

**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 third quarter ended 30 September 2009.

**UNAUDITED CONSOLIDATED INCOME STATEMENT**

	3RD QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/9/2009	30/9/2008	30/9/2009	30/9/2008
	RM Million	RM Million	RM Million	RM Million
<b><u>CONTINUING OPERATIONS</u></b>				
OPERATING REVENUE	2,101.0	2,062.0	6,335.4	6,177.1
OPERATING COSTS				
- depreciation, impairment and amortisation	(492.6)	(533.5)	(1,543.4)	(1,569.3)
- other operating costs	(1,416.3)	(1,402.5)	(4,100.8)	(4,237.7)
LOSS ON DISPOSAL OF AN EQUITY INVESTMENT	-	(88.8)	-	(88.8)
OTHER OPERATING INCOME (net)	20.2	37.0	110.6	155.6
OPERATING PROFIT BEFORE FINANCE COST	212.3	74.2	801.8	436.9
FINANCE INCOME	19.5	79.4	142.2	160.7
FINANCE COST	(59.5)	(96.0)	(269.8)	(345.8)
FOREIGN EXCHANGE GAIN/(LOSS) ON BORROWINGS	45.5	(195.7)	(6.8)	(151.8)
NET FINANCE INCOME/(COST)	5.5	(212.3)	(134.4)	(336.9)
ASSOCIATES				
- share of results (net of tax)	*	-	0.6	-
PROFIT/(LOSS) BEFORE TAXATION AND ZAKAT	217.8	(138.1)	668.0	100.0
TAXATION AND ZAKAT	(32.1)	(14.7)	(173.0)	(9.0)
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD FROM CONTINUING OPERATIONS</b>	<b>185.7</b>	<b>(152.8)</b>	<b>495.0</b>	<b>91.0</b>
<b><u>DISCONTINUED OPERATIONS</u></b>				
PROFIT FOR THE FINANCIAL PERIOD FROM DISCONTINUED OPERATIONS**	-	-	-	626.1
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	185.7	(152.8)	495.0	717.1
ATTRIBUTABLE TO:				
- equity holders of the Company	179.1	(165.8)	472.8	627.1
- minority interests	6.6	13.0	22.2	90.0
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	185.7	(152.8)	495.0	717.1
EARNINGS/ (LOSS) PER SHARE (sen) (part B, note 12)				
- basic				
Continuing operations	5.1	(4.8)	13.5	1.8
Discontinued operations**	-	-	-	16.4
- diluted				
Continuing operations	5.0	(4.8)	13.4	1.8
Discontinued operations**	-	-	-	16.3

\* Amount less than RM0.1 million

\*\* No contribution from Axiata Group in the current quarter/period and third quarter 2008 as the Axiata Group was demerged from the Group in April 2008.

(The above Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

**UNAUDITED CONSOLIDATED BALANCE SHEET****AS AT 30 SEPTEMBER 2009**

	<b>AS AT 30/9/2009</b>	<b>AS AT 31/12/2008 (AUDITED)</b>
	<b>RM Million</b>	<b>RM Million</b>
SHARE CAPITAL	3,542.2	3,456.0
SHARE PREMIUM	1,009.6	4,305.4
OTHER RESERVES	2,272.6	2,486.7
<b>TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	<b>6,824.4</b>	<b>10,248.1</b>
MINORITY INTERESTS	134.4	226.5
<b>TOTAL EQUITY</b>	<b>6,958.8</b>	<b>10,474.6</b>
Borrowings	6,988.2	6,965.1
Deferred tax liabilities	1,489.3	1,362.0
Deferred income	821.3	260.2
<b>DEFERRED AND NON-CURRENT LIABILITIES</b>	<b>9,298.8</b>	<b>8,587.3</b>
	<b>16,257.6</b>	<b>19,061.9</b>
Intangible assets	313.7	1.8
Property, plant and equipment	11,829.7	11,772.1
Prepaid lease payments	69.3	67.5
Land held for property development	160.4	164.3
Associates	0.6	-
Available-for-sale investment	624.0	496.0
Other investments	137.7	137.8
Long term receivables	171.3	472.4
Deferred tax assets	7.9	8.9
<b>NON-CURRENT ASSETS</b>	<b>13,314.6</b>	<b>13,120.8</b>
Inventories	120.5	123.3
Trade and other receivables	2,986.5	2,891.3
Amount owing by Axiata Group Berhad (formerly known as TM International Berhad)	-	4,025.0
Short term investments	285.6	277.6
Cash and bank balances	2,761.8	2,095.2
<b>CURRENT ASSETS</b>	<b>6,154.4</b>	<b>9,412.4</b>
Trade and other payables	2,563.1	2,812.6
Customer deposits	575.1	588.8
Borrowings	34.5	34.9
Taxation and zakat liabilities	38.7	35.0
<b>CURRENT LIABILITIES</b>	<b>3,211.4</b>	<b>3,471.3</b>
<b>NET CURRENT ASSETS</b>	<b>2,943.0</b>	<b>5,941.1</b>
	<b>16,257.6</b>	<b>19,061.9</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)</b>	<b>192.7</b>	<b>296.5</b>

(The above Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

	Attributable to equity holders of the Company								
	Share Capital RM Million	Share Premium RM Million	Currency Translation Differences RM Million	ESOS Reserve RM Million	Fair Value Reserve RM Million	Capital Redemption Reserve RM Million	Retained Profits RM Million	Minority Interests RM Million	Total Equity RM Million
At 1 January 2009	3,456.0	4,305.4	(10.4)	82.9	111.0	-	2,303.2	226.5	10,474.6
Currency translation differences arising during the financial period									
- subsidiaries	-	-	7.6	-	-	-	-	-	7.6
Fair value gain (net) on available-for-sale investment	-	-	-	-	56.0	-	-	-	56.0
Net gain not recognised in the Income Statement	-	-	7.6	-	56.0	-	-	-	63.6
Profit for the financial period	-	-	-	-	-	-	472.8	22.2	495.0
Total recognised income for the financial period	-	-	7.6	-	56.0	-	472.8	22.2	558.6
Acquisition of remaining equity interest in a subsidiary	-	-	-	-	-	-	-	(103.9)	(103.9)
Bonus issue of Redeemable Preference Shares (RPS) (part A, note 5(a))	35.8	(35.8)	-	-	-	-	-	-	-
Creation of capital redemption reserve upon redemption of RPS (part A, note 5(a))	-	-	-	-	-	35.8	(35.8)	-	-
Redemption of RPS (part A, note 5(a))	(35.8)	(3,470.0)	-	-	-	-	43.1	-	(3,462.7)
Final dividends paid for the financial year ended 31 December 2008	-	-	-	-	-	-	(377.2)	-	(377.2)
Interim dividends paid for the financial year ending 31 December 2009	-	-	-	-	-	-	(354.1)	-	(354.1)
Dividends paid to minority interests	-	-	-	-	-	-	-	(10.4)	(10.4)
Employees' share option scheme (ESOS)									
- options granted	-	-	-	6.9	-	-	-	-	6.9
- shares issued upon exercise of options (part A, note 5(b))	86.2	140.8	-	-	-	-	-	-	227.0
- transfer of reserve upon exercise of options	-	69.2	-	(69.2)	-	-	-	-	-
<b>At 30 September 2009</b>	<b>3,542.2</b>	<b>1,009.6</b>	<b>(2.8)</b>	<b>20.6</b>	<b>167.0</b>	<b>35.8</b>	<b>2,052.0</b>	<b>134.4</b>	<b>6,958.8</b>

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2008**

	Attributable to equity holders of the Company							Total Equity RM Million
	Share Capital RM Million	Share Premium RM Million	Currency Translation Differences RM Million	ESOS Reserve RM Million	Fair Value Reserve RM Million	Retained Profits RM Million	Minority Interests RM Million	
At 1 January 2008	3,439.8	4,262.1	(412.6)	-	-	12,512.8	849.4	20,651.5
Currency translation differences arising during the period								
- subsidiaries	-	-	(87.3)	-	-	-	(24.3)	(111.6)
- jointly controlled entities	-	-	(66.6)	-	-	-	-	(66.6)
- associates	-	-	(11.4)	-	-	-	-	(11.4)
Fair value gain (net) on available for sale investment	-	-	-	-	382.3	-	-	382.3
Net (loss)/income not recognised in the Income Statement	-	-	(165.3)	-	382.3	-	(24.3)	192.7
Disposal of an equity investment	-	-	88.8	-	-	-	-	88.8
Profit for the period	-	-	-	-	-	627.1	90.0	717.1
Total recognised (expense)/income for the period	-	-	(76.5)	-	382.3	627.1	65.7	998.6
Increase in minority interests due to dilution of equity interest in subsidiaries	-	-	-	-	-	-	5.7	5.7
Distribution of Axiata Group	-	-	487.6	-	-	(10,136.4)	(710.7)	(10,359.5)
Final dividends paid for the year ended 31 December 2007	-	-	-	-	-	(560.0)	-	(560.0)
Interim dividends paid for the year ending 31 December 2008	-	-	-	-	-	(306.3)	-	(306.3)
Dividends paid to minority interests	-	-	-	-	-	-	(17.3)	(17.3)
Employees' share option scheme (ESOS)								
- options granted	-	-	-	122.8	-	-	1.6	124.4
- shares issued upon exercise of options	12.3	23.2	-	-	-	-	-	35.5
- transfer of reserve upon exercise of options	-	10.3	-	(10.3)	-	-	-	-
<b>At 30 September 2008</b>	<b>3,452.1</b>	<b>4,295.6</b>	<b>(1.5)</b>	<b>112.5</b>	<b>382.3</b>	<b>2,137.2</b>	<b>194.4</b>	<b>10,572.6</b>

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

	FINANCIAL PERIOD	
	ENDED 30/9/2009 RM Million	ENDED 30/9/2008 RM Million
<b>Continuing operations</b>		
Receipts from customers	5,994.8	6,087.5
Payments to suppliers and employees	(4,071.5)	(4,017.0)
Payment of finance cost	(247.2)	(366.7)
Refund/(Payment) of income taxes (net)	60.0	(156.2)
Cash flows from operating activities of continuing operations	1,736.1	1,547.6
Cash flows from operating activities of discontinued operations **	-	601.6
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,736.1</b>	<b>2,149.2</b>
<b>Continuing operations</b>		
Disposal of property, plant and equipment	5.4	24.7
Purchase of property, plant and equipment	(1,723.7)	(1,279.9)
Contribution for purchase of property, plant and equipment	484.8	20.3
Disposal of non-current assets held for sale	-	1,000.0
Disposal of leasehold land	1.2	-
Payment of intangible asset (spectrum licence)	-	(8.0)
Proceeds from disposal of intangible asset (spectrum licence)	-	40.1
Repayment from Axiata Group Berhad (Axiata)	4,025.0	-
Subscription of Axiata's rights issue	(72.0)	-
Disposal of Axiata's rights issue	66.0	-
Disposal of long term investments	0.1	1.2
Disposal of short term investments	173.4	188.9
Purchase of short term investments	(146.1)	(186.5)
Acquisition of remaining interest in a subsidiary	(412.3)	-
Repayments of loans by employees	47.9	75.3
Loans to employees	(24.2)	(30.1)
Disposal of housing loan	334.1	-
Interests received	141.4	99.0
Dividends received	4.4	8.5
Cash flows from/(used in) investing activities of continuing operations	2,905.4	(46.5)
Cash flows used in investing activities of discontinued operations **	-	(1,532.9)
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>2,905.4</b>	<b>(1,579.4)</b>
<b>Continuing operations</b>		
Issue of share capital	227.0	35.5
Issue of share capital to minority interests	-	6.8
Redemption of RPS (part A, note 5(a))	(3,462.7)	-
Proceeds from termination of long dated swap	-	197.0
Proceeds from borrowings	180.0	27.6
Repayments of borrowings	(184.4)	(277.0)
Repayment of finance lease	(2.2)	(0.5)
Dividends paid to shareholders	(731.3)	(2,520.8)
Dividends paid to minority interests	(10.4)	(17.2)
Cash flows used in financing activities of continuing operations	(3,984.0)	(2,548.6)
Cash flows from financing activities of discontinued operations **	-	455.5
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(3,984.0)</b>	<b>(2,093.1)</b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	657.5	(1,523.3)
EFFECT OF DISTRIBUTION OF AXIATA GROUP	-	(1,402.1)
EFFECT OF EXCHANGE RATE CHANGES	9.1	(23.6)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,094.7	4,092.9
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>2,761.3</b>	<b>1,143.9</b>

\*\* No contribution from Axiata Group in the current year period as the Axiata Group was demerged from the Group in April 2008

(The above Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2008)

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**PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134**

**1. Basis of Preparation**

- (a) The unaudited interim financial statements for the third quarter ended 30 September 2009 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 financial year ended 31 December 2008. The accounting policies, method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2008 audited financial statements.

The new standards, amendments to published standards and Interpretation Committee (IC) Interpretations which has been issued by Malaysian Accounting Standards Board but not yet effective, are as follows:

**(i) Standards, amendments to published standards and IC Interpretations that are relevant and have not been early adopted**

- FRS 7 “Financial Instruments: Disclosures” introduces new requirements to improve the information on financial instruments disclosed in the financial statements. The Group has applied the transitional provision in FRS 7 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the interim financial statements of the Group.
- FRS 8 “Operating Segments” replaces FRS 114<sub>2004</sub> Segment Reporting. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. It is not expected to have a material impact as the Group currently reports its segment information in a manner that is consistent with the requirements of FRS 8.
- FRS 139 “Financial Instruments: Recognition and Measurement” establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group has applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the interim financial statements of the Group.
- FRS 123 “Borrowing Costs” replaces FRS 123<sub>2004</sub> Borrowing Costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. This standard is not expected to have a material impact on the Group.

**1. Basis of Preparation (continued)**

- Amendments to FRS 2 “Share-based Payment: Vesting Conditions and Cancellations” clarify that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendments are not expected to have a material impact on the Group.
- Amendments to FRS 1 “First-time Adoption of Financial Reporting Standards” and FRS 127 “Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate”. FRS 1 allows the first-time adopters to measure the initial cost of investments in subsidiaries, jointly controlled entities (JCE) and associates either at fair value or the previous carrying amount. Without this amendment, first-time adopters may face practical difficulties on transition to the FRS framework as these investments would have to be measured in accordance with FRS 127 retrospectively. As a result, the requirement to distinguish between pre and post acquisition dividends from a subsidiary, JCE or associates is removed but at the same time, a new impairment indicator is included in the standard on impairment. FRS 127 has also been amended to deal with situations where a parent reorganises its group by establishing a new entity as its parent. Under the new rules, the new parent measures the cost of its investment in the original parent at the carrying amount of its share of the equity items shown in the separate financial statements of the original parent at the reorganisation date. The amendments are not expected to have a material impact on the Group.
- IC Interpretation 9 “Reassessment of Embedded Derivatives” requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. This interpretation is not expected to have any material impact on the Group’s interim financial statements.

**1. Basis of Preparation (continued)**

- IC Interpretation 10 “Interim Financial Reporting and Impairment” prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. It is not expected to have a material impact on the Group’s interim financial statements.
- IC Interpretation 11 “FRS 2 - Group and Treasury Share Transactions” provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent’s shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation is not expected to have any material impact on the Group’s interim financial statements.
- IC Interpretation 13 “Customer Loyalty Programmes” clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the revenue in respect of the consideration receivable from the customer is allocated between the components of the arrangement using fair values. This interpretation is not expected to have a material impact on the Group’s interim financial statements.
- Other standards, amendment to published standards and IC Interpretation as issued by MASB on 15 September 2009:
  - (a) FRS 101 “Presentation of Financial Statements”
  - (b) Amendments to FRS 132 “Financial Instruments: Presentation”
  - (c) Amendments to FRS 139 “Financial Instruments: Recognition and Measurement”, FRS 7 “Financial Instruments: Disclosures” and IC Interpretation 9 “Reassessment of Embedded Derivatives
  - (d) Amendments to 21 standards contained in the document entitled “Improvements to FRSs (2009)”



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**1. Basis of Preparation (continued)**

**(ii) Standards and IC Interpretations that are not relevant and not yet effective for the Group's operations**

- FRS 4 "Insurance Contracts"
- IC Interpretation 14 "FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- TR i-3 "Presentation of Financial Statements of Islamic Financial Institutions"

The above standards, amendment to published standards and IC Interpretations will take effect from financial period beginning on or after 1 January 2010 except for FRS 8 which is effective from 1 July 2009.

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

Foreign Currency	Exchange Rate At 30 September 2009	Exchange Rate At 30 June 2009	Exchange Rate At 31 December 2008	Exchange Rate At 30 September 2008
US Dollar	3.46100	3.51500	3.45250	3.44250
Special Drawing Rights	5.50491	5.46771	5.33550	5.38410

**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) Pursuant to the Axiata rights issue in the second quarter, the Group was entitled to 171.3 million Axiata rights. The Group subscribed to 64.3 million rights for a total cash payment of RM72.0 million and disposed the balance 107.0 million rights in the open market, for a proceeds of RM66.0 million resulting in a gain of the same amount.
- (b) In the second quarter, the Group completed the disposal of TM's employees housing loan (1<sup>st</sup> tranche) for a total cash consideration amounting to RM334.1 million and consequently, recognised a loss on disposal of RM14.6 million arising from discounts and other related costs.

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**3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows (continued)**

- (c) During the quarter, the Group had reviewed the useful life of its property, plant and equipment. As a result of this review, the useful life of certain network equipment has been shortened from 5 to 15 years to 3 to 10 years whilst the useful life of certain network assets has been extended from 10 to 15 years. The net impact of this resulted in a depreciation savings of RM24.4 million in the current quarter.

Save for the above, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 September 2009 other than as mentioned elsewhere in the interim financial statements.

**4. Material Changes in Estimates**

Except as explained in note 3(c) above, there were no other material changes in estimates reported in the prior interim period or prior financial year.

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

- (a) On 24 February 2009, TM had announced a proposal to carry out a cash capital repayment (Capital Repayment) to shareholders of approximately RM3,505.8 million and was approved by TM's shareholders at an Extraordinary General Meeting held on 7 May 2009.

On 2 June 2009, the Company issued a bonus issue of 3,577.4 million redeemable preference shares (RPS) of RM0.01 each in the Company to eligible shareholders, on the basis of 1 RPS for each ordinary share of RM1.00 each in the Company (TM Share). The bonus issue was issued at a par value of RM0.01 for each RPS and was issued out of the share premium account. This bonus issue was intended to facilitate the Capital Repayment.

On the same day, the Company has redeemed the RPS at a redemption price of RM0.98 for each RPS held. The par value of RM0.01 for each RPS, representing RM35.8 million in total, is redeemed out of retained earnings, whereas the premium on redemption of RM0.97 for each RPS, representing a total of RM3,470.0 million, is redeemed by way of capitalisation of the share premium account. This resulted in a cash payment of RM0.98 for each RPS held or a total cash payment of RM3,505.8 million paid to the shareholders of the Company on 12 June 2009, inclusive of which RM43.1 million was paid to TM ESOS Management Sdn Bhd (TEMSB), a special purpose entity controlled by the Company, which was adjusted on consolidation.

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

- (b) The issued and paid-up capital of the Company has increased by 86.2 million ordinary shares from 3,456.0 million to 3,542.2 million ordinary shares of RM1.00 each as a result of employees exercising their options under the Special ESOS at the respective exercise price of RM2.71 and RM3.14 per share (before Capital Repayment) and RM1.91 and RM2.22 per share (after Capital Repayment).

Save for the above, there were no other issuance, cancellations, repurchases, resale and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 30 September 2009.

**6. Dividends Paid**

- (a) A final gross dividend of 14.25 sen per share less tax at 25.0% amounting to RM382.3 million in respect of financial year ended 31 December 2008 was paid on 12 June 2009, inclusive of RM5.1 million paid to TEMSB which was adjusted on consolidation.
- (b) An interim tax exempt dividend of 10.0 sen per share amounting to RM357.7 million in respect of financial year ending 31 December 2009 was paid on 29 September 2009, inclusive of RM3.6 million paid to TEMSB which was adjusted on consolidation

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**7. Segmental Information**

Segmental information for the financial period ended 30 September 2009 and 30 September 2008 are as follows:

**By Business Segment**

<b>All amounts are in RM Million</b>	<b>Retail Business</b>	<b>Wholesale Business</b>	<b>Global Business</b>	<b>Shared Services /Others</b>	<b>Total</b>
<b>2009</b>					
<b>Operating Revenue</b>					
Total operating revenue	4,940.7	878.1	938.4	3,252.2	10,009.4
Inter-segment *	(21.8)	(285.1)	(327.2)	(3,039.9)	(3,674.0)
External operating revenue	4,918.9	593.0	611.2	212.3	6,335.4
<b>Results</b>					
Segment result	560.4	205.3	246.6	1.0	1,013.3
Unallocated income #					54.2
Unallocated costs ^					(265.7)
Operating profit before finance cost					801.8
Finance income					142.2
Finance cost					(269.8)
Foreign exchange loss on borrowings					(6.8)
Associates					
- share of results (net of tax)					0.6
Profit before taxation and zakat					668.0
Taxation and zakat					(173.0)
Profit for the financial period					495.0

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**7. Segmental Information (continued)**

All amounts are in RM Million	Retail Business	Wholesale Business	Global Business	Shared Services /Others	Total Continuing Operations	Discontinued Operations
<b>2008</b>						
<b>Operating Revenue</b>						
Total operating revenue	4,957.0	798.2	887.9	2,847.1	9,490.2	3,669.3
Inter-segment *	(13.4)	(287.5)	(350.5)	(2,661.7)	(3,313.1)	-
External operating revenue	4,943.6	510.7	537.4	185.4	6,177.1	3,669.3
<b>Results</b>						
Segment result	810.5	112.6	29.1	(3.0)	949.2	934.3
Loss on disposal of an equity investment					(88.8)	-
Unallocated income #					47.7	
Unallocated costs ^					(471.2)	
Operating profit before finance cost					436.9	934.3
Finance income					160.7	21.1
Finance cost					(345.8)	(134.3)
Foreign exchange (loss)/gain on borrowings					(151.8)	37.4
Jointly controlled entities - share of results (net of tax)					-	7.8
Associates - share of results (net of tax)					-	10.6
Profit before taxation and zakat					100.0	876.9
Taxation and zakat					(9.0)	(250.8)
Profit for the financial period					91.0	626.1

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**7. Segmental Information (continued)**

\* Inter-segment operating revenue relates to inter-division recharge and inter-company revenue and has been eliminated at the respective segment operating revenue. The inter-division recharge was agreed between the relevant lines of business. The inter-company revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms. These inter-segment trading arrangements are subject to periodic review.

During the second quarter, the basis of inter-division recharge was reviewed. The prior year comparatives have been restated to conform to the current year basis.

# Unallocated income comprises other operating income such as dividend income and gain or loss on disposal of investments which has not been allocated to a particular business segment.

^ Unallocated costs represent expenses incurred by corporate divisions such as Group Human Resource, Group Finance, Company Secretary, Group Legal and Compliance, Corporate Communications and special purpose entities, foreign exchange differences arising from translation of foreign currency placements and diminution in value of investments which were not allocated to a particular business segment.

**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**

There was no material event subsequent to the balance sheet date that requires disclosure or adjustments to the interim unaudited financial statements.

**PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134**

**10. Effects of Changes in the Composition of the Group**

Changes in the composition of the Group for the financial period ended 30 September 2009 are as follows:

**(a) VADS Berhad (VADS)**

On 29 September 2008, TM announced its intention to privatise VADS, its subsidiary, via a selective capital reduction and repayment exercise under Section 64 of the Companies Act, 1965.

This transaction was completed on 12 February 2009 and VADS became a wholly owned subsidiary of TM on the said date. Accordingly, the entire issued and paid-up share capital of VADS was delisted from the Official List of Bursa Malaysia Securities Berhad on 19 February 2009.

Arising from the above transaction, goodwill of RM308.4 million was recorded as intangible asset in the first quarter.

**(b) PT VADS Indonesia (PT VADS)**

On 30 April 2009, TM via its wholly owned subsidiary, VADS Berhad and VADS Business Process Sdn Bhd (a wholly owned subsidiary of VADS Berhad), acquired 100% equity interest in PT VADS for a total consideration of Rp. 17,052,750,000 (RM5.7 million).

PT VADS was established to provide Business Process Outsourcing services, including managed contact centre services in Indonesia.

**(c) Multimedia College Sdn Bhd (MMC)**

On 28 May 2009, TM via its wholly owned subsidiary, Universiti Telekom Sdn Bhd, acquired 100% equity interest in MMC for a total consideration of RM2.00.

MMC was established to undertake certain operations of TM's in-house training centre, registered under the Private Higher Educational Institutions Act 1996 as Multimedia College.

**(d) Telesafe Sdn Bhd (Telesafe)**

On 17 December 2007, TM commenced the members' voluntary winding up of Telesafe, a wholly owned subsidiary of TM, in accordance to Section 254(1) (b) of the Companies Act, 1965 (the Act). Accordingly, pursuant to Section 272(5) of the Act, Telesafe was dissolved effective from 16 September 2009.

**(e) Mobitel Sdn Bhd (Mobitel)**

On 17 December 2007, TM commenced the members' voluntary winding up of Mobitel, a wholly owned subsidiary of TM held via Telekom Enterprise Sdn Bhd, in accordance to Section 254(1) (b) of the Act. Accordingly, Mobitel was dissolved effective from 16 September 2009 pursuant to Section 272 (5) of the Act.

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

**(f) Telekom Payphone Sdn Bhd (TPP)**

On 17 December 2007, TM commenced the members' voluntary winding up of TPP a wholly owned subsidiary of TM, in accordance to Section 254(1) (b) of the Act. Accordingly, pursuant to Section 272(5) of the Act, TPP was dissolved effective from 16 September 2009.

**11. 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 part B, note 11 of this announcement) since the latest audited financial statements of the Group for the financial year ended 31 December 2008.

**12. Commitments**

**(a) Capital Commitments**

	<b>Group</b>	
	<b>30/9/2009</b>	<b>30/9/2008</b>
	<b>RM Million</b>	<b>RM Million</b>
<b>Property, plant and equipment:</b>		
Commitments in respect of expenditure approved and contracted for	<b>3,256.8</b>	2,583.2
Commitments in respect of expenditure approved but not contracted for (note (i))	<b>7,858.0</b>	22.4

- (i) Included in commitments is expenditure approved but not contracted for in relation to implementation of High Speed Broadband (HSBB) project. The project involves the deployment of access, domestic core and international networks to deliver an end-to-end HSBB infrastructure. The HSBB roll out will be covering 1.3 million premises over a 10 year period commencing from September 2008.



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

**1. Review of Performance**

(a) Quarter-on-Quarter

For the current quarter under review, the Group revenue registered an increase of 1.9% to RM2,101.0 million as compared to RM2,062.0 million in the third quarter 2008, mainly attributed to higher revenue from data services, Internet and multimedia, other telecommunication related services and non-telecommunication related services net of declining voice revenue.

Data services revenue increased by 14.3% from RM309.7 million in third quarter 2008 to RM353.9 million following demand for higher bandwidth services.

Internet and multimedia revenue registered 7.0% growth from third quarter 2008 of RM390.6 million to RM417.9 million in the current quarter arising from growth in broadband customers (excluding Hotspot customers) from 1.23 million in the corresponding quarter 2008 to 1.40 million in the current quarter.

Operating profit before finance cost of RM212.3 million increased by 186.1% compared to RM74.2 million recorded in the same quarter last year primarily due to increased revenue, lower depreciation charge in current year quarter and loss on disposal of an equity investment experienced in the third quarter of 2008.

Group profit after tax and minority interests (PATAMI) increased by 208.0% to RM179.1 million as compared to loss of RM165.8 million in the corresponding quarter in 2008. This was mainly attributed to unrealised exchange gain on translation of foreign currency borrowings of RM45.5 million as compared to a loss of RM195.7 million in the same quarter in 2008. The higher PATAMI in current year quarter is also explained by the one-off loss on disposal of an equity investment.

(b) Year-on-Year

For the period under review, Group revenue increased by 2.6% to RM6,335.4 million as compared to RM6,177.1 million recorded in the corresponding period last year, mainly attributed to higher revenue from data services, Internet and multimedia, other telecommunication related services and non-telecommunication related services, which mitigated the decline in voice revenue.

Operating profit before finance cost increased by 83.5% to RM801.8 million due to higher revenue and lower operating costs recorded in the current period and the one-off loss on disposal of an equity investment in the corresponded period last year.

Group PATAMI increased by 646.9% to RM472.8 million as compared to RM63.3 million (excluding the results of the demerged Axiata Group) recorded in the corresponding period last year primarily due to higher revenue, lower operating costs, lower unrealised exchange loss on translation of foreign currency borrowings, absence of loss on disposal of equity investment net of higher taxation charge. Corresponding period included reversal of higher excess prior year tax provision of RM82.0 million as compared to RM9.4 million in current period.

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**PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING  
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**1. Review of Performance (continued)**

(c) Economic Profit Statement

	3RD QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/9/2009 RM Million	30/9/2008 RM Million	30/9/2009 RM Million	30/9/2008 RM Million
<b>EBIT</b>	<b>212.3</b>	74.2	<b>802.4</b>	436.9
Adjusted Tax	53.1	19.3	200.6	113.6
<b>NOPLAT</b>	<b>159.2</b>	54.9	<b>601.8</b>	323.3
AIC	3,016.6	3,087.4	9,049.7	9,262.2
WACC	6.37 %	7.87 %	6.43 %	7.82 %
<b>ECONOMIC CHARGE</b>	<b>192.2</b>	243.0	<b>581.9</b>	724.3
<b>ECONOMIC (LOSS)/PROFIT</b>	<b>(33.0)</b>	(188.1)	<b>19.9</b>	(401.0)

Definitions:

EBIT = Earnings before Interest & Taxes

NOPLAT = Net Operating Profit 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 TM Group vis-à-vis its financial accounting reports, i.e. it explains how much returns a business generates over its cost of capital. This is measured by the difference of NOPLAT and Economic Charge.

TM Group recorded Economic Loss (EL) of RM33.0 million in third quarter 2009, an improvement of RM155.1 million (+82.5%) from EL of RM188.1 million reported in the corresponding quarter last year. This was contributed by higher NOPLAT by RM104.3 million (+190.0%) and lower economic charge by RM50.8 million (-20.9%).

Higher NOPLAT was mainly contributed by higher EBIT by RM138.1 million (186.1%) due to increase in revenue, lower depreciation and the absence of one-off loss on disposal of an equity investment.

The decrease in economic charge was attributed to the reduction in AIC by RM70.8 million (-2.3%) and WACC by 1.5 percentage point. Lower AIC was primarily contributed by reduction in trade, other and long term receivables whereas lower cost of debt before tax (-1.3 percentage point) and lower cost of equity (-1.7 percentage point) contributed to lower WACC.

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**1. Review of Performance (continued)**

On year to date basis, TM recorded EP of RM19.9 million, an increase of RM420.9 million from EL of RM401.0 million reported in the corresponding period last year. Higher NOPLAT from increased revenue and the absence of one-off cost in the current period mainly contributed to the improved EP.

**2. Comparison with Preceding Quarter's Results**

For the current quarter under review, Group revenue decreased by 1.3% to RM2,101.0 million as compared to RM2,129.0 million recorded in the second quarter 2009, mainly attributed to lower revenue from data services and other telecommunication related services as second quarter 2009 included higher revenue from customers' project. Higher revenue from Internet and multimedia and non-telecommunication related services mitigated the net reduction.

Operating profit before finance cost decreased by 27.5% to RM212.3 million as compared to RM293.0 recorded in the preceding quarter due to lower revenue, higher operating costs and absence of gain on disposal of Axiata rights recorded in second quarter 2009.

For the period under review, the Group registered PATAMI of RM179.1 million as compared to RM266.0 million recorded in the preceding quarter primarily due to lower operating revenue, lower other operating income, lower unrealised foreign exchange gain net of lower taxation charge.

**3. Prospects for the Current Financial Year**

In line with signs that the global economy is recovering, Malaysia's gross domestic product (GDP) contracted at a slower pace of 3.9% in the second quarter 2009 compared with a 6.2% contraction in the first quarter (Source: MIER). As announced during the 2010 Budget, Malaysia's GDP in 2009 is projected at -3.0%, better than the earlier projection of -4.0% to -5.0% announced in May 2009.

As a consequence from the global trend of fixed to mobile voice substitution, TM forecasts the decline in voice revenue to continue but at a slower pace. Nevertheless, in line with the recovering economy, broadband growth is expected to remain strong with estimated Compounded Annual Growth Rate (CAGR) of 16.7% between 2009 - 2013 [source: IDC July 2009]. The country's broadband penetration rate had improved to 24.8% in Q2 2009 compared to 22.9% in Q1 2009 [MCMC – Q2 2009 report].

On the operational aspect, the launch of Performance Improvement Programme (PIP) 2.0 in November 2008 continues to tighten TM's operations, enhance customer service, improve internal capabilities and produce a healthier bottom line. TM is certain that the PIP 2.0 initiatives will continue to mitigate the decline in voice business by the strong growth from Internet business, particularly broadband. In providing better value to our customers, TM has launched voice and broadband initiatives such as Homeline-IDD Promo, SME One Plan and SOHO Promo which have so far showed positive impact to revenue.

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**3. Prospects for the Current Financial Year (continued)**

On the High Speed Broadband (HSBB) project, TM is on track to commercially launch the retail service in the four areas of Taman Tun Dr. Ismail, Bangsar, Subang Jaya and Shah Alam by end of Q1 2010. To date, TM has completed physical work in 4 exchanges whilst work is in progress at 44 exchanges out of 95 exchanges nationwide to be covered by the initial rollout of HSBB services.

The Board of Directors expects TM's business environment for the financial year ending 31 December 2009 to remain challenging.

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

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the financial period ended 30 September 2009.

**5. Taxation**

The taxation charge for the Group comprises:

	<b>3RD QUARTER ENDED</b>		<b>FINANCIAL PERIOD ENDED</b>	
	<b>30/9/2009</b>	30/9/2008	<b>30/9/2009</b>	30/9/2008
	RM Million	RM Million	RM Million	RM Million
<u>Malaysia</u>				
<b>Income Tax:</b>				
Current year	<b>(16.2)</b>	71.0	<b>51.9</b>	108.4
Prior year	<b>(7.3)</b>	(28.9)	<b>(11.8)</b>	(31.4)
<b>Deferred tax (net):</b>				
Current year	<b>56.2</b>	(28.5)	<b>127.0</b>	(18.6)
Prior year	<b>(2.4)</b>	1.0	<b>1.1</b>	(51.5)
	<b>30.3</b>	14.6	<b>168.2</b>	6.9
<u>Overseas</u>				
<b>Income Tax:</b>				
Current year	<b>0.5</b>	-	<b>2.5</b>	1.2
Prior year	<b>1.1</b>	-	<b>1.1</b>	-
<b>Deferred tax (net):</b>				
Prior year	<b>0.2</b>	0.1	<b>0.2</b>	0.9
	<b>1.8</b>	0.1	<b>3.8</b>	2.1
<b>Taxation</b>	<b>32.1</b>	14.7	<b>172.0</b>	9.0
<b>Zakat</b>	<b>-</b>	-	<b>1.0</b>	-
<b>Taxation and Zakat</b>	<b>32.1</b>	14.7	<b>173.0</b>	9.0

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**5. Taxation (continued)**

The current quarter effective tax rate of the Group was lower than the statutory tax rate mainly attributed to reversal of higher provision in earlier quarter in line with lower forecasted effective tax rate for the current year.

The financial period effective tax rate of the Group was marginally higher than the statutory tax rate primarily due to non-tax deductible items such as restricted interest.

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

There were no other profit on sale of unquoted investments and/or properties other than in the ordinary course of the Group's business for the current quarter and financial period ended 30 September 2009.

**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 30 September 2009 are as follows:

	<b>Current quarter RM Million</b>	<b>Period to date RM Million</b>
Total purchases	23.0	47.9
Total disposals	19.6	73.8
Total loss on disposal (note (i))	(3.7)	(32.9)

- (i) The total loss on disposal was before reversal of diminution in value of the quoted securities of RM13.5 million in the current quarter and RM64.8 million in the financial period to date.

- (b) Total investments in quoted securities as at 30 September 2009 are as follows:

	<b>RM Million</b>
At cost	110.7
At book value	78.0
At market value	78.0

**II. Quoted Fixed Income Securities**

- (a) Total purchases and disposals of quoted fixed income securities for the current quarter and financial period ended 30 September 2009 are as follows:

	<b>Current quarter RM Million</b>	<b>Period to date RM Million</b>
Total purchases	39.1	98.2
Total disposals	41.6	99.6
Total gain on disposal	0.2	0.9

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**7. Purchase and Disposal of Quoted Securities (continued)**

- (b) Total investments in quoted fixed income securities as at 30 September 2009 are as follows:

	<b>RM Million</b>
At cost	208.7
At book value	207.6
At market value	207.6

**8. Status of Corporate Proposals**

There is no corporate proposal announced and not completed as at the latest practicable date.

**9. Group Borrowings and Debt Securities**

- (a) Analysis of the Group's borrowings and debt securities as at 30 September are as follows:

	<b>2009</b>		<b>2008</b>	
	<b>Short Term Borrowings RM Million</b>	<b>Long Term Borrowings RM Million</b>	<b>Short Term Borrowings RM Million</b>	<b>Long Term Borrowings RM Million</b>
Secured	-	24.4	5.5	26.3
Unsecured	34.5	6,963.8	29.1	6,782.4
<b>Total</b>	<b>34.5</b>	<b>6,988.2</b>	<b>34.6</b>	<b>6,808.7</b>

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

	<b>2009</b>	<b>2008</b>
<b>Foreign Currency</b>	<b>RM Million</b>	<b>RM Million</b>
US Dollar	3,809.7	3,783.9
Canadian Dollars	4.3	5.1
<b>Total</b>	<b>3,814.0</b>	<b>3,789.0</b>

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**10. Off Balance Sheet Financial Instruments**

The details and the financial effects of the hedging instruments that the Group has entered into were described in note 17 to the audited financial statements of the Group for the financial year ended 31 December 2008. There were no changes to off balance sheet financial instruments since the last financial year except for the following:

**(a) Forward Foreign Currency Contracts**

**Underlying Liability**

**USD500.0 million 5.25% Guaranteed Notes Due 2014**

In 2004, the Company issued USD500.0 million 5.25% Guaranteed Notes due 2014. The Notes are redeemable in full on 22 September 2014.

**Hedging Instrument**

On 10 March 2009, the Company entered into a forward foreign currency contract transaction which matures on 22 September 2014. On the maturity date, the Company would receive USD50.0 million from the counter-party in return for a payment of RM174.5 million. The objective of this transaction is to effectively convert the USD liability into a RM principal liability.

On 28 May 2009, the Company entered into another forward foreign currency contract transaction which matures on 22 September 2014. On the maturity date, the Company would receive USD50.0 million from the counter-party in return for a payment of RM169.75 million. The objective of this transaction is to effectively convert the USD liability into a RM principal liability.

**(b) Interest Rate Swap (IRS)**

**Underlying Liability**

**USD500.0 million 5.25% Guaranteed Notes Due 2014**

In 2004, the Company issued USD500.0 million 5.25% Guaranteed Notes due 2014. The Notes are redeemable in full on 22 September 2014.

**Hedging Instrument**

On 3 July 2009, the Company terminated its existing USD150.0 million plain vanilla IRS. The structure which was executed on 25 March 2008 entitled the Company to receive interest at a fixed rate of 5.25% per annum and obliged to pay interest at a floating rate of 6-month USD LIBOR plus 1.80%. The termination resulted in a cash inflow of RM8.9 million.

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**10. Off Balance Sheet Financial Instruments (continued)**

**(c) Interest Rate Swap (IRS)**

**Underlying Liability**

**RM2,000.0 million 6.20% TM Islamic Stapled Income Securities (TM ISIS)  
Due 2013**

In 2007, the Company issued RM2,000.0 million 6.20% TM ISIS due 2013.

**Hedging Instrument**

On 9 July 2009, the Company entered into an IRS agreement with a notional principal of RM1,000.0 million that entitles it to receive interest at a fixed rate of 6.20% per annum and obliges it to pay interest at a floating rate of 6-month RM Kuala Lumpur Interbank Offer Rate (KLIBOR) plus 2.80%. The swap will mature on 30 December 2013.

**(d) Interest Rate Swap (IRS)**

**Underlying Liability**

**USD300.0 million 7.875% Debenture Due in 2025**

In 1998, the Company issued USD300.0 million 7.875% Debenture due in 2025.

**Hedging Instrument**

On 6 October 2009, the Company terminated its existing USD300.0 million IRS and received a cash inflow of RM23.1 million.

The accounting policies applied 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.

Any differential to be paid or received on an interest rate swap is recognised as a component of interest income or expense over the period of the contract. Gains and losses on restructuring or early termination of interest rate swaps or on repayment of the borrowing are taken to the Income Statement.”

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



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**11. Material Litigation**

I. With reference to the following material litigation cases as disclosed under Contingent Liabilities in note 45 to the audited financial statements of the Group for the year ended 31 December 2008, listed below are updates of the relevant cases since the date of the last audited financial statements:

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

On 6 March 2009, the Court allowed TM/TMIM's application to consolidate this legal suit with another ongoing legal suit involving TM and TMIM vs. BG Media Sdn. Bhd. & BG Online Sdn. Bhd. at the Kuala Lumpur High Court, Suit No. D7-22-1144-2004 ("the Consolidated Suit") and join BGSB's directors as defendants to the Consolidated Suit.

On 23 October 2009, the Court has fixed 4 December 2009 for case management and 18 to 22 January 2010 for full trial of the Consolidated Suit.

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.

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

On 16 September 2009, the High Court has dismissed AHSB's claim with cost.

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

On 12 November 2009, the court has allowed TM and TESB's appeal against the decision of the Senior Assistant Registrar in dismissing their respective application to strike-out TSDTR's Amended Counterclaim. Further, the court has also on the same date allowed TM and TESB's appeal against the decision of the Senior Assistant Registrar in allowing the re-amendment of TSDTR's Amended Counterclaim.

Following the above stated decisions, TSDTR's Amended Counterclaim against TM and TESB is struck-out and the 8 present or former Directors and officers of TM and TESB are no longer parties to TSDTR's Amended Counterclaim.

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

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**11. Material Litigation (continued)**

**(d) Mohd Shuaib Ishak vs TM, TESB, Celcom and 11 Others**

On 5 November 2009, the Court adjourned TM/TESB's Striking Out Application to 16 November 2009 for case management.

The Directors, based on legal advice, are of the view that TM and TESB have a reasonably good chance of success in defending the case against Mohd Shuaib Ishak.

**(e) Celcom (Malaysia) Berhad vs Telekom Malaysia Berhad, Telekom Enterprise Sdn Bhd & 19 Others**

On 27 March 2009, the Court of Appeal allowed Celcom's appeal against the High Court's decision in granting leave to Mohd Shuaib Ishak (MSI) to commence the statutory derivative action in the name of Celcom. On 23 April 2009, MSI filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal above mentioned. MSI's application for leave which was originally fixed for hearing on 2 November 2009, was postponed to another date to be determined by Federal Court.

The Directors, based on legal advice, are of the view that TM and TESB have a good chance of success in defending the case against Celcom in the event that MSI succeeds in his appeal against the Court of Appeal's decision at the Federal Court and he proceeds with the Suit in the name of Celcom.

**II. For the following material litigation cases as disclosed in the fourth quarter 2008 announcement to Bursa Malaysia on 24 February 2009, enumerated below are updates of the cases since the date of that announcement:**

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

On 6 March 2009, the Court allowed TM/TMIM's application to consolidate this legal suit with another ongoing legal suit involving TM and TMIM vs. Buying Guide (M) Sdn Bhd the Kuala Lumpur High Court under Suit No: D6-22-1332-2003 ("the Consolidated Suit") and join BGM/BGO's directors as defendants to the Consolidated Suit.

On 23 October, the Court has fixed 4 December 2009 for case management and 18 to 22 January 2010 for full trial of the Consolidated Suit.

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.

**TELEKOM MALAYSIA BERHAD (128740-P)**  
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**PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING  
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**11. Material Litigation (continued)**

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

By consent of both Inmiss and Mobikom, the High Court has on 29 May 2009 issued the following Orders:

- (i) The Winding Up Petition against Mobikom and all interlocutory applications therein are dismissed with no order as to costs; and
- (ii) The Arbitration Award dated 31 March 2005 in favour of Inmiss is set aside with no orders as to costs.

Pursuant to the above, the case has been duly resolved.

**III. The following is a new material litigation case arising during the year:**

**(a) Network Guidance (M) Sdn Bhd (NGSB) vs TM and TM Net Sdn Bhd (TM Net)**

On 11 August 2009, TM and its wholly owned subsidiary, TM Net were served with a writ of summons and statement of claim by NGSB in connection with a purported joint venture in regard to a project described in the statement of claim as "Fine TV Services".

NGSB is seeking from TM and TM Net jointly and severally the following relief:

- (a)
  - (i) special damages in the sum of RM7,000,000.00;
  - (ii) interest in the sum of RM1,000,000.00;
- (b) further or in the alternative loss of profit of RM500,000,000.00;
- (c) an injunction restraining TM by itself, officers, servants or agents to continue to use information otherwise than for the purpose for which it was communicated;
- (d) further in the alternative, an account of all profit made by TM Net from the use of information;
- (e) exemplary damages;
- (f) aggravated damages;
- (g) general damages;
- (h) interest and costs.

On 17 September 2009, TM and TM Net filed the Amended Statement of Defence in Court.

On 13 October 2009, Network Guidance Sdn Bhd filed and served an Amended Statement of Claim to TM Net. Pursuant thereto, TM and TM Net filed a RE-amended Statement of Defense in Court on 23 October 2009.

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

**11. Material Litigation (continued)**

The Directors, based on legal advice, are of the view that TM has a reasonably good chance in defending NGSB's claim.

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)**

	<b>3RD QUARTER ENDED</b>		<b>FINANCIAL PERIOD ENDED</b>	
	<b>30/9/2009</b>	<b>30/9/2008</b>	<b>30/9/2009</b>	<b>30/9/2008</b>
<b>(a) Basic earnings per share</b>				
Profit/(loss) from continuing operations attributable to equity holders of the Company (RM million)	<b>179.1</b>	(165.8)	<b>472.8</b>	63.3
Profit from discontinued operations attributable to equity holders of the Company (RM million)	-	-	-	563.8
Profit/(loss) attributable to equity holders of the Company (RM million)	<b>179.1</b>	(165.8)	<b>472.8</b>	627.1
Weighted average number of ordinary shares (million)	<b>3,537.1</b>	3,445.9	<b>3,506.7</b>	3,442.1
Basic earnings/(loss) per share (sen) from:				
Continuing operations	<b>5.1</b>	(4.8)	<b>13.5</b>	1.8
Discontinued operations	-	-	-	16.4
Basic earnings/(loss) per share (sen) attributable to equity holders of the Company	<b>5.1</b>	(4.8)	<b>13.5</b>	18.2

Basic earnings per share of the Group was calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of issued and paid-up ordinary shares during the financial period.

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

**12. Earnings Per Share (EPS) (continued)**

	<b>3RD QUARTER ENDED</b>		<b>FINANCIAL PERIOD ENDED</b>	
	<b>30/9/2009</b>	<b>30/9/2008</b>	<b>30/9/2009</b>	<b>30/9/2008</b>
<b>(b) Diluted earnings per share</b>				
Profit/(loss) from continuing operations attributable to equity holders of the Company (RM million)	<b>179.1</b>	(165.8)	<b>472.8</b>	63.3
Profit from discontinued operations attributable to equity holders of the Company (RM million)	-	-	-	563.8
Profit/(loss) attributable to equity holders of the Company (RM million)	<b>179.1</b>	(165.8)	<b>472.8</b>	627.1
Weighted average number of ordinary shares (million)	<b>3,537.1</b>	3,445.9	<b>3,506.7</b>	3,442.1
Adjustment for ESOS (million)	<b>11.7</b>	27.6	<b>18.3</b>	21.6
Weighted average number of ordinary shares (million)	<b>3,548.8</b>	3,473.5	<b>3,525.0</b>	3,463.7
Diluted earnings/(loss) per share (sen) from:				
Continuing operations	<b>5.0</b>	(4.8)	<b>13.4</b>	1.8
Discontinued operations	-	-	-	16.3
Diluted earnings/(loss) per share (sen) attributable to equity holders of the Company	<b>5.0</b>	(4.8)	<b>13.4</b>	18.1

Fully diluted earnings per share of the Group for the current financial period was calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period, adjusted to assume the conversion of dilutive potential ordinary shares, arising from the employees' share option scheme (Special ESOS).

**13. Qualification of Preceding Audited Financial Statements**

The audited financial statements for the financial year ended 31 December 2008 were not subject to any qualification.

**14. Dividends**

- (a) The Board of Directors declared an interim tax exempt dividend of 10.0 sen per share (2008: an interim gross dividend of 12.0 sen per share less tax at 26%) for the financial year ending 31 December 2009. The dividend was paid on 29 September 2009 to shareholders whose names appeared in the Register of Members and Record of Depositors on 10 September 2009.

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**PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING  
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**14. Dividends (continued)**

- (b) No dividend was recommended for the current quarter ended 30 September 2009.

**By Order of the Board**

Wang Cheng Yong (MAICSA 0777702)

Zaiton Ahmad (MAICSA 7011681)

Secretaries

Kuala Lumpur

20 November 2009