



News Release

15 May 2006
Kuala Lumpur

TM RECORDS HIGHER QUARTER 1 PROFIT OF RM518.9 MILLION

OVERVIEW

Telekom Malaysia Berhad (TM) recorded a higher Profit After Tax and Minority Interest (PATAMI) of RM518.9 million for the first quarter of 2006, a 38.6% increase from RM374.5 million registered in the corresponding quarter in 2005. This is a turnaround of more than 100% from the RM701.3 million net loss recorded in the fourth quarter of 2005, after being hit by RM880 million provision for DeTeAsia Holdings GmbH's claim.

The Group also registered an improved Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of RM1.71 billion (normalized after adjustment for Foreign Exchange Gains of RM212.9 million) from RM1.64 billion achieved in the first quarter last year.

The increased earnings was achieved on the back of RM3.79 billion revenue, a growth of 10.9% from RM3.42 billion registered in the same quarter last year. This was mainly attributed to higher revenue from mobile, Internet and multimedia segments. Significant increase in mobile revenue is mainly contributed by the consolidation of PT Excelcomindo Pratama Tbk (XL), which became a subsidiary in the fourth quarter 2005. XL also reported better revenue in the current quarter, up 39.8% to RM483.7 million from RM346.1 million a year ago.

Revenue Composition	Q1 2006		Q1 2005	
	RM million	% Contribution	RM million	% Contribution
Fixed Services	1,643	43.4	1,865	54.6
Mobile	1,900	50.2	1,362	39.9
Internet & Multimedia	195	5.1	141	4.1
Other Non-telecommunications	50	1.3	47	1.4
TOTAL REVENUE	3,788	100.0	3,415	100.0

Dato' Abdul Wahid Omar, Group Chief Executive Officer, TM said, "Our improved performance is largely driven by improved contribution by our mobile business which exceeds 50% of the Group's total revenue. The Group's mobile customer base surged by 83% to 22.3 million this quarter from 12.2 million in the first quarter of 2005. This is due to double digit growth of customer base in XL, Dialog Telekom Ltd (Dialog), Sri Lanka and TM International (Bangladesh) Ltd (TMIB) over the past one year."

MALAYSIA

Fixed Services

The Group's fixed services revenue fell 11.8% to RM1.64 billion for the current quarter against RM1.86 billion in the corresponding quarter in 2005 reflecting continued migration of calls from fixed to mobile network.

New technologies such as Voice over Broadband, peer-to-peer communication such as Skype as well as fixed and mobile VoIP will certainly pose a threat to both fixed and mobile operators. The Group will continue to mitigate the decline in fixed voice revenue and expand on data related services.

Mobile

The Group's domestic mobile business, spearheaded by Celcom (Malaysia) Berhad (Celcom) continued to grow amidst the dynamic operating environment. Celcom registered a PATAMI of RM180.3 million, a growth of 29.2% as compared to RM139.5 million recorded in the first quarter of 2005. Revenue however was affected by the full impact of large churn in postpaid customers in the preceding 4th quarter of 2005 resulting in a year-on-year decline from RM1.12 billion in first quarter of 2005 to RM1.05 billion in first quarter of 2006. Celcom recorded net decline of 76,000 in postpaid subscribers in the last quarter of 2005 but the quarterly trend has been reversed with net increase of 20,000 postpaid subscribers in the first quarter of 2006.

As at 31 March 2006, Celcom's total customers stood at 7.2 million customers. One year on after launching its 3G services, Celcom 3G continued to maintain its leadership position in terms of network quality and content offerings. Celcom 3G customers stood at more than 60,000 at the end of the first quarter of 2006.

Internet and Multimedia

Internet and multimedia business registered a strong year-on-year growth of 38%. Its contribution to the Group revenue grew

to RM195 million from RM141 million recorded in the first quarter of 2005. TM Net Sdn Bhd's (TM Net) broadband customers surpassed the 500,000 mark this quarter from 300,000 recorded in the first quarter last year. Whilst its dial-up customers stood at 2.12 million against 1.96 million registered in the corresponding quarter last year.

INTERNATIONAL

Contribution from TM's overseas operations continued to grow in significance. For the quarter under review, TM's overseas operations contributed 19.6% to Group profits (excluding gain on foreign exchange) and 24.3% to Group revenue. In comparison, contribution to Group profit was 15.2% and Group revenue was 9.9% in the corresponding quarter last year.

"A lot of developments have taken place in respect of our overseas operations in this first quarter of 2006. Among them include securing a critical piece in our regional footprint with our acquisition of a 49% equity interest in Spice Communications Private Limited of India, increased equity interest in Cambodia Samart Communication Company Limited in Cambodia from 51% to 100% and consolidated our partnership with Samart Corporation in Thailand by acquiring a 24.4% stake in Samart I-Mobile Plc."

"While strengthening our overseas profile, execution of strategies and initiatives in our countries of presence shall be our key focus to ensure positive returns on our investments and improved contribution from overseas operations. We are happy that our overseas companies have done well and we can see that reflected in our quarter 1 results."

Dialog, Sri Lanka

Dialog posted a PATAMI of SLR2.4 billion (SLR1 : RM0.03591), a 39% increase from SLR1.7 billion registered in the first quarter of 2005. Dialog maintains its position as the number one mobile operator in Sri Lanka with total customers of 2.3 million representing more than 60% share of Sri Lankan mobile market.

The company's growth was attributed to the growth in key revenue drivers of customer base, network reach and expansion of international business.

XL, Indonesia

XL registered a PATAMI of Rp355 billion (Rp1 : RM0.00041) for the first quarter of 2006, a turnaround from Rp3 billion net loss in the corresponding period last year. XL's results is inclusive of foreign exchange gain of Rp356 billion and provision of taxation of Rp147 billion. Its total customers stood at 8.2 million as at end of March 2006, a growth of 150% from 3.3 million recorded in the corresponding quarter of 2005 and consolidated its position as Indonesia's third largest mobile operator with 16% market share.

The growth in XLsubscribers base was driven by several factors, such as aggressive marketing efforts through innovative products and programs, as well as expansion in its sales and distribution network.

XL has also been awarded the 3G license and it expects to roll out 3G services by end of this year.

TMIB, Bangladesh

TMIB turned in a PATAMI of BDT761 million (BDT1 : RM0.05275) for the first quarter of 2006, a 13% increase from BDT675 million recorded in the same period last year. Its total customers stood at 3 million, more than double from 1.4 million recorded in the first quarter of 2005, maintaining its position as number two mobile operator among others.

MOVING FORWARD

Moving forward, Dato' Abdul Wahid said, "We will intensify our efforts to reinforce our position in the home market by giving strong focus on mobile data and enterprise segments and at the same time continue to push for broadband and its related services. Our Malaysian operations will see the mobile sector to remain highly competitive. The Group will focus on improving our market and revenue share through better product offerings for both mobile voice and data. Fixed services will see a strong focus on broadband and data related services to further improve our asset utilisation amidst the industry trend of declining fixed voice revenue due to change in customer behaviour. The Group remains committed to better service delivery to our customers."

Overseas operations will remain a focal area for us with increasing contribution to the Group. The recent strategic entry into a high growth market in India will further strengthen TM's regional presence. The Group will continue to enhance the value of our investments and, subject to investment opportunities, position TM as a true regional telecommunications player.

"While our external focus will be on product, services and expanding our regional footprint, internally, we need to improve our operational efficiency and productivity, enhance our quality of customer service and continue with our cost management efforts. We acknowledge there are plenty of rooms for improvement and we will be first to admit it. However we believe we have made significant improvements overall. The recent Service Provider of The Year 2005 Award by Frost & Sullivan is testimony to our efforts and will give us the encouragement to push further ahead."

Barring any unforeseen circumstances, the Board of Directors expects the Group's performance for current financial year to be satisfactory.

About TM

Telekom Malaysia Berhad (TM), a leading regional information and communications group, offers a comprehensive range of communication services and solutions in fixed-line, mobile, data and broadband. As one of the largest listed companies on Bursa Malaysia with an operating revenue of more than RM13 billion, TM is driven to deliver value to its stakeholders in a highly competitive environment.

The Group places emphasis on continuing customer service quality enhancements and innovations. Currently, with investments and operations in 12 countries around Asia and globally, TM is focused on sustainable growth in both the local and international markets.

For further information on TM, visit www.tm.com.my.

[Close Window](#)

