AXIATA GROUP BERHAD (242188-H)

(Incorporated in Malaysia)

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited results of the Group for the financial period ended 30 June 2009.

UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT

	2ND QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/6/2009	30/6/2008	30/6/2009	30/6/2008
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	RM '000	RM '000	RM '000	RM '000
OPERATING REVENUE	**3,163,524**	2,929,612	**6,030,351**	5,651,539
OPERATING COSTS				
- depreciation, impairment and amortisation	**(820,373)**	(537,904)	**(1,405,362)**	(1,014,932)
- foreign exchange gains/(losses)	**134,180**	(4,290)	**167,643**	(1,941)
- other operating costs	**(1,919,977)**	(1,713,844)	**(3,741,945)**	(3,318,113)
OTHER OPERATING INCOME	**120,189**	63,394	**291,695**	88,654
OPERATING PROFIT BEFORE FINANCE COST	**677,543**	736,968	**1,342,382**	1,405,207
Finance income	**29,065**	24,046	**62,878**	36,130
Finance cost	**(260,600)**	(196,608)	**(525,091)**	(294,408)
Foreign exchange gains/ (losses)	**397,895**	(7,205)	**148,185**	32,862
NET FINANCE INCOME/(COST)	**166,360**	(179,767)	**(314,028)**	(225,416)
JOINTLY CONTROLLED ENTITIES				
- share of results (net of tax)	**6,752**	(5,262)	**(21,190)**	2,980
ASSOCIATES				
- share of results (net of tax)	**27,966**	23,443	**62,668**	31,092
PROFIT BEFORE TAXATION	**878,621**	575,382	**1,069,832**	1,213,863
TAXATION	**(306,710)**	(183,902)	**(448,081)**	(372,189)
PROFIT FOR THE PERIOD	**571,911**	391,480	**621,751**	841,674
ATTRIBUTABLE TO:				
- equity holders of the Company	**526,837**	366,638	**590,732**	769,337
- minority interests	**45,074**	24,842	**31,019**	72,337
PROFIT FOR THE PERIOD	**571,911**	391,480	**621,751**	841,674
EARNINGS PER SHARE (sen) (Note B11)				
- basic	**6**	7	**9**	14
- diluted	**6**	-	**9**	-

(The above Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009

	AS AT 30/6/2009 UNAUDITED	AS AT 31/12/2008 AUDITED
	RM '000	RM '000
SHARE CAPITAL	8,445,154	3,753,402
SHARE PREMIUM	1,972,964	1,494,954
OTHER RESERVES	6,548,093	5,968,367
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	16,966,211	11,216,723
MINORITY INTERESTS	530,138	480,790
TOTAL EQUITY	17,496,349	11,697,513
Borrowings	13,726,275	10,546,052
Provision for liabilities	136,222	120,706
Deferred tax liabilities	1,035,301	777,263
DEFERRED AND LONG TERM LIABILITIES	14,897,798	11,444,021
	32,394,147	**23,141,534**
INTANGIBLE ASSETS	8,403,612	8,326,345
PROPERTY, PLANT AND EQUIPMENT	15,773,417	14,959,670
INVESTMENT PROPERTY	2,031	2,036
PREPAID LEASE PAYMENTS	344,280	328,352
JOINTLY CONTROLLED ENTITY	1,042,768	1,013,202
ASSOCIATES	7,126,172	1,589,905
INVESTMENTS	180,571	5,914,428
LONG TERM RECEIVABLES	126,340	358
DEFERRED TAX ASSETS	157,939	141,188
Inventories	43,430	77,263
Trade and other receivables	1,539,909	1,539,878
Marketable securities	7	6
Tax recoverable	119,651	129,035
Cash and bank balances	3,341,499	3,330,731
CURRENT ASSETS	5,044,496	5,076,913
Trade and other payables	4,389,509	4,538,473
Borrowings	1,187,300	5,413,299
Amounts due to former holding company	-	4,063,613
Current tax liabilities	230,670	195,478
CURRENT LIABILITIES	5,807,479	14,210,863
NET CURRENT LIABILITIES	(762,983)	(9,133,950)
	32,394,147	**23,141,534**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	201	299

(The above Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2009

	Issued and fully paid ordinary shares of RM1 each	Attributable to equity holders of the Company							
	Share Capital RM '000	Share Premium RM '000	Currency Translation Differences RM '000	Capital Contribution Reserves RM '000	Merger Reserves RM '000	ESOS Reserves RM '000	Retained Profits RM '000	Minority Interests RM '000	Total Equity RM '000
At 1 January 2009	**3,753,402**	**1,494,954**	**(658,456)**	**16,598**	**346,774**	**-**	**6,263,451**	**480,790**	**11,697,513**
Currency translation differences arising during the financial period :									
- subsidiaries	-	-	113,135	-	-	-	-	18,529	131,664
- jointly controlled entities	-	-	50,485	-	-	-	-	-	50,485
- associates	-	-	(178,595)	-	-	-	-	-	(178,595)
Net (loss)/gain not recognised in the Income Statement	-	-	(14,975)	-	-	-	-	18,529	3,554
Profit for the financial period	-	-	-	-	-	-	590,732	31,019	621,751
Total recognised (expense)/income for the financial period	**-**	**-**	**(14,975)**	**-**	**-**	-	**590,732**	**49,548**	**625,305**
Rights issue during the financial period	4,691,752	563,010	-	-	-	-	-	-	5,254,762
Rights issue expenses set off against share premium reserves	-	(85,000)	-	-	-	-	-	-	(85,000)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(200)	(200)
ESOS - value of employee services	-	-	-	-	-	3,969	-	-	3,969
At 30 June 2009	**8,445,154**	**1,972,964**	**(673,431)**	**16,598**	**346,774**	**3,969**	**6,854,183**	**530,138**	**17,496,349**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2008

	Attributable to equity holders of the Company								
	Issued and fully paid ordinary shares of RM1 each								
	Share Capital RM '000	Share Premium RM '000	Currency Translation Differences RM '000	Capital Contribution Reserves RM '000	Merger Reserves RM '000	ESOS Reserves RM '000	Retained Profits RM '000	Minority Interests RM '000	Total Equity RM '000
At 1 January 2008 (as previously reported)	35,693	58,329	(312,800)	824	(20,885)	-	4,015,324	670,998	4,447,483
- Effect of merger method of accounting	3,541,700	259,300	-	8,289	367,659	-	1,750,144	4,750	5,931,842
At 1 January 2008 (as restated)	**3,577,393**	**317,629**	**(312,800)**	**9,113**	**346,774**	**-**	**5,765,468**	**675,748**	**10,379,325**
Currency translation differences arising during the financial period :									
- subsidiaries	-	-	37,054	-	-	-	-	(11,610)	25,444
- jointly controlled entities	-	-	(87,190)	-	-	-	-	-	(87,190)
- associates	-	-	(12,715)	-	-	-	-	-	(12,715)
Net loss not recognised in the Income Statement	-	-	(62,851)	-	-	-	-	(11,610)	(74,461)
Profit for the financial period	-	-	-	-	-	-	769,337	72,337	841,674
Total recognised (expense)/income for the financial period	**-**	**-**	**(62,851)**	**-**	**-**	**-**	**769,337**	**60,727**	**767,213**
Acquisition of subsidiaries	176,009	1,205,630	-	-	-	-	-	(207,829)	1,173,810
Demerger expenses set off against share premium reserves	-	(14,740)	-	-	-	-	-	-	(14,740)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(29,548)	(29,548)
Dilution of equity interest in a subsidiary	-	-	-	-	-	-	-	139	139
ESOS - value of employee services	-	-	-	(22,006)	-	-	-	-	(22,006)
At 30 June 2008	**3,753,402**	**1,508,519**	**(375,651)**	**(12,893)**	**346,774**	**-**	**6,534,805**	**499,237**	**12,254,193**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2009

	FOR THE FINANCIAL PERIOD ENDED 30/6/2009 UNAUDITED RM '000	ENDED 30/6/2008 UNAUDITED RM '000
Receipts from customers	5,924,951	5,588,473
Payments to suppliers and employees	(3,112,256)	(3,870,424)
Payment of finance cost	(559,148)	(257,089)
Payment of income taxes (net of refunds)	(189,947)	(212,603)
CASH FLOWS FROM OPERATING ACTIVITIES	**2,063,600**	**1,248,357**
Disposal of property, plant and equipment	1,705	23,527
Purchase of property, plant and equipment	(2,054,314)	(2,499,811)
Purchase of other intangible assets	-	(40,100)
Additional investment in a subsidiary company	(10,000)	-
Additional investment in associated companies	(5,175)	-
Loans to employees	100	(35)
Interest received	61,272	36,130
CASH FLOWS USED IN INVESTING ACTIVITIES	**(2,006,412)**	**(2,480,289)**
Proceeds from Rights Issue	5,254,763	-
Proceeds from ESOS share issuance	-	234
Proceeds from borrowings	5,637,086	4,543,243
Repayments of borrowings	(6,822,245)	(2,661,329)
Dividends paid to minority interests	(200)	(29,549)
Dividends received from associates	45,982	-
Rights issue expenses	(85,000)	-
Net repayment to former holding company	(4,063,613)	-
CASH FLOWS (USED)/FROM FINANCING ACTIVITIES	**(33,227)**	**1,852,599**
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,961	620,667
EFFECT OF EXCHANGE RATE CHANGES	25,376	(2,570)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	**3,236,757**	**1,889,543**
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	**3,286,094**	**2,507,640**

(The above Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

1. Basis of Preparation

(a) The unaudited interim financial statements for the financial period ended 30 June 2009 of the Group have been prepared in accordance with Financial Reporting Standards ("FRS") 134 Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ["Bursa Securities (now known as 'Main Market')], and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2008. The accounting policies, method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2008 Audited Financial Statements.

(b) The principal closing rates [units of Malaysian Ringgit ("RM") per foreign currency] used in translating significant balances are as follows:

Foreign Currency	Exchange Rate At 30 June 2009	Exchange Rate At 31 Dec 2008	Exchange Rate At 30 June 2008
US Dollar ("USD")	3.51500	3.45250	3.27000
Sri Lanka Rupee ("SLR")	0.03059	0.03055	0.03038
Bangladesh Taka ("BDT")	0.05103	0.05001	0.04777
Indonesian Rupiah ("IDR")	0.00034	0.00032	0.00036
Pakistani Rupee ("PKR")	0.04318	0.04363	0.04801
Singapore Dollar ("SGD")	2.42816	2.41012	2.40633
Thai Baht ("BTH")	0.10320	0.09927	0.09796
Iran Riyal ("IRR")	0.00035	0.00035	0.00036
Indian Rupee ("INR")	0.07361	0.07101	0.07621

2. Seasonal or Cyclical Factors

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

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

The Group's performance for the current quarter and financial period to date has taken into account of the following:

(a) During the current quarter and financial period to date, the Group recognised net foreign exchange gains of RM532.1 million and RM315.8 million respectively mainly arising from the revaluation of USD borrowings and net payables.

(b) During the current quarter and financial period to date, PT Excelcomindo Pratama Tbk Group ("XL") recorded RM39.1 million and RM123.7 million post-tax gain respectively, arising from the derecognition of its dark fibre optic lines as a result of a finance lease arrangements.

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

(c) During the financial period to date, Dialog Telekom PLC Group ("Dialog") recorded a provision of RM8.8 million for its voluntary retirement scheme.

(d) During the financial period to date, Celcom (Malaysia) Berhad ("Celcom") Group had revised replacement plans for its Packet Core ("PaCo") equipment. As a result of the change, the net book value of PaCo equipment was depreciated over the revised estimated useful life up to 31 December 2009.

(e) During the current quarter, Dialog recognised an accelerated depreciation charge of RM187.5 million arising from network modernisation plan.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 June 2009 other than as mentioned above and in Part A, 9 and Part B, 7 of this announcement.

4. Material Changes in Estimates

Other than as disclosed in Part A, 3 (d) and (e) of this announcement, there were no material changes in estimates reported in the current financial quarter under review.

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

(a) On 31 March 2009, Axiata Group Berhad ("Axiata or the Company") paid an amount of RM2,000.0 million of the RM4,025.0 million debt owed to its former holding company, Telekom Malaysia Berhad ("TM"). Subsequently, on 24 April 2009, the Company paid the remaining RM2,025.0 million in line with the specified timeline stipulated in the Demerger Agreement. The balance of RM38.6 million amount due to TM was fully paid on 14 May 2009.

(b) On 6 May 2009, the Company issued a total of 4,691,752,475 ordinary shares of RM1 each at the issue price of RM1.12 per ordinary share under the renounceable rights issue ("Rights Issue") of the Company to raise gross proceeds of approximately RM5,254.8 million. In conjunction with the above, the issued and paid-up capital of the Company increased from RM 3,753.4 million to RM 8,445.2 million.

As at 19 August 2009, the status of the proposed utilisation of proceeds raised under the Rights Issue which was completed following the listing of and quotation of the Rights Shares on the Main Board of Bursa Securities *(now known as "Main Market")* on 11 May 2009, are as set out below:

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

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

Purpose	Proposed utilisation	Actual utilisation	Intended timeframe for utilisation	Deviation		Explanation/ Status
	RM mil	RM mil		RM mil	%	
Repayment of identified borrowings and/or bridging loans taken to repay such borrowings	5,150.0	5,129.8	Q2'09	20.2	0.4	The identified borrowings have been fully repaid. The remaining portion of RM20.2 million will be reclassified for working capital purposes
Payment of expenses relating to the Rights Issue	85.0	85.0	Q2'09	-	-	Expenses relating to the Rights Issue have been fully settled
Working capital	19.8	-	As and when required	19.8	-	The proceeds allocated for working capital will be used as and when required
Total	**5,254.8**	**5,214.8**		**40.0**	**0.8**	

Aside from the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 30 June 2009.

6. Dividends Paid

No dividends have been paid during the financial period ended 30 June 2009.

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

7. Segmental Information

Segmental information for the financial period ended 30 June is as follows:

By Geographical Segment

2009

All amounts are in RM '000	**Malaysia**	**Indonesia**	**Bangladesh**	**Sri Lanka**	**Others**	**Total**
Operating Revenue						
Total operating revenue	2,997,977	1,923,320	467,799	540,914	108,459	**6,038,469**
Inter-segment *	(3,745)	-	-	-	(4,373)	**(8,118)**
External operating revenue	2,994,232	1,923,320	467,799	540,914	104,086	**6,030,351**
Results						
Segment results	932,256	286,977	83,110	(250,172)	(1,484)	**1,050,687**
Other operating income						**291,695**
Operating profit before finance cost						**1,342,382**
Finance income						**62,878**
Finance cost						**(525,091)**
Foreign exchange gains						**148,185**
Jointly controlled entities - share of results (net of tax)					(21,190)	**(21,190)**
Associates - share of results (net of tax)					62,668	**62,668**
Profit before taxation						**1,069,832**
Taxation						**(448,081)**
Profit for the financial period						**621,751**

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

7. Segmental Information (continued)

2008

All amounts are in RM '000	Malaysia	Indonesia	Bangladesh	Sri Lanka	Others	Total
Operating Revenue						
Total operating revenue	2,684,315	1,998,136	344,574	548,191	97,479	5,672,695
Inter-segment *	(22,848)	-	-	-	1,692	(21,156)
External operating revenue	2,661,467	1,998,136	344,574	548,191	99,171	5,651,539
Results						
Segment results	823,684	399,427	27,283	56,913	9,246	1,316,553
Other operating income						88,654
Operating profit before finance cost						1,405,207
Finance income						36,130
Finance cost						(294,408)
Foreign exchange gains						32,862
Jointly controlled entities						
- share of results (net of tax)					2,980	2,980
Associates						
- share of results (net of tax)					31,092	31,092
Profit before taxation						1,213,863
Taxation						(372,189)
Profit for the financial period						841,674

* Inter-segment operating revenue has been eliminated at the respective segment operating revenue. The inter-segment operating revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

8. Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment brought forward from the previous audited financial statements. The Group does not adopt a revaluation policy on its property, plant and equipment.

9. Material Events Subsequent to the End of the Quarter

On 4 August 2009, the Board of XL approved for XL to undertake a proposed rights issue ("Proposed XL Rights Issue") consisting of ordinary shares of Rp100 each and mandatory convertible notes ("MCN") to raise gross proceeds of approximately USD 300.0 million.

The size of equity, final issue price of the ordinary shares and conversion price of MCN in relation to the Proposed XL Rights Issue will be determined later and released at a later date. Major shareholders of XL, namely, the Company and Emirates Telecommunications Corporation International Indonesia Ltd have both agreed to fully subscribe to their rights entitlement under the Proposed XL Rights Issue.

The Proposed XL Rights Issue is subject to the approval of the shareholders of XL at an Extraordinary General Meeting of Shareholders to be held sometime this year and is planned to be completed in Fourth Quarter 2009.

As at 19 August 2009, save for the above and status update on corporate proposals mentioned in Part B, 7 of this announcement, there were no other material events subsequent to the balance sheet date that requires disclosure or adjustments to the unaudited interim financial statements to date.

10. Effects of Changes in the Composition of the Group

There were no other changes in the composition of the Group for the financial period to date except for the following:

(a) Tune Talk Sdn Bhd ("Tune Talk")

Celcom, a wholly-owned subsidiary of the Company, had, on 23 December 2008, entered into a Subscription Agreement and Shareholders' Agreement with Tune Ventures Sdn Bhd, Tune Strategic Investments Limited, 6 individuals and Tune Talk, in relation to Celcom's investment in Tune Talk.

Pursuant to the Subscription Agreement, Celcom subscribed for 2,625,000 ordinary shares of RM1 each, representing 38.17% of the enlarged issued and paid-up share capital of Tune Talk, for a cash consideration of RM2.625 million. The investment in Tune Talk was completed on 16 February 2009.

The investment in Tune Talk did not have any significant impact on the Group for the financial period to date.

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

(b) C-Mobile Sdn Bhd ("C-Mobile")

On 19 February 2009, CT Paging Sdn Bhd ("CT Paging"), a wholly-owned subsidiary of Celcom, entered into a Shares Sale Agreement with I-Mobile International Co Ltd ("I-Mobile") for the acquisition of I-Mobile's entire 51% equity interest in C-Mobile for a total purchase consideration of RM2.55 million ("Acquisition of I-Mobile's interest in C-Mobile"). The acquisition of I-Mobile's interest in C-Mobile is in line with its strategic objective to align and rationalise its various trade touch-points. The acquisition of I-Mobile's interest in C-Mobile was completed on 2 March 2009. As a result, C-Mobile, a 49% associate company, became a wholly-owned subsidiary of CT Paging.

On 24 March 2009, CT Paging subscribed to a further 10,000,000 new ordinary shares of RM1 each in C-Mobile for a total cash consideration of RM10.0 million ("Additional Share Subscription in C-Mobile"). Pursuant to the Additional Share Subscription in C-Mobile, the issued and paid-up share capital of C-Mobile increased from 5,000,000 ordinary shares of RM1 each to 15,000,000 ordinary shares of RM1 each.

The acquisition did not have any significant impact to the Group for the financial period to date.

(c) Idea Cellular Limited ("Idea")

The shareholders of Idea had, at an Extraordinary General Meeting ("EGM") held on 25 June 2009, approved the amendments of Idea's Articles of Association to incorporate 'special rights' accorded to the Company so long as the Company holds at least 10% of the issued share capital of Idea ("Amending Articles"). The provisions of the Amending Articles are as outlined in the Subscribers Agreement dated 25 June 2008 between the Company and its wholly-owned subsidiary, TMI Mauritius Ltd ("TMI Mauritius") and Idea in relation to the subscription by TMI Mauritius of approximately 14.99% of the enlarged issued and paid-up share capital of Idea ("Base Shareholding Level"), which amongst others includes:

i) Axiata's rights upon further issue of ordinary shares ("Idea Shares") by Idea

Any offer of Idea Shares or any other convertible securities into Idea Shares or right to call for the issue of Idea Shares which will cause for dilution in shareholding of Axiata's interest is to be offered to Axiata or its nominees as to maintain the Base Shareholding Level on a full diluted basis or at a rate agreed at any time.

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

(d) Idea Cellular Limited ("Idea") (continued)

ii) Axiata's Directors

Axiata will have the right to:

- nominate to, and/or remove or replace from, the Board, one Director ("Nominee Director"); and
- nominate and / or remove or replace the Nominee Director as a member of the Audit Committee of the Company ("Audit Committee Nominee").

iii) Proceedings of the Audit Committee

Idea will cause full details of all transfer or obligations or any other material transactions or arrangements between Idea and any of its affiliates regardless of whether or not a price is charged to be disclosed to the Audit Committee at least once every quarter ("Related Party Transactions"). If the Audit Committee raises any concern in relation to such Related Party Transactions, Idea will act in accordance with the recommendation of the Audit Committee.

Based on the above, the Directors of the Company have reassessed the status of the Proposed Merger between Spice Communications Limited ("Spice") and Idea (as detailed in Part B, 7 (b)) and of the view that the process to achieve 20.11% stake in the merged Idea is procedural in nature and merely to satisfy formality requirements where the possibility of non-achievement of the same is remote. In view of the above, the Board has resolved that the Company is deemed to be able to exercise significant influence over the operational and financial policies of Idea notwithstanding the current stake at the Base Shareholding Level and thus, Idea could be equity account with effect from 25 June 2009.

The recognition of Idea as an associated company did not have any significant impact on the Group's result for the financial year to-date except for relevant reclassification of Idea from long term investment to investment in associate in the Group Balance Sheet.

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

11. Changes in Contingent Liabilities since the Last Annual Balance Sheet Date

On 23 March 2009, the Company issued a corporate guarantee to Oversea-Chinese Banking Corporation Limited, Labuan Branch ("OCBC") in consideration of OCBC granting and making available to Dialog a 6-year term loan facility of up to a maximum aggregate principal amount of USD100.0 million with the option to request from OCBC for an additional loan facility not exceeding the maximum aggregate principal amount of USD50.0 million.

Save for the above, there were no material changes in contingent liabilities (other than material litigation disclosed in Part B, 10 of this announcement) since the latest audited financial statements of the Group for the financial year ended 31 December 2008.

12. Capital Commitments

	Group	
	30/6/2009	30/6/2008
Property, plant and equipment	**RM '000**	RM '000
Commitments in respect of expenditure approved and contracted for	971,266	914,990
Commitments in respect of expenditure approved but not contracted for	820,867	1,171,317

13. Additional Disclosure Requirements

Pursuant to the letter of approval from Securities Commission ("SC") dated 30 January 2008 in relation to the TM Group's Demerger, the Company is required to disclose in its quarterly announcement, the status of application of the Celcom Group physical structures for both transmission towers and rooftop sites ("Outdoor Structures") to Bursa Securities (now known as "Main Market") until all approvals are obtained.

The status of the application of Outdoor Structures owned by Celcom Group as at 19 August 2009 is as follows:

(a) 114 Outdoor Structures are pending approval from local authorities; and

(b) initial applications for 49 outdoor structures have been declined. Celcom Group is in the midst of appealing to the relevant local authorities with respect to such applications.

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

1. Review of Performance

(a) Quarter-on-Quarter

Group's revenue for the current quarter ("Q2'09") of RM3,163.5 million grew by 8.0% from RM2,929.6 million recorded in the second quarter 2008 ("Q2'08") attributed to the higher contribution from Celcom and Axiata (Bangladesh) Ltd ("AxB").

In local currency, XL recorded a positive quarter-on-quarter revenue growth. However in RM translated result, XL's revenue in the current quarter declined by 2.0% against Q2'08 due to the depreciation of IDR against RM.

In local currency, Dialog and Telekom Malaysia International (Cambodia) Company Limited ("TMIC") recorded a quarter-on-quarter revenue decline of 3.5% and 17.4% respectively. Downward tariff revision by Dialog in fourth quarter 2008 continued its adverse effect of its revenue in Q2'09. TMIC's operation continues to be challenging with 9 operators in the market. Major operators are facing intense competition on pricing and new operators are offering free SIM cards and free minutes to capture market share.

The strengthening of RM against domestic currencies of operating companies ("OPCO") had unfavourably affected the Group's translated revenue in Q2'09. At constant currency, current quarter revenue would have registered a growth of 8.6%.

Quarter-on-quarter, Group's other operating cost increased by 12.0% from RM1,713.8 million to RM1,920.0 million, driven by Celcom and XL. Celcom's other operating cost increased by 15.2% in tandem with the increase in marketing and product promotion activities and 3G network expansion. In XL, other operating cost increased by 4.1% driven by higher manpower cost, rental and maintenance expenses from the increase in base transceiver stations ("BTS").

The Group's profit after tax ("PAT") of RM571.9 million in Q2'09, was 46.1% higher as compared to RM391.5 million recorded in Q2'08. The current quarter profit was positively impacted by pre-tax foreign exchange gains of RM532.1 million as opposed to RM11.5 million pre-tax foreign exchange losses reported in Q2'08. Group's PAT was however negated by the increase in depreciation, impairment and amortisation from RM537.9 million in Q2'08 to RM820.4 million in the current quarter. The hike was primarily driven by Dialog's accelerated depreciation charge of RM187.5 million arising from its network modernisation plan.

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

1. Review of Performance (continued)

(b) Year-on-Year

For the first half of the financial year ("1H 2009"), the Group's revenue improved by 6.7%, from RM5,651.5 million recorded in first half of 2008 ("1H 2008") to RM6,030.4 million. This was primarily attributed to the higher achievement in Celcom and AxB. Celcom and XL remained as the major contributors towards the Group's revenue while AxB's contribution had improved from 6.1% in the 1H 2008 to 7.8% in 1H 2009.

The Group recorded a 229.2% increase in other operating income for 1H 2009 from RM88.6 million to RM291.7 million. The increase was mainly driven by XL's one-off gain of RM150.8 million arising from derecognition of its dark fibre optic lines as a result of a finance lease arrangement.

The Group's other operating cost increased by 12.8% from RM3,318.1 million in 1H 2008 to RM3,741.9 million in 1H 2009 mainly from Celcom , XL, Dialog and AxB. The increase in Celcom was mainly due to higher outgoing traffic and 3G network expansion. In XL, operating costs was driven by higher manpower cost and maintenance expenses from the increase in BTS.

The Group's PAT was RM621.8 million, a 26.1% lower against PAT of RM841.7 million reported in 1H 2008. Apart from the higher other operating cost which increased by RM423.8 million from the previous corresponding period, the lower PAT achievement was resulted from higher depreciation, impairment and amortisation which was driven by Dialog's accelerated depreciation charge of RM187.5 million arising from network modernisation plan. The Group recorded higher net finance cost of RM203.9 million, to RM462.2 million in 1H 2009. Higher finance cost was predominantly driven by the financing of investment in Idea.

The Group's PAT was positively impacted by pre-tax higher foreign exchange gain of RM315.8 million recorded in 1H 2009 as compared to pre-tax foreign exchange gain of RM30.9 million in 1H 2008. The higher pre-tax foreign exchange gain in 1H 2009 was due to the weakening of USD against IDR, RM and other local currencies.

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

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Results

For the current quarter under review, the Group recorded revenue of RM3,163.5 million, a 10.3% growth from RM2,866.8 million revenue achieved in first quarter 2009 ("Q1'09"). Amidst the continuous intense competition, all operating companies except TMIC showed positive revenue growth in local currencies.

The fluctuation of RM against local currencies had favourably affected the overall Group's translated revenue. At constant currency, the Group's revenue growth would have slipped by 1.9 percentage points to 8.4%.

The Group's other operating cost increased by 5.4% from Q1'09 to Q2'09 driven by Celcom and XL. The increase in other operating cost from Celcom and XL was mainly due to marketing and product promotion activities, 3G network expansion and maintenance expenses from the increase in BTS.

The Group recorded PAT of RM571.9 million in Q2'09, a significant improvement from RM49.8 million posted in Q1'09. This was primarily attributable to the pre-tax foreign exchange gain in current quarter of RM532.1 million as opposed to pre-tax foreign exchange loss of RM216.2 million.

Dialog recorded a higher loss after tax in the current quarter mainly resulted from the accelerated depreciation charge of RM187.5 million arising from network modernisation plan.

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

1. Review of Performance (continued)

(d) Economic Profit Statement

	2ND QUARTER ENDED		**FINANCIAL PERIOD ENDED**	
	30/06/2009 RM '000	30/06/2008 **RM '000**	**30/06/2009 RM '000**	30/06/2008 **RM '000**
EBIT*	**712,261**	755,149	**1,383,860**	1,439,279
Less: Adjusted Tax (25%) / 2008: (26%)	178,065	196,339	345,965	374,212
NOPLAT**	**534,196**	558,810	**1,037,895**	1,065,067
AIC***	3,208,612	2,573,290	6,417,224	5,146,580
WACC****	7.48%	9.87%	7.96%	9.18%
Economic Charge (AIC*WACC)	**240,004**	253,984	**510,811**	472,456
Economic Profit	**294,192**	304,826	**527,084**	592,611

*	EBIT	= Earnings before Interest & Taxes
**	NOPLAT	= Net Operating Profit/Loss after Tax
***	AIC	= Average Invested Capital
****	WACC	= Weighted Average Cost of Capital

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

The factors contributing to the lower EP in the current quarter and financial period to date is mainly due to lower NOPLAT.

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

2. Prospects for the Remaining Quarters Up To 31 December 2009

The macro backdrop for 2009 is one of weakening economies and uncertainty thus the Group will adopt a prudent approach focusing on cost management whilst continue to lay the foundation towards achieving our long term aspiration of becoming a regional champion. The Group will continue to have a strong focus on continued operational efficiencies at the major subsidiaries whilst preserving the momentum of sequential improvements.

On 27 April 2009, the Group announced its Headline Key Performance Indicators (“KPIs”) guidance for the financial year ending 31 December 2009. Based on 1H 2009 Group’s performance, the Board of Directors expects that the Group’s full year revenue, EBITDA growth will be at the higher end of the KPIs range and annualized Return on Equity moderately above the earlier guidance for the financial year ending 31 December 2009. This guidance is subject to foreign exchange rates fluctuation or other external factors that could materially affect our second half year performance.

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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 30 June 2009.

4. Taxation

The taxation charge for the Group comprises:

	2ND QUARTER ENDED		**FINANCIAL PERIOD ENDED**	
	30/06/2009	30/06/2008	**30/06/2009**	30/06/2008
	RM ‘000	RM ‘000	**RM ‘000**	RM ‘000
Malaysia				
Income Tax:				
Current year	**(109,104)**	(132,382)	**(221,372)**	(240,492)
Prior year	**-**	-	**(24)**	-
	(109,104)	(132,382)	**(221,396)**	(240,492)
Overseas				
Income Tax:				
Current year	**(849)**	(46,108)	**(2,343)**	(70,667)
Prior year	**(1)**	6	**3**	(66)
	(850)	(46,102)	**(2,340)**	(70,733)
Deferred tax (net):				
Current year	**(196,756)**	(5,418)	**(224,345)**	(60,964)
Total Taxation	**(306,710)**	**(183,902)**	**(448,081)**	(372,189)

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

4. Taxation (continued)

The current quarter effective tax rate of the Group was higher than the statutory tax rate mainly due to higher profits incurred by the subsidiaries and origination of deferred tax liabilities in second quarter.

The financial period effective tax rate of the Group was higher than statutory tax rate mainly attributed to expenses not allowable for tax deduction, the different taxation rates of other countries, tax loss of subsidiaries not subject to deferred tax provision due to tax exemption status and origination of deferred tax liabilities.

5. Profit on Sale of Unquoted Investments and/or Properties

There were no material sales of unquoted investments or disposal of properties which significantly affected the results of the Group during the financial period.

6. Purchase and Disposal of Quoted Securities

There were no purchase and disposal of quoted securities during the financial period.

7. Status of Corporate Proposals

(a) Proposed Issuance of up to 10% of the Issued and Paid-Up Share Capital of the Company

On 10 December 2007, the Board of TM proposed, amongst others, to obtain a shareholders' mandate ("Shareholders' Mandate") for the issuance of up to 10% of the issued and paid-up share capital of the Company ("Proposed Issue"). In connection with the above, the SC had, vide its letter dated 30 January 2008, given its approval for, amongst others, the Proposed Issue. The shareholders of TM had at the EGM held on 6 March 2008 approved, amongst others, the Shareholders' Mandate on the Proposed Issue and the issuance by the Company to Employees Provident Fund Board of up to 30% of the number of shares available under the Shareholders' Mandate.

As the approval of the SC on the Proposed Issue had expired on 29 July 2008, an application was made to the SC on 14 July 2008 for an extension of time up to 29 January 2009 for the Company to undertake the Proposed Issue. SC had, vide its letter dated 28 July 2008, approved the extension of time on the Proposed Issue.

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

7. Status of Corporate Proposals

(a) Proposed Issuance of up to 10% of the Issued and Paid-Up Share Capital of the Company (continued)

Further to the above, an application was submitted to SC on 15 January 2009 to extend further the period for the Company to implement the Proposed Issue. SC had vide its letter dated 22 January 2009 approved the extension of time of up 29 July 2009 for the Company to implement the Proposed Issue. The approval by the SC for the Proposed Issue had already lapsed and is no longer in force. In view of the amendments to the Capital Markets and Services Act 2007 effective 3 August 2009, the approval of the SC is no longer required for equity offering exercises such as the Proposed Issue.

(b) Proposed Merger between Spice and Idea

On 25 June 2008, the Company, inter-alia, announced the Proposed Merger of Spice into Idea in accordance with a scheme of arrangement under Sections 391 to 394 of the Companies Act, 1965 of India ("Proposed Merger").

Following the completion on 13 August 2008 of the subscription by TMI Mauritius Ltd, a wholly-owned subsidiary of the Company, of 464,734,670 new ordinary shares of Rs.10 each in Idea, representing approximately 14.99% of the enlarged issued and paid-up share capital of Idea after the subscription, for a total cash consideration of Rs.72,944.8 million (approximately RM5,536.5 million) or Rs.156.96 (approximately RM11.91) per Idea's Shares. Upon the completion of the Proposed Merger, the Group will have an equity interest of approximately 19.30% in the merged Idea, on a fully diluted basis. In addition, the Group will have a call option to further increase the Group's stake in Idea to approximately 20.11%.

As of 19 August 2009, the Proposed Merger has yet to be completed. However, as disclosed in Part A, 10 (c), the Board had on 26 August 2009 resolved to equity account Idea with effect from 25 June 2009.

(c) Performance-Based Employee Share Option Scheme ("ESOS") for Eligible Employees and Executive Directors of the Group

On 10 February 2009, the Company, inter-alia, announced the Proposed Performance-Based ESOS for eligible employees and Executive Directors of the Group ("Proposed Option Scheme"). The Proposed Option Scheme was approved by the Shareholders of the Company at an EGM held on 24 March 2009.

The Company had on 16 April 2009 implemented the Proposed Option Scheme by offering to eligible staff. As of 19 August 2009, all eligible staff have accepted the Proposed Option Scheme.

7. Status of Corporate Proposals (continued)

(d) Members' Voluntary Winding-Up of TR Components Sdn Bhd ("TR Components")

On 16 April 2009, the Company announced on inter-alia, the commencement of members' voluntary winding-up of its wholly-owned subsidiary held via Celcom namely, TR Components pursuant to Section 254(1)(b) of the Companies Act, 1965 ("Winding-Up of TR Components").

The Final Meeting in relation to the Winding-Up of TR Components was held on 21 July 2009.

Pursuant to Section 272(5) of the Companies Act 1965, TR Components would be dissolved with effect from 20 October 2009.

(e) Members' Voluntary Winding Up of TR International Limited ("TRIL")

On 31 July 2009, the Company announced the commencement of members' voluntary winding-up of its wholly-owned subsidiary held via Celcom namely, TR International Limited pursuant to Section 228 of the Hong Kong Companies Ordinance ("Winding-Up of TRIL") and appointment of the liquidators ("Liquidators") on even date.

Barring any unforeseen circumstances, the Winding-Up of TRIL is expected to be completed within 8 months from the date of appointment of the Liquidators.

Save as disclosed above, there is no other major corporate proposal announced and not completed as at the latest practicable date.

8. Group's Borrowings and Debt Securities

(a) Breakdown of the Group's borrowings and debt securities as at 30 June are as follows:

	30/6/2009		30/6/2008	
	Short Term Borrowings RM '000	**Long Term Borrowings RM '000**	Short Term Borrowings RM '000	Long Term Borrowings RM '000
Secured	310,822	3,656,630	255,107	1,499,832
Unsecured	876,478	10,069,645	1,558,246	4,187,878
Subtotal	**1,187,300**	**13,726,275**	**1,813,353**	**5,687,710**
Interest Bearing Amount due to TM - Unsecured	-	-	4,025,000	-
Total	**1,187,300**	**13,726,275**	**5,838,353**	**5,687,710**

8. Group's Borrowings and Debt Securities (continued)

(b) Foreign currency borrowings and debt securities in RM equivalent as at 30 June are as follows:

Foreign Currency	2009 RM '000	2008 RM '000
US Dollar	6,018,692	2,558,269
Indonesian Rupiah	3,176,315	2,802,359
Bangladesh Taka	90,093	420,514
Pakistani Rupee	103,632	115,219
Sri Lanka Rupee	756,007	276,102
Singapore Dollar	567,876	577,520
Total	**10,712,615**	**6,749,983**

9. Off Balance Sheet Financial Instruments

The details and the financial effects of the hedging derivatives that the Group has entered into are described in Note 35 to the audited financial statements of the Group for the year ended 31 December 2008. The additional off balance sheet financial instruments and material updates since the last financial year up to 30 June 2009 is as follows:

(a) Interest Rate Swap (IRS)

(i) On 9 February 2009, XL entered into an interest rate swap contract with a financial institution to hedge the payment of the semi annual interest of a long term loan in USD where the principal is installed every six months. Based on the contracts commencing on 11 February 2009, XL will pay fixed interest as follows:

Notional Amount	Fixed Interest Rate	Interest Exchange Period
USD 198,667,400	2.575%	15 July 2009
USD 183,385,293	2.575%	15 January 2010
USD 168,103,185	2.575%	15 July 2010
USD 152,821,077	2.575%	15 January 2011
USD 137,538,969	2.575%	15 July 2011
USD 122,256,862	2.575%	15 January 2012
USD 106,974,754	2.575%	15 July 2012
USD 91,692,647	2.575%	15 January 2013
USD 76,410,539	2.575%	15 July 2013
USD 61,128,431	2.575%	15 January 2014
USD 45,846,323	2.575%	15 July 2014
USD 30,564,215	2.575%	15 January 2015
USD 15,282,108	2.575%	15 July 2015

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

9. Off Balance Sheet Financial Instruments (continued)

(ii) On 2 April 2009, XL entered into an interest rate swap contract with a financial institution to hedge the payment of the semi annual interest of a long term loan in USD where the principal is installed every six months. Based on the contracts commencing on 6 April 2009, XL will pay fixed interest as follows:

(a) Interest Rate Swap (IRS) (continued)

Notional Amount	Fixed Interest Rate	Interest Exchange Period
USD 114,752,122	2.3225%	2 October 2009
USD 105,925,035	2.3225%	1 April 2010
USD 97,097,949	2.3225%	1 October 2010
USD 88,270,863	2.3225%	1 April 2011
USD 79,443,777	2.3225%	1 October 2011
USD 70,616,690	2.3225%	1 April 2012
USD 61,789,604	2.3225%	1 October 2012
USD 52,962,518	2.3225%	1 April 2013
USD 44,135,431	2.3225%	1 October 2013
USD 35,308,345	2.3225%	1 April 2014
USD 26,481,258	2.3225%	1 October 2014
USD 17,654,173	2.3225%	1 April 2015
USD 8,827,086	2.3225%	1 October 2015

(b) Forward Foreign Currency Contracts

Details of the forward foreign currency contracts as at 30 June 2009 are as follows:

(i)

Type of contracts	Note	Notional amount (USD 'million)	Strike rate (full amount)
Deliverable	(1)	87.5	USD1= IDR9,000
Non Deliverable	(1)	37.5	USD1= IDR9,000
Deliverable	(2)	15.3	USD1= IDR11,505
Deliverable	(3)	15.3	USD1= IDR12,129
Total		**155.6**	

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

9. Off Balance Sheet Financial Instruments (continued)

(b) Forward Foreign Currency Contracts (continued)

Below are details of the forward foreign currency contracts:

(1) Forward Foreign Currency Contracts – Due in 2013

	Bank	**Notional amount (USD 'million)**	**Strike rate**	**Settlement**
a)	JPMorgan Securities (S.E.A.) Limited	25,000,000	USD1 = IDR9,000	NDF
b)	Standard Chartered Bank	25,000,000	USD1 = IDR9,000	Deliverable
c)	Standard Chartered Bank	25,000,000	USD1 = IDR9,000	Deliverable
d)	Standard Chartered Bank	25,000,000	USD1 = IDR9,000	Deliverable
e)	JP Morgan Chase Bank	12,500,000	USD1 = IDR9,000	Deliverable
f)	JPMorgan Securities (S.E.A.) Limited	12,500,000	USD1 = IDR9,000	NDF
	Total	**125,000,000**		

The Premium on the forward foreign currency contracts will be paid semi-annually. The hedging instruments above are deliverable and non deliverable (NDF) types. The total transaction for deliverable is USD87.5 million (4 items) and USD37.5 million (2 items) for NDF.

On the deliverable contract; XL would swap, at the final exchange date (termination date) in 2013, a total of IDR787.5 billion for USD87.5 million.

On the non deliverable contract; XL would swap, at the final exchange date (termination date) in 2013:

- If settlement rate at expire time is less than IDR9,000, XL would pay the banks USD37.5 million x (IDR9,000 – settlement rate)
- If settlement rate at expire time is more than IDR9,000, the banks would pay XL USD37.5 million x (settlement rate - IDR9,000)
- If settlement rate at expire time is equal to IDR9,000, no exchange payments between the banks and XL.

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

9. Off Balance Sheet Financial Instruments (continued)

(b) Forward Foreign Currency Contracts (continued)

(2) Forward Foreign Currency Contracts – Due in 2009

	Bank	Notional amount (USD 'million)	Strike rate	Settlement
a)	The Royal Bank of Scotland	15,300,000	USD 1 = IDR 11,505	Deliverable

(3) Forward Foreign Currency Contracts – Due in 2010

	Bank	Notional amount (USD 'million)	Strike rate	Settlement
a)	Standard Chartered Bank	15,300,000	USD 1 = IDR 12,129	Deliverable

(ii)

Type of contracts	Note	Notional amount (USD 'million)	Strike rate (full amount)
Deliverable	(1)	4.0	USD 1= IDR 11,848
Deliverable	(1)	2.8	USD 1= IDR 11,850
Deliverable	(1)	2.0	USD 1= IDR 11,839
Deliverable	(2)	2.0	USD 1= IDR 12,417
Deliverable	(2)	2.8	USD 1= IDR 12,265
Deliverable	(2)	2.0	USD 1= IDR 12,260
Deliverable	(2)	2.0	USD 1= IDR 12,150
Total		**17.6**	

Below are the details of the forward foreign currency contracts:

(1) Forward Foreign Currency Contracts – Due in 2009

	Bank	Notional amount	Strike rate	Settlement
i)	DBS Indonesia	USD 4,000,000	USD 1=IDR 11,848	Deliverable
ii)	JP Morgan Indonesia	USD 2,800,000	USD 1=IDR 11,850	Deliverable
iii)	The Royal Bank of Scotland	USD 2,000,000	USD 1=IDR 11,839	Deliverable

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

9. Off Balance Sheet Financial Instruments (continued)

(b) Forward Foreign Currency Contracts (continued)

(2) Forward Foreign Currency Contracts – Due in 2010

	Bank	**Notional amount**	**Strike rate**	**Settlement**
i)	DBS Indonesia	USD 2,000,000	USD 1=IDR 12,417	Deliverable
ii)	The Royal Bank of Scotland	USD 2,800,000	USD 1=IDR 12,265	Deliverable
iii)	DBS Indonesia	USD 2,000,000	USD 1=IDR 12,260	Deliverable
iv)	DBS Indonesia	USD 2,000,000	USD 1=IDR 12,150	Deliverable

There are no premiums for the forward foreign currency contract, that due in 2009 and 2010.

All hedging instruments are executed with creditworthy financial institutions with a view to limit the credit risk exposure of the Group.

(c) Cross Currency Swap

Underlying Liability

RM 2,400.0 million Term Loan Facility

On 4 August 2008, the Company obtained term loan facility of RM2,400.0 million with a financial institution. The loan will be based on a floating rate of interest at quarterly interval of 3 months COF plus 0.23% margin per annum. The loan will mature on 7 August 2009. As at 31 December 2008, RM1,728.7 million have been swapped for USD currency. As at 31 March 2009, the facility has been extended for three years to mature on 6 May 2012. From 6 May 2009, the loan is based on a floating rate of interest at 1, 2, 3, 6 and 12 months' Cost of Fund plus 0.75%. As at 30 June 2009, the amount outstanding is RM2,400.0 million.

Hedging Instrument

On 15 July 2009, the Company re-entered into a cross-currency swap ("CRS") contract with a financial institution. Based on the contract, the Company would swap, at the final exchange date (termination date) on 17 August 2009, a total of RM1,642.4 million for USD500 million. The Company will make monthly payment in USD at the amount of USD500 million times floating rate of interest and will receive payment in RM amounting to RM1,642.4 million times floating rate of interest.

9. Off Balance Sheet Financial Instruments (continued)

(c) Cross Currency Swap (continued)

On 20 July 2009, the Company re-entered into CRS contract with a financial institution. Based on the contract, the Company would swap, at the final exchange date (termination date) on 20 August 2009, a total of RM86.3 million for USD26 million. The Company will make monthly payment in USD at the amount of USD26 million times floating rate of interest and will receive payment in RM amounting to RM86.3 million times floating rate of interest.

There are no other material changes since the latest audited financial statements of the Group for the financial year ended 31 December 2008 on cross currency swap.

10. Material Litigation

I. There is no change in status of the material litigation case as disclosed under Property, Plant and Equipment in the audited financial statement of the Group for the year ended 31 December 2008.

II. Below are the updates of material litigation pertaining to Celcom as disclosed in the audited financial statements of the Group for the year ended 31 December 2008. Save as disclosed below, there is no change in status of each of the material litigation as disclosed in the audited financial statements of Axiata Group for the year ended 31 December 2008.

(a) Rego Multi-Trades Sdn Bhd (“Rego”) vs Aras Capital Sdn Bhd (“Aras Capital”) and Tan Sri Dato’ Tajudin Ramli (“TSDTR”)

In 2005, Rego, a wholly-owned subsidiary of Celcom commenced proceedings against Aras Capital and TSDTR for amounts due to Rego pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. The sum claimed in the proceedings is RM261.9 million as at 30 November 2004 together with interests and costs. TSDTR filed its defense and instituted a counterclaim against Rego, Technology Resources Industries Berhad (“TRI”) and its Directors to void and rescind the indemnity letter and also claim damages. Subsequently, Rego, TRI and its directors filed their respective applications to strike-out TSDTR’s counterclaim which were later dismissed by the Registrar. Rego, TRI and its Directors then filed their respective appeals to the Judge in Chambers.

Rego and TRI withdrew their respective appeals. The Directors’ appeal which was initially fixed for hearing on 6 July 2009 has been adjourned to 20 November 2009. The trial dates which were fixed for hearing on 5, 6, 8 and 9 October 2009 have been vacated pending the disposal of the Directors’ appeal.

10. Material Litigation (continued)

(a) Rego Multi-Trades Sdn Bhd ("Rego") vs Aras Capital Sdn Bhd ("Aras Capital") and Tan Sri Dato' Tajudin Ramli ("TSDTR") (continued)

The Directors, based on legal advice received, are of the view that it has good prospects of succeeding on the claim and successfully defending the counterclaim if the same were to proceed to trial.

(b) MCAT GEN Sdn Bhd ("MCAT") vs Celcom

In November 2005, MCAT commenced 2 proceedings against Celcom, in particular, for (i) libel based on certain alleged press releases made by Celcom which appeared in the New Straits Times, Utusan Malaysia, Harian Metro and Berita Harian ("Local Newspapers") ("1st Suit"); and (ii) breach of contract on an alleged Resellers Agreement between Celcom and MCAT ("2nd Suit"). Subsequently in December 2005, MCAT's directors filed a claim against Celcom for libel based on certain alleged press releases which appeared in the Local Newspapers ("3rd Suit").

(i) 1st Suit

In the 1st Suit, MCAT is seeking, amongst other remedies, damages for libel in the sum of RM1 billion, an injunction restraining Celcom from further publishing any similar allegedly defamatory words, a public apology, interests and costs. Celcom filed a defence on the grounds that there was no concluded contract between the parties and, that its statements were published by third parties and, in any event, not defamatory of MCAT. It also instituted a counterclaim against MCAT for passing off its products and services as those of Celcom's, implying a trade association with Celcom when no such association exists and for misrepresenting itself as a reseller of its products and services, and filed an application to strike out MCAT's claim.

Celcom filed an application to strike out the claims which were dismissed by the High Court. Celcom filed an appeal to the Court of Appeal against the Court's decision to dismiss its application to strike out MCAT's claim. No dates have been fixed yet.

The 1st Suit has been consolidated with the 3rd Suit by the Court.

On 22 July 2009, the solicitors received a letter from the Kuala Lumpur High Court informing the parties that the trial dates on 27 and 28 August 2009 have been vacated and the matter was fixed for case management on 31 July 2009 before the Deputy Registrar under the new Tracking System.

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

10. Material Litigation (continued)

(b) MCAT GEN Sdn Bhd ("MCAT") vs Celcom (continued)

(i) 1st Suit (continued)

Subsequently, the solicitors advised that on the case management date, the Court vacated the other trial dates of 28, 29 & 30 September 2009 and 1 & 2 October 2009 and fixed the matter for case management on 26 October 2009.

(ii) 2nd Suit

In respect of the 2nd Suit, MCAT is seeking, amongst other remedies, specific performance of the Reseller Agreement, damages in the sum of RM765.1 million and damages in lieu or in addition to specific performance. Celcom's position is that it did not enter into the Reseller Agreement and there is no agreement between the parties. In 2006, MCAT unsuccessfully applied for an injunction to restrain Celcom from entering into a similar agreement with any other party that would be detrimental to MCAT's alleged rights under the Reseller Agreement and from disclosing any confidential information to third parties.

The Court granted Celcom's application for security for costs and MCAT has paid an aggregate of RM250,000 into the Court. Celcom's application to strike out parts of MCAT's claim was however dismissed by the Court. The trial commenced in June 2007 and continued in May 2008, February 2009, March 2009, July 2009 and August 2009. The trial is fixed for continued trial on 2 to 5 November 2009.

(iii) 3rd Suit

In respect of the 3rd Suit, the MCAT's directors are seeking, amongst other remedies, an aggregate amount of RM1.01 billion in damages, aggravated and exemplary damages, a retraction of the allegedly defamatory statements and an injunction restraining Celcom from further publishing any similar allegedly defamatory words. Celcom filed its defence and striking out application on the same grounds as its defence in the 1st Suit. It also filed a counterclaim against Mohd Razi bin Adam for a breach of his employment contract with Celcom and his fiduciary duties as an employee of Celcom prior to his joining MCAT as its chief executive officer. Celcom also applied for an injunction to restrain him from disclosing confidential information acquired by him as an employee of Celcom.

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

10. Material Litigation (continued)

(b) MCAT GEN Sdn Bhd ("MCAT") vs Celcom (continued)

Celcom filed an application to strike out the claims which were dismissed by the High Court. Celcom filed an appeal to the Court of Appeal against the Court's decision to dismiss its striking out application. No hearing date has been fixed yet. The proceedings will be heard only after the 1st Suit has been disposed off. The matter is fixed for case management on 1 September 2009.

The Directors, based on legal advice received, are of the view that the crystallisation of liability from the three (3) cases above is remote.

(c) Pengurusan Danaharta Nasional Berhad ("Danaharta") and 2 Others vs TSDTR (By Original Claim) , TSDTR vs Celcom, Technology Resources Industries Berhad ("TRI") and 22 Others

In June 2006, Celcom and TRI were served with a Defence and Counterclaim by TSDTR in connection with proceedings initiated against him by Danaharta and two others. Celcom, TRI and the other 22 defendants were joined in these proceedings via the counterclaim. Subsequently, in July 2006 TSDTR filed and served an Amended Defence and Amended Counterclaim on Celcom/TRI's solicitors.

TSDTR is seeking from Celcom, TRI and 9 others jointly and/or severally, amongst others, the following relief:

(i) the sum of RM6.246 million (TRI shares at RM24 per share);
(ii) general damages to be assessed;
(iii) aggravated and exemplary damages to be assessed;
(iv) damages for conspiracy to be assessed;
(v) an account of all sums paid under the Facility Agreement and to Danaharta and its subsidiaries by TSDTR and received by Danaharta arising from the sale of the TRI shares and the Naluri Corporation Berhad shares;
(vi) an assessment of all sums due to be repaid by Danaharta to TSDTR as a result of overpayment by TSDTR to Danaharta;
(vii) an Order that Danaharta forthwith pays all sums adjudged to be paid to TSDTR under prayer (vi);
(viii) an Account of all dividends and/or payments received by TM arising out of or in relation to the TRI (now Celcom) Shares;
(ix) an Order that TM forthwith pays all sum adjudged to be paid to TSDTR under prayer (viii); and
(x) damages for breach of contract against Danaharta to be assessed

10. Material Litigation (continued)

(c) Pengurusan Danaharta Nasional Berhad ("Danaharta") and 2 Others vs TSDTR (By Original Claim) , TSDTR vs Celcom, TRI and 22 Others (continued)

In addition, TSDTR is also seeking, *inter alia*, from all the 24 Defendants the following relief:

(i) the sum of RM7.214 million;
(ii) damages for conspiracy to be assessed;
(iii) a declaration that the Vesting Certificates are illegal and ultra vires that the Danaharta Act and/or unconstitutional against the provisions of the Federal Constitution and/or against Public Policy and void;
(iv) a declaration that the Settlement Agreement is illegal and ultra vires the Danaharta Act and/or the Federal Constitution and is void and unenforceable pursuant to S.24 of the Contracts Act 1950 inter alia as being against Public Policy;
(v) a declaration that all acts and deeds carried out and all agreements executed by Danaharta is illegal and unenforceable;
(vi) an order that all contracts, agreements, transfers, conveyances, dealings, acts or deeds whatsoever carried out and executed by Danaharta hereby declared as null and void and set aside;
(vii) all necessary and fit orders and directions as may be required to give full effect to the aforesaid declarations and orders;
(viii) damages to be assessed;
(ix) aggravated and exemplary damages to be assessed;
(x) interest at the rate of 8% per annum on all sums adjudged to be paid by the respective Defendants to the counterclaim to TSDTR from the date such loss and damage was incurred to the date of full payment; and
(xi) costs

The Court dismissed Celcom/TRI's application to strike out the Amended Counterclaim. Celcom/TRI appealed to Judge in Chambers and the appeal has been vacated pending the disposal of all applications to adduce further evidence filed by TSDTR. The application to adduce further evidence is fixed for hearing before the Judge on 28 September 2009. Once disposed, the Court will fix the hearing date of Celcom/TRI's appeal.

TSDTR has successfully applied to re-amend the Amended Counterclaim to include 14 additional defendants, 11 of whom are present or former directors/officers of the TM Group and Celcom/TRI. Celcom/TRI had on the same day filed an appeal to the Judge in Chambers and the matter is fixed for hearing on 18 December 2009.

10. Material Litigation (continued)

(c) Pengurusan Danaharta Nasional Berhad ("Danaharta") and 2 Others vs TSDTR (By Original Claim) , TSDTR vs Celcom, TRI and 22 Others (continued)

The present and former officers of Celcom/TRI (36th to 38th defendants in the re-amended counterclaim) have filed an application to strike out the counterclaim against them. It is fixed for mention on 28 September 2009, pending exchange of affidavits.

The Directors, based on legal advice received, are of the view that the crystallisation of liability from the above is remote.

(d) TRI vs TSDTR, Bistamam Ramli ("BR") and Dato' Lim Kheng Yew ("DLKY)

TRI filed a claim against TSDTR, BR and DLKY ("Defendants"), being former directors of TRI for the recovery of a total sum RM55.8 million which was paid to the Defendants as compensation for loss of office and incentive payment and also the return of two (2) luxury vehicles which were transferred to the first two Defendants.

On 18 September 2006, TRI was served with a copy of the 1st and 2nd Defendants' Defence and Counterclaim. This matter is fixed for hearing on 5 to 7 April and 12 to 14 April 2010. This matter is also fixed for case management on 16 October 2009.

The Directors have been advised that TRI has good prospect of success in respect of the claim.

(e) Mohd Shuaib Ishak ("MSI") vs Celcom and 13 Others

In November 2007, MSI filed a legal suit against Celcom seeking from Celcom and 13 others (including the former and existing directors of TM and Celcom) jointly and/or severally, inter alia, the following:

(i) a Declaration that the Sale and Purchase Agreement dated 28 October 2002 ("SPA") between Celcom and TM (or Telekom Enterprise Sdn Bhd ("TESB")) for the acquisition by Celcom of the shares in TM Cellular Sdn Bhd (*now known as Celcom Mobile Sdn Bhd*) ("Celcom Mobile"), and all matters undertaken thereunder including but not limited to the issuance of shares by Celcom are illegal and void and of no effect;

10. Material Litigation (continued)

(e) Mohd Shuaib Ishak ("MSI") vs Celcom and 13 Others (continued)

(ii) a Declaration that all purchases of shares in Celcom made by TESB and/or TM and/or parties acting in concert with them with effect from and including the date of the Notice of the Mandatory Offer dated 3 April 2003 issued by Commerce International Merchant Bankers Berhad *(now known as CIMB)* are illegal and void and of no effect;

(iii) all necessary and fit orders and directions as may be required to give effect to the aforesaid Declarations as the Court deemed fit including but not limited to directions for the rescission of all transfers of shares of Celcom made after the Notice of Mandatory Offer for shares in Celcom dated 3 April 2003;

(iv) that TM by itself, its servants and agents be restrained from giving effect to or executing any of the proposals relating to the proposed demerger of the mobile and fixed-line businesses of the TM Group; and

(v) various damages to be assessed.

In December 2007, Celcom and its directors filed their respective applications to strike out the suit and the hearing dates for the striking out applications are fixed for hearing on 15 October 2009.

The Directors are of the view that the claims made by MSI are not sustainable and accordingly will take steps to strike out the action.

(f) MSI vs former/existing directors of Celcom and TM

In February 2008, MSI commenced proceedings seeking leave to bring a derivative action in Celcom's name under Section 181A (1) of the Companies Act 1965 ("Statutory Derivative Action").

The Statutory Derivative Action is against, inter alia, the former and existing directors of Celcom and TM for failing to obtain the consent of DeTeAsia Holding GmbH pursuant to the Amended and Restated Supplemental Agreement ("ARSA") dated 4 April 2002 prior to entering into the SPA with TM for the acquisition by Celcom of the shares in Celcom Mobile.

10. Material Litigation (continued)

(f) MSI vs former/existing diretors of Celcom and TM (continued)

MSI alleged that the directors are liable for damages calculated by reference to the difference between the Buy Out Offer price of RM7 per Celcom's share under the ARSA and the price of RM2.75 per Celcom's share under the Mandatory General Offer undertaken by TM through TESB in respect of Celcom. In July 2008, the Court allowed the proceedings and Celcom's solicitors had on the same day filed an appeal to the Court of Appeal. On 23 March 2009, Celcom's appeal was heard and on 27 March 2009, the Court of Appeal allowed Celcom's appeal with costs.

Following the Court of Appeal decision to allow Celcom's appeal, MSI had on 24 April 2009 filed a notice of motion (leave to appeal to Federal Court). The notice of motion was fixed for case management before the Registrar of the Federal Court on 11 May 2009. The Registrar then fixed the notice of motion for hearing on 2 November 2009.

The Directors are of the view that the claims made by MSI are not sustainable and accordingly will take steps to strike out the action.

11. Earnings Per Share ("EPS")

(a) Basic EPS

	2ND QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/06/2009	30/06/2008	**30/06/2009**	30/06/2008
Basic EPS				
Profit attributable to equity holders of the Company (RM '000)	**526,837**	366,638	**590,732**	769,337
Weighted average number of ordinary shares, as previously reported ('000)	**-**	3,694,732	**-**	3,636,063
Basic EPS, as previously reported (sen)	**-**	10	**-**	21
Adjusted weighted average number of shares including effects of Rights Issue ('000)	**8,219,477**	5,425,206	**6,872,897**	5,339,057
Basic EPS, including effects of Rights Issue (sen)	**6**	7	**9**	14

Basic EPS of the Group was calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the period.

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

11. Earnings Per Share ("EPS") (continued)

(b) Diluted EPS

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	2ND QUARTER ENDED	FINANCIAL PERIOD ENDED
	30/06/2009	**30/06/2009**
Diluted EPS		
Profit attributable to equity holders of the Company (RM '000)	**526,837**	**590,732**
Adjusted weighted average number of shares including effects of Rights Issue ('000)	**8,219,477**	**6,872,897**
Adjustment for the Company's ESOS	**13,017**	**23,706**
Weighted average number of diluted ordinary shares for computation of diluted EPS ('000)	**8,232,494**	**6,896,603**
Diluted EPS (sen)	**6**	**9**

Diluted EPS was not presented for 2nd quarter and financial period ended 30 June 2008 since there were no dilutive potential ordinary shares.

12. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2008 were not subject to any material qualification.

13. Dividends

No interim dividend was recommended for the financial period ended 30 June 2009.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
26 August 2009