TELEKOM MALAYSIA BERHAD (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad is pleased to announce the following unaudited results of the Group for the first quarter ended 31 March 2007.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2007 RM Million	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2006 RM Million	CURRENT YEAR TO DATE 31/3/2007 RM Million	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2006 RM Million
OPERATING REVENUE	**4,181.2**	3,787.6	**4,181.2**	3,787.6
DEPRECIATION AND AMORTISATION	**(1,069.4)**	(983.2)	**(1,069.4)**	(983.2)
OTHER OPERATING COSTS	**(2,230.2)**	(1,868.7)	**(2,230.2)**	(1,868.7)
OTHER OPERATING INCOME	**86.8**	18.7	**86.8**	18.7
OPERATING PROFIT BEFORE FINANCE COST	**968.4**	954.4	**968.4**	954.4
Finance Income	**48.2**	73.2	**48.2**	73.2
Finance Cost	**(171.6)**	(191.4)	**(171.6)**	(191.4)
NET FINANCE COST	**(123.4)**	(118.2)	**(123.4)**	(118.2)
JOINTLY CONTROLLED ENTITIES				
- share of results (net of tax)	**(1.6)**	(2.8)	**(1.6)**	(2.8)
ASSOCIATES				
- share of results (net of tax)	**3.3**	8.6	**3.3**	8.6
PROFIT BEFORE TAXATION	**846.7**	842.0	**846.7**	842.0
TAXATION	**(203.1)**	(209.1)	**(203.1)**	(209.1)
PROFIT FOR THE PERIOD	**643.6**	632.9	**643.6**	632.9
ATTRIBUTABLE TO:				
- equity holders of the Company	**595.7**	545.6	**595.7**	545.6
- minority interests	**47.9**	87.3	**47.9**	87.3
PROFIT FOR THE PERIOD	**643.6**	632.9	**643.6**	632.9
EARNINGS PER SHARE (sen) (Note B12)				
- basic	**17.4**	16.1	**17.4**	16.1
- diluted	**17.4**	16.0	**17.4**	16.0

(The above Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2007

	AS AT END OF CURRENT QUARTER 31/3/2007	AS AT PRECEDING FINANCIAL YEAR END 31/12/2006 (AUDITED & RESTATED)
	RM Million	RM Million
SHARE CAPITAL	3,415.2	3,397.6
SHARE PREMIUM	4,070.6	3,941.9
RESERVES	13,120.9	12,571.6
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	20,606.7	19,911.1
MINORITY INTERESTS	846.3	836.5
TOTAL EQUITY	21,453.0	20,747.6
Borrowings	10,397.3	10,282.8
Deferred tax liabilities	2,246.1	2,261.9
Provision for liabilities	64.6	64.6
DEFERRED AND LONG TERM LIABILITIES	12,708.0	12,609.3
	34,161.0	**33,356.9**
INTANGIBLE ASSETS	7,043.6	7,059.1
PROPERTY, PLANT AND EQUIPMENT	23,442.6	23,680.3
LAND HELD FOR PROPERTY DEVELOPMENT	168.4	168.4
JOINTLY CONTROLLED ENTITIES	805.9	807.5
ASSOCIATES	226.4	220.6
INVESTMENTS	227.3	226.7
LONG TERM RECEIVABLES	544.2	557.7
DEFERRED TAX ASSETS	109.8	115.6
PREPAID LEASE PAYMENT	366.5	346.2
Non-current assets held for sale	102.8	24.0
Inventories	177.8	172.8
Trade and other receivables	3,568.2	3,464.1
Short term investments	329.7	320.1
Cash and bank balances	5,146.2	4,680.4
CURRENT ASSETS	9,324.7	8,661.4
Liabilities directly associated with non-current assets held for sale	27.8	-
Trade and other payables	5,488.4	5,740.9
Customer deposits	740.2	718.9
Borrowings	1,564.9	1,803.1
Current tax liabilities	277.1	223.7
CURRENT LIABILITIES	8,098.4	8,486.6
NET CURRENT ASSETS	1,226.3	174.8
	34,161.0	**33,356.9**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	603.4	586.0

(The above Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2007

	Attributable to equity holders of the Company						
	Issued and Fully Paid of RM1 each						
	Share Capital RM Million	Share Premium RM Million	Currency Translation Differences RM Million	ESOS Reserves RM Million	Retained Profits RM Million	Minority Interests RM Million	Total Equity RM Million
At 1 January 2007	3,397.6	3,941.9	(282.4)	25.0	12,829.0	836.5	20,747.6
Currency translation differences arising during the period							
- subsidiaries	-	-	(55.8)	-	-	(40.2)	(96.0)
- jointly controlled entities/associates	-	-	11.8	-	-	-	11.8
Net loss not recognised in the Income Statement	-	-	(44.0)	-	-	(40.2)	(84.2)
Profit for the period	-	-	-	-	595.7	47.9	643.6
Total recognised (expense)/income for the period	-	-	(44.0)	-	595.7	7.7	559.4
Dilution of equity interest in subsidiaries	-	-	-	-	-	1.3	1.3
Employees' share option scheme (ESOS)							
- shares issued	17.6	125.3	-	-	-	-	142.9
- options granted	-	-	-	1.0	-	0.8	1.8
- options exercised	-	3.4	-	(3.4)	-	-	-
At 31 March 2007	**3,415.2**	**4,070.6**	**(326.4)**	**22.6**	**13,424.7**	**846.3**	**21,453.0**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2006

	Attributable to equity holders of the Company						
	Issued and Fully Paid of RM1 each						
	Share Capital RM Million	Share Premium RM Million	Currency Translation Differences RM Million	ESOS Reserves RM Million	Retained Profits RM Million	Minority Interests RM Million	Total Equity RM Million
At 1 January 2006	3,391.5	3,904.2	(251.2)	-	11,942.9	654.0	19,641.4
Currency translation differences arising during the period							
- subsidiaries	-	-	(17.8)	-	-	26.9	9.1
- jointly controlled entities/associates	-	-	(0.7)	-	-	-	(0.7)
Net (loss)/gain not recognised in the Income Statement	-	-	(18.5)	-	-	26.9	8.4
Profit for the period	-	-	-	-	545.6	87.3	632.9
Total recognised (expense)/income for the period	-	-	(18.5)	-	545.6	114.2	641.3
Acquisition of remaining equity interest in a subsidiary	-	-	-	-	-	(44.7)	(44.7)
Dilution of equity interest in subsidiaries	-	-	-	-	-	13.4	13.4
Dividends paid to minority interests	-	-	-	-	-	(0.1)	(0.1)
Employees' share option scheme (ESOS)							
- shares issued	1.1	6.9	-	-	-	-	8.0
- options granted	-	-	-	12.7	-	0.7	13.4
At 31 March 2006	**3,392.6**	**3,911.1**	**(269.7)**	**12.7**	**12,488.5**	**737.5**	**20,272.7**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2007

	FOR THE THREE MONTHS ENDED 31/3/2007 RM Million	FOR THE THREE MONTHS ENDED 31/3/2006 RM Million
Receipts from customers	4,082.7	3,640.4
Payments to suppliers and employees	(2,296.3)	(2,044.2)
Payment of compensation	-	(874.0)
Payment of finance cost	(198.3)	(175.2)
Payment of income taxes	(134.1)	(171.7)
Tax refund	-	49.4
CASH FLOWS FROM OPERATING ACTIVITIES	**1,454.0**	**424.7**
Disposal of property, plant and equipment	6.9	3.1
Purchase of property, plant and equipment	(1,300.4)	(1,366.7)
Deposit received in respect of sales of non-current asset held for sale	7.0	-
Payment of intangible asset (Telecommunication and Spectrum Licence)	(8.0)	(160.6)
Disposal of short term investments	59.9	23.8
Purchase of short term investments	(42.8)	(45.5)
Acquisition of remaining equity interest in a subsidiary	-	(107.2)
Acquisition of an associate	(2.5)	(124.0)
Repayments of loans by employees	26.3	29.5
Loans to employees	(11.5)	(12.7)
Interest received	48.0	52.2
Dividend received	7.5	0.6
CASH FLOWS USED IN INVESTING ACTIVITIES	**(1,209.6)**	**(1,707.5)**
Issue of share capital	142.9	8.0
Issue of share capital to minority interests	2.7	1.5
Proceeds from borrowings	341.7	1,262.1
Repayments of borrowings	(200.8)	(667.0)
Dividends paid to minority interests	-	(0.1)
CASH FLOWS FROM FINANCING ACTIVITIES	**286.5**	**604.5**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	530.9	(678.3)
EFFECT OF EXCHANGE RATE CHANGES	(51.2)	(19.9)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,666.4	6,401.0
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (sub-note a)	**5,146.1**	**5,702.8**

(a) Includes cash and bank balances which has been classified as held for sale of RM14.2 million (31 March 2006: Nil)

(The above Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006)

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

1. Basis of Preparation

(a) The unaudited condensed interim financial statements for the first quarter ended 31 March 2007 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 2006. The accounting policies, method of computation and basis of consolidation applied in the unaudited condensed interim financial statements are consistent with those used in the preparation of the 2006 audited financial statements except for the changes arising from the adoption of FRS 117 "Leases" and FRS "124 Related Party Disclosure", which are the revised FRSs issued by MASB that are effective for accounting periods beginning on or after 1 October 2006.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. The revised FRSs adopted by the Group require retrospective application. A summary of the impact of the revised FRSs on the financial statements of the Group is set out in note A14.

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

Foreign Currency	Exchange Rate	Exchange Rate	Exchange Rate
	At 31 March 2007	At 31 December 2006	At 31 March 2006
US Dollar	3.45600	3.52700	3.68210
Japanese Yen	0.02934	0.02964	0.03129
Sri Lanka Rupee	0.03182	0.03284	0.03591
Bangladesh Taka	0.05023	0.05107	0.05275
Indonesian Rupiah	0.00038	0.00039	0.00041
Pakistani Rupee	0.05693	0.05807	0.06135
Singapore Dollar	2.27803	2.29967	2.27909
Special Drawing Rights	5.21921	5.30659	5.31096
Gold Franc	1.70507	1.73361	1.73504
Thai Baht	0.10716	0.09958	0.09474
Indian Rupee	0.08019	0.07996	0.082781

2. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2006 were not subject to any material qualification.

3. Seasonal or Cyclical Factors

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

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

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

(a) During the first quarter, the Group registered RM89.1 million net gain on foreign exchange mainly arising from revaluation of USD borrowings.

(b) During the first quarter, the Company made a reversal of excess tax provisions in respect of prior years amounting to RM50.0 million.

(c) During the first quarter, there was a provision for asset write-off amounting to RM32.3 million by the Company arising from asset verification exercise.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 March 2007 other than as mentioned above and in note B6 of this announcement.

5. Material Changes in Estimates

There were no material changes in estimates reported in the prior financial year.

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

There were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 31 March 2007 except for the increase in the issued and paid-up capital of the Company by RM17.6 million from 3,397.6 million shares of RM1.00 each to 3,415.2 million shares of RM1.00 each as a result of employees exercising their options under the Employees' Share Option Scheme (ESOS) at respective exercise prices of RM7.09, RM8.02, RM8.69, RM9.22 and RM9.32 per share.

7. Dividends Paid

No dividends have been paid during the financial period ended 31 March 2007.

8. Segmental Information

Segmental information for the financial period ended 31 March 2007 and 31 March 2006 were as follows:

<u>By Business Segment</u>

2007

All amounts are in RM Million	Malaysia Business	Celcom	TMI Group	TM Ventures	Total
Operating Revenue					
Total operating revenue	1,788.2	1,223.5	1,137.7	285.3	4,434.7
Inter-segment *	(57.1)	(37.9)	(8.1)	(150.4)	(253.5)
External operating revenue	1,731.1	1,185.6	1,129.6	134.9	4,181.2

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

8. Segmental Information (continued)

All amounts are in RM Million	Malaysia Business	Celcom	TMI Group	TM Ventures	Total
Results					
Segment result	349.9	324.4	262.8	11.0	948.1
Unallocated income **					86.0
Corporate expenses ***					(163.3)
Foreign exchange gains					97.6
Operating profit before finance cost					968.4
Finance income					48.2
Finance cost					(171.6)
Jointly controlled entities					
- share of results (net of tax)	-	-	(1.6)	-	(1.6)
Associates					
- share of results (net of tax)	-	0.1	3.2	-	3.3
Profit before taxation					846.7
Taxation	(48.5)	(86.3)	(61.8)	(6.5)	(203.1)
Profit for the period					643.6
2006					
Operating Revenue					
Total operating revenue	1,795.2	1,050.6	921.3	200.9	3,968.0
Inter-segment *	(69.5)	(35.4)	(0.8)	(74.7)	(180.4)
External operating revenue	1,725.7	1,015.2	920.5	126.2	3,787.6
Results					
Segment result	304.1	272.6	381.8	8.2	966.7
Unallocated income **					16.1
Corporate expenses ***					(122.9)
Foreign exchange gains					94.5
Operating profit before finance cost					954.4
Finance income					73.2
Finance cost					(191.4)
Jointly controlled entities					
- share of results (net of tax)	-	-	(2.8)	-	(2.8)
Associates					
- share of results (net of tax)	-	0.4	8.3	(0.1)	8.6
Profit before taxation					842.0
Taxation	(46.0)	(86.8)	(73.6)	(2.7)	(209.1)
Profit for the period					632.9

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

8. Segmental Information (continued)

* 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.

** Unallocated income comprises other operating income which is not allocated to a particular business segment.

*** Corporate expenses are expenditure incurred by corporate centre and special purpose entities which are not allocated to a particular business segment.

During the first quarter 2007, the Group had reviewed and changed the grouping of segmental reporting information to reflect the change in the business structure. The comparatives have been restated to conform with the current period classification.

(i) Malaysia Business is a Strategic Business Unit (SBU) consolidating all domestic fixed services. It comprises TM Wholesale, TM Retail, TM Net Sdn Bhd, GITN Sdn Berhad, Telekom Sales and Services Sdn Bhd, Telekom Research and Development Sdn Bhd, Telekom Applied Business Sdn Bhd, Telekom Malaysia (UK) Limited, Telekom Malaysia (Hong Kong) Limited, Telekom Malaysia (S) Pte Ltd and Telekom Malaysia (USA) Inc. This is intended to align businesses with a common agenda and maximise synergies.

(ii) Celcom is made up of Celcom (Malaysia) Berhad, a domestic subsidiary involved in the cellular business and its group of companies.

(iii) TMI Group comprises all international operations of the Group except those companies that fall within the ambit of Malaysia Business.

(iv) TM Ventures is a SBU established to separately manage the large number of non-core businesses with the objective of rationalising and streamlining the non-core businesses in maximising TM Group assets/entities' value proposition, whilst growing the business that offers potentials.

9. Valuation of Property, Plant and Equipment

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

10. Material Events Subsequent to the End of the Quarter

There were no material events subsequent to the end of the quarter other than as mentioned in note B8(d), B8(e) and B8(f) of this announcement.

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

11. Effects of Changes in the Composition of the Group

Changes in the composition of the Group for the current quarter ended 31 March 2007 were as follows:

(a) VADS Berhad (VADS)

The Company's shareholding in VADS decreased from 67.16% to 66.86% in the first quarter due to issuance of shares under the Employees' Share Option Scheme of VADS. The dilution has no material effect to the results of the Group.

(b) MobileOne Limited (M1)

The Company's shareholding in M1, held via TM International Sdn Bhd (TM International), through SunShare Investment Limited (a jointly controlled entity between TM International and Khazanah Nasional Berhad) decreased from 29.78% to 29.73% in the first quarter of 2007, following the issuance of shares under its Employees' Share Option Scheme. The dilution has no material effect to the results of the Group.

(c) Dialog Telekom Limited (Dialog)

Due to the exercise of share options by the employees of Dialog under Dialog's Employees' Share Option Scheme, TM's equity interest in Dialog, held via TM International (L) Limited (TMIL), a wholly owned subsidiary of TM International, decreased from 89.62% to 89.57% in the first quarter. The dilution has no material effect to the results of the Group.

(d) C-Mobile Sdn Bhd (C-Mobile)

On 16 January 2007, a joint venture agreement (JVA) was entered into between CT Paging Sdn Bhd (CTP), a wholly owned subsidiary of the Company held via Celcom (Malaysia) Berhad (Celcom), with I-Mobile International Co Ltd (I-Mobile) and C-Mobile. The JVA is to establish C-Mobile as a vehicle to operate a joint venture business to set up a distribution network of dealers and concept retail stores based on intellectual property rights owned by Celcom (Concept Stores), within Malaysia. The Concept Stores will market and distribute exclusively products of Celcom Mobile Sdn Bhd, a wholly owned subsidiary of Celcom, and also of Samart I-Mobile (Malaysia) Sdn Bhd, a wholly owned subsidiary of I-Mobile. The equity interest of CTP in C-Mobile effective from 14 February 2007 is 49% representing 2,450,000 ordinary shares of RM 1.00 each.

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

There were no material changes in contingent liabilities (other than material litigations disclosed in note B11 of this announcement) since the latest audited financial statements of the Group for the financial year ended 31 December 2006.

13. Commitments

(a) Capital Commitments

	Group	
	31/3/2007	31/3/2006
	RM Million	RM Million
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	**3,064.1**	3,112.2
Commitments in respect of expenditure approved but not contracted for	**1,852.0**	396.3

(b) Other Commitments

On 21 April 2006, a Deed of Undertaking has been signed between Spice Communications Limited (Spice), Telekom Malaysia Berhad (TM), TM International Sdn Bhd (TMI) and DBS Bank Ltd in connection with the provision of limited sponsor support for a USD215.0 million Indian Rupee facility and a USD50.0 million USD facility. Under the terms, TMI, failing which TM, is required to make payment of any outstanding principal and/or interest under the facilities to the lenders upon occurrence of a specified trigger event. TMI's and TM's obligation on behalf of Spice give the Group the rights to exercise a call option under the terms of a shareholders' agreement to acquire additional shares in Spice from the existing shareholder, namely Modi Wellvest.

14. Changes in Accounting Policies

(a) Changes in Accounting Policies in Current Financial Year

The following describes the impact of the new accounting standards adopted by the Group for the financial year beginning 1 January 2007 as listed in note A1(a).

FRS 117 Leases

Prior to 1 January 2007, lease of land and buildings held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss.

FRS 117 requires that lease of land and buildings are classified as operating or finance leases in the same way as leases of other assets. The land and building elements of a lease of land and buildings are considered separately for the purposes of lease classification. Upfront payments of leasehold interests are allocated between land and building elements in proportion to their relative fair values at the inception of the leases.

14. Changes in Accounting Policies (continued)

Consequent to the change in accounting policies arising from the adoption of FRS 117, the Group has reclassified upfront payments of leasehold land as prepaid lease payments. These payments are amortised on a straight-line basis over the remaining lease period.

The Group has applied the change in accounting policy with respect to leasehold land in accordance with the transitional provisions of FRS 117. This reclassification has been applied retrospectively. Consequently, certain comparatives within the Consolidated Balance Sheet as at 31 December 2006 and Consolidated Income Statement for the period ended 31 March 2006 have been restated as set out in sub-note (c) below.

FRS 124 Related Party Disclosures

This standard affects the identification of related parties and other similar related party disclosures. This standard requires the disclosure of related party transactions and outstanding balances with other entities in a group. Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the Group.

The adoption of this FRS has no financial impact on the Group's consolidated financial statements.

(b) Restatement of the Comparatives for the First Quarter of the Previous Financial Period due to Changes in Accounting Policies

Prior to the fourth quarter of 2006, the Group has translated foreign currency transactions and monetary items at contracted rates as if those amounts are hedged by forward foreign exchange contracts. FRS 121 only allows exchange rates at date of transactions to be used in translating foreign currency transactions and exchange rates at balance sheet date for translation of monetary items. Consequently, certain comparatives of the Consolidated Income Statement for the period ended 31 March 2006 have been restated as set out in sub-note (c) below.

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

14. Changes in Accounting Policies (continued)

(c) Comparative Figures

The effects of changes in accounting policies as mentioned in sub-note (a) and (b) above are illustrated below:

	As previously reported (RM million)	Effect of change in policies (RM million)	As restated (RM million)
Income Statement for the financial period ended 31 March 2006			
Depreciation and Amortisation	(990.8)	7.6	(983.2)
Other Operating Costs	(1,887.8)	19.1	(1,868.7)
Profit Before Taxation	815.3	26.7	842.0
Profit For The Period	606.2	26.7	632.9
Profit Attributable To Equity Holders Of The Company	518.9	26.7	545.6
Earnings Per Share (sen)			
- basic	15.3	0.8	16.1
- diluted	15.3	0.7	16.0
Balance Sheet as at 31 December 2006			
Property, Plant and Equipment	24,026.5	(346.2)	23,680.3
Prepaid Lease Payment	-	346.2	346.2

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

1. Review of Performance

For the current quarter under review, the Group's revenue increased by 10.4% to RM4,181.2 million as compared to RM3,787.6 million in the first quarter 2006, mainly attributed to higher revenue from cellular, data, Internet and multimedia segments.

The increase in cellular revenue was mainly contributed by Celcom (Malaysia) Berhad. Despite the decrease in customer base from 7.2 million to 6.2 million attributable to the termination of the non-registered prepaid customers during the fourth quarter 2006, revenue continued to grow by 16.7% to RM1,185.6 million which was mainly driven by significant improvement in prepaid revenue from RM558.8 million to RM682.5 million.

The Internet and multimedia revenue registered a growth of 27.9% from first quarter 2006 of RM195.0 million to first quarter 2007 of RM249.4 million consistent with the plan to revitalize fixed line business due to continued growth of broadband customers to 951,882.

The Group profit after tax and minority interests (PATAMI) increased by 9.2% to RM595.7 million as compared to RM545.6 million recorded in the first quarter 2006 despite lower foreign exchange gain of RM89.1 million (first quarter 2006: RM239.6 million), mainly ascribed to higher operating revenue and other operating income. The increase in other operating income was due to net gain on disposal of Wisma TM amounting to RM44.0 million. The disposal was part of TM's capital management strategies to dispose off non-core assets. Excluding the impact of foreign exchange gain (net of minority interests' share) between both quarters under review, the Group PATAMI in the first quarter 2007 is RM508.0 million, which is 41.9% higher than the corresponding quarter of RM358.0 million.

2. Comparison with Preceding Quarter's Results

The Group revenue for the current quarter of RM4,181.2 million decreased by 5.1% over RM4,407.8 million recorded in the preceding quarter, mainly due to reduction in fixed line and other telecommunication services and also lower contribution of revenue from international business.

The decline in fixed line services is consistent with the continued migration to mobile and Internet based alternative voice services.

As for other telecommunication services, the reduction in revenue from RM199.7 million to RM136.8 million was due to lower progress billing for billable projects in first quarter 2007 as compared to fourth quarter 2006.

The strengthening of Ringgit Malaysia vs. Indonesian Rupiah, Sri Lanka Rupee and Bangladesh Taka in first quarter 2007 has resulted in lower revenue from international business by approximately RM60.0 million due to foreign exchange translation losses.

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

2. Comparison with Preceding Quarter's Results (continued)

The Group PATAMI of RM595.7 million was 5.7% lower than RM631.6 million recorded in the preceding quarter, primarily due to the lower revenue, higher finance cost and lower foreign exchange gain. If the impact of foreign exchange gain (net of minority interests' share) is disregarded, the Group PATAMI for first quarter 2007 of RM508.0 million is 19.0% higher than fourth quarter 2006 of RM427.0 million.

3. Prospects for the Current Financial Year

The operating environment in 2007 for the telecommunication industry will remain challenging and competitive with continued offerings of innovative, attractive and competitive packages by industry players, whilst preparing for the impact of a true convergence era.

As a Malaysian fixed line market leader, TM will continue to aggressively deploy its broadband services to increase customer base as well as offering new attractive packages for its fixed line business in order to mitigate the decline in revenue from fixed line voice business with a view to improve profitability.

In the mobile sector, Celcom's encouraging results and brand repositioning are expected to improve further in tandem with the overall industry growth and also its aggressive promotional activities and pricing in light of intense competition.

The performance of the Group's international operations will continue to be affected by intense competition and also political unrest in the north and eastern parts of Sri Lanka. Notwithstanding this, the Group will continue to expand its network coverage mainly in Indonesia, Sri Lanka, Bangladesh, India and Cambodia as planned, thereby strengthening its position in the respective markets. In addition, the Group will also focus to come out with new product offerings and attractive packages in order to combat competition in the international arena and also find new and optimise existing revenue stream in Sri Lanka to mitigate loss in revenue from intermittent disruptions in its operations in the affected areas of Sri Lanka.

Based on the current quarter performance, and barring any unforeseen circumstances, the Board of Directors is of the view that TM is on track to achieve its Headline KPIs announced on 19 March 2007.

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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 31 March 2007.

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

5. Taxation

The taxation charge for the Group comprises:

	INDIVIDUAL QUARTER AND CUMULATIVE PERIOD TO DATE	
	Current year quarter	Preceding year corresponding period
	31/3/2007	**31/3/2006**
	RM Million	RM Million
Malaysia		
Income Tax:		
Current year	**231.9**	123.4
Prior year	**(43.4)**	3.4
Deferred Tax (net):		
Current year	**(49.7)**	8.6
	138.8	135.4
Overseas		
Income Tax:		
Current year	**11.6**	21.6
Prior year	**(2.4)**	(0.3)
Deferred Tax (net):		
Current year	**55.1**	52.4
	64.3	73.7
TOTAL TAXATION	**203.1**	209.1

The current quarter and financial period to date effective tax rate of the Group was lower than the statutory rate mainly attributed to higher foreign exchange gain which is not subjected to tax and profit registered by subsidiaries with low tax charge due to tax exemption status. Reversal of excess tax provisions for the Company also contributed to the lower effective tax rate.

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

During the first quarter, the Group disposed off its non-current asset held for sale for RM70.0 million. This disposal resulted in a net gain of RM44.0 million.

7. Purchase and Disposal of Quoted Securities

I. Quoted Shares

(a) Total purchases and disposals of quoted securities for the current quarter and financial period ended 31 March 2007 are as follows:

	RM Million
Total purchases	26.9
Total disposals	49.0
Total profit on disposal	5.8

(b) Total investments in quoted securities as at 31 March 2007 are as follows:

	RM Million
At cost	175.3
At book value	130.2
At market value	130.2

II. Quoted Fixed Income Securities

(a) Total purchases and disposals of quoted fixed income securities for the current quarter and financial period ended 31 March 2007 are as follows:

	RM Million
Total purchases	15.9
Total disposals	10.9
Total profit on disposal	-

(b) Total investments in quoted fixed income securities as at 31 March 2007 are as follows:

	RM Million
At cost	200.7
At book value	199.5
At market value	199.5

8. Status of Corporate Proposals

(a) Disposal of TM's stake in Telekom Networks Malawi Limited

On 27 January 2006, TM announced the sale of its 60% stake in Telekom Networks Malawi Limited (TNM) to Econet Wireless Global Limited (Econet) for a total purchase consideration of USD24.5 million.

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

8. Status of Corporate Proposals (continued)

Malawi Telecommunications Limited (MTL) which holds the remaining 40% stake in TNM, had on 28 February 2006, applied to the High Court of Malawi in Blantyre for an interlocutory injunction restraining TM from selling TM's shares in TNM to any party. This incidentally is the last day specified by TM for MTL to exercise its pre-emption rights in accordance with the Joint Venture Agreement (JVA) between MTL and TM.

On 26 October 2006, the High Court of Malawi granted a consent order entered into between MTL, TNM and TM to settle the interlocutory injunction brought by MTL.

Under the terms of the consent order, TM will sell its 60% stake in TNM to MTL for a total cash consideration of USD16.0 million. TNM will repay to TM International Sdn Bhd (TMI) and TM a sum of USD4.9 million. This repayment consist of:

(i) repayment of shareholder loans given by TM to TNM of USD3.8 million; and

(ii) payment of management fees owed to TMI of USD1.1 million.

The completion of the sale is conditional upon, amongst others, the following;

(i) approval of the Malawi Communications Regulatory Authority on the transfer of the shares by TM to MTL; and

(ii) approval of the Reserve Bank of Malawi for the payment by MTL to TM of the USD16.0 million.

Prior to completion, TM will also be required to pay any capital gains tax arising from the disposal of the shares to the Malawian Revenue Authority. The payment will be made by TNM on behalf of TM and the quantum of tax payable will be deducted from the amounts that TNM owes to TM.

The parties have 60 days from 25 October 2006 to fulfill the abovementioned conditions precedent. If the condition precedents are not fulfilled or MTL fails to go through with the purchase of the shares despite the conditions precedent being met, TM will be at liberty to sell the shares to any third party without reference to MTL for a period of 6 months thereafter. With the entry of this consent order, the dispute between MTL, TNM and TM is now resolved. On 21 December 2006, the parties filed a further consent order to extend the date for fulfilling the conditions precedent to 31 January 2007.

Pursuant to the above, TM's agreement with Econet has duly expired.

On 31 January 2007, the parties filed another order to extend the date for fulfilling the conditions precedent to 14 February 2007. This date had been further extended to 9 March 2007 and subsequently to 23 March 2007. The conditions precedents were fulfilled on 23 March 2007 and the sale was completed on 5 April 2007.

8. Status of Corporate Proposals (continued)

(b) Sale and Purchase Agreement between University of Malaya (UM) and Telekom Malaysia Berhad (TM) and on the Disposal of Wisma TM, Jalan Pantai Baharu, Kuala Lumpur

On 28 April 2006, TM announced that it has concluded and entered into a Sale and Purchase Agreement with UM, for the disposal of a twenty-five (25) storey office building known as Wisma TM, Jalan Pantai Baharu, Kuala Lumpur (Wisma TM) for a total consideration of RM70.0 million (Disposal SPA). The estimated net floor area of the office tower is 223,211 square feet (excluding usable area at podium estimated at 29,495 square feet) and 241 parking bays.

Deposit of RM7.0 million shall be paid by UM to TM's solicitors, as stakeholder upon the execution of the Disposal SPA and to be released to TM upon fulfillment of all conditions precedent.

The Disposal SPA with UM was supposed to be completed by 27 December 2006. However, when TM was in the midst of finalising the final condition precedent being the consent from Wilayah Persekutuan Land Office to transfer the asset to UM, TM was informed that the Ministry of Higher Education has requested for the asset to be in the name of Pesuruhjaya Tanah Persekutuan (PTP) instead of UM.

As required by PTP, a new sale and purchase agreement (New SPA) between PTP and TM was executed on 21 February 2007. The terms of the New SPA include, amongst others, that upon fulfillment of all of the conditions precedent, the balance purchase price of RM59.5 million will be due and payable immediately upon notice to PTP and UM to such effect subject to a 1 month extension of time with interest chargeable. The remaining balance purchase price of RM3.5 million will be due upon the extraction of the title.

All conditions precedent for the New SPA were obtained by 20 March 2007. The Memorandum of Transfer was presented for registration on the 22 March 2007 and the deposit of RM7.0 million was released to TM on the same day. On 11 April 2007, TM received RM59.5 million being a further 85% of the purchase price. The remaining 5% of the purchase price or RM3.5 million is still due and payable to TM upon the extraction of the title at the relevant land office.

The disposal of Wisma TM resulted in a net gain of RM44.0 million in the first quarter 2007.

(c) Proposed Listing of Spice Communications Limited

On 28 February 2007, TM announced that its jointly controlled entity in India, Spice Communications Limited (Spice), has kick-started a proposed listing on the Indian bourse with the filing of a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI). The DRHP outlines the intention to raise funds through an initial public offering (IPO) of 137,985,000 equity shares through a full book building process.

8. Status of Corporate Proposals (continued)

TM has a 49% stake in Spice through TMI India Limited, a wholly owned subsidiary of TM's international investment holding company, TM International Sdn Bhd. The remaining 51% stake in Spice is held by Modi Wellvest Private Limited (MWPL), a promoter of Spice. Both MWPL and TM will dilute about 20% of their existing shareholdings in Spice. Upon completion of the proposed listing, MWPL and TM's shareholding will be reduced to 40.8% and 39.3% respectively.

(d) Proposed Conversion of TM's Existing Stapled Securities into Islamic Financing

On 10 April 2007, TM announced the proposed issue of up to RM3,000 million Islamic Stapled Income Securities (Islamic Stapled Income Securities) which consists of:

(i)
1. Class C Non-Convertible Redeemable Preference Shares (NCRPS) consisting of up to 2,000 Class C NCRPS; which are linked to
2. Sukuk Ijarah Class A of nominal value up to RM1,998,000,000.00; and

(ii)
1. Class D NCRPS consisting of up to 1,000 Class D NCRPS; which are linked to
2. Sukuk Ijarah Class B of nominal value up to RM999,000,000.00,

(collectively, the "Proposed Transaction").

The Islamic Stapled Income Securities would be issued to the existing holders of the Existing Stapled Securities.

The NCRPS would be issued at RM1,000.00 per NCRPS with RM1.00 par value and RM999.00 being the premium (Proposed NCRPS Issue).

The purpose of the Proposed Transaction is intended to replace the existing stapled securities issued in year 2003 which are conventional in nature (Existing Stapled Securities) with Shariah compliant financing instruments. The Existing Stapled Securities comprise of:

(i) 1,000 RPS A and 1,000 RPS B and RM1,983.5 million nominal value tranche 1 bonds and RM1,000 million nominal value tranche 2 bonds, all issued by TM to Rebung Utama Sdn Bhd (RUSB), a special purpose company incorporated for purposes of the Existing Stapled Securities;

(ii) 1,987 RPS A and 1,000 RPS B issued by RUSB to Tekad Mercu Berhad (Tekad Mercu), a special purpose company incorporated for purposes of the Existing Stapled Securities; and

(iii) RM2,000 million nominal value tranche 1 bonds and RM1,000 million nominal value tranche 2 bonds issued by Tekad Mercu to investors.

8. Status of Corporate Proposals (continued)

In order for the TM's shares to be included in the Dow Jones Islamic Index, TM needs to comply with requirements for inclusion in the index. These requirements inter alia, state that the ratio of our non-Islamic based borrowings to assets do not exceed a prescribed ratio. Accordingly, TM will need to convert a certain amount of its existing non-Islamic based borrowings to Islamic based financing. To this end, TM has identified the Existing Stapled Securities to be replaced with the instruments issued pursuant to the Proposed Transaction.

The Islamic Stapled Income Securities will be offered to holders of the Existing Stapled Securities and as such there will be no new funds being raised.

The Proposed Transaction is conditional upon the following:

(i) The approval of TM's shareholders for the Proposed NCRPS Issue, the proposed increase of TM's authorised share capital (Proposed Increased Capital) and the proposed specific amendments to TM's memorandum and articles of association (Proposed Specific Amendments) at TM's forthcoming EGM;

(ii) The approval of the Securities Commission for the Proposed Transaction; and

(iii) The consent of the holders of the Existing Stapled Securities.

The Proposed NCRPS Issue and the Proposed Specific Amendments are conditional upon the approval of the Proposed Increased Capital.

The Proposed NCRPS Issue is conditional upon the proposed issuance of Sukuk and vice-versa. Each of the NCRPS issuance will also be inter-conditional with the other.

This exercise will not have any material impact on TM's earnings and net asset for the current financial year ending 31 December 2007.

(e) Acquisition by TM International (L) Limited, a wholly owned subsidiary of TM, of an additional 523,532,100 ordinary shares of Indonesian Rupiah (IDR) 100 each in PT Excelcomindo Pratama Tbk (Excelcomindo) for a cash consideration of United States Dollar (USD) 113 million (approximately RM390.98 million at an exchange rate of USD1.00 : RM3.46)

On 19 April 2007, TM announced that its wholly owned subsidiary, TM International (L) Limited (TMIL) entered into a Stock Purchase Agreement with AIF (Indonesia) Ltd (AIF) to purchase all of AIF's stake in Excelcomindo.

TMIL has agreed to purchase 523,532,100 ordinary shares of IDR100 each in Excelcomindo (AIF Purchased Shares), representing approximately 7.38% of the issued and paid-up share capital of Excelcomindo from AIF for a cash consideration of USD113 million (approximately RM390.98 million at the exchange rate prevailing on 18 April 2007 of USD1.00 : RM3.46).

8. Status of Corporate Proposals (continued)

The acquisition of the AIF Purchased Shares is expected to be completed within 30 business days from 19 April 2007. Upon the completion of the acquisition of the AIF Purchased Shares, TM Group will have a 66.98% equity interest in Excelcomindo.

The purchase will allow TM to increase its stake in Excelcomindo and to enjoy the benefits of one of the fastest growing markets for mobile telephony services in the world.

The additional acquisition is not expected to have any material impact on the consolidated earnings of TM for the current financial year ending 31 December 2007.

(f) Dialog Telekom Limited: Rights Issue and Rated Cumulative Redeemable Preference Shares Issue

On 20 April 2007, TM announced the following proposals undertaken by its Sri Lankan subsidiary, Dialog Telekom Limited (Dialog):

(i) To raise approximately Sri Lanka Rupees (SLR) 15.54 billion (approximately USD142.63 million) by way of a Rights Issue to holders of the issued ordinary shares of Dialog in the proportion of one (1) ordinary shares for every ten (10) ordinary shares held in the capital of Dialog, at a price of SLR21 per share.

(ii) To raise up to SLR five billion (5,000,000,000) (approximately USD45.89 million) via the issuance of five billion (5,000,000,000) Rated Cumulative Redeemable Preference Shares (RCRPS) of SLR1 per share.

(iii) To amend the Memorandum of Association of Dialog to provide for the increase of the authorised capital.

The proceeds of the Rights Issue and RCRPS of approximately SLR20.54 billion will partially finance Dialog’s capital expenditure planned for the next three (3) years, targeting accelerated expansion of network capacity and coverage and transformational investments in convergent technologies spanning the multiple business lines of Dialog.

The above proposals would be tabled at the forthcoming Extraordinary General Meeting of Dialog.

Save as disclosed above, there are no other corporate proposals announced and not completed as at the date of this announcement.

9. Group Borrowings and Debt Securities

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

	2007		2006	
	Short Term Borrowings RM Million	**Long Term Borrowings RM Million**	**Short Term Borrowings RM Million**	**Long Term Borrowings RM Million**
Secured	636.0	974.9	472.1	903.6
Unsecured	928.9	9,422.4	475.7	10,278.5
Total	**1,564.9**	**10,397.3**	**947.8**	**11,182.1**

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

	2007	**2006**
Foreign Currency	**RM Million**	**RM Million**
US Dollar	7,239.4	7,245.0
Bangladesh Taka	278.5	-
Sri Lanka Rupee	188.5	223.7
Pakistani Rupee	68.3	0.9
Euro	4.8	5.4
Canadian Dollars	4.4	4.8
Pound Sterling	0.5	0.6
Total	**7,784.4**	**7,480.4**

10. 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 17 to the audited financial statements of the Group for the year ended 31 December 2006. There were no new off balance sheet financial instruments during the interim period.

The accounting policies applied, which remained the same as in the latest audited financial statements, are as follows:

"Financial derivative hedging instruments are used in the Group's risk management of foreign currency and interest rate exposures of its financial liabilities. Hedge accounting principles are applied for the accounting of the underlying exposures and their hedge instruments. These hedge instruments are not recognised in the financial statements on inception.

Exchange gains and losses relating to hedge instruments are recognised in the Income Statement in the same period as the exchange differences on the underlying hedged items. No amounts are recognised in respect of future periods."

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

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

11. Material Litigation

I. With reference to the following material litigation cases as disclosed under Contingent Liabilities in the audited financial statements of the Group for the year ended 31 December 2006, listed below are updates of the relevant cases since the date of the last audited financial statements:

(a) i. **TM and TM Info-Media Sdn Bhd (TMIM) vs Buying Guide (M) Sdn Bhd (BGSB)**

The case management fixed on 14 February 2007 has been adjourned to 11 June 2007 for the parties to prepare an "Agreed and Non-Agreed Bundle of Document."

The Directors, based on legal advice, are of the view that TM and TMIM have a reasonably good chance of success in establishing its claim and defending BGSB's counterclaim.

ii. **TM and TM Info-Media Sdn Bhd (TMIM) vs BG Media Sdn Bhd (BGM) and BG Online Sdn Bhd (BGO)**

On 15 February 2007, an alleged contemnors' application to cross examine the deponent of plaintiff's supporting affidavit (the said application) has been fixed for mention on 8 March 2007 and 22 March 2007 for the parties to file submissions. On the same day, the plaintiffs' application to commit the directors of BGM and BGO to prison for the contempt of the court's order has been kept in abeyance pending the hearing of the said application. The Court has also fixed 26 September 2007 for the hearing date of the said application and as mention date for the plaintiffs' application for committal and case management.

The Directors, based on legal advice, are of the view that TM and TMIM have a reasonably good chance of success in establishing the said claim.

(b) **Kabel Pantai Timur Sdn Bhd (KPT) vs TM**

The arbitration hearings are now tentatively scheduled in May and June 2007.

TM's solicitors are of the view that the quantum of damages claimed by KPT is grossly inflated and that KPT may fail to prove a substantial part of its case. Based on legal advice, the quantum of damages that will be recoverable by TM, by way of counterclaim, is currently uncertain.

The Directors, based on legal advice, are of the view that TM has a good chance of defending its claim.

11. Material Litigation (continued)

(c) **Acres & Hectares Sdn Bhd (AHSB) vs TM**

AHSB had served a notice to attend for pre-trial case management on TM and this notice was fixed for hearing on 6 March 2006. On 6 March 2006, the Court has fixed this matter for hearing on 10 to 12 December 2007. The Court has also directed the parties to file the necessary cause papers before the said hearing dates.

The Directors, based on legal advice, are of the view that TM has a reasonably good chance of success in defending its case against AHSB.

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

On 18 May 2006, the Registrar dismissed Rego, TRI and the directors striking out applications. On 29 May 2006, Rego, TRI and the directors filed their respective appeals against the Registrar's decision on the striking out application to the Judge in Chambers (Appeals) and the Appeals for Rego, TRI and the directors are fixed for hearing on 12 July 2007, 27 July 2007 and 17 August 2007 respectively.

The Directors, based on legal advice received, are of the view that there are good prospects of striking out the counterclaim against the Group.

(e) **MCAT GEN Sdn Bhd (MCAT) vs Celcom (Malaysia) Berhad (Celcom)**

Upon hearing submissions from both parties and perusing the parties' respective written statements, on 22 March 2007, the Court dismissed Celcom's striking out application. Celcom has filed a notice of appeal to Judge in Chambers.

On the direction of the Court, Celcom filed an application to consolidate the First Suit with the Third Suit. On 11 December 2006, the Court allowed Celcom's application to consolidate and ordered that the Third Suit 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. MCAT appealed against the said decision and filed an application for stay of proceeding. The stay application is now fixed for hearing on 16 May 2007.

In respect of the Second Suit, MCAT's application for an interim injunctive relief was heard and dismissed with costs on 13 April 2006. MCAT filed an appeal to the Court of Appeal. On 30 August 2006 the appeal was dismissed with costs. Subsequently, MCAT filed a motion for leave to appeal to the Federal Court. On 31 October 2006, Celcom filed an application for security of costs in the Federal Court seeking RM150,000 for security. MCAT's motion for leave to appeal and Celcom's application for security of costs were both fixed for hearing on 16 April 2007. Upon hearing submissions from both parties, the Federal Court dismissed MCAT's motion for leave to appeal with cost. Celcom then withdrew its application for security for costs as it was rendered academic.

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

11. Material Litigation (continued)

In the High Court, Celcom filed an application for security of costs seeking RM1.5 million as security. On 2 March 2007, the Court granted security of RM100,000 to be paid by MCAT within 30 days. Celcom filed an appeal on the quantum granted by the Court and the same is fixed for hearing on 5 June 2007.

Celcom had filed an application to strike out certain paragraphs in MCAT’s amended statement of claim due to MCAT’s failure to comply with the Court’s direction to furnish further and better particulars to Celcom. The Court has directed parties to file written submission and fixed the same for clarification/decision on 23 February 2007. On 2 March 2007, the Court dismissed Celcom’s striking out application.

The Court has fixed case management on 21 May 2007 and the matter for hearing on 13 & 14 June 2007, 30 & 31 July 2007 and 1 & 2 August 2007.

In respect of the Third Suit, in light of Celcom’s consolidation application, which was allowed by the Court in the First Suit, the Court will inform the parties on the next hearing date for the striking out application.

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

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

On 2 February 2007, TSDTR’s solicitors served on TM Group’s Solicitors a sealed copy of a summons in chambers containing TSDTR's application to re-amend his amended defence and counterclaim (SIC to Re-Amend). Under the SIC to Re-Amend, TSDTR intends to include fourteen (14) new defendants to its counterclaim, of which eleven (11) are directors/former directors/officers of TM Group. The hearing date of the SIC to Re-Amend is fixed for mention on 6 June 2007.

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

(g) **Dato’ Saizo Abdul Ghani (trading under the name and style of Airtime Telecommunication) (DS) vs Celcom & Anor**

A memorandum of appearance and a statement of defence was filed on 7 July 2006 and 21 July 2006 respectively on behalf of Celcom and Kamsani (Defendants). On 28 August 2006, the Defendants filed a striking out application and the same has been fixed for hearing on 5 February 2007, which was later adjourned to 9 May 2007.

Based on legal advice, the Defendants have a reasonably good chance of success in defending the claims by the plaintiff.

11. Material Litigation (continued)

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

A memorandum of appearance and a statement of defence was filed on 7 July 2006 and 21 July 2006 respectively on behalf of Celcom and Kamsani (Defendants). On 28 August 2006, the Defendants filed a striking out application and the same has been fixed for mention on 17 October 2006 and later fixed for hearing on 2 February 2007, which was later adjourned to 7 February 2007. On the hearing date, the Court has fixed 22 February 2007 for clarification/decision. On 22 February 2007, the Court dismissed the striking out application. Notice of appeal was filed on 27 February 2007 and the Court has fixed the appeal for hearing on 15 May 2007.

Based on legal advice, the Defendants have a reasonably good chance of success in defending the claims by the plaintiff.

II. For the following material litigation cases as disclosed in the fourth quarter 2006 announcement to Bursa Malaysia on 23 February 2007, enumerated below are updates of the cases since the date of that announcement:

(a) **TM vs The Government of the Republic of Ghana (GoG)**

As at 31 March 2007, TM had received a total of USD119.5 million from the GoG which is the full and final settlement sum payable by the GoG to TM pursuant to the Settlement Agreement. With the completion of the final payment and fulfilment of other applicable conditions, G-Com's 30% equity in GT will be transferred to the GoG accordingly.

(b) **DeTeAsia Holding GmbH (DeTeAsia) vs Celcom**

On 28 April 2006, DeTeAsia served a sealed copy of its application to set aside the Originating Summons on the ground that the Court has no jurisdiction to determine the same. The said application which was fixed for mention on 29 November 2006 to enable parties to file their respective affidavits has been adjourned to 25 May 2007.

Celcom filed an 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. The application is fixed for hearing on 25 May 2007.

(c) **Inmiss Communication Sdn Bhd (Inmiss) vs Mobikom Sdn Bhd (Mobikom)**

Following the decision by the High Court on 10 August 2005 pertaining to the dismissal of Mobikom's application for, *inter alia*, an injunction to restrain Inmiss from presenting a Winding-up Petition pending the disposal of Mobikom's application to set aside the Arbitration Award dated 31 March 2005 (the "Award"), Mobikom had, on 11 August 2005 filed an appeal at the Court of Appeal.

11. Material Litigation (continued)

On 31 July 2006, the High Court fixed 27 July 2007 for mention of the following:

(i) Winding-up Petition;

(ii) Inmiss' application to appoint a provisional liquidator;

(iii) Mobikom's application for a stay of the Winding-up proceedings;

(iv) Mobikom's application to strike out Inmiss' affidavit i.e. Dr William Lau's Further Affidavit of 27 March 2006;

(v) Malaysian Communications and Multimedia Commission's (MCMC) application to intervene; and

(vi) Inmiss' *ex parte* application for leave to issue committal proceedings.

However, the Federal Court has, on 16 August 2006, granted an interim stay of the Order of the Court of Appeal dated 24 July 2006 pending the hearing date of Inmiss' leave application to appeal to the Federal Court fixed to be heard on 26 March 2007.

On 26 March 2007, the Federal Court upon hearing submission of both counsel for the parties involved unanimously dismissed Inmiss' Motion for leave to appeal against the Court of Appeal decision dated 24 July 2006 with costs.

On 14 March 2007, the High Court has adjourned the following matters for mention to 4 July 2007:

(i) Inmiss' application for Mobikom to deposit RM27.6 million as security into the Court; and

(ii) Mobikom's Originating Motion to set aside the Award.

Based on legal advice, Mobikom has a reasonably good chance of success in its applications to the High Court for setting aside of the Award.

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

Celcom and TRI have on 28 April 2006 commenced legal proceedings in the High Court of Malaya against certain of their former directors for breach of fiduciary and other duties owed as directors.

The former directors of TRI/Celcom who are named in the suit are: (i) Tan Sri Dato' Tajudin Ramli (TSDTR) (ii) Bistamam Ramli (BR) (iii) Dato' Lim Kheng Yew (LKY) (iv) Dieter Sieber (DS) (v) Frank-Reinhard Bartsch (vi) Joachim Gronau (vii) Joerg Andreas Boy (viii) Axel Hass and (ix) Oliver Tim Axmann (collectively referred to as "Defendants").

With respect to the persons at (iv) to (ix) above, TRI/Celcom have also filed an *ex parte* application for leave to issue and serve the Writ of Summons upon those former directors in Germany and/or Singapore in the manner required under the Rules of the High Court 1980.

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

11. Material Litigation (continued)

TRI/Celcom's *ex parte* application for leave to serve out of jurisdiction was granted order in terms on 7 June 2006. The sealed Notices of Writ and Order for Service Out of Jurisdiction have been extracted from the Court. Service of process will be effected in Singapore/Germany as the relevant directors may be upon procuring certification from the German Embassy.

The service of the Writ of Summons and Statement of Claim has already been effected on all the Defendants except for Axel Hass. TSDTR and BR have entered appearance and have applied to set aside the Writ and Statement of Claim on the basis that the issues which are the subject of this action has been litigated and decided on its merits by reason of the Award. This application is fixed for mention on 18 June 2007.

LKY has also entered appearance. Celcom and TRI have 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 DTAG/DeTeAsia during the acquisition of TRI and Celcom by TM. No date has been fixed for this application.

DS has entered conditional appearance and filed an application to set aside the issue and service of the Notice of Writ and Statement of Claim. His application is fixed for mention on 14 May 2007. Joachim Gronau and Oliver Tim Axmann have also entered conditional appearance and filed similar applications to set aside the issue and service of the Notice of Writ and Statement of Claim. No hearing dates have been fixed for these applications.

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

12. Earnings Per Share (EPS)

	INDIVIDUAL QUARTER AND CUMULATIVE PERIOD TO DATE	
	Current year quarter	Preceding year corresponding period
	31/3/2007	31/3/2006
(a) Basic earnings per share		
Profit attributable to equity holders of the Parent (RM million)	**595.7**	545.6
Weighted average number of ordinary shares (million)	**3,415.1**	3,392.0
Basic earnings per share (sen)	**17.4**	16.1

12. Earnings Per Share (EPS) (continued)

	INDIVIDUAL QUARTER AND CUMULATIVE PERIOD TO DATE	
	Current year quarter	Preceding year corresponding period
	31/3/2007	31/3/2006
(b) Diluted earnings per share		
Profit attributable to equity holders of the Parent (RM million)	**595.7**	545.6
Weighted average number of ordinary shares (million)	**3,415.1**	3,392.0
Adjustment for ESOS (million)	**8.6**	8.8
Weighted average number of ordinary shares (million)	**3,423.7**	3,400.8
Diluted earnings per share (sen)	**17.4**	16.0

Fully diluted earnings per share of the Group is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period, adjusted to assume the conversion of dilutive potential ordinary shares.

13. Dividend

No interim dividend was recommended for the financial period ended 31 March 2007.

By Order of the Board

Wang Cheng Yong (MAICSA 0777702)
Zaiton Ahmad (MAICSA 7011681)
Secretaries

Kuala Lumpur
7 May 2007