans and other non-current receivables/assets (excluding prepayments and prepaid employee benefits)	**–**	**–**	**3.52%**	–	–	3.98%
Cash and bank balances	**–**	**5.60%**	**3.86%**	–	4.82%	4.33%
Financial liabilities						
Borrowings	**–**	**7.86%**	**–**	–	7.86%	4.66%
Lease liabilities	**–**	**–**	**–**	–	–	6.02%
Payable to a subsidiary	**–**	**–**	**–**	–	3.53%	–
Trade and other payables (excluding statutory liabilities, provision for voluntary separation programmes and deferred revenue)	**–**	**–**	**–**	–	–	2.43%

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51. CONTINGENT LIABILITIES (UNSECURED)

In the Matter of Arbitration between MYTV Broadcasting Sdn Bhd (MYTV) and TM Technology Services Sdn Bhd (TM Tech)

Telekom Malaysia Berhad (TM) has received a Statement of Claim dated 10 February 2023 from MYTV seeking for the following reliefs from TM:

1. Declaratory relief that TM is not entitled to be paid the amount of RM91,714,254.47 or any amounts claimed by it to be due and owing by MYTV in respect of the Dispute;

2. A declaration that the provisions and the pricing stipulated under the Mandatory Standard on Access Pricing (MSAP) determined pursuant to sections 55, 56, 104(2) and 106 of the Communications and Multimedia Act 1998 from time to time applied and continues to apply to the Service Agreement;

3. A declaration that all sums invoiced by TM should have complied or conformed with the applicable MSAP at the relevant time and an order that such sums paid by MYTV to TM in excess of the stipulated applicable rates under the MSAP be refunded by TM to MYTV;

4. Declaration that the said sum of RM38 million paid by MYTV to TM under the Professional Consultancy Agreement be taken into account by TM as payment towards the total outstanding invoices issued by TM to MYTV under the Service Agreement;

5. Declaration that none of the payments made by MYTV in respect of invoices after 2017 or any part thereof should have been applied to any of the invoices for 2016 and 2017;

6. Declaration that the invoices for 2016 and 2017 totalling RM19,734,063.13 were wrongly issued, invalid and null and void;

7. Declaration that no sum, or any part thereof, under TM's invoice No. 9000420465 dated 4 March 2020 totalling RM13,540,960.22 or any part thereof is due or owing by MYTV to TM under the Service Agreement or otherwise in respect of 16 unused Digital Terrestrial Television (DTT) sites;

8. Declaratory relief that TM has fundamentally breached the Service Agreement and/or was negligent in failing to provide a Completely Redundant 1+1 Network Configuration to MYTV;

9. Special damages of RM42,812,314.00 and/or general damages to be assessed resulting from TM's failure to provide Completely Redundant 1+1 Network Configuration for 14 DTT sites;

10. Special damages of RM64,016,049.00 and/or general damages to be assessed resulting from TM's failure to provide Completely Redundant 1+1 Network Configuration for 11 DTT sites;

11. RM3,270,107.83 as liquidated ascertained damages for late delivery by TM for 14 DTT sites;

12. A declaration that a sum of RM7,168,736.43 per annum ought to be deducted from the invoices rendered to MYTV under the Service Agreement as reduction or discount in respect of 16 DTT sites;

13. Special damages of RM167,781,558.00 as at 31 December 2022 and a sum of RM28,061,647.00 per annum from 1 January 2023 to the date of the award and/or general damages to be assessed in respect of the failure, refusal and/or neglect by TM to make available Metro-Ethernet Network (Metro-E) to MYTV;

14. Special damages of a sum of RM7,188,000.00 and/or general damages to be assessed for MYTV's losses arising from TM's breach of the Service Agreement and/or negligence and/or breach of duty of care in relation to failures at 5 DTT sites;

15. Pre and post award interest, and/or declarations and/or specific reliefs orders, as may be necessary, appropriate or just in the circumstances.

51. CONTINGENT LIABILITIES (UNSECURED) (CONTINUED)

In the Matter of Arbitration between MYTV Broadcasting Sdn Bhd (MYTV) and TM Technology Services Sdn Bhd (TM Tech) (continued)

Following the Vesting Order granted by the Kuala Lumpur High Court on 21 February 2023 in Originating Summons No. Wa-24NCC-15-01/2022, Telekom Malaysia Berhad has been substituted with TM Tech as respondent in the arbitration, with effect from 1 March 2023. TM Tech is a wholly-owned subsidiary of Telekom Malaysia Berhad.

TM Tech filed a Statement of Defence and Counterclaim dated 10 May 2023 at Asian International Arbitration Centre (AIAC) to seek the following reliefs from MYTV:

1. RM84,018,254.52, being the outstanding Service Charges due and owing by MYTV under the Service Agreement as of 30 April 2023;

2. RM13,540,960.20, being the wasted costs and expenditure incurred by the company in relation to the 16 sites where Direct to Home Services were provided;

3. RM15,623,156.41, being the Late Payment Charges due and owing by MYTV under the Service Agreement as of 30 April 2023;

4. Such other sums as may be due and owing by MYTV to the company under the Service Agreement as of the date of the Award, or such other date which the Arbitral Tribunal deems fit;

5. Pre and post award Interest, costs of and incidental to this arbitration, and such further or other relief that the Arbitral Tribunal deems fit.

On 10 August 2023, TM Tech's received a Reply and Defence to Counterclaim from MYTV. TM Tech filed its Reply to MYTV's Defence to TM Tech Counterclaim at the AIAC on 10 October 2023.

The Parties are required to file its Bundle of Documents to AIAC by 15 April 2024.

The Board of Directors, based on legal advice, are of the view that TM has a reasonably good prospect of success in dismissing the claim.

Save as disclosed above, neither TM nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on TM's and/or its subsidiaries' financial position or business of TM Group and TM Board are not aware of any proceedings, pending or threatened against TM and/or its subsidiaries, or of any facts likely to give rise to any proceedings which may materially affect TM's and/or its subsidiaries' financial position or business of TM Group.

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for the financial year ended 31 December 2023

52. MATURITY ANALYSIS OF UNDISCOUNTED OPERATING LEASE INCOME

The Group and the Company lease out their investment property, buildings and equipment. The Group and the Company classified these leases as operating lease, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Within 1 year	**3.5**	3.3	**–**	47.2
In the 2nd year	**1.9**	1.4	**–**	4.5
In the 3rd year	**0.8**	#	**–**	2.3
In the 4th year	**#**	–	**–**	1.5
In the 5th year	**–**	–	**–**	1.5
Later than 5 years	**–**	–	**–**	1.5
Total undiscounted operating lease income	**6.2**	4.7	**–**	58.5

\# Amount less than RM0.1 million

On 1 March 2023, all of the rights and obligations related to undiscounted operating lease income for the Company have been transferred to TM Tech due to the internal reorganisation (note 55).

53. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023

The subsidiaries are as follows:

Name of Company	Group's Effective Interest 2023 %	Group's Effective Interest 2022 %	Paid-up Capital 2023 Million	Paid-up Capital 2022 Million	Principal Activities
Fiberail Sdn Bhd	**54**	54	**RM15.8**	RM15.8	Provision of network connectivity and bandwidth services in Malaysia and project management services in relation to telecommunications
Fibrecomm Network (M) Sdn Bhd	**51**	51	**RM75.0**	RM75.0	Provision of fibre optic transmission network services
GITN Sdn Berhad	**100**	100	**RM50.0**	RM50.0	Provision of managed network services and enhanced value added telecommunication and information technology services
Intelsec Sdn Bhd	**100**	100	**RM10.7**	RM10.7	Provision of information and communications technology (ICT) services and cloud consumption by designing and leveraging the network and exchange platforms
Mobikom Sdn Bhd+	**–**	100	**–**	RM610.0	Provision of transmission of voice and data through the cellular system
Parkside Properties Sdn Bhd	**100**	100	**RM0.1**	RM0.1	Dormant
Telekom Applied Business Sdn Bhd+	**–**	100	**–**	RM16.2	Provision of software development and sale of software products
Telekom Enterprise Sdn Bhd+	**–**	100	**–**	RM0.6	Investment holding
Telekom Malaysia (Australia) Pty Ltd**	**100**	100	**AUD#**	AUD#	Provision of international telecommunications services

53. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONTINUED)

The subsidiaries are as follows: (continued)

Name of Company	Group's Effective Interest 2023 %	Group's Effective Interest 2022 %	Paid-up Capital 2023 Million	Paid-up Capital 2022 Million	Principal Activities
Telekom Malaysia (Hong Kong) Limited*	**100**	100	**HKD18.5**	HKD18.5	Provision of international telecommunications services
Telekom Malaysia DMCC*	**100**	100	**AED0.05**	AED0.05	Provision of international telecommunications services
Telekom Malaysia (S) Pte Ltd*	**100**	100	**SGD#**	SGD#	Provision of international telecommunications services
Telekom Malaysia (UK) Limited*	**100**	100	**GBP#**	GBP#	Provision of international telecommunications services
Telekom Malaysia (USA) Inc*	**100**	100	**USD#**	USD#	Provision of international telecommunications services
Telekom Multi-Media Sdn Bhd+	**–**	100	**–**	RM1.7	Investment holding
Telekom Sales and Services Sdn Bhd+	**–**	100	**–**	RM14.5	Provision of management of customers care services and trading of customer premises telecommunication equipment
Telekom Technology Sdn Bhd+	**–**	100	**–**	RM13.0	Ceased operation
TM Digital Innovation Sdn Bhd	**100**	100	**RM5.0**	RM5.0	Provision of digital solution comprising services and/or software including but not limited to cloud, software as a services (SaaS), consulting, analytics, cloud security, application services, automation, mobility, industry specific solutions covering advisory, migration, development and operations (DevOps) and managed services as well as training/digital upskilling
TM ESOS Management Sdn Bhd (In Liquidation)	**–**	100	**–**	RM0.1	Special purpose entity
TM Facilities Sdn Bhd	**100**	100	**RM2.3**	RM2.3	Provision of property development activities
TM Global Incorporated	**100**	100	**USD#**	USD#	Investment holding
TM Info-Media Sdn Bhd+	**–**	100	**–**	RM6.0	Publication of printed and online telephone directories services as well as provision of multi platform solutions for advertising
TM Net Sdn Bhd+	**–**	100	**–**	RM180.0	Content and application development for Internet services
TM Technology Services Sdn Bhd	**100**	100	**RM5,034.0**	RM5,763.1	Provision of network infrastructure facilities, network services and last mile services for fixed and wireless consisting of broadband, messaging and voice
Tulip Maple Berhad	**100**	100	**RM#**	RM#	Special purpose entity
Universiti Telekom Sdn Bhd	**100**	100	**RM705.6**	RM705.6	Managing and administering a private university known as Multimedia University
VADS Berhad	**100**	100	**RM6.1**	RM6.1	Provision of managed network services, network system integration services and network centric services. Investment holding upon internal reorganisation
VADS Lyfe Sdn Bhd+	**–**	100	**–**	RM13.5	Provision of information and communications technology (ICT) system security services, integrated security management system, and build, provide and manage the smart building services including smart tenant services for the building owners, operators, residents and visitors

Notes to the Financial Statements

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53. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONTINUED)

The subsidiaries are as follows: (continued)

Name of Company	Group's Effective Interest 2023 %	Group's Effective Interest 2022 %	Paid-up Capital 2023 Million	Paid-up Capital 2022 Million	Principal Activities
Subsidiaries held through Intelsec Sdn Bhd					
Inneonusa Sdn Bhd	**51**	51	**RM15.0**	RM15.0	Provision of ICT system security and smart building services including smart tenant services for building owners, operators, residents and visitors
Lyfe Medini Sdn Bhd (In Liquidation)	**51**	51	**RM2.0**	RM2.0	Provision of innovative and best value smart products and services
Subsidiaries held through TM Technology Services Sdn Bhd					
Millercom Sdn Bhd (In Liquidation)	**100**	100	**RM0.3**	RM0.3	Dormant
Packet One (L) Ltd	**100**	100	**RM#**	RM#	Investment holding
Subsidiary held through TM Info-Media Sdn Bhd					
Cybermall Sdn Bhd+	**–**	100	**–**	RM2.7	Ceased operation
Subsidiary held through TM Facilities Sdn Bhd					
TMF Autolease Sdn Bhd	**100**	100	**RM1.0**	RM1.0	Provision of fleet management services
Subsidiaries held through Universiti Telekom Sdn Bhd					
Unitele Multimedia Sdn Bhd	**100**	100	**RM1.0**	RM1.0	Provision of training and related services
Telekom Research & Development Sdn Bhd	**100**	100	**RM20.0**	RM20.0	Provision of research and development activities in the areas of communications, hi-tech applications and products and services in related business
Multimedia College Sdn Bhd	**100**	100	**RM2.0**	RM2.0	Ceased operation
Subsidiary held through Unitele Multimedia Sdn Bhd					
MMU Creativista Sdn Bhd	**100**	100	**RM#**	RM#	Ceased operation

53. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONTINUED)

The subsidiaries are as follows: (continued)

Name of Company	Group's Effective Interest 2023 %	Group's Effective Interest 2022 %	Paid-up Capital 2023 Million	Paid-up Capital 2022 Million	Principal Activities
Subsidiaries held through VADS Berhad					
Meganet Communications Sdn Bhd (In Liquidation)	**100**	100	**RM11.0**	RM11.0	Dormant
VADS Business Process Sdn Bhd	**100**	100	**RM10.0**	RM10.0	Provision of managed contact centre services
VADS e-Services Sdn Bhd (In Liquidation)	**100**	100	**RM1.0**	RM1.0	Ceased operation
VADS Professional Services Sdn Bhd (In Liquidation)	**100**	100	**RM#**	RM#	Dormant
VADS Solutions Sdn Bhd (In Liquidation)	**100**	100	**RM1.5**	RM1.5	Provision of system integration services
Subsidiary held through VADS Business Process Sdn Bhd					
PT VADS Indonesia (collectively with VADS Berhad)^*	**100**	100	**IDR17,052.8**	IDR17,052.8	Provision of managed contact centre services
Subsidiary consolidated through effective control as defined by MFRS 10					
Yayasan Telekom Malaysia^^	**–**	–	**–**	–	A trust established under the provision of Trustees (Incorporation) Act, 1952, for promotion and advancement of education, research and dissemination of knowledge

All subsidiaries are incorporated in Malaysia except the following:

Name of Company	Place of Incorporation
PT VADS Indonesia	– Indonesia
Telekom Malaysia (Australia) Pty Ltd	– Australia
Telekom Malaysia DMCC	– United Arab Emirates
Telekom Malaysia (Hong Kong) Limited	– Hong Kong
Telekom Malaysia (S) Pte Ltd	– Singapore
Telekom Malaysia (UK) Limited	– United Kingdom
Telekom Malaysia (USA) Inc	– USA

AUD	Australian Dollar	SGD	Singapore Dollar
AED	United Arab Emirates Dirham	GBP	Pound Sterling
IDR	Indonesian Rupiah	USD	US Dollar
HKD	Hong Kong Dollar		

Amount less than 0.1 million in their respective currencies
* Audited by a member firm of Ernst & Young Global Limited which is a separate and independent legal entity from Ernst & Young PLT.
** Local legislations and regulations do not require the preparation of audited financial statements for this entity.
^ VADS Berhad and VADS Business Process Sdn Bhd hold a direct interest of 10.0% and 90.0% respectively in PT VADS Indonesia.
^^ As an entity established under the Trustees (Incorporation) Act, 1952, this entity has an initial contribution of RM13.0 million instead of paid-up capital. The Group has de facto control over Yayasan Telekom Malaysia due to a combination of facts including source of funding and right to appoint the Board of Trustees.
+ The selected subsidiaries involved in the internal reorganisation of TM Group have been dissolved on 31 December 2023.

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for the financial year ended 31 December 2023

53. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2023 (CONTINUED)

(a) Changes to shareholding in TM Tech

(i) TM Tech became a directly owned subsidiary of the Company on 20 July 2022 upon the transfer of TM Tech shares owned by Mobikom Sdn Bhd (Mobikom) (a wholly-owned subsidiary of the Company) to the Company. The completion of the exchange of TM Tech shares owned by Mobikom as well as RM1.2 billion Convertible Medium Term Notes issued by TM Tech and subscribed by Mobikom to the Company, with the settlement of shareholder's loan and other receivables owing by Mobikom to the Company, was executed vide a settlement letter on 23 September 2022.

(ii) On 15 November 2022, the Group and the Company acquired the remaining 8.2% shareholding of TM Tech from a non-controlling interest, making TM Tech a 100% owned subsidiary of the Group and the Company.

(iii) On 17 November 2022, the Group and the Company completed a recapitalisation exercise of TM Tech via a renounceable rights issuance by TM Tech amounting to RM4.0 billion that was wholly subscribed by the Company. The Company's subscription of the renounceable rights issuance was settled in part by way of TM Tech's buy back of the RM1.2 billion Convertible Medium Term Notes under the Company's subscription, the capitalisation of trade and other receivables and loans due to the Company from TM Tech as well as cash.

(iv) Arising from the recapitalisation exercise, as disclosed in note 4(a)(ii)(b) and note 27, the Company effectively reversed the cumulative provisions for impairment of trade and other contract assets as well as other receivables to the income statement. Concurrently, a similar amount is recognised as a provision for the Company's investment in the recapitalisation of TM Tech, as summarised below:

	Note	The Company 2022 RM
Reversal of impairment for		
– trade receivables and contract assets	4(a)(ii)(b)(i)	(440.1)
– receivables other than trade and contract assets	4(a)(ii)(b)(ii)	(1,016.5)
Provision for impairment of investment in a subsidiary	27	1,456.6
Net provision arising from the recapitalisation		–

54. ASSOCIATE AS AT 31 DECEMBER 2023

Name of Company	Group's Effective Interest 2023 %	Group's Effective Interest 2022 %	Principal Activities
Associate held through Telekom Malaysia (S) Pte Ltd			
BlueTel Networks Pte Ltd	**29**	29	Provision of telecommunications and network solutions

BlueTel Networks Pte Ltd (BTN) is incorporated in Singapore and its financial year end is co-terminous with the Company.

55. INTERNAL REORGANISATION OF TM GROUP

The Group internal reorganisation was undertaken to streamline the businesses of the Company and its subsidiaries primarily to enable the Company to become an investment holding with TM Tech as the main operating entity to carry on the Group's telecommunication businesses based in Malaysia. The Group is of the view that the resultant corporate structure from the Group's internal reorganisation is the catalyst for the next phase of its continuous transformation journey.

On 13 December 2022, the Company and the following wholly-owned subsidiaries (each transferor and collectively, the Transferors), entered into a conditional merger agreement (Merger Agreement) with TM Tech (as the Transferee) for purposes of implementation of the Group internal reorganisation:

(i) Cybermall Sdn Bhd;
(ii) Mobikom Sdn Bhd;
(iii) Telekom Applied Business Sdn Bhd;
(iv) Telekom Enterprise Sdn Bhd;
(v) Telekom Multi-Media Sdn Bhd;
(vi) Telekom Sales & Services Sdn Bhd;
(vii) Telekom Technology Sdn Bhd;
(viii) TM Info-Media Sdn Bhd;
(ix) TM Net Sdn Bhd;
(x) VADS Berhad (VADS); and
(xi) VADS Lyfe Sdn Bhd.

On 21 February 2023, the High Court granted a vesting order approving the scheme of arrangement and amalgamation between the Transferors and the Transferee under the Act (Vesting Order). Pursuant to the Vesting Order, the High Court has approved, inter alia, the following:

(i) the transfer and vesting of the Identified Assets and Liabilities from the Transferors to the Transferee according to the terms of the Merger Agreement, with effect on and from 1 March 2023; and

(ii) the dissolution of the Selected Transferors according to the terms of the Merger Agreement, with effect on and from 31 December 2023.

On 1 March 2023, the Group carried through the transfer and vesting of the Identified Assets and Liabilities from the Transferor entities (the Company and the identified 11 wholly-owned subsidiaries of the Company) to the Transferee (TM Tech) in exchange of issuance and exchange of new TM Tech shares amounting to 4,993,959,454 Consideration Shares by the Transferee to the Company, at an issue price of RM1.00 each, credited as fully paid up.

Notes to the Financial Statements

for the financial year ended 31 December 2023

55. INTERNAL REORGANISATION OF TM GROUP (CONTINUED)

Following this, the Group's Malaysian based telecommunication business and operations have effectively been amalgamated and are operating through TM Tech.

The reorganisation has no impact to the Group, however, the telecommunication businesses previously operated through the Company became a discontinued operation for the purpose of disclosure in the current financial statements. The disclosures required for discontinued operation for prior year in the financial statements are re-presented. The financial information relating to this discontinued operation of the Company are as follows:

	2023 RM	2022 RM
Operating revenue	**1,720.5**	10,616.5
Operating costs		
– depreciation, impairment and amortisation	**(332.9)**	(2,461.7)
– net impairment gain/(loss) on financial and contract assets	**8.5**	(43.3)
– other operating costs	**(1,034.1)**	(6,584.2)
Other operating income (net)	**20.1**	216.2
Operating profit before finance cost	**382.1**	1,743.5
Finance income	**8.1**	23.8
Finance cost	**(42.7)**	(259.2)
Net finance cost	**(34.6)**	(235.4)
Profit before tax and zakat	**347.5**	1,508.1
Tax and zakat	**(183.1)**	(482.9)
Profit for the financial year from discontinued operations	**164.4**	1,025.2
Other Comprehensive Income		
Item that may be reclassified subsequently to income statement:		
– increase in fair value of receivables at FVOCI	**–**	1.3
Other comprehensive income for the financial year	**–**	1.3
Total comprehensive income for the financial year from discontinued operations	**164.4**	1,026.5

55. INTERNAL REORGANISATION OF TM GROUP (CONTINUED)

(i) The carrying value of net assets and reserve transferred from the identified 11 wholly-owned subsidiairies to the Company and from the Company to TM Tech are as follows:

	Note	Transferred from Subsidiaries	Transferred to TM Tech
Non-Current Assets			
Property, plant and equipment	23	**154.1**	**12,206.9**
Investment property	24	**–**	**97.6**
Intangible assets	25	**30.7**	**279.9**
Right-of-use assets	26	**43.2**	**713.8**
Other non-current receivables/assets		**32.9**	**72.1**
Receivables at fair value through other comprehensive income (FVOCI)	31	**–**	**23.6**
Current Assets			
Inventories		**3.1**	**235.6**
Trade and other receivables		**424.3**	**3,515.9**
Contract assets	5(b)	**3.0**	**523.5**
Contract cost assets	34	**66.0**	**437.5**
Cash and bank balances		**18.4**	**444.6**
Receivables at fair value through other comprehensive income (FVOCI)	31	**–**	**2.5**
Total Assets		**775.7**	**18,553.5**
Non-Current Liabilities			
Lease liabilities		**5.1**	**606.7**
Borrowings		**6.7**	**3,077.4**
Deferred income	22	**–**	**1,674.5**
Deferred tax liabilities	21	**1.9**	**1,435.7**
Payable to a subsidiary		**–**	**559.0**
Trade and other payables		**–**	**1.6**
Current Liabilities			
Trade and other payables		**267.2**	**4,292.5**
Customer deposits		**1.7**	**175.9**
Contract liabilities	5(c)	**6.5**	**1,225.0**
Lease liabilities		**40.5**	**116.3**
Borrowings		**2.9**	**275.2**
Tax and zakat		**–**	**169.7**
Total Liabilities		**332.5**	**13,609.5**
Net Assets as at 1 March 2023		**443.2**	**4,944.0**
Other Reserve as at 1 March 2023		**–**	**0.4**

Notes to the Financial Statements
for the financial year ended 31 December 2023

55. INTERNAL REORGANISATION OF TM GROUP (CONTINUED)

(ii) The net cash flow attributable to the operating, investing and financing activities of discontinued operations as shown below:

	2023 RM	2022 RM
Net cash flows (used in)/from operating activities	**(59.0)**	2,854.7
Net cash flows used in investing activities	**(471.9)**	(1,039.8)
Net cash flows used in financing activities	**(58.7)**	(778.5)
Net (decrease)/increase in cash and cash equivalents from discontinued operations	**(589.6)**	1,036.4

56. CURRENCY

All amounts are expressed in Ringgit Malaysia (RM) unless otherwise stated.

57. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 4 April 2024.

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Zainal Abidin Putih and Amar Huzaimi Md Deris, two of the Directors of Telekom Malaysia Berhad, state that, in the opinion of the Directors, the financial statements on pages 27 to 141 are drawn up so as to exhibit a true and fair view of the state of affairs of the Group and the Company as at 31 December 2023 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

In accordance with a resolution of the Directors dated 4 April 2024.

DATO' ZAINAL ABIDIN PUTIH
Director

AMAR HUZAIMI MD DERIS
Director

Kuala Lumpur

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, Razidan Ghazalli, the officer primarily responsible for the financial management of Telekom Malaysia Berhad, do solemnly and sincerely declare the financial statements set out on pages 27 to 141 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared at Kuala Lumpur)
this 4 April 2024.)

RAZIDAN GHAZALLI
MIA No. 4616

Before me:

Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

to the members of Telekom Malaysia Berhad
Registration No: 198401016183 [128740-P] (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Telekom Malaysia Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and income statements and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 27 to 141.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

a) Revenue recognition due to complex information technology systems and revenue from customised contracts with public sector and enterprise customers

   (Refer to Note 5 – Operating revenue, Note 2(q)(i) - Material accounting policies: Revenue from contracts with customers under MFRS 15 and Note 3(a) – Critical accounting estimates and judgements: Accounting for contracts with customers)

   The Group and the Company recognised revenue of RM12,255.6 million and RM2,424.1 million respectively for the financial year ended 31 December 2023.

   We focused on this area as there is an inherent risk over the accuracy of revenue recognised given the complexity of the information technology system and the interfacing between multiple systems and modules that process voluminous data which consists of individually low value transactions with a combination of different product mix, prices and rates (including customer discounts and incentive arrangements). It also involves key judgements and estimates in applying the revenue recognition policy.

   Included in the revenue are customised contracts with public sector and enterprise customers which require management to identify the multiple performance obligations and determine the progress for performance obligations identified to be satisfied over time such as installation works and services. Additional judgements and estimates were made to determine the contract costs incurred and whether contractual rights and obligations are properly recognised.

Key audit matters (continued)

a) Revenue recognition due to complex information technology systems and revenue from customised contracts with public sector and enterprise customers (continued)

<u>*Our audit response*</u>

In addressing this area of audit focus, we performed, amongst others, the following procedures:

- We obtained an understanding of, evaluated the design and tested the operating effectiveness of key controls over the Group's and the Company's revenue recognition process, which includes involving our information technology specialists to test the operating effectiveness of automated controls over the billing systems. We also tested the accuracy of the data interface between the billing systems and general ledger and tested the non-automated controls which include timely updating of approved rate changes in the billing systems;
- We evaluated management's application of the Group's and the Company's accounting policies including key judgements and estimates made and where relevant, the methodology used by management to determine the standalone selling prices;
- We performed a three-way correlation between receivables, revenue and cash and bank balances using data analytics, including cash anchor testing to determine if cash received relates to revenue;
- For customised contracts with public sector and enterprise customers, we focused on material contracts which had multiple performance obligations and those which are satisfied over time. Our procedures included testing the operating effectiveness of controls over revenue recognition of customised projects which include identification of performance obligations, estimation of relative standalone selling price for each performance obligation and the satisfaction of performance obligations identified. We also read the contract terms to ascertain that contractual terms were properly applied and traced revenue recognition to supporting evidence, such as delivery orders or certificate of acceptance for samples selected; and
- We also assessed the adequacy of the Group's and the Company's disclosures in respect to the accounting policies on revenue recognition.

b) Impairment and useful lives of property, plant and equipment

(Refer to Note 23(b) Property, plant and equipment: Impairment loss, Note 23(c) Property, plant and equipment: Review of useful life, Note 2(d)(ii) – Material accounting policies: Property, plant and equipment – Depreciation, Note 2(d)(iii) – Material accounting policies: Property, plant and equipment – Impairment, Note 3(b) – Critical accounting estimates and judgements: Estimated useful lives of property, plant and equipment and Note 3(d) – Critical accounting estimates and judgements: Impairment of property, plant and equipment and intangible assets.

As at 31 December 2023, the carrying amounts of property, plant and equipment of the Group amounted to RM13,026.4 million. The Group performs an impairment assessment on the property, plant and equipment whenever there is an indication of impairment.

For the purpose of impairment assessment, the Group determines the recoverable amounts of the property, plant and equipment based on value-in-use ("VIU") and compare them to the carrying values of the respective related cash generating unit ("CGU") to determine whether the assets are impaired. Estimating VIU involves the discounting of the estimated future cash inflows and outflows expected to be derived from the CGU to its present value using an appropriate discount rate.

The impairment assessment is complex and judgemental in light of the technological, economical and regulatory development which will impact the Group's business plan and strategies including its capital expenditure structure. Judgement is also required in determining the appropriate discount rate used.

Arising from the impairment assessment, the Group recognised an impairment loss of RM120.6 million in relation to certain computer support system and buildings related to digital infrastructure.

In determining the estimated useful lives of the property, plant and equipment, the Group exercises judgement based on their business plan and strategies, level of usage and potential changes in technology. Arising from the annual assessment during the current financial year, the Group revised the estimated useful lives of certain telecommunication network assets, movable plant and equipment and computer support systems giving rise to an increase in depreciation charges for the current financial year.

Accordingly, these were our areas of focus.

Independent Auditors' Report

to the members of Telekom Malaysia Berhad

Registration No: 198401016183 [128740-P] (Incorporated in Malaysia)

Key audit matters (continued)

b) Impairment and useful lives of property, plant and equipment (continued)

Our audit response

In addressing these areas of audit focus, we performed, amongst others, the following procedures:

- We obtained an understanding of the methodology adopted by the management in estimating the VIU related to the CGU and assessed whether such methodology is consistently applied and with those used in the industry;
- We assessed the reasonableness of key assumptions used, focusing on forecasted revenue expected from the capacity utilisation of the assets based on current contracts, secured contracts and sales funnels, forecasted capital and operating cost and profit margins, taking into consideration the current and expected future economic and technological development of the market and industry of the CGUs. We also compared the key assumptions against historical outcomes;
- We involved our internal valuation experts in assessing the reasonableness of the discount rate used;
- We performed sensitivity analysis on key assumptions that will significantly affect the VIU;
- We evaluated the adequacy of disclosures of key assumptions to which the outcome of the impairment test is most sensitive; and
- We obtained an understanding of the annual review of the estimated useful lives of the property, plant and equipment by management and assessed their reasonableness by benchmarking to industry peers, focusing on telecommunication networks. In addition, we have also assessed and recomputed the revised depreciation charges for the year due to change in the estimated useful lives of the affected assets.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

to the members of Telekom Malaysia Berhad

Registration No: 198401016183 [128740-P] (Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 53 to the audited financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ahmad Zahirudin Bin Abdul Rahim
02607/12/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
4 April 2024

Statistics on Shareholdings

as at 20 March 2024

ANALYSIS OF SHAREHOLDING

Issued Shares : 3,837,628,281

Class of Shares : 3,837,628,280 ordinary shares
One (1) Special Rights Redeemable Preference Share (Special Share)

Number of Shareholders : 35,766

Voting Rights :
- One (1) vote of each ordinary share
- Special Share has no voting right other than those referred to in Notes 13(a) respectively of the Financial Statements.

DISTRIBUTION OF ORDINARY SHARES

Size of Shareholdings	Shareholders				Holding			
	Malaysian		Foreign		Malaysian		Foreign	
	No.	%	No.	%	No.	%	No.	%
Less than 100	1,996	5.58	27	0.08	35,947	0.00	480	0.00
100 – 1,000	11,727	32.79	118	0.33	7,703,779	0.20	82,126	0.00
1,001 – 10,000	18,589	51.97	284	0.79	55,862,158	1.46	1,149,704	0.03
10,001 – 100,000	1,787	5.00	353	0.99	42,582,986	1.11	15,577,062	0.41
100,001 – 191,881,413 (*)	422	1.18	459	1.28	1,354,491,091	35.29	539,903,692	14.07
191,881,414 and above (**)	4	0.01	0	0.00	1,820,239,255	47.43	0	0.00
Total	**34,525**	**96.53**	**1,241**	**3.47**	**3,280,915,216**	**85.49**	**556,713,064**	**14.51**

Notes:
* Less than 5% of issued holdings
** 5% and above of issued holdings

CLASSIFICATION OF SHAREHOLDERS HOLDING ORDINARY SHARES

Category	No. of Shareholders		No. of Shares Held		% of Issued Shares	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
INDIVIDUAL						
a. Bumiputera	12,502	0	29,849,036	0	0.78	0.00
b. Chinese	16,297	0	57,566,292	0	1.50	0.00
c. Indian	1,329	0	3,721,523	0	0.10	0.00
d. Others	133	291	455,317	1,543,614	0.01	0.04
BODY CORPORATE						
a. Banks/Finance Companies	99	1	1,147,406,678	2,000,000	29.90	0.05
b. Investment Trusts/Foundation/Charities	16	0	554,306	0	0.01	0.00
c. Other Types of Companies	237	7	24,019,861	4,875,067	0.63	0.13
GOVERNMENT AGENCIES/INSTITUTION	12	0	766,396,564	0	19.97	0.00
NOMINEES	3,898	942	1,250,942,436	548,294,383	32.59	14.29
TRUSTEES	0	0	0	0	0.00	0.00
OTHERS	2	0	3,203	0	0.00	0.00
TOTAL	34,525	1,241	3,280,915,216	556,713,064	85.49	14.51

Statistics on Shareholdings

as at 20 March 2024

SUBSTANTIAL SHAREHOLDERS

		AS PER REGISTER OF DEPOSITORS			
		No. of Ordinary Shares Held		Percentage (%)	
No.	Shareholders	Direct	Indirect	Direct	Indirect
1	KHAZANAH NASIONAL BERHAD	771,315,866	–	20.10	–
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – EMPLOYEES PROVIDENT FUND BOARD	645,187,798	–	16.81	–
3	AMANAHRAYA TRUSTEES BERHAD – AMANAH SAHAM BUMIPUTERA	360,582,800	–	9.40	–
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	331,597,565	34,429,862	8.64	0.90
	Total	**2,108,684,029**	**34,429,862**	**54.95**	**0.90**

		AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS			
		No. of Ordinary Shares Held		Percentage (%)	
No.	Shareholders	Direct	Indirect	Direct	Indirect
1	KHAZANAH NASIONAL BERHAD	771,347,766	–	20.10	–
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – EMPLOYEES PROVIDENT FUND BOARD	642,187,798	–	16.73	–
3	AMANAHRAYA TRUSTEES BERHAD – AMANAH SAHAM BUMIPUTERA	362,582,800	–	9.45	–
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	331,597,565	34,429,862	8.64	0.90
	Total	**2,107,715,929**	**34,429,862**	**54.92**	**0.90**

DIRECTORS' DIRECT AND DEEMED INTEREST IN THE COMPANY

as per Register of Directors' Shareholdings

		No. of Shares Held		
No.	Interest in Company	Direct	Deemed Interest	%
1	Amar Huzaimi Md Deris	319,010		0.01
2	Balasingham A/L A.Namasiwayam	16,279		0.00
	TOTAL	**335,289**		**0.01**

30 Largest Shareholders

as at 20 March 2024

LIST OF TOP 30 SHAREHOLDERS

as per the Register of Members and Record of Depositors

No.	Name of Shareholders	No. of Shares	%
1	KHAZANAH NASIONAL BERHAD	753,926,166	19.65
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – EMPLOYEES PROVIDENT FUND BOARD	374,132,724	9.75
3	AMANAHRAYA TRUSTEES BERHAD – AMANAH SAHAM BUMIPUTERA	360,582,800	9.40
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	331,597,565	8.64
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	163,203,018	4.25
6	AMANAHRAYA TRUSTEES BERHAD – AMANAH SAHAM MALAYSIA 2 - WAWASAN	64,725,000	1.69
7	AMANAHRAYA TRUSTEES BERHAD – AMANAH SAHAM MALAYSIA 3	57,951,158	1.51
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – EXEMPT AN FOR AIA BHD	55,373,275	1.44
9	AMANAHRAYA TRUSTEES BERHAD – AMANAH SAHAM MALAYSIA	54,554,100	1.42
10	AMANAHRAYA TRUSTEES BERHAD – AMANAH SAHAM BUMIPUTERA 3 - DIDIK	39,716,912	1.03
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	33,069,200	0.86
12	AMANAHRAYA TRUSTEES BERHAD – AMANAH SAHAM BUMIPUTERA 2	31,000,000	0.81
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	28,094,689	0.73
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – URUSHARTA JAMAAH SDN BHD (1)	27,560,700	0.72
15	AMANAHRAYA TRUSTEES BERHAD – PUBLIC ISLAMIC DIVIDEND FUND	27,544,439	0.72
16	PERMODALAN NASIONAL BERHAD	27,134,700	0.71
17	CARTABAN NOMINEES (TEMPATAN) SDN BHD – PAMB FOR PRULINK EQUITY FUND	26,184,863	0.68
18	CARTABAN NOMINEES (ASING) SDN BHD – EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	25,229,800	0.66
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD – MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	25,000,000	0.65
20	AMANAHRAYA TRUSTEES BERHAD – PUBLIC ITTIKAL SEQUEL FUND	24,409,293	0.64
21	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD – DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG VALUE FUND	21,300,000	0.56
22	CARTABAN NOMINEES (TEMPATAN) SDN BHD – PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	20,883,492	0.54
23	LEMBAGA TABUNG HAJI	20,411,309	0.53
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – EMPLOYEES PROVIDENT FUND BOARD (AHAM AM)	19,844,456	0.52
25	CARTABAN NOMINEES (TEMPATAN) SDN BHD – PBTB FOR TAKAFULINK DANA EKUITI	18,894,929	0.49
26	CITIGROUP NOMINEES (ASING) SDN BHD – EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	18,207,000	0.47
27	CITIGROUP NOMINEES (ASING) SDN BHD – UBS AG	17,245,337	0.45
28	HSBC NOMINEES (ASING) SDN BHD – JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	16,168,378	0.42
29	CITIGROUP NOMINEES (ASING) SDN BHD – EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	16,064,613	0.42
30	HSBC NOMINEES (ASING) SDN BHD – JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	16,046,498	0.42
	TOTAL	**2,716,056,414**	**70.77**

List of Top Ten Properties

For the financial year ended 31 December 2023

No	Location	Description & Existing Use	Year of Acquisition or Revaluation	Tenure (Frehold or Leasehold)	Land Area/ Built-Up Area (Sq. M)	Age of Building (Years)	Total NBV Dec 2023 (RM million)
1	TM Complex Cyberjaya Lingkaran Teknokrat Timur 63000 Cyberjaya Selangor	Land with Building/ Office & Data Center	2012	Freehold	95,827/ 44,733	21 Years	305.8
2	TM One Iskandar Putri Data Centre (IPDC) 2, Lingkaran Teknologi 1 Taman Teknologi Nusajaya 79250 Nusajaya Johor	Land with Building/ Data Center	2019	Freehold	32,132/ 29,375	5 Years	149.8
3	TM Annexe 2 Jalan Pantai Baharu 59100 Kuala Lumpur	Office Tower	2007	Leasehold	876/ 26,875	17 Years	50.7
4	TM Pekeliling Sek 63, Lorong Kuda Off Jalan Tun Razak 50450 Kuala Lumpur	Land with Building/ Exchange (Telecommunication Building)	2012	Freehold	3,275/ 6,781	20 Years	41.4
5	TM Bukit Mahkamah Jalan Raja Chulan 50200 Kuala Lumpur	Land with Building/ Office	2018	Freehold	4,237/ 14,066	26 Years	37.4
6	TM Annexe 1 Lengkok Pantai Baharu 59100 Kuala Lumpur	Office Tower	2005	Leasehold	909/ 18,562	18 Years	35.8
7	Menara TM Melaka (MITC) 2, Jalan Wisma Negeri 75450 Ayer Keroh Melaka	Office Tower	2004	Leasehold 99 Years (7 Mac 2103)	18,290/ 22,956	15 Years	32.4
8	TM TTDI Ibusawat Telekom Taman Tun Dr. Ismail Wilayah Persekutuan 60000 Kuala Lumpur	Land with Building/ Exchange (Telecommunication Building)	2012	Freehold	6,632/ 11,648	34 Years	25.4
9	TM Bukit Nanas 2, Jalan Punchak Off Jalan P. Ramlee 50250 Kuala Lumpur	Land	2012	Freehold	3,571	–	23.1
10	TM Kelana Jaya Jalan SS6/3 47301 Petaling Jaya Selangor	Land with Building/ Exchange (Telecommunication Building)	2012	Freehold	8,596/ 14,240	20 Years	22.8

Net Book Value of Land & Buildings

as at 31 December 2023

Location	Freehold		Leasehold		Other Land*		Excepted Land**		Net Book Value of Land*** (RM million)	Net Book Value of Buildings (RM million)
	No. of Lots	Area ('000 sq ft)	No. of Lots	Area ('000 sq ft)	No. of Lots	Area ('000 sq ft)	No. of Lots	Area ('000 sq ft)		
1. Federal Territory										
a. Kuala Lumpur	26	1,528	7	714	1	114	–	–	238.4	837.6
b. Labuan	–	–	7	511	–	–	–	–	0.6	12.6
2. Selangor	11	10,144	21	1,333	2	144	69	6,073	549.2	357.6
3. Perlis	–	–	3	36	–	–	9	678	–	2.3
4. Perak	4	17	22	1,075	2	149	83	5,040	4.1	27.4
5. Pulau Pinang	3	5,015	16	929	–	–	24	5,826	4.6	19.1
6. Kedah	19	516	13	922	–	–	45	2,866	22.1	24.4
7. Johor	5	487	32	1,574	6	155	91	6,270	55.3	53.1
8. Melaka	2	3	23	2,049	–	–	20	3,588	14.5	108.7
9. Negeri Sembilan	4	160	18	465	2	155	47	1,840	36.8	12.2
10. Terengganu	–	–	17	829	–	–	41	5,648	0.5	16.8
11. Kelantan	–	–	16	701	–	–	35	2,050	0.5	6.9
12. Pahang	1	40	29	2,118	5	429	60	5,887	3.8	21.7
13. Sabah	–	–	14	184	4	162	35	2,634	3.6	30.9
14. Sarawak	4	46	29	986	10	400	75	7,769	18.5	36.6
15. Hong Kong	–	–	–	–	–	–	–	–	–	65.8
Total	**79**	**17,956**	**267**	**14,426**	**32**	**1,708**	**634**	**56,169**	**952.5**	**1,633.7**

* The title deeds pertaining to other land have not yet been registered in the name of the Company. Pending finalisation with the relevant authorities, the lands have not been classified according to their tenure and land areas are based on estimation.

** Excepted land are lands situated outside the Federal Territory which are either alienated land, reserved land owned by the Federal Government or land occupied, used, controlled and managed by the Federal Government for federal purposes (in Melaka, Pulau Pinang, Sabah and Sarawak) as set out in Section 3(2) of the Telecommunication Services (Successor Company) Act, 1985. The Government has agreed to lease these lands to Telekom Malaysia Berhad for a term of 60 years with an option to renew, under article 85 and 86 of the Federal Constitution.

*** Includes land held for property development and land held for sale of a wholly-owned subsidiary.

Usage of Properties
as at 31 December 2023

	Location	Exchanges/ Data Centres	Transmission Stations	Office Buildings	Residential	Stores/ Warehouses	Satellite/ Submarine Cable Stations	Resort	TMpoint/ Primatel/ Business Centre	University/ Training College	Telecom-munications/ Tourism Tower
1.	Federal Territory										
	a. Kuala Lumpur	13	2	6	4	–	–	–	–	1	–
	b. Labuan	1	–	2	–	–	2	–	–	–	–
2.	Selangor	76	8	8	7	3	–	–	3	1	–
3.	Perlis	8	1	1	2	1	–	–	1	–	–
4.	Perak	85	10	3	12	2	–	–	4	1	–
5.	Pulau Pinang	40	1	3	4	2	1	1	4	–	–
6.	Kedah	44	7	1	3	1	–	1	3	–	1
7.	Johor	91	11	3	3	1	1	–	1	–	–
8.	Melaka	29	1	1	1	1	2	–	2	1	–
9.	Negeri Sembilan	45	8	3	2	–	–	–	3	–	–
10.	Terengganu	44	4	2	3	2	1	–	2	1	–
11.	Kelantan	30	2	2	4	2	–	–	–	–	–
12.	Pahang	56	14	2	11	1	3	4	–	–	–
13.	Sabah	46	18	1	3	2	3	1	4	–	–
14.	Sarawak	76	24	2	8	2	3	–	3	1	–
15.	Hong Kong	1	–	–	–	–	–	–	–	–	–

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