TM INTERNATIONAL BERHAD (242188-H)

(Incorporated in Malaysia)

The Board of Directors of TM International Berhad is pleased to announce the following unaudited results of the Group for the financial period ended 30 September 2008.

UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM '000	RM '000	RM '000	RM '000
OPERATING REVENUE	**3,278,024**	2,556,733	**8,929,563**	7,242,344
OPERATING COSTS				
- depreciation, impairment and amortisation	**(635,473)**	(438,599)	**(1,650,405)**	(1,325,496)
- foreign exchange gains	**13,150**	296	**11,209**	4,738
- other operating costs	**(2,028,016)**	(1,595,379)	**(5,346,129)**	(4,234,373)
OTHER OPERATING INCOME	**46,456**	48,873	**135,110**	280,486
OPERATING PROFIT BEFORE FINANCE COST	**674,141**	571,924	**2,079,348**	1,967,699
Finance income	**22,994**	21,321	**59,124**	51,368
Finance cost	**(298,381)**	(199,827)	**(592,789)**	(362,725)
Foreign exchange (losses)/gains	**(17,515)**	(25,852)	**15,347**	(33,212)
NET FINANCE COST	**(292,902)**	(204,358)	**(518,318)**	(344,569)
JOINTLY CONTROLLED ENTITIES				
- share of results (net of tax)	**(50,273)**	13,401	**(47,293)**	25,067
- gain on dilution of equity interest	**-**	53,473	**-**	71,271
ASSOCIATES				
- share of results (net of tax)	**29,387**	(1,891)	**60,479**	14,835
PROFIT BEFORE TAXATION	**360,353**	432,549	**1,574,216**	1,734,303
TAXATION	**(117,439)**	(147,045)	**(489,628)**	(441,015)
PROFIT FOR THE PERIOD	**242,914**	285,504	**1,084,588**	1,293,288
ATTRIBUTABLE TO:				
- equity holders of the Company	**243,896**	328,443	**1,013,233**	1,261,997
- minority interests	**(982)**	(42,939)	**71,355**	31,291
PROFIT FOR THE PERIOD	**242,914**	285,504	**1,084,588**	1,293,288
EARNINGS PER SHARE (sen) (Note B11)				
- basic	**6**	9	**28**	35

(The above Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007)

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2008

	END OF CURRENT QUARTER	AS AT 31/12/2007 (RESTATED)
	RM '000	RM '000
SHARE CAPITAL	3,753,402	3,577,393
SHARE PREMIUM	1,508,519	317,629
RESERVES	6,806,364	5,808,700
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	12,068,285	9,703,722
MINORITY INTERESTS	517,323	675,748
TOTAL EQUITY	12,585,608	10,379,470
Borrowings	6,704,101	3,159,774
Amounts due to Telekom Malaysia Berhad	-	4,025,000
Provision for liabilities	97,598	87,196
Deferred tax liabilities	921,519	881,885
DEFERRED AND LONG TERM LIABILITIES	7,723,218	8,153,855
	20,308,826	**18,533,325**
INTANGIBLE ASSETS	8,476,256	7,458,522
PROPERTY, PLANT AND EQUIPMENT	15,650,441	12,159,807
PREPAID LEASE PAYMENTS	363,274	321,860
JOINTLY CONTROLLED ENTITIES	703,880	1,024,454
ASSOCIATES	1,586,730	251,140
INVESTMENTS	5,905,585	-
LONG TERM RECEIVABLES	903	395
DEFERRED TAX ASSETS	142,250	162,949
Inventories	90,218	74,626
Trade and other receivables	1,663,155	891,677
Tax recoverable	140,042	201,077
Cash and bank balances	3,281,661	1,927,630
CURRENT ASSETS	5,175,076	3,095,010
Trade and other payables	5,191,855	3,907,230
Borrowings	8,222,175	1,933,843
Amounts due to Telekom Malaysia Berhad	4,025,000	-
Current tax liabilities	256,539	99,739
CURRENT LIABILITIES	17,695,569	5,940,812
NET CURRENT LIABILITIES	(12,520,493)	(2,845,802)
	20,308,826	**18,533,325**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	322	271

(The above Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

	Attributable to equity holders of the Company							
	Issued and fully paid 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	Retained Profits RM '000	Minority Interests RM '000	Total Equity RM '000
At 1 January 2008	35,693	58,329	(312,800)	824	(20,885)	4,015,324	670,997	4,447,482
- as previously reported								-
- Effect of merger accounting for internal restructuring (Note A 14)	3,541,700	259,300	-	8,289	367,659	1,750,289	4,751	5,931,988
- as restated	**3,577,393**	**317,629**	**(312,800)**	**9,113**	**346,774**	**5,765,613**	**675,748**	**10,379,470**
Currency translation differences arising during the period :-								
- subsidiaries	-	-	117,047	-	-		7,294	124,341
- jointly controlled entities	-	-	(114,834)	-	-		-	(114,834)
- associates	-	-	(8,669)	-	-		-	(8,669)
Net loss not recognised in the Income Statement	-	-	(6,456)	-	-	-	7,294	838
Profit for the period	-	-	-	-	-	1,013,233	71,355	1,084,588
Total recognised (expense)/income for the period	**-**	**-**	**(6,456)**	**-**	**-**	**1,013,233**	**78,649**	**1,085,426**
Acquisition of subsidiaries	176,009	1,205,630	-	-	-		(207,829)	1,173,810
Dilution of equity interest in a subsidiary	-	-	-	-	-		303	303
Demerger expense set off against Share Premium	-	(14,740)	-		-		-	(14,740)
Dividends paid to minority interests	-	-	-	-	-		(29,548)	(29,548)
Employees' share option scheme (ESOS) - options granted by former holding company	-	-	-	(9,113)	-		-	(9,113)
At 30 September 2008	**3,753,402**	**1,508,519**	**(319,256)**	**-**	**346,774**	**6,778,846**	**517,323**	**12,585,608**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007

	Attributable to equity holders of the Company							
	Issued and fully paid 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	Retained Profits RM '000	Minority Interests RM '000	Total Equity RM '000
At 1 January 2007	35,693	58,329	(182,620)	521	(20,885)	3,331,800	703,845	3,926,683
- Effect of merger accounting for internal restructuring	3,541,700	259,300	-	8,458	367,659	723,112	3,114	4,903,343
As restated	**3,577,393**	**317,629**	**(182,620)**	**8,979**	**346,774**	**4,054,912**	**706,959**	**8,830,026**
Currency translation differences arising during the period :-								
- subsidiaries	-	-	(148,359)	-	-	-	(41,668)	(190,027)
- jointly controlled entities	-	-	9,944	-	-	-	-	9,944
- associates	-	-	79,596	-	-	-	-	79,596
Net loss not recognised in the Income Statement	-	-	(58,819)	-	-	-	(41,668)	(100,487)
Profit for the period	-	-	-	-	-	1,261,997	31,291	1,293,288
Total recognised (expense)/income for the period	**-**	**-**	**(58,819)**	**-**	**-**	**1,261,997**	**(10,377)**	**1,192,801**
Acquisition of equity interest in a subsidiary	-	-	-	-	-	-	(103,106)	(103,106)
Dilution and partial disposal of equity interest in subsidiaries	-	-	9,359	-	-	-	47,432	56,791
Right issue of a subsidiary							67,707	67,707
Dividends paid to minority interests	-	-	-	-	-	-	(27,701)	(27,701)
Employees' share option scheme (ESOS)								
- options granted by former holding company	-	-	-	134	-	-	3,417	3,551
At 30 September 2007	**3,577,393**	**317,629**	**(232,080)**	**9,113**	**346,774**	**5,316,909**	**684,331**	**10,020,069**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007)

UNAUDITED INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

	FOR THE NINE MONTHS ENDED 30/9/2008 RM '000	FOR THE NINE MONTHS ENDED 30/9/2007 RM '000
Receipts from customers	8,704,284	6,683,764
Payments to suppliers and employees	(6,261,467)	(4,576,290)
Payment of finance cost	(527,258)	(343,349)
Payment of income taxes (net of refunds)	(281,483)	(172,036)
CASH FLOWS FROM OPERATING ACTIVITIES	**1,634,076**	**1,592,089**
Disposal of property, plant and equipment	48,529	4,561
Purchase of property, plant and equipment	(3,714,600)	(2,342,796)
Purchase of other intangible assets	(40,100)	(2,311)
Purchase of long term investments	(5,905,585)	-
Partial disposal of a subsidiary	-	278,417
Additional investments in subsidiaries	-	(394,141)
Loans to employees	(132)	(308)
Interest received	59,124	51,368
CASH FLOWS USED IN INVESTING ACTIVITIES	**(9,552,764)**	**(2,405,210)**
Proceeds from rights share issuance	-	71,976
Proceeds from ESOS share issuance	303	-
Issue of share capital to minority interests	-	3,409
Proceeds from borrowings	12,140,423	1,733,726
Repayments of borrowings	(2,985,455)	(1,078,320)
Dividends paid to minority interests	(29,549)	(27,701)
CASH FLOWS FROM FINANCING ACTIVITIES	**9,125,722**	**703,090**
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,207,034	(110,031)
EFFECT OF EXCHANGE RATE CHANGES	15,902	(22,395)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,897,530	1,728,911
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**3,120,466**	**1,596,485**

(The above Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007)

TM INTERNATIONAL BERHAD (242188-H)
(Incorporated in Malaysia)

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 September 2008 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 Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2007. 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 2007 audited financial statements except for the changes arising from the adoption of new accounting standards and amendments to published standards effective for the Group's financial year beginning on 1 January 2008 summarised as follows:

(i) Standards, amendments to published standards and Interpretations Committee (IC) interpretations that are relevant for the Group's operations

• FRS 107	Cash Flow Statements
• FRS 112	Income Taxes
• FRS 118	Revenue
• FRS 134	Interim Financial Reporting
• FRS 137	Provisions, Contingent Liabilities and Contingent Assets
• Amendments to FRS 121	The Effects of Changes in Foreign Rates – Net Investment in Foreign Operations
• IC Interpretation 1	Changes in Existing Decommissioning Restoration & Similar Liabilities
• IC Interpretation 8	Scope of FRS 2

The adoption of the above FRS and IC interpretations do not have any significant financial impact to the Group.

(ii) Standards and IC Interpretations to existing standards that are not relevant or material for the Group's operations

• FRS 111	Construction Contracts
• IC Interpretation 2	Members' Shares in Co-operative Entities & Similar Instruments
• IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds
• IC Interpretation 6	Liabilities arising from Participating in a Specific Market-Waste Electrical & Electronic Equipment
• IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

1. Basis of Preparation (continued)

(b) Reclassification

Effective from first quarter, the Group had reviewed and changed the presentation of foreign exchange gains/(losses) arising from translation of foreign currency borrowings. These foreign exchange gains/(losses) which were previously disclosed in the audited financial statements under other operating costs are now presented under finance costs to better reflect the effective cost of borrowings.

(c) The principal closing rates (units of Malaysian Ringgit per foreign currency) used in translating significant balances are as follows:

Foreign Currency	**Exchange Rate At 30 September 2008**	**Exchange Rate At 31 Dec 2007**	**Exchange Rate At 30 September 2007**
US Dollar	3.44495	3.30500	3.40500
Sri Lanka Rupee	0.03187	0.03043	0.03003
Bangladesh Taka	0.05033	0.04843	0.04989
Indonesian Rupiah	0.00037	0.00035	0.00037
Pakistani Rupee	0.04423	0.05370	0.05621
Singapore Dollar	2.40286	2.29307	2.29231
Thai Baht	0.10192	0.11054	0.10708
Iran Riyal	0.00036	0.00035	0.00037
Indian Rupee	0.07361	0.08393	0.08588

(d) The unaudited interim financial statements for the third quarter ended 30 September 2008 of the Group includes the results of Celcom (Malaysia) Berhad ("Celcom") and its subsidiaries ("Celcom Group") following the completion of the demerger exercise on 25 April 2008 as disclosed in Part A, 10(f) of this announcement.

(e) As part of the demerger exercise undertaken by Telekom Malaysia Berhad ("TM"), a Group internal restructuring was undertaken to transfer TM's entire interest in Celcom via Telekom Enterprise Sdn Bhd ("TESB"), a wholly owned subsidiary of TM, to the Company. This Group internal restructuring completed during the quarter satisfied the applicable criteria for merger accounting. Accordingly, the Group has applied the principles of merger accounting by which the restructured group is presented in such a manner as to depict that it had been in its resultant form for both periods covered by the Group's financial statements. These comparative effects are disclosed in Part A, 14 of this announcement.

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

2. Seasonal or Cyclical Factors

The operations of the Group were not affected by any seasonal or cyclical factors for the financial period and quarter under review.

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

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 September 2008 other than as mentioned above and in Part A, 9 and Part B, 7 of this announcement.

4. Material Changes in Estimates

There were no material changes in estimates that have had a material effect in the current financial quarter under review.

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

On 25 January 2008, PT Excelcomindo Pratama Tbk (“XL”) through its wholly owned subsidiary, Excelcomindo Finance Company B.V (“XLFC”) completed the buyback of USD350 million bond at a price of 100% of nominal value.

In June 2008, XL through XLFC had completed the partial buyback of USD122.3 million from the USD250 million bond at price of 101% of nominal value.

On 15 April 2008, Celcom repaid fully the Islamic Private Debt Securities Al-Bai Bithaman Ajil Bonds amounting to RM200.0 million.

Aside for 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 September 2008.

6. Dividends Paid

No dividends have been paid during the financial period and quarter ended 30 September 2008.

7. Segmental Information

Segmental information for the financial period ended 30 September 2008 and 30 September 2007 were as follows:

By Geographical Segment

2008

All amounts are in RM '000	**Malaysia**	**Indonesia**	**Bangladesh**	**Sri Lanka**	**Others**	**Total**
Operating Revenue						
Total operating revenue	4,113,249	3,289,021	537,663	880,085	131,844	**8,951,862**
Inter-segment *	(24,581)	-	-	-	2,282	**(22,299)**
External operating revenue	4,088,668	3,289,021	537,663	880,085	134,126	**8,929,563**
Results						
Segment results	1,227,292	541,627	26,041	70,634	78,644	**1,944,238**
Other operating income						**135,110**
Operating profit before finance cost						**2,079,348**
Finance income						**59,124**
Finance cost						**(592,789)**
Foreign exchange gains						**15,347**
Jointly controlled entities - share of results (net of tax)					(47,293)	**(47,293)**
Associates - share of results (net of tax)					60,479	**60,479**
Profit before taxation						**1,574,216**
Taxation						**(489,628)**
Profit for the period						**1,084,588**

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

7. Segmental Information (continued)

2007

All amounts are in RM '000	**Malaysia**	**Indonesia**	**Bangladesh**	**Sri Lanka**	**Others**	**Total**
Operating Revenue						
Total operating revenue	3,786,033	2,066,520	546,135	788,387	62,952	7,250,027
Inter-segment *	(37)	-	-	-	(7,646)	(7,683)
External operating revenue	3,785,996	2,066,520	546,135	788,387	55,306	7,242,344
Results						
Segment results	1,009,989	350,245	(14,977)	242,080	99,876	1,687,213
Other operating income						280,486
Operating profit before Finance cost						1,967,699
Finance income						51,368
Finance cost						(362,725)
Foreign exchange losses						(33,212)
Jointly controlled entities						
- share of results (net of tax)					25,067	25,067
- gain on dilution of equity interest					71,271	71,271
Associates						
- share of results (net of tax)					14,835	14,835
Profit before taxation						1,734,303
Taxation						(441,015)
Profit for the period						1,293,288

* 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

a) As detailed in Part B, 7(b), the Group announced a proposal to acquire an interest in Idea Cellular Limited ("Idea"), ultimately owning a maximum 20.11% interest in Idea. The proposed subscription of 14.99% was completed on 13 August 2008. The status of this corporate proposal subsequent to the end of the quarter is detailed in Part B, 7(b).

b) Indocel, a wholly owned subsidiary company of TMI, had on 19 November 2008 entered into a Consortium Agreement with Fanavari Moudj Khavar, JSC and Sarmayegozarie Atiyeh Saba, JSC (collectively "Iranian Partners"). The purpose of the entry by Indocel into the Consortium Agreement is inter-alia, to formalise the terms of co-operation for the submission of a bid ("Bid") in relation to the award of the tender ("Tender") of a Third Public Mobile Network licence ("Licence") in Iran.

   TMI, through Indocel, together with the Iranian Partners have agreed to establish an unincorporated consortium ("Consortium") for purposes of participating in the Tender. The Consortium, had on 19 November 2008, submitted their pre-qualification application in respect of the Tender.

   An announcement on the above was released to Bursa Securities on 19 November 2008. The Consortium has yet to be notified on the outcome of the pre-qualification application from the Communications Regulatory Authority of Iran as to whether the Consortium will be eligible to submit their Bid.

Save for the above, 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

Changes in the composition of the Group for the current quarter ended 30 September 2008 and financial year-to-date were as follows:

a) Dialog Telekom PLC ("Dialog")

TMI's equity interest in Dialog, held via TM International (L) Limited ("TMIL"), a wholly-owned subsidiary of TMI, remained unchanged from the second quarter which is 84.80%.

b) MobileOne Limited ("M1")

The Company's shareholding in M1, held through SunShare Investments Ltd ("Sunshare"), its wholly-owned subsidiary, remain unchanged from the second quarter which is 29.66%.

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

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

c) G-Com Limited ("G-Com")

G-Com has been dissolved pursuant to the endorsement by the Registrar of Companies of Ghana with effect from 17 April 2008.

d) XL

On 6 February 2008, TMI and Indocel Holding Sdn Bhd ("Indocel"), a wholly owned subsidiary of TMI through TMIL, entered into a Sale and Purchase Agreement with Khazanah Nasional Berhad to acquire all of Khazanah's 16.81% interest in XL for a purchase consideration of RM1.425 million. Subsequently, TMI Group's equity interest in XL increased from 66.99% to 83.79% as at end of second quarter and has remained unchanged.

(e) SunShare

TM and its wholly-owned subsidiaries namely Celcom Transmission (M) Sdn Bhd ("CTX"), TESB, Celcom and TMI, which was then a wholly-owned subsidiary of TM, entered into a Demerger Agreement on 10 December 2007 which comprises TM transferring its entire holding of Redeemable Convertible Preference Shares ("RCPS") in SunShare, resulting in TMI owning a 51% interest in SunShare.

In addition, the Company also acquired Khazanah's 49% interest in SunShare for a purchase consideration of RM155 million pursuant to the Khazanah SPA entered on 6 February 2008, as part of the Proposed Acquisition.

The above transfer and acquisition were completed on 25 April 2008 and resulted in SunShare becoming a wholly-owned subsidiary of TMI.

(f) Celcom

TM and its wholly-owned subsidiary, TESB, and CTX, Celcom and TMI which were then wholly-owned subsidiaries of TM, entered into a Demerger Agreement on 10 December 2007 which comprises an internal restructuring of the TM Group as follows:

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

(f) Celcom (continued)

a) CTX, a wholly owned subsidiary of Celcom, transferring its entire holding of 38,250,000 Ordinary shares of RM1.00 each in Fibrecomm Network (M) Sdn Bhd ("Fibrecomm"), representing 51% of the issued and paid-up share capital of Fibrecomm, to TESB, and

b) TESB transferring its entire holding of 1,237,534,681 Ordinary shares of RM1.00 each in Celcom, representing 100% of the issued and paid-up share capital of Celcom, to TMI.

The above internal restructuring was completed on 25 April 2008 and resulted in Celcom Group (with the exception of Fibrecomm which was transferred to TESB) becoming part of the enlarged TMI Group.

(g) Idea Cellular Limited ("Idea") and Spice Communications Limited ("Spice")

TMI India Ltd ("TMI India") a wholly owned subsidiary of TMI, had on 30 July 2008 entered into a Shareholders Agreement with Green Acre Agro Services Private Limited ("GAASPL"), Idea and Spice relating to Spice ("Spice Shareholders Agreement"). The entry into the Spice Shareholders Agreement is pursuant to the terms of the Merger Cooperation Agreement that was entered into on 25 June 2008 between TMI, TMI Mauritius Ltd ("TMI Mauritius"), TMI India, Spice, Idea, GAASPL and Aditya Birla Nuvo Limited ("Merger Cooperation Agreement"). The Spice Shareholders Agreement sets out the terms and conditions for the operations of Spice and the relationship as shareholders in Spice, including matters such as transfer restrictions on the shareholdings of the parties and composition of the Board of Directors of Spice.

As detailed in Part B, 7 (b), TMI completed its acquisition of 14.99% of the issued and paid-up share capital in Idea on 13 August 2008. The shareholding in Idea remains unchanged as at 30 September 2008.

The shareholding in Spice was 39% as at 30 September 2008. As detailed in Part B, 7 (b), following the completion of the MGO on the 24 October 2008, TMI's interest in Spice has increased to 49%.

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

Legal matter - Cartel allegation raised by Komisi Pengawas Persaingan Usaha / Supervisory Commission for Business Competition ("KPPU")

In November 2007, XL was called by KPPU in relation to the investigation of the allegedly cartel conducted by cellular operators in Indonesia in determining tariffs for short message services.

In June 2008, KPPU issued its decision letter which confirmed that a penalty of RM8.9 million (IDR 25 billion) should be paid by XL. XL disagreed with this decision and had on 22 July 2008 submitted to the Supreme Court with respect to KPPU's request to combine objection proceeding of all operators. As of to date, the Supreme Court's decision regarding the authorised court to hold such proceedings has yet to be issued. Nonetheless, XL had accrued the penalty as at 30 September 2008.

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 2007.

12. Capital Commitments

	Group	
	2008	2007
	RM '000	RM '000
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	**760,838**	1,955,482
Commitments in respect of expenditure approved but not contracted for	**1,211,699**	1,264,607

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, TM International 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 until all approvals are obtained.

The status of the application of Outdoor Structures owned by Celcom Group as at 19 November 2008 are as follows:-

(a) 173 Outdoor Structures are pending approval from local authorities; and

(b) initial applications for 61 outdoor structures have been declined. The Celcom Group is in the midst of appealing to the relevant local authorities with respect to such applications.

14. Comparatives

The comparative figures in the unaudited interim consolidated financial statement have been adjusted to reflect the merger accounting for Celcom Group and SunShare following the completion of the internal restructuring exercise as explained in Part A, 1(e) of this announcement.

The consolidated balance sheet showing effect of merger accounting aforementioned will be as follows:

Consolidated balance sheet as at 31 December 2007

	As previously stated RM'000	Effect of merger accounting for internal restructuring RM'000	As restated RM'000
Share capital	35,693	3,541,700	3,577,393
Share premium	58,329	259,300	317,629
Other reserves	3,682,462	2,126,238	5,808,700
Total capital and reserves attributable to equity holders of the Company	3,776,484	5,927,238	9,703,722
Minority interests	670,998	4,750	675,748
Total equity	4,447,482	5,931,988	10,379,470
Deferred and long term liabilities	6,661,243	1,492,612	8,153,855
	11,108,725	**7,424,600**	**18,533,325**
Long term assets	13,369,561	8,009,566	21,379,127
Current assets	1,454,116	1,640,894	3,095,010
Current liabilities	(3,714,952)	(2,225,860)	(5,940,812)
Net current (liabilities)	(2,260,836)	(584,966)	(2,845,802)
Net assets	**11,108,725**	**7,424,600**	**18,533,325**

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

For the current quarter under review, the Group recorded a 28.2% growth in revenue from RM2,556.7 million achieved in 3rd quarter 2007 (“Q3’07”) to RM3,278.0 million in 3rd quarter 2008 (“Q3’08”). Strong quarter-on-quarter growth was recorded in XL (60.3%) and Telekom Malaysia International (Cambodia) Company Limited (“TMIC”) (40.8%).

While Celcom remains the major revenue contributor for the Group, with a contribution of 43.1% in current quarter against 50.5% in Q3’07, XL contribution has increased from 29.5% in Q3’07 to 39.4% in Q3’08. For the current quarter, XL has outgrown the local industry revenue growth by 4 times.

Below is the comparison of revenue growth recorded in major subsidiaries within the Group for the 3rd quarter ended 30 September 2008 against 3rd quarter ended 30 September 2007, in local currencies:

	Q3’08	**Q3’07**	**Growth**
	Local Currency	Local Currency	
Celcom (RM Million)	1,411.1	1,290.1	9.4%
XL (IDR Billion)	3,220.6	2,009.0	60.3%
Dialog (SLR Million)	9,332.0	9,763.6	-4.4%
TMIB (BDT Million)	3,431.7	3,559.4	-3.6%
TMIC (USD Million)	13.8	9.8	40.8%

The fluctuation of Ringgit Malaysia against other currencies has favorably affected the Group’s translated revenue by approximately 4.3%.

Group profit after tax and minority interest (“PATAMI”) for Q3’08 of RM243.9 million was 25.7% lower than RM328.4 million recorded in the Q3’07. The decrease was mainly due to one off gain from disposal of Dialog shares (RM40.6 million) and gain on IPO of Spice (RM53.5 million) recorded in Q3’07. Without the one off gain in Q3’07, the Group PATAMI would record a 4.1% growth compared to the previous period.

PATAMI reported in the current quarter had been affected by the negative contribution from associates and jointly controlled entities amounting to loss of RM20.9 million compared to profit of RM11.5 million in Q3’07.

Higher net finance costs arising from the amount owing to TM and loans for the Idea acquisition had unfavorably affected the PATAMI in the current quarter by RM100.5 million. Contribution of Idea performance has not been included in the current quarter results.

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 nine months ended 30 September 2008, the Group revenue increased by 23.3% from RM7,242.3 million to RM8,929.6 million driven by higher achievement in XL. Below is the comparison of year to date revenue achievement against corresponding period in 2007, in local currencies, respectively:

	YTD Sept '08	**YTD Sept '07**	**Growth**
	Local Currency	Local Currency	
Celcom (RM Million)	4,095.1	3,750.0	9.2%
XL (IDR Billion)	8,913.3	5,423.9	64.3%
Dialog (SLR Million)	27,538.9	25,127.6	9.6%
TMIB (BDT Million)	10,669.6	10,871.6	-1.9%
TMIC (USD Million)	41.3	30.0	37.7%

The Group registered a PATAMI of RM1,013.2 million, a decrease from RM1,262.0 million recorded for the period ended 30 September 2007. The decrease was mainly due to gain on disposal of 4.6% Dialog shares (RM234.8 million) and gain on IPO of Spice (RM71.3 million) recorded in 2007. Without the one off gain, the Group PATAMI would be 6.0% higher compared to previous year.

The Group recorded RM26.6 million foreign exchange gain for the period ended 30 September 2008 as opposed to RM28.5 million foreign exchange loss recorded for the same period in 2007. The favorable variance was however offset by the increase in some of the cost items due to the inflationary pressure and hike in fuel and energy cost in most of TMI regional markets.

The fluctuation of Ringgit Malaysia against local currencies had favourably affected the Group's PATAMI by approximately 0.7%.

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

Group revenue for the current quarter of RM3,278.0 million was slightly higher by 11.9% from RM2,929.6 million recorded in the preceding quarter. However, two regional markets i.e. Bangladesh and Cambodia showed a decrease in revenue trend mainly due to reducing tariff from intense price competition in both markets. Entrants of Applifon and Cadcom in Cambodia had also affected TMIC revenue performance and drive lower ARPU as the new players are targeting the low ARPU segment.

Below is the comparison of revenue growth recorded by all major subsidiaries within the Group for the 3rd quarter 2008 against 2nd quarter 2008, in local currencies:

	Q3'08	**Q2'08**	Growth
	Local Currency	Local Currency	
Celcom (RM Million)	1,411.1	1,358.1	3.9%
XL (IDR Billion)	3,220.6	3,090.3	4.2%
Dialog (SLR Million)	9,332.0	9,149.0	2.0%
TMIB (BDT Million)	3,431.7	3,629.2	-5.4%
TMIC (USD Million)	13.8	14.1	-2.1%

Group PATAMI of RM243.9 million was 33.5% lower than RM366.6 million recorded in the preceding period due to negative contribution from Dialog of RM12.2 million against profit of RM23.3 million in Q2'08 and higher loss contribution from TMIB and Spice of RM19.7 million and RM52.9 million in current quarter against loss of RM6.9 million and RM10.6 million in Q2'08 respectively.

The decrease in PATAMI was also due to higher finance costs in Q3'08 of RM298.4 million compared to RM196.6 million recorded in Q2'08. Higher finance cost in Q3'08 was partly driven by interest on TM's bridging loan and financing costs for Idea acquisition. Contribution of Idea performance has not been included in the current quarter results.

The Group recorded a foreign exchange loss of RM4.4 million in the current quarter as compared to exchange loss of RM11.5 million in the preceding quarter.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/09/2008	30/09/2007	**30/09/2008**	30/09/2007
	RM '000	**RM '000**	**RM '000**	**RM '000**
EBIT*	**653,255**	636,907	**2,092,534**	2,078,872
Less: Adjusted Tax (26%)/ 2007: (27%)	169,846.3	171,964.9	544,058.8	561,295.4
NOPLAT**	**483,408.7**	464,942.1	**1,548,475.2**	1,517,576.6
AIC***	3,681,090	3,050,986	11,043,270	9,152,957
WACC****	7.77%	9.04%	7.77%	9.04%
Economic Charge (AIC*WACC)	**285,955.1**	275,921.0	**857,865.5**	827,762.9
Economic Profit (RM Thousand)	**197,453.5**	189,021.1	**690,609.7**	689,813.6

* 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 TMI 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 Charges.

TMI's third quarter 2008 EP increased by RM8.4 million quarter-on-quarter to RM197.4 million (4.5%) as compared to the third quarter 2007 EP of RM189 million. As for the financial period to date, TMI's EP of RM690.6 million is also showing an improvement of RM0.7 million (0.1%) when compared to the preceeding year corresponding period of RM689.8 million.

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 (continued)

The factors contributing to the higher EP in the current quarter and financial period to date are mainly higher NOPLAT arising from higher revenue and lower WACC as a result of higher gearing with lower cost of debt.

2. Prospects for the Remaining Quarter Up To 31 December 2008

Given the current market condition and the global financial crisis, similar to all other companies, TMI group financial performance was impacted. However, to date, the impact on the first 9 months financial performance has not been material. TMI continues to take a long term view and is continuing to invest in capacity coverage especially in India. TMI is looking to unlock value by nurturing and streamlining businesses within the Group.

TMI's ultimate goal is to make the whole greater than sum-of-parts and transform TMI from a holding company to a true multinational organization, with world-class processes and people.

The Board of Directors expects the Group's revenue to be on track in meeting our revenue growth headline KPI of 16.0% announced on 22 May 2008 ("Headline KPI"). However, with the macroeconomic challenges faced by our regional operations in particular the volatility of foreign currency exchange rate of local currencies against US Dollar and Malaysian Ringgit, both Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") margin and Return on Equity ("ROE") are expected to be lower than the Headline KPI of 42.0% and 14.0% respectively.

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 September 2008.

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:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current year quarter	Preceding year corresponding quarter	**Current year to date**	Preceding year corresponding period
	30/09/2008	30/09/2007	**30/09/2008**	30/09/2007
	RM '000	RM '000	**RM '000**	RM '000
Malaysia				
Income Tax:				
Current year	**(123,563)**	(138,819)	**(364,064)**	(269,216)
Prior year	**-**	13,623	**-**	13,654
	(123,563)	(125,196)	**(364,064)**	(255,562)
Overseas				
Income Tax:				
Current year	**(11,084)**	(147)	**(81,751)**	(12,281)
Prior year	**628**	4,561	**562**	5,302
	(10,456)	4,414	**(81,189)**	(6,979)
Deferred tax (net):				
Current year	**16,580**	(26,263)	**(44,375)**	(178,474)
TOTAL TAXATION	**(117,439)**	(147,045)	**(489,628)**	(441,015)

The current quarter and financial period effective tax rate of the Group is higher than the statutory tax rate mainly attributed to expenses not allowable for tax deduction and the different taxation rates of other countries.

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

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 TMI

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 TMI ("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 Extraordinary General Meeting held on 6 March 2008 approved, amongst others, the Shareholders' Mandate on the Proposed Issue.

As the approval of the SC on the Proposed Issue would expire 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 TMI to undertake the Proposed Issue. SC had, vide its letter dated 28 July 2008, approved the extension of time on the Proposed Issue.

(b) (i) Proposed subscription by TMI Mauritius Ltd ("TMI Mauritius"), a wholly-owned subsidiary of TMI, of 464,734,670 new ordinary shares of Indian Rupee ("INR") 10 each in Idea Cellular Limited ("Idea"), representing approximately 14.99% of the enlarged issued share capital of Idea ("Proposed Subscription");

(ii) Proposed mandatory general offer ("MGO") by Idea together with TMI, TMI Mauritius, TMI India Ltd ("TMI India") and Green Acre Agro Services Private Limited ("GAASPL") as persons acting in concert ("PAC") with Idea, for the remaining 137,985,050 ordinary shares of INR10 each in Spice Communications Limited ("Spice"), not held by Idea and the PAC ("Proposed Offer"); and

(iii) Proposed merger of Spice and Idea ("Proposed Merger")
(collectively referred to as the "Proposals")

7. Status of Corporate Proposals (continued)

On 25 June 2008, TMI announced its intention to expand its presence in India via:

(i) subscription by TMI Mauritius of 464,734,670 new ordinary shares of Rs.10 each in Idea ("Idea Shares"), representing approximately 14.99% of the enlarged issued and paid-up share capital of Idea after the Proposed 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 Share;

(ii) mandatory general offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 by Idea, together with TMI, TMI Mauritius, TMI India and GAASPL as the PAC with Idea, to acquire the remaining 137,985,050 ordinary shares of Rs.10 each in Spice ("Spice Shares") not held by Idea and the PAC upon completion of the MCPL-Spice Acquisition described below at a cash offer price of Rs.77.30 (approximately RM5.87) per Spice Share; and

(iii) merging Spice into Idea in accordance with a scheme of arrangement under Sections 391 to 394 of the Companies Act, 1956 of India.

On 25 June 2008, Idea and MCorpGlobal Communications Private Limited ("MCPL") had entered into a share purchase agreement for Idea to acquire 281,489,350 Spice Shares, representing the entire 40.8% of the total issued share capital in Spice held by MCPL, for a total cash consideration of Rs.27,198.9 million (approximately RM2,064.4 million) or approximately Rs.96.62 (approximately RM7.33) per Spice Share ("MCPL-Spice Acquisition"). The purchase consideration includes a non-compete premium of Rs.5,439.8 million (approximately RM412.9 million) or Rs.19.32 (approximately RM1.47) per Spice Share where MCPL agrees that it will not compete with Idea and procures that its affiliates and its promoters will not compete with Idea for a period of 3 years from 25 June 2008.

Upon completion of the Proposals, TMI will cease to have any direct equity interest in Spice, but will have an equity interest of approximately 19.0% in the merged Idea, on a fully diluted basis. In addition, the Group will have a call option to acquire the Spice Shares (to be converted to Idea Shares under the Proposed Merger) from GAASPL, to further increase the Group's stake in Idea.

On 30 July 2008, TMI India entered into a Shareholders Agreement with GAASPL, Idea and Spice relating to Spice ("Spice Shareholders Agreement"), pursuant to the terms of the Merger Cooperation Agreement that was entered into on 25 June 2008 between TMI, TMI Mauritius, TMI India, Spice, Idea, GAASPL and Aditya Birla Nuvo Limited ("Merger Cooperation Agreement"). The Spice Shareholders Agreement sets out inter-alia, the terms and conditions for the operations of Spice and the relationship as shareholders in Spice, including matters such as transfer restrictions on the shareholdings of the parties and composition of the Board of Directors of Spice.

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

7. Status of Corporate Proposals (continued)

Since the date of the announcement on 25 June 2008, the following approvals in relation to the Proposals have been obtained:

(i) the approval of Bank Negara Malaysia ("BNM"), through its letter dated 25 July 2008, for, amongst others, the payment to be made by TMI Group for the Proposed Subscription and Proposed Offer. BNM's approval is subject to, amongst others, the following:

(a) if TMI does not make any payment within 12 months from the date of BNM's approval letter, BNM's approval is deemed cancelled; and

(b) if TMI enters into any contract to hedge its foreign exchange risk or interest rate risk, such contract may only be entered into with local licensed financial institutions, and has to be cancelled upon the full repayment of the borrowings taken by TMI;

(ii) the approval of Idea's shareholders for the Proposed Subscription at an extraordinary general meeting of Idea held on 30 July 2008; and

(iii) the approval of TMI's shareholders for the Proposals at an extraordinary general meeting of TMI held on 1 August 2008.

The Proposed Subscription and the Proposed Offer was completed on 13 August 2008 and 24 October 2008 respectively.

On the Proposed Offer, TMI India, GAASPL and Idea together have acquired a total of 130,380,693 Spice Shares of the 137,985,050 remaining Spice Shares not held by Idea and the PAC in the following manner:-

a) TMI India has acquired 67,612,650 Spice Shares, representing approximately 9.8% of the total issued and paid-up share capital of Spice;

b) GAASPL has acquired 60,768,043 Spice Shares, representing approximately 8.8% of the total issued and paid-up share capital of Spice; and

c) Idea has acquired 2,000,000 Spice Shares from the open market, representing approximately 0.3% of the total issued and paid-up share capital of Spice.

TMI India and GAASPL have paid in full the consideration for the above acquisitions of Spice Share under the Proposed Offer; and

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

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

8. Group Borrowings and Debt Securities

(a) Breakdown of Group borrowings and debt securities as at 30 September were as follows:

	2008		2007	
	Short Term Borrowings RM '000	**Long Term Borrowings RM '000**	**Short Term Borrowings RM '000**	**Long Term Borrowings RM '000**
Secured	292,785	1,605,722	329,590	709,027
Unsecured	7,929,390	5,098,379	220,074	3,317,415
Amount Due to Telekom Malaysia Berhad - Unsecured	4,025,000	-	-	4,025,000
Total	**12,247,175**	**6,704,101**	**549,664**	**8,051,442**

(b) Foreign currency borrowings and debt securities in Ringgit Malaysia equivalent as at 30 September were as follows:

	2008	**2007**
Foreign Currency	**RM '000**	**RM '000**
US Dollar	3,885,220	3,303,900
Indonesian Rupiah	3,566,437	556,762
Bangladesh Taka	394,133	343,733
Pakistani Rupee	106,147	101,173
Sri Lanka Rupee	465,825	43,160
Singapore Dollar	548,784	-
Total	**8,966,546**	**4,348,728**

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 31 to the audited financial statements of the Group for the year ended 31 December 2007. There were no new off balance sheet financial instruments since the last financial year except for the following:

9. Off Balance Sheet Financial Instruments (continued)

(a) Interest Rate Swap (IRS)

i) Underlying Liability
Interest payment of Long - Term Loan in USD

Hedging Instrument

On 7 January 2008, XL entered into an interest rate swap contract with a financial institution to hedge the payment of the quarterly interest of a long term loan in USD amounting to USD97.5 million. Based on the contract, XL will pay fixed interest loan as follows:

Notional Amount	Fixed Interest rate	Maturity date of Loan principal
USD15.0 million	4.675%	30 August 2010
USD30.0 million	4.730%	26 July 2010
USD10.0 million	4.730%	9 August 2010
USD10.0 million	4.730%	16 August 2010
USD20.0 million	4.635%	26 April 2010
USD12.5 million	4.575%	29 January 2010

ii) Underlying Liability
SGD540,000,000 Term Loan Facility

On 23 September 2005, SunShare obtained term loan facility of SGD540,000,000. The loan is repayable in full in 2010.

Hedging Instrument

On 14 March 2007, SunShare entered into an interest rate swap ("IRS") agreement with notional principal of SGD50,000,000 that entitles it to receive interest at floating rate of 6 months SGD-SOR Telerate plus 0.25% subject to a maximum of 4.50% and obliges it to pay interest at fixed rate of 3.27% per annum. The swap was to mature on 27 October 2010 with the optional early termination by the other party on the 27 May 2008 and 27 May 2009. This interest rate swap, however, is effective from 27 November 2006.

On 5 April 2007, SunShare entered into another IRS agreement with a notional principal of SGD100,000,000 that entitles it to receive interest at floating rate of 6 months SGD-SOR Telerate plus 0.25% and obliges it to pay interest at fixed rate of 3.30% per annum. The swap was to mature on 27 October 2010. This interest swap, however, is effective from 27 November 2006.

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

On 8 January 2008, XL terminated one of the forward foreign currency contracts entered with a financial institution in 2006 and 2007 to hedge the payment of long term loans in USD amounting to USD25.0 million.

The details of the remaining forward foreign currency contracts are as follows:

Type of contracts	Notional amount (in USD Million)	Strike rate (full amount)
Deliverable	175.0	USD1= IDR9,000
Non Deliverable	100.0	USD1= IDR9,000
Total	275.0	

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 USD 87.5 million (5 items) and USD 87.5 million (4 items) for non deliverable (NDF).

On the deliverable contract, XL would swap, at the final exchange date (termination date) in 2009, a total of Rp 787,500,000.5 million for USD 87,500,000 million.

On the non deliverable contract; XL would swap, at the final exchange date (termination date) in 2009:

- If settlement Rate rate at expire time is less than Rp. 9,000, XL would pay the banks USD 6,287.5 Million x (Rp. 9,000 –- settlement rate)
- If settlement Rate rate at expire time is more than Rp. 9,000, the banks would pay XL USD 6,287.5 Million x (settlement rate - Rp. 9,000)
- If settlements Rate rate at expire time is equal to Rp. 9,000, no exchange payments between the banks and XL.

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

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

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 2007.

II. Following the completion of the demerger exercise on 25 April 2008, below are the updates of material litigation pertaining to Celcom as disclosed in the audited financial statements of TM Group for the year ended 31 December 2007. Save as disclosed below, there is no change in status of each of the material litigation as disclosed in the audited financial statements of TM Group for the year ended 31 December 2007.

(a) Rego Multi-Trades Sdn Bhd ("Rego") vs Aras Capital Sdn Bhd and Tan Sri Dato' Tajudin bin Ramli ("TSDTR") (By Original Claim) TSDTR vs Rego, Technology Resources Industries Berhad ("TRI") and 5 Others (By Counterclaim)

On 29 May 2006, Rego, TRI and the directors filed their respective appeals against the Registrar's decision on the striking out application to the Judge in Chambers. On 7 May 2008, Rego and TRI withdrew their appeals respectively with the view to fix the matter for early trial. The directors' appeal is now fixed for hearing on 8 January 2009.

Case management in respect of Rego and TRI's claims is fixed for mention on 8 January 2009 and full trial is provisionally fixed on 5, 6, 8 and 9 October 2009 subject to the prior disposal of all interlocutory applications in relation to Rego and TRI's claims.

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

On 10 March 2006, the Senior Assistant Registrar ("SAR") dismissed TRI's application for summary judgment. On 21 March 2006, TRI filed an appeal against the SAR's decision on the summary judgment application to the Judge in Chambers ("Appeal"). The Appeal was fixed for hearing on 14 June 2006. However, on 22 May 2006, upon procuring its solicitors' advice, TRI withdrew the appeal.

On 18 September 2006, TRI was served with a copy of TSDTR and BR's Defence and Counterclaim.

DLKY filed an application for production of documents and the same is fixed for hearing on 11 February 2009.

The matter has been fixed for full trial on 2, 3, 4 and 5 March 2009.

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

10. Material Litigation (continued)

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

(i) Libel claim (First Suit)

In the First Suit, Celcom filed a notice of appeal to Judge in Chambers against the SAR's decision on its striking out application. The Court then directed parties to file written submission. On 29 January 2008, the Court dismissed Celcom's appeal.

Celcom had on 25 February 2008 filed a notice of appeal to the Court of Appeal. No dates have been fixed yet.

The matter has been fixed for full trial on 27 & 28 August 2009, 28, 29 & 30 September 2009 and 1 & 2 October 2009.

On 11 December 2006, the Court allowed Celcom's application to consolidate and ordered that the Third Suit as stated at item (c) below be transferred to the First Suit's Court. The Third Suit will be heard after the First Suit has been disposed off by the First Suit's Court.

(ii) Contractual claim (Second Suit)

On 13 June 2007, the Court allowed Celcom's appeal against the quantum granted in its application for security of costs, and ordered that the amount be increased to RM250,000. MCAT has on 26 July 2007 paid the difference of RM150,000 into Court.

The Second Suit commenced for full trial on 13 & 14 June 2007. The Court then vacated the 30 & 31 July 2007 and 1 & 2 August 2007 hearing dates. The matter was fixed for continued trial on 5 & 6 May 2008, 12 & 13 May 2008 and 19 & 20 May 2008. The 5 & 6 May 2008 hearing dates were vacated because MCAT's witness, Mohd Razi Adam, was taken ill. The 12, 19 & 20 May 2008 hearing dates were also vacated because Celcom's solicitors had to attend a hearing at the Court of Appeal on 12 May 2008 and a meeting with the President of the Court of Appeal on 20 May 2008 whereas 19 May 2008 was a public holiday. The matter is now fixed for continued hearing on 10, 11, 12, 16 and 19 February 2009 and 11, 12 and 23 to 23 March 2009.

In the Court of Appeal, Celcom's bill of costs was allowed on 7 December 2007. On 17 December 2007, MCAT paid the sum of RM38,144.77 to Celcom's solicitors. Once the allocator is sealed, payment will be made to the Court and balance will be forwarded to Celcom.

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

10. Material Litigation (continued)

(d) Tan Sri Abdul Rashid bin Abdul Manaf, Danny Ng Siew L'Leong, Datuk Yaacob bin Md Amin, Ungku Safian bin Ungku Abdullah & Mohd Razi bin Adam v. Celcom (Third Suit)

Celcom filed a striking out application and the Court instructed the parties to file written submissions. On 12 November 2007, Celcom's striking out application was allowed with costs. The Plaintiffs filed an appeal to the Judge in Chambers. On 16 September 2008, the Court allowed the Plaintiffs' appeal with cost. Celcom filed an appeal to the Court of Appeal and no hearing date has been fixed yet.

The matter is fixed for case management on 19 February 2009.

(e) Pengurusan Danaharta Nasional Berhad & 2 Ors vs TSDTR (By Original Claim) TSDTR vs Celcom, TRI & 22 Ors (By Counterclaim)

The Court has fixed 29 April 2009 as the hearing date for the appeal by Celcom/TRI against the decision of the SAR in dismissing their application to strike out TSDTR's amended counterclaim.

Meanwhile, the hearing date of TSDTR's application to re-amend his amended defence and counterclaim was fixed for hearing on 21 July 2008. The Court instructed the parties to file written submissions and fixed the same for decision/clarification on 20 October 2008. On 20 October 2008, the Court allowed TSDTR's application. Celcom/TRI had on the same day filed an appeal to the Judge in Chambers and the same is fixed for hearing on 18 December 2009.

(f) Asmawi bin Muktar (trading under the name and style of GM Telecommunication & Trading) ("AM") vs Celcom & Anor ("Defendants")

The Defendants' appeal to the Judge in Chambers against the SAR's decision on their striking out application was dismissed with costs on 17 September 2007. On 11 October 2007, the Defendants filed a notice of appeal to the Court of Appeal against the whole of the Court's decision. No date has been fixed for the appeal.

AM's application to amend its Writ of Summons and Statement of Claim was allowed on 19 June 2008.

10. Material Litigation (continued)

(g) Mohd Shuaib Ishak ("MSI") vs Celcom

On 4 February 2008, Celcom had been served with a sealed Originating Summons ("Summons") by MSI 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 Telekom Malaysia Berhad (TM) for failing to obtain the consent of DeTeAsia Holding GmbH ("DeTeAsia") pursuant to the Amended and Restated Agreement ("ARSA") dated 4 April 2002 with DeTeAsia prior to entering into the Sale and Purchase Agreement (SPA) dated 28 October 2002 with TM for the acquisition by Celcom of the shares in TM Cellular Sdn Bhd (*now known as Celcom Mobile Sdn Bhd*) ("Celcom Mobile").

MSI alleges that the directors are liable for damages calculated by reference to the difference between the Buy Out Offer price of RM7.00 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 Telekom Enterprise Sdn Bhd ("TESB") in respect of Celcom.

On 9 July 2008, the Court allowed prayer 1 of the Summons but did not make any consequential orders in relation to the conduct of the Statutory Derivative Action as sought at prayer 2 of the Summons. Celcom has on the same day filed an appeal to the Court of Appeal. The appeal is fixed for hearing on 23 March 2009.

Subsequently, Celcom filed an application for stay pending the disposal of the said appeal. On 1 August 2008, the Court directed that all proceedings in this matter and all proceedings in the Statutory Derivative Action at item (k) below be temporarily stayed. On 19 September 2008, the Court allowed Celcom's application for stay and all proceedings in this matter and in the Statutory Derivative Action at item (k) below are stayed pending disposal of the said appeal.

(h) Celcom vs DeTeAsia

DeTeAsia's application to set aside the Originating Summons on the ground that the Court has no jurisdiction to determine the same is fixed for mention on 16 December 2008.

Celcom's application to strike out the affidavit of Graham Dunning QC on the grounds that the same contains matter which is scandalous, irrelevant, inadmissible or otherwise oppressive was allowed on 23 November 2007. DeTeAsia appealed and the matter is fixed for hearing on 6 April 2009.

10. Material Litigation (continued)

(i) Celcom and TRI vs former directors of TRI/Celcom

The service of the Writ of Summons and Statement of Claim (Writ) has already been effected on all the Defendants. Axel Hass ("AH"), one of the former directors, was served by way of substituted service. TSDTR and BR entered appearance and applied to set aside the Writ on the basis that the issues which are the subject of this action has been litigated and decided on its merits by reason of the Award. This application is fixed for mention on 1 December 2008.

DLKY has also entered appearance. Celcom/TRI filed an application to restrain his solicitors from acting for him on the grounds that the partner concerned rendered an advice to TM in relation to the agreements with Deutsche Telekom AG/DeTeAsia during the acquisition of Celcom/TRI by TM. On 26 February 2008, the Court allowed Celcom/TRI's application with costs. DLKY has on 26 March 2008 appointed new solicitors to act on his behalf.

Dieter Sieber ("DS"), Oliver Tim Axmann ("OTA"), Joachim Gronau ("JG"), Frank-Reinhard Bartsch ("FRB") and Joerg Andreas Boy ("JAB") have entered conditional appearance and filed their respective application to set aside the issue and service of the Notice of Writ. On 7 March 2008, the solicitors for the said directors informed Celcom/TRI's solicitors and the Court that they have entered conditional appearance on behalf of AH and will be filing similar application to set aside these proceedings. The applications for the said directors, including AH's application, are fixed for hearing on 25 February 2009.

(j) MSI vs Celcom & 13 others

On 26 November 2007, Celcom had been served with a Writ of Summons and Statement of Claim in respect of a suit filed by MSI. MSI is seeking from Celcom and 13 others (including the former and existing directors of TM and Celcom) jointly and/or severally, inter alia, the following:

(a) a declaration that the SPA for the acquisition by Celcom of the shares in 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;

(b) 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;

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

10. Material Litigation (continued)

(c) 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;

(d) that TM 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 TM Group; and

(e) various damages to be assessed.

On 17 December 2007, Celcom and its directors filed their respective application to strike out the suit. The striking out applications are now fixed for mention on 16 January 2009.

(k) Celcom vs former/existing directors of Celcom & 12 Others ("Statutory Derivative Action")

Pursuant to the Court's decision on 9 July 2008 (as stated in item (g) above), MSI's solicitors appointed to act on behalf of Celcom in the Statutory Derivative Action, Messrs Lim Kian Leong & Co, filed the Statutory Derivative Action and subsequently on 29 July 2008 served the sealed copy of the Statutory Derivative Action on Celcom's solicitors.

In the Statutory Derivative Action, Celcom seeks from the defendants jointly and severally, the following reliefs:

(a) the sum of USD$232,999,745.80, being the amount paid by Celcom to DeTeAsia under the Award dated 2 August 2005 handed down by the Tribunal of the International Court of Arbitration of the International Chamber of Commerce;

(b) a declaration that the SPA for the acquisition by Celcom of the shares in Celcom Mobile, and all other matters undertaken there under including but not limited to the issuance of shares by Celcom is illegal and void and of no effect;

(c) 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 Mandatory Offer dated 3 April 2003 issued by CIMB is illegal and void and of no effect;

(d) all necessary and fit orders and directions as may be required to give effect to the aforesaid declarations as this Honourable Court thinks 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 and the repayment of all dividends and distributions made by Celcom after the completion of the SPA;

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

10. Material Litigation (continued)

(e) that TM by itself, its servants and agents be restrained from giving effect to or executing any of the proposals set out in the Announcements by the Board of Directors of TM to Bursa Securities dated 28 September 2007 relating to the proposed de-merger of the mobile and fixed-line businesses of the TM Group or in the event that any such proposals have been completed that TM by itself, its servants and agents take all such steps as shall be required to rescind such completed proposals;

(f) general damages to be assessed;

(g) damages for conspiracy to be assessed;

(h) damages for fraud to be assessed;

(i) damages for fraudulent misrepresentation and/or negligence to be assessed;

(j) damages for the breach of statutory duty to be assessed;

(k) aggravated damages and exemplary damages to be assessed;

(l) punitive damages;

(m) all necessary and fit orders and directions as may be required to give effect to the aforesaid declarations and orders and/or as the Honourable Court thinks fit;

(n) interest;

(o) costs;

(p) such further and/or other relief as the Honourable Court thinks fit and just to grant in the circumstances.

Following the Court's decision as at item (g) above allowing Celcom's application for stay, all proceedings in the Statutory Derivative Action are stayed until the disposal of Celcom's appeal.

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

10. Material Litigation (continued)

(l) Celcom and TRI vs former directors of Celcom/TRI and 2 Others

On 24 October 2008, Celcom and TRI filed a Writ of Summons against the former directors of Celcom/TRI, namely (i) TSDTR, (ii) BR (iii) DLKY (iv) AH (v) OTM (vi) DeTeAsia and (vii) Beringin Murni Sdn Bhd seeking damages for conspiracy.

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 and the ARSA with DeTeAsia in consideration for the renunciation by DeTeAsia of certain rights issue shares in TRI in favour of TSDTR and DBR.

The Writ of Summons has just been extracted from the Court and Celcom's solicitors will attend service of the same on the defendants.

Apart from the above, the Directors are not aware of any other proceedings pending against Celcom and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of Celcom and/or its subsidiaries.

11. Earnings Per Share ("EPS")

	INDIVIDUAL QUARTER		**CUMULATIVE PERIOD**	
	Current year quarter 30/09/2008	Preceding year corresponding quarter 30/09/2007	**Current year to date 30/09/2008**	Preceding year corresponding period 30/09/2007
Basic earnings per share				
Profit attributable to equity holders of the Company (RM '000)	**243,896**	328,443	**1,013,233**	1,261,997
Weighted average number of ordinary shares ('000)	**3,753,402**	3,577,393	**3,675,176**	3,577,393
Basic earnings per share (sen)	**6**	9	**28**	35

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

12. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2007 were not subject to any material qualification.

13. Dividends

No interim dividend was recommended for the financial period ended 30 September 2008.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
26 November 2008