TM INTERNATIONAL BERHAD (242188-H)

(Incorporated in Malaysia)

The Board of Directors of TM International Berhad is pleased to announce the following audited results of the Group for the financial year ended 31 December 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		FINANCIAL YEAR ENDED	
	CURRENT YEAR QUARTER (UNAUDITED)	PRECEDING YEAR CORRESPONDING QUARTER (UNAUDITED)	31/12/2008 (AUDITED)	31/12/2007 (RESTATED)
	RM '000	RM '000	RM '000	RM '000
OPERATING REVENUE	**2,418,148**	2,754,535	**11,347,711**	9,996,879
OPERATING COSTS				
- depreciation, impairment and amortisation	**(688,060)**	(498,550)	**(2,338,465)**	(1,824,046)
- foreign exchange losses	**(218,853)**	(26,762)	**(207,644)**	(22,024)
- other operating costs	**(1,654,046)**	(1,629,401)	**(7,000,175)**	(5,863,774)
OTHER OPERATING INCOME	**43,831**	1,477	**178,941**	281,963
OPERATING (LOSS) / PROFIT BEFORE FINANCE COST	**(98,980)**	601,299	**1,980,368**	2,568,998
Finance income	**40,195**	29,117	**99,319**	80,485
Finance cost	**(283,510)**	(116,098)	**(876,299)**	(478,823)
Foreign exchange losses	**(253,487)**	(76,390)	**(238,140)**	(109,602)
NET FINANCE COST	**(496,802)**	(163,371)	**(1,015,120)**	(507,940)
JOINTLY CONTROLLED ENTITIES				
- share of results (net of tax)	**(95,147)**	150,460	**(142,440)**	175,527
- gain on dilution of equity interest	**-**	(6)	**-**	71,265
ASSOCIATES				
- share of results (net of tax)	**22,528**	14,518	**83,007**	29,353
(LOSS) / PROFIT BEFORE TAXATION	**(668,401)**	602,900	**905,815**	2,337,203
TAXATION	**54,905**	(48,589)	**(434,723)**	(489,604)
(LOSS) / PROFIT FOR THE PERIOD/YEAR	**(613,496)**	554,311	**471,092**	1,847,599
ATTRIBUTABLE TO:				
- equity holders of the Company	**(515,250)**	519,917	**497,983**	1,781,914
- minority interests	**(98,246)**	34,394	**(26,891)**	65,685
(LOSS) / PROFIT FOR THE PERIOD/YEAR	**(613,496)**	554,311	**471,092**	1,847,599
EARNINGS PER SHARE (sen) (Note B11)				
- basic	**(14)**	15	**13**	50

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

AUDITED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	AS AT 31/12/2008 (AUDITED) RM '000	AS AT 31/12/2007 (RESTATED) RM '000
SHARE CAPITAL	3,753,402	3,577,393
SHARE PREMIUM	1,494,954	317,629
OTHER RESERVES	5,968,367	5,808,555
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	11,216,723	9,703,577
MINORITY INTERESTS	480,790	675,748
TOTAL EQUITY	11,697,513	10,379,325
Borrowings	10,546,052	3,159,808
Amounts due to former holding company	-	4,025,000
Provision for liabilities	120,706	87,196
Deferred tax liabilities	777,263	881,885
DEFERRED AND LONG TERM LIABILITIES	11,444,021	8,153,889
	23,141,534	**18,533,214**
INTANGIBLE ASSETS	8,326,345	7,418,436
PROPERTY, PLANT AND EQUIPMENT	14,959,670	12,159,837
INVESTMENT PROPERTY	2,036	2,044
PREPAID LEASE PAYMENTS	328,352	321,860
JOINTLY CONTROLLED ENTITIES	1,013,202	1,024,454
ASSOCIATES	1,589,905	251,140
INVESTMENTS	5,914,428	-
LONG TERM RECEIVABLES	358	395
DEFERRED TAX ASSETS	141,188	162,890
Inventories	77,263	74,625
Trade and other receivables	1,539,878	903,235
Marketable securities	6	1,713
Tax recoverable	129,035	201,088
Cash and bank balances	3,330,731	1,967,743
CURRENT ASSETS	5,076,913	3,148,404
Trade and other payables	4,538,473	3,946,761
Borrowings	5,413,299	1,909,746
Amounts due to former holding company	4,063,613	-
Current tax liabilities	195,478	99,739
CURRENT LIABILITIES	14,210,863	5,956,246
NET CURRENT LIABILITIES	(9,133,950)	(2,807,842)
	23,141,534	**18,533,214**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	299	271

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

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Attributable to equity holders of the Company							
	Issued and fully paid ordinary shares of RM1 each							
	Share Capital RM '000	Share Premium RM '000	Currency Translation Differences RM '000	Capital Contribution Reserves RM '000	Merger Reserves RM '000	Retained Profits RM '000	Minority Interests RM '000	Total Equity RM '000
At 1 January 2008 (as previously stated)	35,693	58,329	(312,800)	824	(20,885)	4,015,324	670,998	4,447,483
- Effect of merger method of accounting (Note A14)	3,541,700	259,300	-	8,289	367,659	1,750,144	4,750	5,931,842
At 1 January 2008 (as restated)	**3,577,393**	**317,629**	**(312,800)**	**9,113**	**346,774**	**5,765,468**	**675,748**	**10,379,325**
Currency translation differences arising during the financial year :								
- subsidiaries	-	-	(129,492)	-	-	-	(31,556)	(161,048)
- jointly controlled entities	-	-	(206,936)	-	-	-	-	(206,936)
- associates	-	-	(9,228)	-	-	-	-	(9,228)
Net loss not recognised in the Income Statement	-	-	(345,656)	-	-	-	(31,556)	(377,212)
Profit/(Loss) for the financial period	-	-	-	-	-	497,983	(26,891)	471,092
Total recognised (expense)/income for the period	**-**	**-**	**(345,656)**	**-**	**-**	**497,983**	**(58,447)**	**93,880**
Issue during the financial year	176,009	1,205,630	-	-	-	-	-	1,381,639
Partial dilution of equity interest in a subsidiary	-	-	-	-	-	-	303	303
Share issuance expense	-	(28,305)	-	-	-	-	-	(28,305)
Partial disposal of interest in subsidiaries	-	-	-	-	-	-	(210,036)	(210,036)
Dividends paid to minority interests	-	-	-	-	-	-	(29,549)	(29,549)
Rights issue of a subsidiary	-	-	-	-	-	-	102,771	102,771
Employees' share option scheme (ESOS)								
- value of employee services	-	-	-	16,663	-		-	16,663
- recharge by former holding company - Telekom Malaysia Berhad	-	-	-	(9,178)	-	-	-	(9,178)
At 31 December 2008	**3,753,402**	**1,494,954**	**(658,456)**	**16,598**	**346,774**	**6,263,451**	**480,790**	**11,697,513**

(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)

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

	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	Retained Profits RM '000	Minority Interests RM '000	Total Equity RM '000
At 1 January 2007 (as previously stated)	35,693	58,329	(182,620)	521	(20,885)	3,331,800	703,845	3,926,683
- Effect of merger method of accounting	3,541,700	259,300	-	8,458	367,659	722,967	3,114	4,903,198
At 1 January 2007 (as restated)	**3,577,393**	**317,629**	**(182,620)**	**8,979**	**346,774**	**4,054,767**	**706,959**	**8,829,881**
Currency translation differences arising during the financial year :								
- subsidiaries	-	-	(235,482)	-	-	-	(85,784)	(321,266)
- jointly controlled entities	-	-	81,652	-	-	-	-	81,652
- associates	-	-	14,291	-	-	-	-	14,291
Net loss not recognised in the Income Statement	-	-	(139,539)	-	-	-	(85,784)	(225,323)
Profit/(Loss) for the financial period	-	-	-	-	-	1,781,914	65,685	1,847,599
Total recognised (expense)/income for the period	**-**	**-**	**(139,539)**	**-**	**-**	**1,781,914**	**(20,099)**	**1,622,276**
Acquisition of additional equity interest in subsidiaries	-	-	-	-	-	-	(103,106)	(103,106)
Partial dilution of equity interest in a subsidiary	-	-	9,359	-	-	-	47,432	56,791
Right issue of a subsidiary	-	-	-	-	-	-	67,707	67,707
Dividends paid to former holding company	-	-	-	-	-	(71,213)	-	(71,213)
Dividends paid to minority interests	-	-	-	-	-	-	(27,701)	(27,701)
Employees' share option scheme (ESOS)								
- value of employee services	-	-	-	134	-	-	-	134
- options granted by a subsidiary	-	-	-	-	-	-	4,556	4,556
At 31 December 2007 (as restated)	**3,577,393**	**317,629**	**(312,800)**	**9,113**	**346,774**	**5,765,468**	**675,748**	**10,379,325**

(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)

AUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	FINANCIAL YEAR ENDED 31/12/2008 (AUDITED) RM '000	ENDED 31/12/2007 (RESTATED) RM '000
Receipts from customers	11,065,368	9,965,022
Payments to suppliers and employees	(7,480,262)	(4,858,071)
Payment of finance cost	(789,457)	(455,622)
Payment of income taxes (net of refunds)	(407,854)	(469,136)
CASH FLOWS FROM OPERATING ACTIVITIES	**2,387,795**	**4,182,193**
Disposal of property, plant and equipment	58,293	13,637
Purchase of property, plant and equipment	(5,323,990)	(4,984,621)
Purchase of intangible assets	(40,100)	(588)
Purchase of other intangible assets	-	-
Purchase of long term investments	(5,914,428)	-
Partial disposal of a subsidiary	-	280,396
Additional investments in subsidiaries	(3,465)	(394,141)
Additional investment in an associated company	-	(2,450)
Additional investment in a jointly controlled entity	(437,720)	-
Loans to employees	(161)	(39)
Interest received	99,319	80,485
CASH FLOWS USED IN INVESTING ACTIVITIES	**(11,562,252)**	**(5,007,321)**
Proceeds from rights share issuance	102,771	71,944
Proceeds from ESOS share issuance	303	4,043
Proceeds from borrowings	13,936,841	2,602,235
Repayments of borrowings	(3,459,546)	(1,360,060)
Dividends paid to minority interests	(29,549)	(27,701)
Net repayment to former holding company	-	(264,560)
CASH FLOWS FROM FINANCING ACTIVITIES	**10,550,820**	**1,025,901**
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,376,363	200,773
EFFECT OF EXCHANGE RATE CHANGES	(29,149)	(39,347)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	1,889,543	1,728,117
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**3,236,757**	**1,889,543**

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

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

1. Basis of Preparation

(a) The audited interim financial statements for the financial year ended 31 December 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 audited 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

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 31 Dec 2008**	**Exchange Rate At 31 Dec 2007**
US Dollar	3.45250	3.30500
Sri Lanka Rupee	0.03055	0.03043
Bangladesh Taka	0.05001	0.04843
Indonesian Rupiah	0.00032	0.00035
Pakistani Rupee	0.04363	0.05370
Singapore Dollar	2.41012	2.29307
Thai Baht	0.09927	0.11054
Iran Riyal	0.00035	0.00035
Indian Rupee	0.07101	0.08393

(d) The audited interim financial statements for the financial year ended 31 December 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 in the second 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 years covered by the Group's financial statements. These comparative effects are disclosed in Part A, 14 of this announcement.

2. Seasonal or Cyclical Factors

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

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

(a) There have been a change in the expected pattern of consumption of future economic benefits embodied in certain telecommunication network and equipment of the Group due to assets replacement plans. The revision was accounted for as a change in accounting estimations and had increased the current year depreciation charge for the group by RM295.7 million (2007:RM63.7 million).

(b) The Group registered net loss of RM472.3 million and RM445.8 million on foreign exchange during the current quarter and financial year to date respectively, being the net impact revaluation of USD borrowing, deposits, receivables and payables in other foreign currencies.

(c) During the financial year, the Group incurred net impairment losses of RM12.8 million (2007: RM61.8 million). The allowance for impairment losses relates primarily to the write down of certain telecommunication network assets and assets buyback plans in which the assets had been written down to its recoverable values.

(d) On 25 April 2008, the Group acquired additional 1,191,553,500 ordinary shares of Indonesian Rupiah 100 each in XL, representing approximately 16.81% of the issued and paid up share capital of XL for a purchase consideration of RM1,425 million satisfied through the issuance of 158,716,182 new ordinary shares of RM1.00 each of the Company, which was completed on 25 April 2008. Consequently, the Company's effective equity interest in XL increased from 66.99% to 83.79%. On that date, the fair value of the purchase consideration was RM1,245.8 million based on the market price of the share issued on that date.

(e) On 25 April 2008, the Group acquired 2 Class "A" ordinary shares of USD2.00 each and 35,965,998 RCPS ordinary shares USD 1.00 each in SunShare, representing approximately 49% of the issued and paid-up share capital of SunShare for a purchase consideration of RM155 million satisfied through the issuance of 17,292,798 new ordinary shares of RM1.00 each of the Company. Effectively, SunShare is a wholly owned subsidiary of the Company. At the date of acquisition, the fair value of the purchase consideration was RM135.8 million reflecting the market price of the share issued.

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 year ended 31 December 2008 other than as mentioned above and in Part A, 9 and Part B, 7 of this announcement.

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

4. Material Changes in Estimates

There were no material changes in estimates reported into the prior interim period or prior financial year.

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 RM400.0 million (USD122.3 million) from the RM817.5 million (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.

In conjunction with the group restructuring as disclosed in Part A, 1(e), a new special employees' share options schemes ("Special ESOS") fore eligible employees and Executive Director(s) of the TM was established and approved by TM shareholders at an Extraordinary General Meeting held on 6 March 2008.

On 17 March 2008, TM issued 137,592,300 ordinary shares of RM1.00 each, representing 4% of TM issued and paid-up share capital (ESOS Shares), at an issue price of RM9.70 per share to TM ESOS Management Sdn. Bhd.("TEM"), a wholly owned special purpose entity of TM established to act as a trustee to acquire, hold and manage the ESOS shares under the Special ESOS.

Pursuant to the Group restructuring, eligible Employees who have been granted the option to acquire TM Shares shall have the rights to acquire TM Shares and the Company ("TMI") Shares on the basis of 1 TMI ordinary shares of RM1.00 each for every TM Share held for each TM option remained unexercised on 22 April 2008, being the entitlement date to participate in the distribution of TMI shares. On 23 April 2008, the exercise price of RM9.70 was adjusted to RM2.71 for TM Shares and RM6.99 for TMI Shares.

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 year ended 31 December 2008.

6. Dividends Paid

No dividends have been paid during the financial year and quarter ended 31 December 2008.

7. Segmental Information

Segmental information for the financial year ended 31 December 2008 and 31 December 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	5,557,913	3,696,947	758,542	1,164,618	222,661	**11,400,681**
Inter-segment *	(49,804)	-	-	-	(3,166)	**(52,970)**
External operating revenue	5,508,109	3,696,947	758,542	1,164,618	219,495	**11,347,711**
Results						
Segment results	1,611,544	171,016	23,317	(37,367)	32,917	**1,801,427**
Other operating income						**178,941**
Operating profit before finance cost						**1,980,368**
Finance income						**99,319**
Finance cost						**(876,299)**
Foreign exchange gains						**(238,140)**
Jointly controlled entities - share of results (net of tax)					(142,440)	**(142,440)**
Associates - share of results (net of tax)					83,007	**83,007**
Profit before taxation						**905,815**
Taxation						**(434,723)**
Profit for the financial year						**471,092**

7. Segmental Information (continued)

2007 (Restated)

All amounts are in RM '000	Malaysia	Indonesia	Bangladesh	Sri Lanka	Others	Total
Operating Revenue						
Total operating revenue	5,078,713	3,010,974	718,656	1,062,806	172,814	10,043,963
Inter-segment *	(35,700)	-	-	-	(11,384)	(47,084)
External operating revenue	5,043,013	3,010,974	718,656	1,062,806	161,430	9,996,879
Results						
Segment results	1,353,937	504,312	3,176	290,976	134,634	2,287,035
Other operating income						281,963
Operating profit before finance cost						2,568,998
Finance income						80,485
Finance cost						(478,823)
Foreign exchange losses						(109,602)
Jointly controlled entities						
- share of results (net of tax)					175,527	175,527
- gain on dilution of equity interest					71,265	71,265
Associates						
- share of results (net of tax)					29,353	29,353
Profit before taxation						2,337,203
Taxation						(489,604)
Profit for the financial year						1,847,599

* 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) **Consortium Agreement relating to the Bid for the Grant of a Third Public Mobile Network Licence in the Islamic Republic of Iran ("Iran")**

Indocel Holding Sdn. Bhd. ("Indocel") , a wholly owned subsidiary of the Company, had on 19 November 2008 entered into a Consortium Agreement ("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.

The Company, 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 followed by a bid on 13 December 2008.

Following the official announcement by the Communications Regulatory Authority of Iran of the successful bidder of the Licence, the Company had on 14 January 2009 released an announcement to Bursa Securities that the Consortium was unsuccessful in their Tender.

Following the unsuccessful bid by the Consortium, in accordance to the terms of the Consortium Agreement dated 19 November 2008 entered into by Indocel with Fanamoj and Atiyeh Saba, the same is now terminated.

(b) Dialog Telekom PLC ("Dialog") lodged an application for the refund of telecommunication development charges paid in previous years to the Telecommunication Regulatory Commission on termination revenue. Following a review carried out by the Commission on the network rollout of specified areas, the Commission has confirmed a refund of RM15.2 million (SLR497.6 million).

(c) Dialog's board approves the implementation of voluntary resignation scheme for the financial year ending 31 December 2009 and cost is estimated at RM20.4 million (SLR635.0 million).

Save for the above and status update 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 audited interim financial statements to date.

10. Effects of Changes in the Composition of the Group

Changes in the composition of the Group for the financial year ended 31 December 2008 were as follows:

a) Dialog Telekom PLC ("Dialog")

Following the issuance of shares under Dialog's Employees' Share Option Scheme, the Company's equity interest in Dialog, held via TM International (L) Limited (TMIL), decreased from 84.81% to 84.80% in the first quarter and remained unchanged until third quarter 2008. The dilution has no material effect to the results of the Group.

During fourth quarter, the Company's equity interest, increased from 84.80% to 84.97% due to acquisition of 0.17% equity stake in Dialog for a purchase consideration of RM3.4 million. The shareholding remained the same as at year end.

b) MobileOne Limited ("M1")

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

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) PT Excelcomindo Pratama TBK ("XL")

On 6 February 2008, the Company and Indocel TMIL, entered into a Sale and Purchase Agreement with Khazanah Nasional Berhad ("Khazanah") ("Khazanah S&A") to acquire all Khazanah's 16.81% equity interest in XL for a purchase consideration of RM1.425 million. Subsequently, the Group's equity interest in XL increased from 66.99% to 83.79% as at the end of second quarter.

The fair value of the purchase consideration has become RM1,245.8 million based on the market price of the share issued on that date.

The Company's shareholding in XL held through Indocel Holding Sdn Bhd ("Indocel"), remain unchanged until the end of financial year.

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

(e) SunShare

The Company and its wholly-owned subsidiaries namely Celcom Transmission (M) Sdn Bhd ("CTX"), TESB and Celcom, 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 the Company 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 S&A entered on 6 February 2008, as part of the Proposed Acquisition.

The fair value of the purchase consideration has become RM135.8 million based on the market price of the share issued on that date.

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

(f) Celcom

The Company and its wholly-owned subsidiary, TESB, CTX and Celcom 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:

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 the Company.

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 Group.

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

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

TMI India Ltd ("TMI India") a wholly owned subsidiary of the Company, 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 the Company, 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.

The Company completed its acquisition of 464,734,670 ordinary shares of Rs.10 each in Idea, representing 14.99% of the enlarged issued and paid-up share capital in Idea on 13 August 2008. The shareholding in Idea remains unchanged as at fourth quarter of 2008.

The shareholding in Spice was 39% as at 30 September 2008 and following the completion of the Mandatory General Offer ("MGO") on 24 October 2008, the Company's interest in Spice has increased to 49% during the fourth quarter of 2008.

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

(a) 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.

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

(b) Multinet

On 6 October 2005, TM International (L) Limited (TMIL) had executed a blanket counter indemnity in favour of a financial institution in Labuan for all facilities offered. As at 31 December 2008, the amount outstanding is USD78.79 million (2007:USD16.6 million). A summary of the facilities offered by the financial institution in Labuan is as follows:

SBLC Facility of up to USD33.0 million to TMIL on 18 December 2007, to counter guarantee a financial institution in Karachi for Bank Guarantee ("BG") issuances on behalf of Multinet to Telenor Pakistan (Private) Limited ("Telenor").

Multinet and Telenor had entered into a twenty (20) years Indefeasible Right of Use ("IRU") agreement which requires a BG favouring Telenor to be issued by Multinet. A financial institution in Karachi has issued a BG to Telenor on behalf of Multinet. The BG is to be issued in three (3) tranches. As at 31 December 2008, the full SBLC of USD33.0 million (2007:USD16.5 million) was issued. The tenure of the SBLC is one (1) year subject to annual review.

Additional SBLC Facility of up to USD46.0 million to TMIL on 29 July 2008, to counter guarantee a financial institution in Karachi for a Medium Term Loan Facility ("MTL") of PKR2,400 million granted to Multinet.

Multinet had obtained the MTL offered by a financial institution in Karachi for the purpose of refinancing the existing Short Term Bridging Loan ("STL") of PKR1,200 million and an additional PKR1,200 million funding requirement for its Project Ittehad. Project Ittehad is Multinet's project to establish its nationwide long haul optical fiber transmission network. The SBLC was issued according to the drawdown of the MTL. As at 31 December 2008, SBLC totaling USD45.79 million (2007:Nil) has been issued. The tenure of the SBLC is seven (7) years subject to annual renewal.
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11. Changes in Contingent Liabilities Since the Last Annual Balance Sheet Date (continued)

(c) Spice

On 21 April 2006, a Deed of Undertaking was signed between Spice Communications Limited (Spice), Telekom Malaysia Berhad (TMB), the Company, and DBS Bank Ltd (DBS Bank) in connection with the provision of limited sponsor support for an Indian Rupee equivalent of USD215 million facility (INR Facility) and a USD50 million facility (USD Facility) granted to Spice.

The INR Facility was repaid on 4 June 2008 and as at 31 December 2008 the USD Facility is still outstanding.

Notwithstanding the repayment of the INR Facility, the Deed of Undertaking remains effective. The Deed of Undertaking obliges the Company as Sponsor to provide funding to Spice should Spice default on its payment obligations to DBS Bank under the USD Facility. This funding can take the form of either an equity injection, subscription of preference shares or to refinance the DBS facility.

(d) Dialog

(i) **Assessment in respect of Value Added Tax (VAT)**

Dialog has been issued with Value Added Tax assessments for RM17.8 million (SLR555.7 million) and penalties of RM11.3 million (SLR353.8 million) in respect of financial year 2006 (year of assessment 2006/07). Dialog is not in agreement with the assessments and has appealed against the said assessments under Section 34 of the Value Added Tax Act.

Dialog has sought legal opinion on the assessments and lawyers have advised that the assessments are not sustainable in law. The Directors therefore are of the view that the assessments made are unlikely to result in significant liabilities and accordingly no provision has been made in the financial statements.

(ii) **Payments to the dealer/distributor**

Dialog has a monthly commitment to pay RM0.7 million (SLR21.5 million/- commencing 1st March 2008 over next seven years. The commitment is payable if and only upon fulfillment of certain stipulated conditions specified in the dealer/distributorship agreement signed by Dialog with the said dealer/distributor.

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

(d) **Dialog (continued)**

(iii) **Enquiry by Sri Lanka customs**

In August 2008, Sri Lanka Customs (SLC) detained a shipment of CDMA Customer Premises Equipment (CPE), belonging to the Dialog's subsidiary company, and commenced an investigation into the eligibility of these items falling under the duty exemptions granted under the terms and conditions of the Agreement the subsidiary has entered with the Board of Investment of Sri Lanka. The shipment was subsequently cleared by submitting bank guarantees and thereafter paying duty under a protest to clear subsequent shipments. The main contention of SLC was that the CDMA CPE could not be considered a fixed asset of the subsidiary. Having completed the investigation, SLC commenced an enquiry into this matter on 30 January 2009.

No assessment has been made on the subsidiary at the date of the balance sheet. Management has sought the opinion of external legal counsel who is of the view that no material liability would result from the enquiry.

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.

(e) **TMI Bangladesh**

Effective December 2005, all telecommunication providers in Bangladesh are required to remit Value Added Tax ('VAT') on SIM Card sales to the National Board of Revenue ('NBR') of Taka 800 per card sold.

By a judgment dated 24 August 2006, a Division Bench of the High Court Division declared that fixation of tariff value of SIM Card for the purpose of imposition of supplementary duty was without lawful authority and was of no legal effect. TMIB had ceased making payments on the basis of the said Order. However, with effect from 27 March 2007, TMIB had resumed payment of the VAT on SIM Card sales due to the Stay Order issued by the Appellate Division of the High Court. The VAT on sales of SIM Card between August 2006 and March 2007, should a claw back of payment be required, amounted to RM89.9 million (Tk. 1.8 billion).
The matter is currently pending appeal before the Appellate Division of the Supreme Court of Bangladesh.

Based on the legal opinion received, management is of view that TMIB has no obligation and thus no provision is made in the financial statements.

12. Capital Commitments

	Group	
	2008	2007
	RM '000	RM '000
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	**1,001,228**	2,999,980
Commitments in respect of expenditure approved but not contracted for	**995,823**	688,509

13. Additional Disclosure Requirements

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

The status of the application of Outdoor Structures owned by Celcom Group as at 19 February 2009 are as follows:-

(a) 150 Outdoor Structures are pending approval from local authorities; and

(b) initial applications for 48 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 audited interim financial statement have been adjusted to reflect the merger accounting for Celcom Group and SunShare following the completion of the internal restructuring exercise and reclassification as explained in Part A, 1(e) and Part A, 1(b) respectively of this announcement.

The consolidated financial statements showing effect of merger accounting and reclassification aforementioned are as follows:

(a) Consolidated income statements for the financial year ended 31 December 2007

Group	As previously reported RM'000	Effect of merger accounting RM'000	Reclassi-fication	As restated RM'000
Operating revenue	4,953,866	5,043,013	-	9,996,879
Operating costs				
- depreciation, impairment and amortisation	(928,611)	(895,435)	-	(1,824,046)
- other operating costs	(3,201,759)	(2,793,641)	131,626	(5,863,774)
- foreign exchange losses	-	-	(22,024)	(22,024)
Other operating income	252,109	29,854	-	281,963
Operating profit before finance cost	1,075,605	1,383,791	109,602	2,568,998
- Finance income	33,373	47,112	-	80,485
- Finance cost	(455,812)	(23,011)	-	(478,823)
- Foreign exchange losses	-	-	(109,602)	(109,602)
Net finance cost	(422,439)	24,101	(109,602)	(507,940)
Jointly controlled entities				
- share of results(net of tax)	133,312	42,215	-	175,527
- gain on dilution of equity interest	71,265	-	-	71,265
Associates				
- share of results (net of tax)	24,202	5,151		29,353
Profit before taxation	881,945	1,455,258	-	2,337,203
Taxation	(134,373)	(355,231)	-	(489,604)
Profit for the financial year	747,572	1,100,027	-	1,847,599
Attributable to:				
- equity holders of the Company	683,523	1,098,391	-	1,781,914
- minority interests	64,049	1,636	-	65,685
Profit for the financial year	747,572	1,100,027	-	1,847,599

14 Comparatives (continued)

(b) Consolidated balance sheet as at 31 December 2007

Group	As previously reported RM'000	Effect of merger accounting 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:			
- Currency translation differences	(312,800)	-	(312,800)
- Capital distribution	824	8,289	9,113
- Merger reserve	(20,885)	367,659	346,774
- Retained earnings	4,015,323	1,750,145	5,765,468
Total capital and reserves attributable to equity holders of the Company	3,776,484	5,927,093	9,703,577
Minority interest	670,998	4,750	675,748
Total equity	4,447,482	5,931,843	10,379,325
Borrowings	3,159,808	-	3,159,808
Amount due to former holding company	3,066,921	958,079	4,025,000
Deferred tax liabilities	428,263	453,622	881,885
Provision for liabilities	6,251	80,945	87,196
Deferred and long term liabilities	6,661,243	1,492,646	8,153,889
	11,108,725	7,424,489	18,533,214
Intangible assets	3,387,166	4,031,270	7,418,436
Property, plant and equipment	8,398,844	3,760,993	12,159,837
Prepaid lease payments	296,996	24,864	321,860
Investment properties	-	2,044	2,044
Jointly controlled entities	877,555	146,899	1,024,454
Associates	245,715	5,425	251,140
Long term receivables	395	-	395
Deferred tax assets	162,890	-	162,890
Total long term assets	13,369,561	7,971,495	21,341,056

14 Comparatives (continued)

(b) Consolidated balance sheet as at 31 December 2007 (continued)

Group	**As previously reported RM'000**	**Effect of merger accounting RM'000**	**As restated RM'000**
Inventories	59,315	15,310	74,625
Trade and other receivables	698,853	204,382	903,235
Marketable securities	-	1,713	1,713
Amount due from holding company	5,944	(5,944)	-
Amount due from related companies	9,850	(9,850)	-
Tax recoverable	436	200,652	201,088
Cash and bank balances	679,718	1,288,025	1,967,743
Current assets	1,454,116	1,694,288	3,148,404
Trade and other payables	1,981,121	1,965,640	3,946,761
Borrowings	1,709,746	200,000	1,909,746
Amount due to related companies	2,229	(2,229)	-
Current tax liabilities	21,856	77,883	99,739
Current liabilities	3,714,952	2,241,294	5,956,246
Net current liabilities	(2,260,836)	(547,006)	(2,807,842)
	11,108,725	7,424,489	18,533,214

14. Comparatives (continued)

(c) Consolidated cash flow statement for the financial year ended 31 December 2007

Group	As previously reported RM'000	Effect of merger accounting RM'000	As restated RM'000
Receipts from customers	4,862,126	5,102,896	9,965,022
Payments to suppliers and employees	(2,253,809)	(2,604,262)	(4,858,071)
Payment of finance costs	(410,951)	(44,671)	(455,622)
Payment of income taxes (net of tax refund)	(10,604)	(458,532)	(469,136)
Total cash flows from operating activities	2,186,762	1,995,431	4,182,193
Disposal of property, plant and equipment	4,011	9,595	13,606
Purchase of property, plant and equipment	(4,266,461)	(718,129)	(4,984,590)
Payment of intangible asset	(588)	-	(588)
Partial disposal of a subsidiary	280,396	-	280,396
Additional investment in subsidiaries	(394,141)	-	(394,141)
Acquisition of associates	-	(2,450)	(2,450)
Interest received	33,373	47,112	80,485
Loans to employees	(39)	-	(39)
Total cash flows used in investing activities	(4,343,449)	(663,872)	(5,007,321)
Proceeds from rights/ESOS share issuance	75,987	-	75,987
Proceeds from borrowings	2,602,235	-	2,602,235
Repayments of borrowings	(846,310)	(513,750)	(1,360,060)
Dividend paid to minority interest	(27,701)	-	(27,701)
Repayment to former holding company	465,554	(730,114)	(264,560)
Total cash flows from financing activities	2,269,765	(1,243,864)	1,025,901

14. Comparatives (continued)

(c) Consolidated cash flow statement for the financial year ended 31 December 2007 (continued)

Group	As previously reported RM'000	Effect of merger accounting RM'000	As restated RM'000
Net increase in cash and cash equivalents	113,078	87,695	200,773
Effect of exchange rate changes	(39,347)	-	(39,347)
Cash and cash equivalents at beginning of financial year	527,787	1,200,330	1,728,117
Cash and cash equivalents at end of financial year	601,518	1,288,025	1,889,543

(d) Cash and bank balances as at 31 December 2007

Group	As previously reported RM'000	Effect of merger accounting RM'000	As restated RM'000
Deposits with:			
Licensed banks	560,008	806,525	1,366,533
-Other financial institutions	-	101,941	101,941
-Deposits under Islamic principles	-	311,667	311,667
Total deposits	560,008	1,220,133	1,780,141
Cash and bank balances	119,710	67,892	187,602
Total cash and bank balances	679,718	1,288,025	1,967,743
Less:			
Deposits pledged	(76,093)	-	(76,093)
Bank overdraft	(2,107)	-	(2,107)
Restricted cash	(78,200)	-	(78,200)
Total cash and cash equivalents at end of the financial year	601,518	1,288,025	1,889,543

14. Comparatives (continued)

(e) Statement of changes in equity for the financial year ended 31 December 2007

Group	As previously reported RM'000	Effect of merger accounting RM'000	As restated RM'000
Share capital	35,693	3,541,700	3,577,393
Share premium	58,329	259,300	317,629
Currency translation differences	(312,800)	-	(312,800)
Capital contribution	824	8,289	9,113
Merger reserve	(20,885)	367,659	346,774
Retained earnings	4,015,323	1,750,145	5,765,468
Minority interests	670,998	4,750	675,748
	4,447,482	5,931,843	10,379,325

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 (Q4’08) under review, the Group revenue reduced by 12.2% to RM2,418.1 million from RM2,754.5 million achieved in 4th quarter 2007 (Q4’07), mainly attributed to the lower contribution from XL due to the adverse exchange rate impact on its Ringgit Malaysia (RM) translated results.

Celcom, the major revenue contributor for the Group, contributed 60.5% of total revenue for the quarter, increased from 48.2% in Q4’07, while XL’s contribution towards the Group revenue had reduced from 34.3% in Q4’07 to 16.9% in Q4’08.

From local currencies’ perspective, all subsidiaries, with the exception of Dialog, recorded a positive quarter-on-quarter growth. Negative revenue growth in Dialog was due to price competition among the operators and Dialog had been pressured to carry out tariff revision to remain competitive in the market.

Below is the comparison of revenue growth recorded in the major subsidiaries within the Group for the fourth quarter ended 31 December 2008 against fourth quarter ended 31 December 2007, in local currencies:

	Q4’08	Q4’07	Growth
	Local Currency	Local Currency	
Celcom (RM Million)	1,462.8	1,328.7	10.1%
XL (IDR Billion)	2,860.4	2,562.8	11.6%
Dialog (SLR Million)	8,793.0	9,038.3	-2.7%
TMIB (BDT Million)	3,947.0	3,518.5	12.2%
TMIC (USD Million)	12.8	11.1	15.3%

The fluctuation of RM against local currencies has unfavorably affected the Group’s translated revenue. At constant currency, Group Q4’08 revenue would have registered growth of 10.8% year on year.

Higher finance costs arising from the amount owing to TM Berhad and loans for the Idea acquisition had unfavorably affected the PATAMI in the current quarter by RM130.2 million.

The Group recorded loss after tax of RM613.5 million in Q4’08 mainly driven by exchange loss in the quarter of RM472.3 million which was mainly derived from XL. The exchange loss was resulted from the strengthening of USD against IDR, RM and other local currencies.

The Group performance was also affected by the negative contribution from Dialog and share of loss from jointly controlled entities.

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 financial year ended 31 December 2008, the Group revenue increased by 13.5% from RM9,996.9 million to RM11,347.7 million driven by the positive growth from all subsidiaries, particularly from higher achievement in XL and Celcom. Below is the comparison of financial year 2008 (FY'08) revenue achievement of the major subsidiaries against corresponding period in 2007 (FY'07), in local currencies, respectively:

	FY '08	**FY'07**	**Growth**
	Local Currency	Local Currency	
Celcom (RM Million)	5,557.9	5,078.7	9.4%
XL (IDR Billion)	11,773.7	7,986.7	47.4%
Dialog (SLR Million)	36,331.9	34,165.9	6.3%
TMIB (BDT Million)	14,616.6	14,390.1	1.6%
TMIC (USD Million)	54.1	41.1	31.6%

The fluctuation of RM against local currencies has unfavorably affected the Group's translated revenue. At constant currency, Group revenue for the year grew by 20.3% year on year.

Year on year finance costs had increased by RM397.5 million or 83%, mainly driven by interest on TM's bridging loans and financing cost for Idea acquisition totaling to RM275.3 million. The performance result of Idea has not been included in the current financial year results.

The Group PATAMI, however, was lower by 72.1% from RM1,781.9 million achieved in FY'07 to RM498.0 million recorded in the current financial year. Financial year 2007 results were inclusive of gain on disposal of Dialog shares (RM234.8 million) and gain on Spice IPO (RM71.3 million).

The unfavorable variance was also attributed to the higher foreign exchange loss of RM445.8 million recorded in FY'08, as compared to loss of RM131.6 million in FY'07. Foreign exchange loss was mainly contributed by XL.

The group performance was also affected by the negative contribution from Dialog and share of loss from jointly controlled entities.

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

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Results

For the current quarter (Q4'08) under review, the Group revenue reduced by 26.2% to RM2,418.1 million from RM3,278.0 million achieved in third quarter 2008 (Q3'08), mainly attributed to the lower contribution from XL. XL showed a declining revenue trend mainly due to lower voice revenue driven by lower blended minutes of use ("MOU") and lower blended average revenue per user ("APRU").

In addition to the lower XL's revenue achievement in the current quarter, depreciation of IDR against RM of approximately 14.9% from September 2008 to December 2008 had further compressed XL translated revenue in RM.

Below is the comparison of revenue growth recorded by the major subsidiaries within the Group for the Q4'08 against Q3'08, in local currencies:

	Q4'08	**Q3'08**	Growth
	Local Currency	Local Currency	
Celcom (RM Million)	1,462.8	1,411.1	3.7%
XL (IDR Billion)	2,860.4	3,220.6	-11.2%
Dialog (SLR Million)	8,793.0	9,332.0	-5.8
TMIB (BDT Million)	3,947.0	3,431.7	15.0%
TMIC (USD Million)	12.8	13.8	-7.2%

The fluctuation of Ringgit Malaysia (RM) against local currencies has unfavorably affected the Group's translated revenue. At constant currency, current quarter revenue would have registered a lower negative growth of 7.4%.

The Group posted a loss after tax of RM613.5 million in Q4'08 as opposed to profit after tax of RM242.9 million recorded in the preceding period. This was primarily attributed to the foreign exchange loss of RM472.3 million, mainly from XL, recorded in Q4'08 as compared to RM4.4 million loss in Q3'08.

The group performance was also affected by the negative contribution from Dialog of RM114.3 million and share of loss from jointly controlled entities.

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 TODATE	PRECEDING YEAR CORRESPONDING PERIOD
	31/12/2008	31/12/2007	**31/12/2008**	31/12/2007
	RM '000	**RM '000**	**RM '000**	**RM '000**
EBIT*	**(171,599)**	766,271	**1,920,935**	2,845,143
Less: Adjusted Tax (26%)/ 2007: (27%)	(44,616)	206,893	499,443	768,189
NOPLAT**	**(126,983)**	559,378	**1,421,492**	2,076,954
AIC***	2,746,632	2,287,179	10,986,527	9,148,718
WACC****	7.42%	9.19%	7.60%	9.08%
Economic Charge (AIC*WACC)	**203,800**	210,192	**834,976**	830,704
Economic Profit (RM Thousand)	**(330,783)**	349,186	**586,516**	1,246,250

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

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

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 Company's fourth quarter 2008 EP decreased by RM680.0 million quarter-on-quarter to loss of RM330.8 million (194.7%) as compared to the fourth quarter 2007 EP of RM349.2 million. As for the financial year, The Company's EP of RM586.5 million is also showing a loss of RM659.7 million (53.0%) when compared to the preceding year of RM1,246.3 million.

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

2. Prospects for the next financial year ending 31 December 2009

The macro backdrop for 2009 would appear to be one of weakening economies and uncertainty thus the Group will adopt a prudent approach focusing on cost management whilst continue to lay the foundation towards achieving our long term aspiration of becoming a regional champion.

We will continue to have a strong focus on continued operational efficiencies at the Group's major subsidiaries whilst preserving the momentum of sequential improvements.

Our operations in emerging markets may be susceptible to weakening disposable incomes and currencies. Nevertheless the long term outlook in these markets remains intact with opportunities for subscriber and revenue growth.

Barring unforeseen circumstances the Board of Directors expects the Group to continue to deliver long term shareholder value whilst being prudent in a cautious year ahead

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 year ended 31 December 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		FINANCIAL YEAR ENDED	
	Current year quarter	Preceding year corresponding quarter		
	31/12/2008	31/12/2007	**31/12/2008**	31/12/2007
	RM '000	RM '000	**RM '000**	RM '000
		Restated		Restated
Malaysia				
Income Tax:				
Current year	**(137,183)**	(99,687)	**(501,247)**	(368,903)
Prior year	**6,011**	13,150	**6,011**	26,804
	(131,172)	(86,537)	**(495,236)**	(342,099)
Overseas				
Income Tax:				
Current year	**68,837**	443	**(12,914)**	(11,838)
Prior year	**49**	(3,204)	**611**	2,098
	68,886	(2,761)	**(12,303)**	(9,740)
Deferred tax (net):				
Current year	**112,352**	33,458	**67,977**	(145,016)
Prior year	**4,839**	7,251	**4,839**	7,251
	117,191	40,709	**72,816**	(137,765)
TOTAL TAXATION	**54,905**	(48,589)	**(434,723)**	(489,604)

The current quarter effective tax rate of the Group is lower than the statutory tax rate mainly due to losses incurred by subsidiaries and reversal of deferred tax liabilities in fourth quarter.

The financial year 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.

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

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

6. Purchase and Disposal of Quoted Securities

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

7. Status of Corporate Proposals

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

On 10 December 2007, the Board of TM proposed, amongst others, to obtain a shareholders' mandate ("Shareholders' Mandate") for the issuance of up to 10% of the issued and paid-up share capital of the Company ("Proposed Issue"). In connection with the above, the SC had, vide its letter dated 30 January 2008, given its approval for, amongst others, the Proposed Issue. The shareholders of TM had at the 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 the Company to undertake the Proposed Issue. SC had, vide its letter dated 28 July 2008, approved the extension of time on the Proposed Issue.

Further to the above, an application was submitted to SC on 15 January 2009 to extend further the period for the Company to implement the Proposed Issue. SC had vide its letter dated 22 January 2009 approved the extension of time of up 29 July 2009 for the Company to implement the Proposed Issue.

(b) (i) Proposed subscription by TMI Mauritius Ltd ("TMI Mauritius"), a wholly-owned subsidiary of the Company, 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 the Company, 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, the Company 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 the Company, 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, the Company 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 the Company, 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.

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 the Group for the Proposed Subscription and Proposed Offer. BNM's approval is subject to, amongst others, the following:

(a) if the Company 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 the Company 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 the Company;

(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 the Company's shareholders for the Proposals at an extraordinary general meeting of the Company 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

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7. Status of Corporate Proposals (continued)

(c) **Investment by Celcom in Tune Talk Sdn Bhd**

Celcom had on 23 December 2008 entered into a Subscription Agreement and Shareholders' Agreement with Tune Ventures Sdn Bhd, Tune Strategic Investments Limited, six (6) individuals and Tune Talk Sdn Bhd ("Tune Talk"), in relation to Celcom's investment in Tune Talk.

Pursuant to the Subscription Agreement, Celcom had subscribed to 2,625,000 ordinary shares of RM1.00 each representing 38.17% of the issued and paid-up share capital of Tune Talk for a cash consideration of RM2,625,000.00.

The above transaction was completed on 16 February 2009.

(d) **Proposed acquisition of 51.0% equity interest in C-Mobile Sdn Bhd, a 51:49 joint venture company between I-Mobile Inernational Co Ltd and CT Paging Sdn Bhd**

CT Paging Sdn Bhd ("CT Paging"), a wholly owned subsidiary of Celcom had on 19 February 2009 entered into a Shares Sale Agreement ("Shares Sale Agreement") with I-Mobile International Co Ltd ("I-Mobile") for the acquisition of I-Mobile's entire 51% equity interest in C-Mobile Sdn Bhd ("C-Mobile") for a total purchase consideration of RM2,550,000.00 ("Proposed Acquisition").

The purchase consideration of RM2,550,000.00 for the entire 51% equity interest in C-Mobile comprising 2,550,000 ordinary shares of RM1.00 each is payable in cash within a period of 1 month from the date of the execution of the Shares Sale Agreement.

Upon the completion of the Proposed Acquisition, C-Mobile will be a wholly-owned subsidiary of CT Paging.

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

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8. Group Borrowings and Debt Securities

(a) Breakdown of Group borrowings and debt securities as at 31 December 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	175,033	715,959	316,136	762,670
Unsecured	5,238,266	9,830,093	1,593,610	2,397,138
	5,413,299	**10,546,052**	**1,909,746**	**3,159,808**
Interest Bearing Amount Due to Telekom Malaysia Berhad - Unsecured	4,025,000	-	-	4,025,000
Total	**9,438,299**	**10,546,052**	**1,909,746**	**7,184,808**

(b) Foreign currency borrowings and debt securities in Ringgit Malaysia equivalent as at 31 December were as follows:

	2008	2007
Foreign Currency	**RM '000**	**RM '000**
US Dollar	5,973,932	3,439,334
Indonesian Rupiah	2,990,322	666,401
Bangladesh Taka	284,971	432,637
Sri Lanka Rupee	447,448	202,313
Singapore Dollar	578,429	-
Other currencies	104,712	128,869
Total	**10,379,814**	**4,869,554**

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:

(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

9. Off Balance Sheet Financial Instruments (continued)

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

ii) Underlying Liability

SGD240,000,000 Term Loan Facility

	2008 SGD '000	2007 SGD'000
Term Loan	240,000	480,000

On 23 September 2005, SunShare obtained term loan facility of SGD540,000,000. This loan is unsecured and part of a facility taken by the Company, which is convertible into a term loan of up to the maximum aggregate principal amount i.e. SGD540,000,000.

On 27 April 2006, the Company extended the repayment date of the facility so that it is repayable in full in 2010 and subsequently, the facility has been drawndown in full on 31 October 2006.

On 29 November 2007, the Company made a partial principal repayment of SGD60,000,000.

On 10 April 2008, the Company made another partial principal repayment of SGD240,000,000 which is paid on behalf by the holding company, TM International Berhad.

The effective interest rate at balance sheet date is 1.36% (2007: 3.0%).

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.

9. Off Balance Sheet Financial Instruments (continued)

(b) i) 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	

ii) Forward Foreign Currency Contracts – Due in 2009

	Bank	Notional amount	Strike rate	Settlement
a	Standard Chartered Bank	USD 25,000,000	1 USD = Rp 9,000	Deliverable
b	JPMorgan Securities (S.E.A.) Limited	USD 25,000,000	1 USD = Rp 9,000	NDF
c	Standard Chartered Bank	USD 25,000,000	1 USD = Rp 9,000	Deliverable
d	JPMorgan Securities (S.E.A.) Limited	USD 25,000,000	1 USD = Rp 9,000	NDF
e	JPMorgan Securities (S.E.A.) Limited	USD 12,500,000	1 USD = Rp 9.000	NDF
f	Standard Chartered Bank	USD 12,500,000	1 USD = Rp 9.000	Deliverable
g	HSBC	USD 12,500,000	1 USD = Rp 9.000	Deliverable
h	Standard Chartered Bank	USD 12,500,000	1 USD = Rp 9.000	Deliverable
	Total	**USD 150,000,000**		

9. Off Balance Sheet Financial Instruments (continued)

(b) ii) Forward Foreign Currency Contracts – Due in 2009 (continued)

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 62.5 million (3 items) for non deliverable (NDF).

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

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

- If settlement rate at expire time is less than Rp. 9,000, Excelcomindo would pay the banks USD 62.5 Million x (Rp. 9,000 – settlement rate)
- If settlement rate at expire time is more than Rp. 9,000, the banks would pay Excelcomindo USD 62.5 Million x (settlement rate - Rp. 9,000)
- If settlements rate at expire time is equal to Rp. 9,000, no exchange payments between the banks and Excelcomindo.

iii) Forward Foreign Currency Contracts – Due in 2013

	Bank	Notional amount	Strike rate	Settlement
a	JPMorgan Securities (S.E.A.) Limited	USD 25,000,000	1 USD = Rp 9,000	NDF
b	Standard Chartered Bank	USD 25,000,000	1 USD = Rp 9,000	Deliverable
c	Standard Chartered Bank	USD 25,000,000	1 USD = Rp 9,000	Deliverable
d	Standard Chartered Bank	USD 25,000,000	1 USD = Rp 9,000	Deliverable
e	JPMorgan Chase Bank	USD 12,500,000	1 USD = Rp 9.000	Deliverable
f	JPMorgan Securities (S.E.A.) Limited	USD 12,500,000	1 USD = Rp 9.000	NDF
	Total	**USD 125,000,000**		

9. Off Balance Sheet Financial Instruments (continued)

(b) iii) Forward Foreign Currency Contracts – Due in 2013 (continued)

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 (4 items) and USD 37.5 million (2 items) for non deliverable (NDF).

On the deliverable contract; the Excelcomindo would swap, at the final exchange date (termination date) in 2013, a total of Rp 787,500,000 for USD 87,500,000.

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

- If settlement Rate at expire time is less than Rp. 9,000, the Excelcomindo would pay the banks USD 37.5 Million x (Rp. 9,000 – settlement rate)
- If settlement Rate at expire time is more than Rp. 9,000, the banks would pay the Excelcomindo USD 37.5 Million x (settlement rate - Rp. 9,000)
- If settlements Rate at expire time is equal to Rp. 9,000, no exchange payments between the banks and the Excelcomindo.

(c) Cross Currency Swap

(i) <u>Underlying Liability</u>

RM 2,400,000,000 Term Loan Facility

On 4 August 2008, the Company obtained term loan facility of RM2,400,000,000 with a financial institution. The loan will be based on a floating rate of interest at quarterly interval of 3 months COF plus 0.23% margin per annum. The loan will mature on 7 August 2009. As at 31 December 2008, RM1,728,694,000 have been swapped for USD currency.

<u>Hedging Instrument</u>

On 10 December 2008, the Company entered into a cross-currency swap ("CRS") contract with a financial institution. Based on the contract, the Company would swap, at the final exchange date (termination date) on 12 January 2009, a total of RM1,642,400,000 for USD500,000,000. The Company will make monthly payment in USD at the amount of USD500,000,000 times floating rate of interest and will receive payment in RM amounting to RM1,642,400,000 times fixed interest rates.

9. Off Balance Sheet Financial Instruments (continued)

(d) Cross Currency Swap (continued)

(i) Underlying Liability – RM2,400,000,000

Hedging Instrument (continued)

On 15 December 2008, the Company entered into CRS contract with a financial institution. Based on the contract, the Company would swap, at the final exchange date (termination date) on 15 January 2009, a total of RM86,294,000 for USD26,000,000. The Company will make monthly payment in USD at the amount of USD26,000,000 times floating rate of interest and will receive payment in RM amounting to RM86,294,000 times fixed interest rates.

(ii) Underlying Liability

USD 77,500,000 long term loan

From 18 April to 10 May 2007 XL entered into cross currency swap contracts to hedge the payment of the principal and interest of long-term loans in USD, as follows:

Cross currency swap contracts:	Notional Amount USD
Standard Chartered Bank (sub note a)	10,000,000
JP Morgan Chase Bank (sub note b)	25,000,000
Standard Chartered Bank (sub note c)	15,000,000
DBS Bank Indonesia (sub note d)	15,000,000
Standard Chartered Bank (sub note e)	12,500,000

a On 18 April 2007, XL entered into a cross currency swap contract with Standard Chartered Bank. Based on the contract commencing on 18 April 2007, XL would swap, at the final exchange date (termination date) of 16 April 2010, a total of Rp 90.88 billion (full amount) for USD 10,000,000. XL will make quarterly payments in Rupiah every 18 January, 18 April, 18 July and 18 October up to the termination date, in the amount of USD 10,000,000 times the fixed interest rate of 9.65% per annum with a strike rate of Rp 9,088 (full amount) per USD, and will receive payment in USD amounting to USD 10,000,000 times the floating rate of interest at quarterly intervals of three months' SIBOR plus 1.05%.

b On 23 April 2007, XL entered into a cross currency swap contract with JPMorgan Chase Bank. Based on the contract commencing on 23 April 2007, XL would swap, at the final exchange date (termination date) of 29 January 2010, a total of Rp 225 billion (full amount) for USD 25,000,000.

9. Off Balance Sheet Financial Instruments (continued)

(e) Cross Currency Swap (continued)

(ii) Underlying Liability – USD 77,500,000

b XL will make quarterly payments in Rupiah every 30 January, 30 April, 30 July and 30 October up to the termination date, amounting to USD 25,000,000 times the fixed interest rate of 9.99% per annum with a strike rate of Rp 9,000 (full amount) per USD, and will receive payment in USD amounting to USD 25,000,000 times the floating rate of interest at quarterly intervals of three months' LIBOR plus 0.95%.

c On 26 April 2007, XL entered into a cross currency swap contract with Standard Chartered Bank. Based on the contract commencing on 26 April 2007, XL would swap, at the final exchange date (termination date) of 26 April 2010, a total of Rp 135 billion (full amount) for USD 15,000,000. XL will make quarterly payments in Rupiah every 26 January, 26 April, 26 July and 26 October up to the termination date, amounting to USD 15,000,000 times the fixed interest rate of 9.825% per annum with a strike rate of Rp 9,000 (full amount) per USD, and will receive payment in USD amounting to USD 15,000,000 times the floating rate of interest at quarterly intervals of three months' LIBOR plus 1%.

d On 9 May 2007, XL entered into a cross currency swap contract with DBS Bank Indonesia. Based on the contract commencing on 9 May 2007, XL would swap, at the final exchange date (termination date) of 26 April 2010, a total of Rp 135 billion (full amount) for USD 15,000,000. XL will make quarterly payments in Rupiah every 26 January, 26 April, 26 July and 26 October up to the termination date, amounting to USD 15,000,000 times the fixed interest rate of 8.20% per annum with a strike rate of Rp 9,000 (full amount) per USD, and will receive payment in USD amounting to USD 15,000,000 times the floating rate of interest at quarterly intervals of 3 (three) months' LIBOR plus 1%.

e On 10 May 2007, XL entered into a cross currency swap contract with Standard Chartered Bank. Based on the contract commencing on 10 May 2007, XL would swap, at the final exchange date (termination date) of 29 January 2010, a total of Rp 112.5 billion (full amount) for USD 12,500,000. XL will make quarterly payments in Rupiah every 28 June, 28 September, 28 December and 28 March up to the termination date, in the amount of USD 12,500,000 times the fixed interest rate of 7.73% per annum with a strike rate of Rp 9,000 (full amount) per USD, and will receive payment in USD amounting to USD 12,500,000 times the floating rate of interest at quarterly intervals of three months' LIBOR plus 0.95%.

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

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 Senior Assistant Registrar’s (“SAR”) 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 which was fixed for hearing on 8 January 2009 was adjourned to another date (which the Court will inform in due course) due to restructuring of cases in the Court.

The 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 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 mention on 27 February 2009.

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

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 (d) 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.

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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 8 April 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, TSDTR's application to re-amend his amended defence and counterclaim was allowed by the Court on 20 October 2008. 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. The Court then adjourned the matter sine die pending disposal of the appeal.

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

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 24 March 2009.

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. The application was dismissed by the Court on 6 February 2009 with costs.

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 mention on 26 March 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;

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 17 April 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;

10. Material Litigation (continued)

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

(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;

(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 and service effected on TSDTR, BR, DLKY and Beringin Murni Sdn. Bhd.

Application for leave to issue and serve a notice out of jurisdiction was filed on 18 December 2008 against the German director and DeTeAsia.

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.

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

11. Earnings Per Share ("EPS")

	INDIVIDUAL QUARTER		**CUMULATIVE PERIOD**	
	Current year quarter 31/12/2008	Preceding year corresponding quarter 31/12/2007	**Current year to date 31/12/2008**	Preceding year corresponding period 31/12/2007
Basic earnings per share				
(Loss)/Profit attributable to equity holders of the Company (RM '000)	**(515,250)**	519,917	**497,983**	1,781,914
Weighted average number of ordinary shares ('000)	**3,753,402**	3,577,393	**3,694,732**	3,577,393
Basic earnings per share (sen)	**(14)**	15	**13**	50

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.

Diluted earnings per share is not presented in the financial statements since there are no dilutive potential ordinary shares.

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 year ended 31 December 2008.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
26 February 2009