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 31 March 2010.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1ST QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/3/2010	31/3/2009 Restated	31/3/2010	31/3/2009 Restated
	RM '000	RM '000	RM '000	RM '000
OPERATING REVENUE	**3,812,685**	2,911,353	**3,812,685**	2,911,353
OPERATING COSTS				
- depreciation, impairment and amortisation	**(678,591)**	(597,664)	**(678,591)**	(597,664)
- foreign exchange (losses)/gains	**(46,467)**	33,463	**(46,467)**	33,463
- other operating costs	**(2,134,379)**	(1,809,293)	**(2,134,379)**	(1,809,293)
- other losses - net	**(23,519)**	-	**(23,519)**	-
OTHER OPERATING INCOME	**319,590**	126,980	**319,590**	126,980
OPERATING PROFIT BEFORE FINANCE COST	**1,249,319**	664,839	**1,249,319**	664,839
Finance income	**18,500**	33,813	**18,500**	33,813
Finance cost	**(174,610)**	(264,491)	**(174,610)**	(264,491)
Foreign exchange gains/ (losses)	**70,256**	(249,710)	**70,256**	(249,710)
NET FINANCE COST	**(85,854)**	(480,388)	**(85,854)**	(480,388)
JOINTLY CONTROLLED ENTITY				
- share of results (net of tax)	**(141,939)**	(27,942)	**(141,939)**	(27,942)
- gain from merger exercise	**173,199**	-	**173,199**	-
ASSOCIATES				
- share of results (net of tax)	**26,048**	34,702	**26,048**	34,702
- loss on dilution of equity interest	**(3,362)**	-	**(3,362)**	-
PROFIT BEFORE TAXATION	**1,217,411**	191,211	**1,217,411**	191,211
TAXATION	**(260,753)**	(141,371)	**(260,753)**	(141,371)
PROFIT FOR THE FINANCIAL PERIOD	**956,658**	49,840	**956,658**	49,840
OTHER COMPREHENSIVE (LOSS)/INCOME				
- currency translation differences arising from consolidation	**(167,695)**	**91,655**	**(167,695)**	**91,655**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**788,963**	**141,495**	**788,963**	**141,495**
PROFIT FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO:				
- owners of the Company	**921,475**	63,895	**921,475**	63,895
- minority interests	**35,183**	(14,055)	**35,183**	(14,055)
PROFIT FOR THE FINANCIAL PERIOD	**956,658**	**49,840**	**956,658**	**49,840**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ATTRIBUTABLE TO:				
- owners of the Company	**768,211**	141,198	**768,211**	141,198
- minority interests	**20,752**	297	**20,752**	297
	788,963	**141,495**	**788,963**	**141,495**
EARNINGS PER SHARE (sen) (Note B12)				
- basic	**11**	1	**11**	1
- diluted	**11**	-	**11**	-

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/3/2010 UNAUDITED	AS AT 31/12/2009 RESTATED
	RM '000	RM '000
CAPITAL AND RESERVES		
Share capital	8,445,154	8,445,154
Share premium	1,972,964	1,972,964
Other reserves	8,090,471	7,765,967
Total capital and reserves attributable to owners of the Company	18,508,589	18,184,085
Minority interests	1,273,309	696,363
Total equity	19,781,898	18,880,448
NON-CURRENT LIABILITIES		
Borrowings	9,701,480	10,173,464
Derivative financial instruments	38,452	-
Provision for liabilities	217,238	208,915
Deferred tax liabilities	1,292,487	1,247,758
Total non-current liabilities	11,249,657	11,630,137
	31,031,555	**30,510,585**
NON-CURRENT ASSETS		
Intangible assets	7,663,626	8,563,450
Property, plant and equipment	15,804,507	16,174,436
Investment property	2,025	2,027
Jointly controlled entity	-	1,006,277
Associates	8,151,932	7,209,558
Available-for-sale / investments	847	180,567
Derivative financial instruments	21,829	-
Long term receivables	173,163	129,876
Deferred tax assets	175,967	180,429
Total non-current assets	31,993,896	33,446,620
CURRENT ASSETS		
Inventories	50,641	35,344
Trade and other receivables	3,693,746	1,559,158
Financial assets at fair value through profit or loss	7	7
Tax recoverable	82,426	97,054
Cash and bank balances	2,848,825	2,006,172
Total current assets	6,675,645	3,697,735
CURRENT LIABILITIES		
Trade and other payables	4,736,347	4,263,067
Borrowings	2,284,298	2,149,374
Derivative financial instruments	363,823	-
Current tax liabilities	253,518	221,329
Total current liabilities	7,637,986	6,633,770
Net current liabilities	(962,341)	(2,936,035)
	31,031,555	**30,510,585**
Net assets per share attributable to ordinary owners of the Company (sen)	219	215

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

		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 2010 (as previously reported)		**8,445,154**	**1,972,964**	**(524,717)**	**16,598**	**346,774**	**11,179**	**7,916,133**	**696,363**	**18,880,448**
Efffect of adoption of FRS139	Note A 2(e)	-	-	-	-	-	-	(458,750)	(3,664)	(462,414)
At 1 January 2010 (as restated)		8,445,154	1,972,964	(524,717)	16,598	346,774	11,179	7,457,383	692,699	18,418,034
Profit for the financial period		-	-	-	-	-	-	921,475	35,183	956,658
Other comprehensive income:										
Currency translation differences arising during the financial period :										
- subsidiaries		-	-	(26,642)	-	-	-	-	(14,431)	(41,073)
- jointly controlled entity		-	-	54,539	-	-	-	-	-	54,539
- associates		-	-	(181,161)	-	-	-	-	-	(181,161)
		-	-	(153,264)	-	-	-	-	(14,431)	(167,695)
Partial disposal of interest in a subsidiary		-	-	8,224	-	-	-	-	559,858	568,082
Employees' share option scheme - value of employee services		-	-	-	-	-	6,819	-	-	6,819
At 31 March 2010		**8,445,154**	**1,972,964**	**(669,757)**	**16,598**	**346,774**	**17,998**	**8,378,858**	**1,273,309**	**19,781,898**

(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 2009)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

	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 2009	**3,753,402**	**1,494,954**	**(658,456)**	**16,598**	**346,774**	**-**	**6,263,451**	**480,790**	**11,697,513**
Profit for the financial period	-	-	-	-	-	-	63,895	(14,055)	49,840
Other comprehensive income:									
Currency translation differences arising during the financial period :									
- subsidiaries	-	-	57,712	-	-	-	-	14,352	72,064
- jointly controlled entity	-	-	16,468	-	-	-	-	-	16,468
- associates	-	-	3,123	-	-	-	-	-	3,123
	-	-	77,303	-	-	-	-	14,352	91,655
At 31 March 2009	**3,753,402**	**1,494,954**	**(581,153)**	**16,598**	**346,774**	**-**	**6,327,346**	**481,087**	**11,839,008**

(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 2009)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD

	ENDED 31/3/2010 RM '000	ENDED 31/3/2009 RM '000
Receipts from customers	3,726,082	2,694,483
Payments to suppliers and employees	(2,055,916)	(1,460,631)
Payment of finance cost	(139,709)	(224,875)
Payment of income taxes (net of refunds)	(148,546)	(107,009)
CASH FLOWS FROM OPERATING ACTIVITIES	**1,381,911**	**901,968**
Disposal of property, plant and equipment	531	1,705
Purchase of property, plant and equipment	(392,043)	(1,061,485)
Additional investment in a subsidiary company	-	(15,175)
Loans to employees	61	(47)
Interest received	18,500	33,813
CASH FLOWS USED IN INVESTING ACTIVITIES	**(372,951)**	**(1,041,189)**
Proceeds from borrowings	450,470	3,215,705
Repayments of borrowings	(608,430)	(468,045)
Net repayment to former holding company	-	(2,000,000)
CASH FLOWS (USED)/FROM FINANCING ACTIVITIES	**(157,960)**	**747,660**
NET INCREASE IN CASH AND CASH EQUIVALENTS	851,000	608,439
EFFECT OF EXCHANGE RATE CHANGES	(16,935)	6,615
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	**1,980,229**	**3,236,757**
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	**2,814,294**	**3,851,811**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

1. Basis of Preparation

The unaudited financial statements for the financial period ended 31 March 2010 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 Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2009 ("2009 Audited Financial Statements").

2. Accounting Policies

The accounting policies, method of computation and basis of consolidation applied in the audited interim financial statements are consistent with those used in the preparation of the 2009 Audited Financial Statements except for the adoption of new standards, amendments to standards and IC Interpretations ("IC") that are mandatory for the Group for the financial period beginning 1 January 2010. The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial information of the Group except for the adoption of the following standards as set out below:

(a) Presentation of Financial Statements [FRS 101 (revised)] - Presentation of Financial Statements)

The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes equity" to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in the statement of comprehensive income which can be shown as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in a single statement. Comparatives have been restated to conform with current period presentation.

(b) Segment information (FRS 8 – Operating Segments)

Operating segments are now reported in a manner consistent with the internal reporting provided to the chief operating decision maker, which has been identified as the key operating companies ("Opcos"). The adoption of FRS 8 has not resulted in a significant change in the number of reportable segments presented. Segment information is disclosed in Part A, 8 of this announcement.

2. Accounting Policies (continued)

(c) Operating Revenue (FRS 118 - Revenue)

Income from rental of tower of the Group are now classified as part of operating revenue as the Group considers the business of tower rental as arising in the course of the ordinary activities of the Group. Comparative information has been restated as follows:

	Quarter Ended/ Financial Period Ended 31/03/2009		
Consolidated Statement of Comprehensive Income	As previously reported RM'000	Reclassification RM'000	As restated RM'000
• Operating revenue	2,866,827	44,526	2,911,353
• Other operating income	171,506	(44,526)	126,980

(d) Leasehold Land (Amendment to FRS 117 - Leases)

Leasehold land is classified as a finance lease if the Group has substantially all the risks and rewards incidental to ownership. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term. Following the amendment to FRS 117, the classification of leasehold land has been changed from operating to finance lease. The effect of the change which is adjusted for retrospectively is as follow:

	Financial Year Ended 31/12/2009		
	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Consolidated Statement of Financial Position			
• Property, plant and equipments	15,815,333	359,103	16,174,436
• Prepaid lease payments	359,103	(359,103)	-
	Quarter Ended/ Financial Period Ended 31/03/2009		
Consolidated Statement of Comprehensive Income			
• Depreciation, impairment and amortisation	584,989	12,675	597,664
• Other operating costs	1,821,968	(12,675)	1,809,293

2. Accounting Policies (continued)

(e) Financial Instruments (FRS 139 - Financial Instruments: Recognition and Measurement)

The Group classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivable and other financial liabilities. The classification depends on the nature of the financial instruments and the purpose for which the assets/liabilities were acquired. Management determines the classification of its financial assets and liabilities at its initial recognition. Set out below are the major changes in classifications of the financial instruments of the Group:

(i) *Loans and receivables*

Long term investment in unquoted investment, previously measured at cost and subject to impairment, are now classified as loans and receivables and measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method.

When loans and receivables are impaired, the carrying amount of the assets is reduced and the amount of the loss is recognised in profit or loss. Impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the assets' original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtors' credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(ii) *Fair value through profit or loss*

Derivative financial instruments and options held by the Group on the investments in associates were not previously recognised in the financial statements on inception. These are now recognised and measured at fair value on the date a derivative contract was entered into and are subsequently re-measured at fair value with changes in fair value recognised in profit or loss at each reporting date.

(iii) *Other financial liabilities*

Borrowings, previously measured at net proceeds received on issue are now recognised at fair value plus directly attributable transaction costs initially and subsequently, at amortised cost using the effective interest method.

2. Accounting Policies (continued)

(e) Financial Instruments (FRS 139 - Financial Instruments: Recognition and Measurement) (continued)

The Group has applied the new policies in relation to the financial instruments above in accordance with the transitional provisions in FRS 139 by recognising and re-measuring all the financial assets and financial liabilities as at 1 January 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening retained earnings as appropriate, comparatives are not restated. The effects of the changes are as follows:

	As at 1 January 2010 Audited RM'000	Effect of adoption of FRS 139 RM'000	As at 1 January 2010 After FRS139 RM'000
Retained earnings	7,916,133	(458,750)	7,457,383
Minority interests	696,363	(3,664)	692,699
		(462,414)	
Financial instruments derivatives			
-Non-current liabilities	-	(23,212)	(23,212)
-Non-current assets	-	44,195	44,195
-Current assets	-	6,498	6,498
-Current liabilities	-	(388,630)	(388,630)
Deferred tax assets	180,429	9,040	189,469
Available-for-sales/Long term Investments	180,567	(179,685)	882
Long term receivables	129,876	69,380	199,256
		(462,414)	

3. Seasonal or Cyclical Factors

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

4. 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) Net gains of RM307.5 million arising from the partial disposal of PT XL Axiata Tbk ("XL") as detailed in Part A, 11(b) of this announcement;

(b) Share of loss from the write off of licence fee amounting to RM141.0 million and RM40.0 million of Spice and Idea respectively on completion of the proposed merger of Spice and Idea on 17 March 2010; and

(c) Gain arising on the merger of Spice Communications Limited ("Spice") and Idea Cellular Limited ("Idea") of RM173.2 million as detailed in Part A, 11(a) of this announcement.

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 31 March 2010 other than as mentioned above and in Part A, 10, 11 and Part B, 7 of this announcement.

5. Material Changes in Estimates

There was no material changes in estimates reported in the current financial quarter under review.

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

(a) On 18 January 2010, XL through its subsidiary, Excelcomindo Finance Company B.V bought back its remaining USD Bond amounting to USD59.4 million at price of 103.563% of the nominal value;

(b) On 29 January and 8 February 2010, XL paid loan facility from JPMorgan Chase Bank, N.A amounted USD20.0 million and USD10.0 million accordingly;

(c) On 30 March 2010, XL paid two loan facility from Standard Chartered Bank amounted USD10.0 million and USD15.0 million accordingly; and

(d) During the current quarter, the Company has issued further grant of options over the shares of the Company under the Performance-Based Employee Share Option Scheme ("ESOS"). Details of options granted by the Company under the Performance-Based ESOS in the current quarter are as follows:

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

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

Employees of	Grant Date	Number of Options Granted ('000)	Exercise Price
The Company			
• Initial allocation for grant in 2010	24 February 2010	8,402	3.45
• Additional allocation to promotees and confirmed staff** 2009 grant	18 January 2010	2,074	3.15
Subsidiary			
• Initial allocation for grant in 2010	24 February 2010	40,976	3.45
• Additional allocation to promotees and confirmed staff** 2009 grant	18 January 2010	2,102	3.15
Total		**53,554**	

** These additional options were granted due to promotion and confirmed staff during the financial year ended 31 December 2009.

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 31 March 2010.

7. Dividends Paid

No dividends have been paid during the financial period ended 31 March 2010.

8. Segmental Information

Segmental information for the financial period ended 31 March 2010 and 31 March 2009 were as follows:

By Geographical Segment

2010

All amounts are in RM '000	Malaysia	Indonesia	Bangladesh	Sri Lanka	Others	Total
Operating Revenue						
Total operating revenue	1,681,465	1,490,626	290,335	293,952	67,234	**3,823,612**
Inter-segment *	(1,440)	-	-	-	(9,487)	**(10,927)**
External operating revenue	1,680,025	1,490,626	290,335	293,952	57,747	**3,812,685**
Results						
Segment results	551,677	372,012	23,076	29,302	(46,338)	**929,729**
Other operating income						**319,590**
Operating profit before finance cost						**1,249,319**
Finance income						**18,500**
Finance cost						**(174,610)**
Foreign exchange gains						**70,256**
Jointly controlled entity						
- share of results (net of tax)					(141,939)	**(141,939)**
- gain from merger exercise					173,199	**173,199**
Associates						
- share of results (net of tax)					26,048	**26,048**
- loss on dilution of equity interest					(3,362)	**(3,362)**
Profit before taxation						**1,217,411**
Taxation						**(260,753)**
Profit for the financial period						**956,658**

8. Segmental Information (continued)

2009 (Restated)

All amounts are in RM '000	Malaysia	Indonesia	Bangladesh	Sri Lanka	Others	Total
Operating Revenue						
Total operating revenue	1,461,120	899,683	231,559	271,466	51,748	2,915,576
Inter-segment *	(2,113)	-	-	-	(2,110)	(4,223)
External operating revenue	1,459,007	899,683	231,559	271,466	49,638	2,911,353
Results						
Segment results	453,570	79,603	23,022	(28,847)	10,511	537,859
Other operating income						126,980
Operating profit before finance cost						664,839
Finance income						33,813
Finance cost						(264,491)
Foreign exchange losses						(249,710)
Jointly controlled entity						
- share of results (net of tax)					(27,942)	(27,942)
Associates						
- share of results (net of tax)					34,702	34,702
Profit before taxation						191,211
Taxation						(141,371)
Profit for the financial period						49,840

* 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.

9. 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.

10. Material Events Subsequent to the End of the Quarter

(a) Partial disposal of 2.63% equity interest in XL

The Company had on 28 March 2010 announced the additional disposal of 153,144,000 ordinary shares of XL at IDR100 each, representing 1.8% of the issued and paid-up capital of XL via Indocel Holding Sdn Bhd ("Indocel"), a wholly owned subsidiary of the Company held via TM International (L) Limited following the exercise of the option granted to Goldman Sachs (Singapore) Pte as the sole global coordinator, on behalf of the initial purchasers for the Proposed Offering ("Option"). The disposal was completed on 9 April 2010 through the exercise of the over-allotment of the Option. Accordingly, the Group's effective equity interest in XL has further reduced from 68.49% to 66.69%.

(b) Issuance of USD300.0 million Guaranteed Notes

On 16 April 2010, the Board of Directors of the Company approved the proposed issuance of USD300.0 million Fixed Rate Guaranteed Notes ("Notes") (guaranteed by the Company) by Axiata SPV1 (Labuan) Limited, a wholly-owned subsidiary of the Company. The Notes was issued on 28 April 2010 at 99.939%, carry a coupon rate of 5.375% per annum (payable semi-annually) and have tenure of 10 years from the date of issuance (maturing on 28 April 2020).

The Notes were listed and quoted on The Stock Exchange of Hong Kong Limited on 29 April 2010 and Labuan International Financial Exchange on 7 May 2010.

(c) Cancellation of loan facility

On 9 April 2010, XL cancelled the remaining EKN Loan under Facility B amounting to USD35.7 million.

As at 20 May 2010, 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.

11. Effects of Changes in the Composition of the Group

There were no other changes in the composition of the Group for the current quarter ended 31 March 2010 except for the following:

(a) Proposed Merger between Spice and Idea ("Proposed Merger")

The Proposed Merger was completed on 17 March 2010 following the issuance to Axiata Investments 2 (India) Limited [formerly known as TMI India Ltd] ("AIL2"), a wholly owned subsidiary of the Company held via Axiata Investments 1 (India) Limited [formerly known as TMI Mauritius Ltd] of 165,650,992 ordinary shares of INR10 each in Idea in exchange for 338,063,250 ordinary shares of INR10 each in Spice held by AIL2. As a result, the Group's equity interest in Idea has increased from 14.99% to 19.10% (or 19.0% on a fully diluted basis).

In conjunction of the above merger, the Group recognised a net gain of RM173.2 million as described in Part A, 4(c) of this announcement.

(b) Partial disposal of 20.81% equity interest in XL

On 29 March 2010, Indocel disposed off 1,531,440,000 ordinary shares of IDR100 each of XL, representing 18.0% of the issued and paid-up share capital of XL at a price of IDR3,300 per ordinary share for a total gross consideration of IDR5,053.8 billion or RM1.8 billion. The disposal was in relation to proposed offering by the Company, of part of Indocel's equity interest in XL. As a result of the above, the Group's effective equity interest in XL decreased from 86.49% to 68.49%.

The Group recognised a net gain of RM307.5 million arising from the partial disposal on the above as described in Part A, 4(a) of this announcement. Proceed from the disposal was received by the Group in April 2010.

(c) Dilution on equity interest in M1 Limited ("M1")

During the current quarter, the Group's equity interest in M1, held through Sunshare Investments Ltd, a wholly owned subsidiary of the Company, decreased from 29.65% to 29.58% following the issuance of shares under M1's ESOS.

The dilution has no significant impact to the Group for the current quarter and period to-date.

12. Changes in Contingent Liabilities since the Last Annual Statement of Financial Positions Date

There were no material changes in contingent liabilities (other than material litigation disclosed in Part B, 11 of this announcement) since the 2009 Audited Financial Statements.

The Board has considered all contingent liabilities as at 31 March 2010. Based on legal advice, no provision is required for the current quarter.

13. Capital Commitments

	Group	
Property, plant and equipment	**2010 RM'000**	2009 RM'000
• Commitments in respect of expenditure approved and contracted for	**1,193,274**	1,513,311
• Commitments in respect of expenditure approved but not contracted for	**724,773**	1,240,736

14. Additional Disclosure Requirements

Pursuant to the letter of approval from the Securities Commission ("SC") dated 30 January 2008 in relation to, amongst others, the Telekom Malaysia Berhad ("TM") Group's Demerger, the Company is required to obtain the relevant approvals for the transmission towers and rooftop sites ("Outdoor Structures") of Celcom Axiata Berhad [formerly known as Celcom (Malaysia) Berhad] ("Celcom") within 2 years from the date of the SC's approval letter. In addition, the Company is also required to disclose in its quarterly announcement, the status of application of such Outdoor Structures to Bursa Securities until all approvals are obtained.

On 22 February 2010, CIMB Investment Bank Berhad had, on behalf of the Company, inter-alia, announced that the SC had, through its letter dated 12 February 2010, granted an extension of time of 2 years (i.e. up to 29 January 2012) for the Company to obtain the necessary approvals for the said Outdoor Structures.

The status of 104 Outdoor Structures (which are subject to the SC's condition above) as at 20 May 2010 is as follows:

(a) 31 Outdoor Structures are pending approval from local authorities; and

(b) Initial applications for 73 Outdoor Structures have been declined. Celcom is in the midst of appealing to the relevant local authorities with respect to such applications.

15. Update on Memorandum of Understanding ("MOU") between the Company and Huawei Technologies Co. Ltd. pursuant to Paragraph 9.29, Chapter 9 of the Main LR

There has been no material update in relation to the MOU and no subsequent agreement has been entered arising from the MOU.

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

The Group revenue grew by 31.0% in the current quarter to RM3,812.7 million from RM2,911.4 million recorded in the first quarter 2009 (“Q1’09”). The strong growth was resulted from continuous improvement in Opcos particularly in XL, Axiata (Bangladesh) Limited (“AxB”) and Celcom. XL’s revenue growth was in tandem with the increase in subscriber base. The subscribers with event, ARPM and ARPU grew by 67%, 17% and 21% respectively. AxB revenue grew by 25.4% compared to Q1’09 mainly resulted from increased in prepaid usage. Celcom revenue grew by 15.1% mainly due to increase in revenue generating base of 12%.

The depreciation of RM in current quarter against IDR had favourably affected the Group’s translated revenue. At constant currency using Q1’09 exchange rate, the Group revenue would have registered a lower growth of 25.9%.

The Group other operating costs increased by 18.0% to RM2,134.4 million in Q1’10 from RM1,809.3 million in Q1’09, mainly driven by Celcom, XL and AxB. Celcom recorded higher marketing costs during the quarter, which was in line with higher revenue performance and aggressive marketing programs undertaken in Q1’10. While in XL, costs increased mainly resulted from sales and marketing costs, network frequency fee and licencing fee costs, which associate with 487% increase in XL’s Blackberry subscribers. AxB recorded higher costs resulted from higher subscriber acquisition and rebranding exercise during the current quarter.

The Group other operating income increased by 151.7% to RM319.6 million in Q1’10 from RM127.0 million in Q1’09, mainly arising from one-off gain on disposal of shares in XL of RM307.5 million. The Group recorded a lower net finance costs of RM156.1 million in current quarter as compared to RM230.7 million in Q1’09 as a result of repayment of debt and reduction of overall debt position at Group level.

The Group recorded a foreign exchange gain of RM23.8 million in the current quarter as compared to loss of RM216.2 million in Q1’09 mainly due to strengthening of RM and IDR against USD.

The Group recorded a one-off gain on of RM173.2 million arising from the merger of Spice and Idea on 17 March 2010. Contribution from associates and a jointly controlled entity showed a loss of RM115.9 million compared to profit of RM6.8 million in Q1’09. This was mainly resulted from share of loss from licence fee write off of RM181.0 million in Spice and Idea merger exercise.

The Group profit after tax (“PAT”) grew significantly to RM956.7 million in Q1’10 from RM49.8 million recorded in same period last year. The higher PAT was driven by improved PAT contribution in key Opcos and one-off gain on disposal of shares in XL.

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

1. Review of Performance (continued)

(b) Comparison with Preceding Quarter's Results

The Group revenue improved by 1.5%, from RM3,756.0 million recorded in the fourth quarter 2009 ("Q4'09") to RM3,812.7 million in Q1'10. The growth was primarily attributed to higher revenue contribution from key Opcos resulted from increasing trend in subscriber base. Broadband revenue from Celcom continues to record positive growth of 14% compared to Q4'09. Celcom and XL remain as the major contributors towards the Group's revenue.

The Group other operating costs increased slightly by 0.7% to RM2,134.4 million in Q1'10 from RM2,120.3 million in Q4'09, mainly driven by AxB. The increase was resulted from higher subscriber acquisition and rebranding exercise in AxB during the current quarter.

Depreciation, amortisation and impairment in current quarter under review was lower by RM135.3 million compared to Q4'09. This was mainly resulted from higher depreciation charges in Celcom and Dialog Group in Q4'09.

The Group recorded a 609.0% increase in other operating income for the current quarter under review of RM319.6 million from RM45.1 million in Q4'09. The increase was mainly resulted from one-off gain on disposal of shares in XL of RM307.5 million.

The Group recorded a lower foreign exchange gain in Q1'10 of RM23.8 million as compared to gain of RM86.7 million in Q4'09. This was due to stable USD exchange rate against local currency of key Opcos.

The Group recorded a one-off gain on of RM173.2 million arising from the merger completion of Spice and Idea on 17 March 2010. The contribution from associates and a jointly controlled entity recorded a loss of RM115.9 million in current quarter from a profit of RM29.7 million. This was mainly due to share of loss from licence fee write off of RM181.0 million in Spice and Idea merger exercise.

The Group PAT grew by 58.8% to RM956.7 million in Q1'10 from RM602.4 million recorded in Q4'09. The higher PAT was mainly driven by improved PAT contribution from Celcom and profit contribution from Dialog Group, compared to a loss contribution in Q4'09. The growth was also resulted from one-off gain on disposal of shares in XL.

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

1. Review of Performance (continued)

(c) Economic (Loss)/Profit Statement

	Individual and Cumulative Quarter	
	31/3/2010	31/3/2009
	RM '000	RM '000
EBIT*	**1,303,265**	671,599
Less: Adjusted Tax (25%)	(325,816)	(167,900)
NOPLAT**	**977,449**	503,699
AIC***	14,628,584	3,139,496
WACC****	12.10%	6.35%
Economic Charge (AIC*WACC)	**1,770,059**	199,358
Economic (Loss)/Profit	**(792,610)**	304,341

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

Economic (Loss)/Profit 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 Group reported a higher WACC during the current quarter and financial period to-date due to higher proportion and cost of equity in conjunction with the enlarged equity base after the rights issue of the Company in the previous financial year.

The factors contributing to the higher Economic Loss in the current quarter and financial period to-date is mainly due to higher NOPLAT, AIC and offset by higher WACC.

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 2010

On 22 April 2010, the Group announced its Headline Key Performance Indicators guidance for the financial period ending 31 December 2010 ("2010 Headline KPIs"). 2010 Headline KPIs are as provided below:

Headline KPIs	**2010 Headline KPIs**
Revenue Growth (%)	12.1
Earnings before Interest, Tax, Depreciation and Amortisation Growth (%)	14.1
Return on Invested Capital (%)	10.7

2009 has seen an improvement in overall Group performance in almost all areas and in all major countries. This was due to our diligent execution of strategies across all operating companies. This has been further aided by the steady rebound seen in regional economies the Group operates in. However key risks continued to be faced by our operating companies include increasing competition and regulatory challenges. In light of this, a prudent approach focusing on cost management and operational improvements will continue to be the key focus as the Group see execution benefits of such a strategy amidst an uncertain environment.

The Group expects to face continued challenges for the financial period ending 31 December 2010 and will continue to take a long term view and adopt careful prudent measures in addressing the challenges to optimize its financial performance. Barring any unforeseen circumstances, the Board of Directors expect the Group's performance for the financial period ending 31 December 2010 would be in line with the announced KPIs.

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 31 March 2010.

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

4. Taxation

The taxation charge for the Group comprises:

	Current and Cumulative Quarter	
	31/3/2010	31/3/2009
	RM '000	RM '000
Income Tax:		
Malaysia		
Current year	**(119,670)**	(112,268)
Prior year	**(488)**	(24)
	(120,158)	(112,292)
Overseas		
Current year	**(65,609)**	(1,494)
Prior year	**4**	4
	(65,605)	(1,490)
Deferred tax (net):		
Current year	**(74,990)**	(27,589)
Total Taxation	**(260,753)**	(141,371)

The current quarter and financial period-to-date effective tax rate of the Group was lower than the statutory tax rate primarily due to gain on disposal of partial investment in a subsidiary and gain from merger exercise are not taxable for tax purposes and temporary differences not recognised.

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 current quarter and financial period.

6. Purchase and Disposal of Quoted Securities

Total disposal of quoted securities for the current quarter and financial period to-date was as follow:

	Current and Cumulative Quarter
	31/3/2010 **RM million**
Total net consideration receivable	1,764.8
Total net assets disposed	(1,457.3)
Total gain on disposal	**307.5**

7. Status of Corporate Proposal

As of 20 May 2010, there is no major corporate proposal announced and not completed.

8. Group's Borrowings and Debt Securities

(a) Breakdown of the Group's borrowings and debt securities as at 31 March were as follows:

	2010		2009	
	Short Term Borrowings RM '000	**Long Term Borrowings RM '000**	Short Term Borrowings RM '000	Long Term Borrowings RM '000
Secured	485,269	5,576,374	174,217	1,933,709
Unsecured	1,799,029	4,125,106	1,234,333	15,667,380
Subtotal	**2,284,298**	**9,701,480**	**1,408,550**	**17,601,089**
Interest Bearing Amount due to TM - Unsecured	-	-	2,025,000	-
Total	**2,284,298**	**9,701,480**	**3,433,550**	**17,601,089**

(b) Foreign currency borrowings and debt securities in RM equivalent as at 31 March were as follows:

	2010	**2009**
Foreign Currency	**RM '000**	**RM '000**
US Dollar	2,858,171	6,859,802
Indonesian Rupiah	3,576,577	2,989,204
Bangladesh Taka	54,607	106,413
Pakistani Rupee	93,192	108,792
Sri Lanka Rupee	617,764	779,675
Singapore Dollar	553,042	556,988
Total	**7,753,353**	**11,400,874**

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

9. Outstanding derivatives

(a) The detail of the Group's outstanding net derivatives financial instruments as at 31 March 2010 set out as follow:

Type of derivatives	**Notional Value RM'000**	**Fair value Favourable/ (Unfavourable) RM'000**
Forward foreign currency contracts:		
-< 1 year	86,430	(20,739)
-1 year to 3 years	-	-
-> 3 years	652,300	(7,783)
Cross currency swaps:		
-< 1 year	358,765	(29,816)
-1 year to 3 years	-	-
-> 3 years	-	-
Interest rate swaps contracts:		
-< 1 year	626,948	(11,338)
- 1 year to 3 years	-	-
-> 3 years	893,743	(12,624)
Options on investments of associates:		
- < 1 year	-	(301,930)
-> 3 years	-	3,784
Total		(380,446)

(b) The credit and price risk associated with the forward foreign currency contracts and the policies in place for mitigating such risks were disclosed in 2009 Audited Financial Statements. The accounting policy adopted by the Group to account for the forward foreign currency contracts is set out in Part A, 2(e) of this announcement.

10. Fair value changes of financial liabilities

During the current quarter and financial period to-date, the Group recognised a total net gain of RM5.6 million arising from the fair value changes on the derivatives financial instruments which are marked to market as at date of statement of financial position.

11. Material Litigation

The status of the material litigation of the Group as summarised below:

(a) Rego Multi-Trades Sdn. Bhd. ("Rego") vs Aras Capital Sdn Bhd ("Aras Capital") & 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 of RM 261.8 million as at 30 November 2004 pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim of RM100.0 million against Rego, Technologies Resources Industries Berhad ("TRI") and its directors to void and rescind the indemnity letter and claim damages. Rego, TRI and the directors filed their respective applications to strike out TSDTR's counterclaim, which were dismissed by the Court. The directors' appealed and the same is fixed for mention on 3 June 2010.

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.

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

In November 2005, MCAT commenced two 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").

Celcom and MCAT have since resolved this dispute amicably and the relevant notice of discontinuance has been filed with no order as to costs and without liberty to file afresh. The claim against Celcom no longer subsists.

11. Material Litigation (continued)

(c) Pengurusan Danaharta Nasional Berhad ("Danaharta") & 2 others vs TSDTR, TSDTR vs Danaharta & 23 Others

In June 2006, Celcom and TRI were served with a Defence and Counterclaim by TSDTR in connection with proceedings initiated against him by Pengurusan Danaharta Nasional Berhad and two others for a breach of the Facility Agreement dated 13 July 1994 and related Settlement Agreement dated 8 October 2001 between TSDTR and Danaharta in relation to a loan granted to TSDTR by Danaharta. 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. Total sum of the claim is RM13,461.4 million.

On 28 August 2007, the Court dismissed Celcom/TRI's application to strike out the amended counterclaim with costs. On 12 November 2009, the Court allowed Celcom/TRI's appeal with costs. On 4 December 2009, TSDTR filed a notice of appeal to the Court of Appeal. No hearing dates have been fixed yet.

On February 2007, TSDTR's solicitors served an application to re-amend the amended defence and the amended counterclaim to include 14 additional defendants. The Court of Appeal allowed TSDTR's application. Subsequently, Celcom/TRI appealed to the Judge in Chambers who later allowed the appeal with costs. On 4 December 2009, TSDTR filed a notice of appeal to the Court of Appeal. No hearing dates have yet to be fixed by the Court of Appeal.

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

In November 2007, MSI filed a legal suit against Celcom disputing the legality of the acquisition by Celcom of the shares in TM Cellular Sdn. Bhd. (now known as Celcom Mobile Sdn. Bhd.) ("Celcom Mobile") in 2002 and the acquisition by TESB and TM of the shares in Celcom in 2003.

On 17 December 2007, Celcom and its directors filed their respective applications to strike out the suit which is fixed for hearing on 29 July 2010. Total exposure is estimated at RM2.1 million.

11. Material Litigation (continued)

(e) MSI vs Celcom

In February 2008, MSI commenced proceedings 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 dated 4 April 2002 prior to entering into the SPA with TM for the acquisition by Celcom of the shares in Celcom Mobile. MSI is seeking to bring a derivative action in Celcom's name under Section 181A of the Companies Act ("Proposed Action").

On 9 July 2008, the Court allowed the Proposed Action. Celcom had on the same day filed an appeal to the Court of Appeal and the same was fixed for hearing on 23 March 2009. The Court had on 19 September 2008 granted Celcom's application to stay the Order dated 9 July 2008 in relation to the Proposed Action pending disposal of Celcom's appeal.

On 27 March 2009, the Court of Appeal allowed Celcom's appeal with costs. MSI filed an application for leave to appeal to the Federal Court and the same came up for hearing on 19 January 2010. On the hearing date, the Federal Court had requested for the Court of Appeal to provide its grounds of decision and a new date will be fixed once the grounds are ready.

(f) TRI vs TSDTR, Bistaman bin Ramli ("BR") and Dato' Lim Kheng Yew ("DLKY")

TRI files a claim against TSDTR, BR and DLKY, being the former directors of TRI for 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 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 full trial on 11, 12, 18, 19, 29 and 30 November 2010. This matter is also fixed for case management on 25 August 2010.

11. Material Litigation (continued)

(g) Celcom vs DeTeAsia Holding GmbH ("DeTeAsia")

In 2003, DeTeAsia initiated arbitration proceedings against Celcom for monetary damages caused by Celcom's alleged breach of the Amended and Restated Supplemental Agreement between Celcom, DeTeAsia, TRI and TR International Limited dated 4 April 2002 ("ARSA"). On 2 August 2005, the arbitral tribunal found in DeTeAsia's favour and ordered Celcom to pay the full amount of its principal claim of USD177.2 million together with interest at 8% from 16 October 2002 until full settlement and costs ("Award"). On 27 January 2006, Celcom satisfied the Award in full (which amounted to USD232.0 million (RM871.7 million) based on the then prevailing exchange rate) without prejudice to proceedings that Celcom was contemplating to commence in Malaysia.

On 17 November 2005, Celcom commenced proceedings in Malaysia seeking, amongst others, a declaration that the Award was contrary to the public policy of Malaysia and hence unenforceable in Malaysia. DeTeAsia responded by filing an application to set aside this proceeding on 28 April 2008. On 2 April 2010, DeTeAsia's application to set aside Celcom's Originating Summon's was allowed by the Court. Celcom had on 30 April 2010 filed an appeal to the Court of Appeal. No hearing date has been fixed yet.

(h) Celcom & Another vs TSDTR & 8 Others

In connection with the Award in DeTeAsia's favour mentioned in item (g) above, Celcom and TRI instituted proceedings against 9 of its former directors alleging that they had breached their fiduciary duties in entering into a Subscription Agreement on its behalf on 25 June 1996 with Deutsche Telekom AG ("Subscription Agreement"), and the ARSA whilst they were directors of Celcom and TRI. In addition, Celcom and TRI have also made a claim against TSDTR for alleged unauthorised profits made by him in connection with the execution of the abovementioned agreements. Celcom and TRI are seeking an indemnity from the directors for the sums paid by Celcom to DeTeAsia in satisfaction of the Award against it, return of the alleged unauthorised profits by TSDTR amounting to RM446 million, all monies received by the directors arising out of such breaches, losses and damages in connection with the entry of Celcom and TRI into the Subscription Agreement and the ARSA.

The German directors have respectively applied to set aside these proceedings on the basis that the issues had been litigated and decided on their merits based on the Award. The said applications are fixed for decision on 23 June 2010.

11. Material Litigation (continued)

(i) Celcom vs Tan Sri Dr. Mohd Munir Abdul Majid & 20 Others

Pursuant to the Court's decision on 9 July 2008 (as stated in item (e) above), MSI's solicitors filed the Proposed Action and subsequently on 29 July 2008 served the sealed copy of the Proposed Action on Celcom's solicitors.

In the Proposed Action, Celcom seeks from the defendants jointly and severally, the following relief:

(i) a declaration that the SPA for the acquisition by Celcom of the shares in Celcom Mobile Sdn Bhd, and all matters undertaken thereunder including but not limited to the issuance of shares by Celcom are illegal and void and of no effect;
(ii) a declaration that all purchases of shares in Celcom made by TESB and/or TMB 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 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 TMB by itself, its servants and agents be restrained from giving effect to or executing any of the proposals relating to the proposed de-merger of the mobile and fixed-line businesses of the TMB group; and
(v) various damages to be assessed.

Following the Court of Appeal's decision in item (e) above, this action is academic unless the Order of the Court of Appeal is reversed by the Federal Court.

(j) Celcom & Another vs TSDTR & 6 Others

On 24 October 2008, Celcom and TRI filed a Writ of Summons and Statement of Claim against the former directors of Celcom/TRI, namely (i) TSDTR, (ii) BR, (iii) DLKY, (iv) Axel Hass ("AH"), (v) Oliver Tim Axmann ("OTA") In the Writ, Celcom and TRI also named DeTeAsia and Beringin Murni Sdn Bhd ("BM") as co-defendants (collectively with the former directors referred to as "Defendants"). Celcom and TRI are seeking damages for conspiracy against the Defendants.

Celcom and TRI claim that the Defendants wrongfully and unlawfully conspired with each other to injure Celcom and TRI by causing and/or committing them to enter into the Supplemental Agreement to the Subscription Agreement and the Management Agreement dated 7 February 2002 ("Supplemental Agreement") and the ARSA with DeTeAsia in consideration for the renunciation by DeTeAsia of certain rights issue shares in TRI in favour of TSDTR and BR.

11. Material Litigation (continued)

(j) Celcom & Another vs TSDTR & 6 Others (continued)

TSDTR and BR have filed an application to strike out the Writ of Summons. On 17 July 2009, the Court dismissed TSDTR and BR's striking out application with cost. TSDTR and BR have filed an appeal to the Court of Appeal but no hearing date has been fixed yet.

DeTeAsia, AH and OTA have filed their respective Memorandum of Conditional Appearance and application to strike out these proceedings. Their applications are fixed for mention on 3 June 2010.

(k) Dato Saizo Abdul Ghani ("Dato Saizo") vs Celcom and Another

In July 2006, Celcom was served with a Writ of Summons and Statement of Claim by Dato' Saizo (trading under the name and style of Airtime Telecommunication). The claim was against Celcom and Kamsani bin Haji Ahmad ("Kamsani"), a former employee of Celcom for general damages, exemplary and aggravated damages in connection with a breach of contract and alleged libel.

Celcom had filed a striking out application which was dismissed by the Registrar on 17 May 2007. Celcom appealed to the Judge in Chambers and the same was allowed on 13 September 2007. Dato Saizo appealed to the Court of Appeal. The appeal is fixed for hearing on 6 July 2010.

(l) Asmawi Bin Muktar ("Asmawi") vs Celcom and Another

In July 2006, Celcom was served with a Writ of Summons and Statement of Claim by Asmawi (trading under the name and style of GM Telecommunication & Trading). The claim against Celcom and Kamsani is for general, exemplary and aggravated damages in connection with a breach of contract and alleged libel.

Celcom had filed a striking out application which was dismissed by the Registrar on 22 February 2007. Celcom appealed to the Judge in Chambers and the same was dismissed on 17 September 2007. Celcom appealed to the Court of Appeal and on 17 May 2010, the Court of Appeal allowed Celcom's appeal with costs.

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

12. Earnings Per Share ("EPS")

(a) Basic EPS

	Individual and Cumulative Quarter	
Basic EPS	**Current Quarter 31/3/2010**	Preceding Corresponding Quarter 31/3/2009
Profit attributable to equity holders of the Company (RM '000)	**921,475**	63,895
Weighted average number of ordinary shares, as previously reported ('000)	**-**	3,753,402
Basic EPS, as previously reported (sen)	**-**	2
Adjusted weighted average number of shares including effects of Rights Issue ('000)	**8,445,154**	5,511,354
Basic EPS, including effects of Rights Issue (sen)	**11**	1

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 current quarter and financial period to-date.

(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.

	Current and Cumulative Quarter
Diluted EPS	**31/3/2010**
Profit attributable to equity holders of the Company (RM '000)	**921,475**
Adjusted weighted average number of shares including effects of Rights Issue ('000)	**8,445,154**
Adjustment for the Company's ESOS	**39,425**
Weighted average number of diluted ordinary shares for computation of diluted EPS ('000)	**8,484,579**
Diluted EPS (sen)	**11**

Diluted EPS was not presented for quarter and financial period ended 31 March 2009 since there were no dilutive potential ordinary shares.

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

13. Qualification of Preceding Audited Financial Statements

The 2009 Audited Financial Statements were not subject to any material qualification.

14. Dividends

No dividend was recommended for the financial period ended 31 March 2010.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
27 May 2010