News Release

Kuala Lumpur
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TM'S FY2007 NET PROFIT UP 23% TO RM2.55 BILLION

Revenue increased by 8.8% to RM17.8 billion
Group's mobile customers increased to 39.8 million

GROUP RESULTS

Telekom Malaysia Berhad (TM) registered a better financial performance for the financial year ended 31 December 2007. The Group's Profit After Tax and Minority Interest (PATAMI) increased by 23% to RM2.548 billion as compared to RM2.069 billion recorded in 2006. This was mainly attributed to better financial performance of Celcom (Malaysia) Berhad (Celcom), higher other operating income, gain on Initial Public Offering (IPO) of Spice Communications Ltd (Spice) of RM71.3 million, higher share of results in Spice and lower taxation charge. Higher other operating income was primarily due to gain on placement of 4.6% shares in Dialog Telekom Ltd (Dialog) totaling RM234.8 million as part of efforts to boost liquidity of Dialog's shares on the Colombo Stock Exchange. The higher share of results in Spice is mainly due to proportionate gain on disposal of towers of RM128.8 million.

The Group's overseas operations continued to deliver positive revenue growth of 18.9% despite challenging operating environment contributing 27.7% to Group revenue. With the strengthening of Ringgit Malaysia against Indonesian Rupiah, Sri Lanka Rupee and Bangladesh Taka for the financial year under review, this has resulted in lower revenue growth in Ringgit Malaysia terms arising from lower translation from international business by approximately RM141.6 million and RM380.5 million in the fourth quarter and full year 2007 respectively.

The Group's overall revenue in 2007 grew by 8.8% to RM17.843 billion against RM16.399 billion recorded in 2006. This was largely driven by the mobile, leased services, and Internet and multimedia segments of the Group's businesses.

Revenue composition for 2007 full year results:

Revenue	FY 2007 (RM mil)	% Contribution	FY 2006 (RM mil)	% Contribution
Malaysia Business	7,302	40.9	7,149	43.6
Celcom	4,965	27.8	4,424	27.0
TMI Group	4,936	27.7	4,151	25.3
TM Ventures	640	3.6	675	4.1
TOTAL	**17,843**	**100.0**	**16,399**	**100.0**

The Group also registered better Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM7.627 billion, an improvement from RM7.492 billion registered in 2006.

In addition to the recent payment of 65 sen less tax on 31 January 2008, the Board of Directors has proposed to declare a final gross dividend of 22 sen per share less tax of 26%, amounting to RM560 million net. Combined with the interim dividend of 26 sen pershare less tax of 27% paid on 4 September 2007, the total net dividend payout in respect of financial year 2007 would amount to RM1,213 million. This represents a payout ratio of 47.6% which is within the dividend payout policy of 40% to 60% of PATAMI.

Giving further insights into the full year results, Dato' Sri Abdul Wahid Omar, Group Chief Executive Officer, TM explained, "Despite the challenging macro and political environment overseas, and intense competition, both domestically and on the international front, the Group's mobile business as a whole delivered robust performance contributing 55.5% of Group revenue. Celcom in particular delivered a double digit growth of 13.1% with a revenue of RM5.157 billion. Our regional mobile customers also registered a robust growth of 39.6% to 39.8 million from 28.5 million last year. We are also happy to see that Malaysia Business continued to deliver positive growth. This represents a full year growth of 1.8% in 2007 as compared to a decline of 0.9% in 2006."

TM Chairman, Tan Sri Dato' Ir. Md. Radzi Mansor, said, "Clearly, the Performance Improvement Program (PIP) launched in the middle of 2006 continued to bring in positive results. This is made possible by the concerted efforts of everyone in the Group who are focused on implementing all initiatives that have been set under the PIP. We believe that post Demerger, the performance improvement and growth of both TM and TMI will be accelerated through performance transparency, organisational focus and improved execution capacity. "

Giving updates on the Demerger exercise, Tan Sri Dato' Ir. Md. Radzi Mansor added, "TM's Demerger exercise is on track for completion in the second quarter of 2008. An Extraordinary General Meeting has been scheduled on 6 March 2008 to seek shareholders' approval among others on the proposed Demerger of the Group, comprising the internal restructuring, distribution, and listing of TM International Berhad (TMI) on the Main Board of Bursa Securities. This will pave the way for us to realize the upsides of the Demerger and create two separate telecommunication entities, with distinct business strategies and aspirations, namely, RegionCo (TM International Berhad) as the regional mobile entity and FixedCo (TM) as the domestic broadband entity. I am also pleased to inform that key management teams for both entities are already in place to ensure leadership and business continuity.

Q4 2007 vs Q4 2006

For the current quarter under review, Group revenue increased by 7.4% to RM4,734.2 million as compared to RM4,407.8 million in the fourth quarter 2006, mainly attributed to higher revenue from mobile, Internet and multimedia and other telecommunication services. The increase in mobile revenue was mainly contributed by Celcom and PT Excelcomindo Pratama Tbk (XL) arising from increased customers and usage. Internet and multimedia revenue registered a growth of 14.7% from fourth quarter 2006 of RM252.0 million to fourth quarter 2007 of RM289.1 million due to continued growth of broadband customers to 1.3 million from 0.9 million at the end of December 2006.

Group PATAMI, however, increased marginally by 0.3% to RM592.5 million as compared to RM590.8 million recorded in the fourth quarter 2006 mainly attributed to higher contribution from jointly controlled entities, mainly Spice partially offset by higher impairment of property, plant and equipment (PPE) and investment of RM63.0 million and RM80.0 million respectively in the current year quarter. Improved performance of Spice was largely attributed to the gain on the sale and leaseback of telecommunication towers. In addition, current year quarter recorded a foreign exchange loss of RM24.0 million as compared to a gain of RM179.1 million in the fourth quarter 2006. Lower taxation charge was mainly due to reversal of excess tax provision and lower taxation rate.

Q4 2007 vs Q3 2007

Group revenue for the current quarter of RM4,734.2 million increased by 2.7% from RM4,608.7 million recorded in the preceding quarter, mainly due to increase in mobile and other telecommunication related services. The increase in mobile revenue resulted from more attractive packages and promotions offered to customers as well as aggressive and focused marketing initiative in the period under review.

Group PATAMI of RM592.5 million was 10.0% lower than RM658.5 million recorded in the preceding quarter, primarily due to higher impairment of PPE and investment and lower investment income as explained earlier.

MALAYSIA

Malaysia Business

Turnaround in revenue trend, posting a growth of 1.8% as compared to a decline of 0.9% in year 2006
Broadband customers registered a year-on-year growth of 46.4% to 1.3 million customers in 2007

Malaysia Business continued to deliver positive growth of 1.8% to register RM7.6 billion in revenue for the financial year ended 2007. This was driven by greater broadband push through aggressive marketing initiatives resulting in a robust growth of 22.3% in Internet and multimedia revenue. Data revenue also saw an encouraging growth of 21.3% led by demand for higher bandwidth by the corporate and business customers.

Moving forward, capitalising on the positive momentum, Malaysia Business's effort will be focused on 'revolutionising' broadband with access and contents, building excellence in sales and marketing, securing new growth in wholesale and global business and rejuvenating drive in quality improvements.
As at end of 2007, fixed line customers continued to remain stable at 4.4 million with continued efforts from Let's Talk and Broadband campaign. With positive momentum in the Internet and multimedia segment, the year 2007 saw 401k new broadband customers bringing the total broadband customer base to 1.3 million. This consolidates further TM's leadership in the broadband market.

Celcom

Celcom delivered a double digit revenue growth, posting RM5.157 billion revenue for 2007
Stronger net additions of 1.1 million customers and customer base crossed 7 million mark

Celcom continued its track record of sustainable growth amidst an intensely competitive mobile market. For financial year 2007, Celcom delivered a double digit growth of 13.1% to RM5.157 billion in revenue. This was mainly contributed by strong growth in the prepaid segment. The push for mobility solutions also saw marked improvements, growing by 27.0% year-on-year and contributing 20.6% of Celcom's revenue from 18.3% in the corresponding period last year.

EBITDA margin continued to improve at 44.6% for the financial year 2007 as compared to 43.2% in the financial year 2006. This has resulted in Celcom recording an improved PATAMI registering a year-on-year growth of 28.9%, surpassing the RM1 billion mark.

Celcom has been aggressive in offering its products and services. The year 2007 saw Celcom launching enhanced Power Tools, Blackberry Internet Solutions for SMI/SME, 1 + 3 supplementary plan for postpaid and Celcom mobile broadband. Celcom also launched online web registration for postpaid customers, initiated value added reseller as a new distribution channel and dedicated customer and technical service for business enterprise users.

Celcom added 1.1 million new customers in 2007 bringing total customers to 7.2 million, a growth of 18% from 6.1 million as at end of 2006. Prepaid customers increased by 22% i.e. over 1 million net additions to 5.9 million from 4.9 million in 2006. While for postpaid customers, Celcom recorded a significant turnaround of postpaid acquisition with net addition of 52k customers. As at the end of 2007, Celcom's postpaid customers stood at 1.3 million.

INTERNATIONAL

Despite challenging operating environment and stiff competition, TM's overseas operations continued to gain momentum and grow in significance. It contributed 27.7% to Group revenue as compared to 25.3% in the corresponding period last year. For the year under review, XL successfully executed new distribution channel management, prepaid pricing strategy and deployment of 3,897 new BTSs. In addition, Spice delivered value creation through its successful IPO on the BSE and acquired license to operate National and International Long Distance services in India whilst Dialog became the first quadruple player in South Asia. While XL's and TM International (Bangladesh) Limited's (TMIB) results were impacted by one-off charges in the year 2007, both companies are expected to experience strong growth going forward. The followings are TM's overseas performance in key markets.

Dialog, Sri Lanka

(SLR100 : RM3.04)

Dialog Telekom Limited and its subsidiaries (Dialog Group) posted SLR32.517 billion for the financial year 2007, a growth of 27.0% as compared to SLR 25.679 billion posted in 2006 despite its challenging operating environment.

Dialog Group also posted an EBITDA of SLR13.740 billion and Profit After Tax (PAT) of SLR8.967 billion for the financial year 2007. PAT were lower mainly due to costs arising from capacity building ahead of demand and revenue realisation of Dialog Broadband Networks Pvt Ltd (Dialog Broadband Networks) and start-up cost of Dialog Television (Pvt) Ltd (Dialog Television) operation.

Dialog registered a year-on-year customer growth of 37.0% and further consolidates its leading position as the number one mobile operator in Sri Lanka with a total customer base of 4.3 million as at end of 2007.

Excelcomindo, Indonesia

(Rp 10,000 : RM3.5)

XL posted a year-on-year revenue growth of 29% to Rp 8,365 billion for financial year 2007 arising from 62% growth in customer base. This was mainly driven by the new pricing strategy, new approach for distribution channel management and successful deployment of new 3,897 BTSs.

The 2007 EBITDA increased by 37% to Rp 3.5 trillion and the EBITDA margin increased by 3% to 42% as a result of a strong focus on strategic cost management and efficiency. XL's 2007 Net Income was 62% lower at Rp 251 billion, mainly due to recognition of withholding taxes on US Dollar bond interests of Rp 336 billion for the period of 2004-2007 and forex losses of Rp 135 billion. The normalized net income without the withholding taxes and forex loss would have been Rp 721 billion, or a 115% growth as compared to the normalized net income in 2006 of Rp 336 billion.

In order to maintain good quality of network services, in 2007 XL spent Rp 7.1 trillion in capital expenditure to expand its coverage and capacity. XL increased its number of BTSs by 3,897 to bring the total number of BTSs to 11,157 BTSs at the end of 2007. As a result, XL's population coverage has reached 90% as of the end of 2007.

TMIB, Bangladesh

(BDT 100 : RM4.84)

TM International (Bangladesh) Limited's (TMIB) posted marginal growth in revenue despite the Company registering 25% growth in customer base to 7.2 million customers from 5.8 million. It posted a revenue of BDT 14.4 billion as compared to BDT 13.1 billion recorded in the corresponding period last year.

TMIB also posted an EBITDA of BDT 3,539 million and a loss after tax of BDT 620 million which was largely due to the compensation paid to the local government amounting to BDT 1,450 million and depreciation cost in line with aggressive network expansion.

2007 HEADLINE KEY PERFORMANCE INDICATOR (KPI) ACHIEVEMENTS

Headline KPIs	FY2006 Actual	FY2007 Actual	FY2007 KPI
1. Revenue	RM 16.4 bilion	RM 17.8 bilion	RM 17.7* bilion
2. EBITDA Margin	45.9%	42.8%	44.5%
3. Return on Equity (ROE)**	11.7%	12.8%	9.8%

* Restated to reflect actual foreign exchange rates in the translation of foreign subsidiaries' revenue into RM
** ROE is computed as PATAMI / Average Capital & Reserves Attributable to Equity Holders of the Company

For 2007, the Group successfully met its Headline Revenue and ROE KPIs. Actual 2007 EBITDA Margin of 42.8%, however, was below the target of 44.5% mainly due to several one-off charges such as provision for impairment of investment in a quoted security (RM80 million), withholding taxes on USD bond interests at XL, regulatory compensation at TMIB and other operating expenses. The Group's actual ROE of 12.8% for financial year 2007 is higher than 2006's ROE of 11.7% and exceeded its 2007 KPI of 9.8%.

PROSPECTS FOR THE NEXT FINANCIAL YEAR ENDING 31 DECEMBER 2008

It is envisaged that the prospect for the financial year ending 31 December 2008 will continue to be exciting as well as challenging for TM Group. Pursuant to TM's Demerger announcement dated 28 September 2007, the Group will undertake a demerger of its mobile and fixed-line businesses, which is targeted to be completed by the second quarter 2008. The exercise will result in the creation of two separate telecommunication entities, with distinct business strategies and aspirations, namely, RegionCo (TM International Berhad) as the regional mobile entity and FixedCo (TM) as the domestic broadband entity.

The prospects for FixedCo, which encompasses the retail, domestic and global wholesale fixed-line voice, data and broadband services continue to be exciting. After arresting the revenue decline in 2007, FixedCo in 2008 aims to stabilise its revenue and create momentum by focusing on Internet, Data Services, and Value Added Services for consumers and businesses in line with the PIP launched in 2006. Additionally, efforts will concentrate on the implementation of the recently announced High Speed Broadband (HSBB) network, in partnership with the Government of Malaysia.

RegionCo which comprised TM International Group and Celcom is expected to continue to register further revenue growth in 2008. This is in line with its aspiration to become the leading regional mobile operator. On the international front, RegionCo will continue to strengthen its market share and improve its financial position in Sri Lanka, Bangladesh, Indonesia and Cambodia. RegionCo will also try to expand its presence in the South/South East Asia regions by selectively looking for new investment opportunities.

Even though the domestic mobile industry is reaching saturation point, Celcom is still expected to register revenue growth in 2008. This is expected to be achieved through well crafted strategies targeted at specific customer segments, as well as the introduction of new, exciting and competitive products. However RegionCo will have to be mindful of the challenges and risks facing its international operations, where unfavourable changes in political regimes, regulations and currency exchange rates may have adverse financial impact.

Barring any unforeseen circumstances, the Board of Directors expects the Group's performance for the financial year ending 31 December 2008 to remain favourable.

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