

13. MANAGEMENT (cont'd)

Willem Lucas Timmermans has been the Finance Director of XL since December 22, 2006. He graduated from the University of Groningen, the Netherlands in 1988, majoring in Business Economics and Financing. He has over 17 years of experience in finance and investor relations. Prior to joining XL, he was the vice president of Business Control and Investor Relations at Telkomsel and finance director of PT Bakrie Elektronik (Indonesia) until the end of 2000 and he had also held strategic senior positions at Koninklijke KPN N.V., a Dutch telecommunication company, until 1997.

Nora Junita Dato' Seri Mohd Hussaini has been with our Group since October 2005 and was appointed the Chief Financial Officer of TMIB since November 2007. She holds a Bachelor of Science in Economics from the London School of Economics and Political Science, the United Kingdom, is an Associate Chartered Accountant of the Institute of Chartered Accountants in England and Wales and has also completed a common professional examination/Postgraduate Diploma course in Law, from the College of Law, London, the United Kingdom. Nora Junita has 10 years of work experience in audit, accounting and finance in the United Kingdom and Malaysia.

Muhammed Yusoff Mohd Zamri was appointed on February 5, 2007, as the Chief Executive Officer of TMIC. He completed his Bachelor of Engineering (Industrial) from Monash University Australia in 1987. He began his career in 1988 with Intel Corporation as a management trainee and subsequently moved to the service industry with American Express Company from 1990 to 1993. Muhammed Yusoff has both cellular operator and telecommunication vendor experience. His mobile operator experience included working at Celcom from 1993 to 1996 and Uzbek-Malaysian Communication as the director of marketing and business development for a new mobile operator in Uzbekistan from 1996 to 2000. Prior to his appointment in TMIC, he was attached to various international companies including Lucent Technologies, Schlumberger Limited and Atos Origin, SA.

Selvarajan Thangavelu was appointed as the Chief Financial Officer of TMIC on August 1, 2006. He is an accountant by profession and a member of the Malaysian Institute of Certified Public Accountants since 1992. He began his career as an auditor with a public accounting firm and worked briefly for an international accounting firm. He has more than 20 years of experience in auditing, accounting, tax consultancy, secretarial practices, liquidation and receivership. These exposures were gained in middle and senior management levels in various industries and, in particular, with more than 10 years in the telecommunications sector. Prior to his appointment in TMIC, he was attached to various multinational companies including Times Publishing Group, Esso Production (Malaysia) Inc and Maxis group of companies.

13. MANAGEMENT (cont'd)

13.2.2 Shareholdings of management

Prior to the Pre-Listing Restructuring and Acquisition, as of the Latest Practicable Date, TM owned all of our issued Shares. Based on their shareholdings in TM as of the Latest Practicable Date, the direct and indirect shareholding interest of the key management in our Company after the Pre-Listing Restructuring and Acquisition are as follows:

Key Management	After the completion of the Pre-Listing Restructuring and Acquisition			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Azwan Khan Osman Khan.....	20,000	*	-	-
Dato' Sri Mohammed Shazalli Ramly.....	27,000	*	-	-
Mohamed Adlan Ahmad Tajudin.....	27,000	*	-	-
Dr Hans Wijayasuriya	-	-	-	-
Wan Zaidan Wan Mahyudin.....	10,000	*	-	-
Hasnul Suhaimi	-	-	-	-
Willem Lucas Timmermans.....	-	-	-	-
Nora Junita Dato' Seri Mohd Hussaini	5,000	*	-	-
Muhammed Yusoff Mohd Zamri.....	-	-	-	-
Selvarajan Thangavelu	-	-	-	-

Note:

* Negligible.

In addition, as of March 17, 2008, pursuant to TM's Special ESOS established for eligible employees and Executive Directors of TM, TM had granted options to the key management to acquire TM Shares, as set out below. After the Pre-Listing Restructuring, the members of the key management who have been granted the options to purchase TM Shares shall have the right to purchase TM Shares and an equivalent number of the Shares.

Key Management	No. of Shares entitled to be purchased under TM's Special ESOS after the Pre-Listing Restructuring	
	No. of Shares	%
Azwan Khan Osman Khan.....	150,000	*
Dato' Sri Mohammed Shazalli Ramly.....	500,000	*
Mohamed Adlan Ahmad Tajudin.....	150,000	*
Dr Hans Wijayasuriya	-	-
Wan Zaidan Wan Mahyudin.....	25,000	*
Hasnul Suhaimi	-	-
Willem Lucas Timmermans.....	-	-
Nora Junita Dato' Seri Mohd Hussaini	10,000	*
Muhammed Yusoff Mohd Zamri.....	75,000	*
Selvarajan Thangavelu	10,000	*

Note:

* Negligible.

For the direct and indirect shareholdings of Dato' Jamaludin Ibrahim and Dato' Yusof Annuar Yaacob in our Company, see "Section 13.1.2 – Shareholdings of Directors".

13. MANAGEMENT (cont'd)

13.2.3 Management service agreements

As of the Latest Practicable Date, the members of our key management who have existing service agreements (other than employment contracts) with our Company and/or our subsidiaries are as follows:

Hasnul Suhaimi, Selvarajan Thangavelu and Muhammed Yusoff Mohd Zamri each have an existing service agreement with our Company. Dato' Sri Mohammed Shazalli Ramly, Willem Lucas Timmermans and Dr. Hans Wijayasuriya each have an existing service agreement with Celcom, XL and Dialog respectively. Further, Wan Zaidan Wan Mahyuddin has an existing service agreement with TM for his assignment to Dialog. These service agreements have a tenure for a fixed term of 3 years (save for Willem Lucas Timmermans' fixed term of 2 years), and include mutual termination clauses. Dr. Hans Wijayasuriya, in addition to his service contract with Dialog, has an existing consultancy agreement with our Company for a fixed term of 1 year.

Our Group intends to enter into service contracts with all members of our key management. The tenure of these contracts is generally for a fixed term of 3 years. All service agreements have mutual termination clauses with termination notices to be given.

For the service agreements of Dato' Jamaludin Ibrahim and Dato' Yusof Annuar Yacob, see "Section 13.1.5 – Directors' service agreement".

13.2.4 TM's Special ESOS

TM established a Special ESOS for eligible employees and the executive director(s) of the TM Group (prior to the Internal Restructuring) (other than subsidiaries that are incorporated out of Malaysia and/or are dormant) who are eligible to participate in the Special ESOS ("Eligible Employees"). The Special ESOS will be in force for 18 months from the Latest Practicable Date. For the purpose of operating the Special ESOS, a trust was set up to acquire and to hold the TM Shares and related benefits granted to the Eligible Employees. The trustee first subscribed for these new TM Shares and is holding these shares for and on behalf of the Eligible Employees. The trustee has made/will make offers to Eligible Employees for the option to purchase these TM Shares.

Following and subject to the Internal Restructuring, TM will carry out the Distribution (details of which are set out in Section 5.1) such that upon completion of the Distribution, shareholders whose names appear in TM's Record of Depositors or Register of Members as of the Entitlement Date, would hold directly such number of Shares in the same proportion as their shareholdings in TM and TM will not continue to hold any Shares.

As such, after the Pre-Listing Restructuring, Eligible Employees who have been granted the option to purchase TM Shares shall have the right to purchase TM Shares and Shares. This Special ESOS also carries a selling flexibility feature whereby, upon the exercise of the option by the employee, the trustee will immediately sell the TM Shares and/or Shares allocated to the employee in the market. The employee will then receive the proceeds of such sale (net of transaction costs and acquisition monies for the shares).

13.2.5 Involvement of key management in other businesses and/or corporations

Hasnul Suhaimi is a director of Indosat and has confirmed that his holding of a directorship in Indosat does not affect his contribution to our Group.

Save as disclosed above, none of our key management (including our Executive Directors) are involved in other businesses and/or corporations which will affect their contribution to our Group.

13. MANAGEMENT (cont'd)

13.3 OTHER MATTERS

Each of our Directors and key management of our Company has confirmed to us that he is not and has not been involved in any of the following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws being filed (and not struck out) against such person or any partnership in which he is or was a partner or any company of which he is or was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of pending criminal proceeding;
- (iv) any judgment entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

Save as disclosed in this document, none of our Directors have any interest, direct or indirect, in other businesses and/or corporations carrying on a similar trade as our Group.

13.4 RELATIONSHIPS OR ASSOCIATIONS BETWEEN SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF OUR COMPANY

Save as disclosed below, there are no family relationships or associations between any of our substantial shareholders after the Pre-Listing Restructuring and Acquisition, our Directors and key management.

Dato' Azman Mokhtar and Ismael Fariz Ali are Directors nominated by Khazanah. Dr. Farid Mohamed Sani is an Alternate Director to Ismael Fariz Ali.

14. SUBSTANTIAL SHAREHOLDERS

Prior to the Pre-Listing Restructuring and Acquisition, as of the Latest Practicable Date, TM owns all of our issued Shares. Upon completion of the Pre-Listing Restructuring, TM will not hold any Shares.

Based on TM's Register of Substantial Shareholders and our Company's Register of Members as of the Latest Practicable Date, the following table sets out certain information regarding our substantial shareholders, directly or indirectly, after the completion of the Pre-Listing Restructuring and Acquisition:

Shareholders	After the completion of the Pre-Listing Restructuring and Acquisition			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Khazanah.....	1,419,057,173	37.8	-	-
EPF.....	351,376,350	9.4	34,364,300 ⁽¹⁾	0.92
SASB.....	295,923,800 ⁽²⁾	7.9	-	-
BNM.....	251,680,000	6.7	-	-

Notes:

- (1) Deemed interest by virtue of Shares to be managed by other portfolio managers on behalf of EPF under Section 6A of the Companies Act.
- (2) To be held via Amanah Raya Nominees (Tempatan) Sdn Bhd.

TM was incorporated as a limited liability company in Malaysia on October 12, 1984 and its main business activity is the provision of telecommunications services and data processing services both within Malaysia and overseas. MoF Inc, a corporation formed under the Minister of Finance (Incorporation) Act 1957 to hold certain investments, holds a special rights redeemable preference share of par value RM1.00 in TM.

Khazanah was incorporated in Malaysia on September 3, 1993 as a public limited company under the Companies Act. Khazanah is the investment holding arm of the Government entrusted to manage the assets held by the Government and to undertake strategic investments.

EPF is the trustee of the Employees Provident Fund, a national social security organisation operating through a provident fund scheme in Malaysia, whose principal members comprise the private and non-pensionable public sector employees. The EPF's principal activities are to receive and collect contributions, to process all withdrawals of savings and other benefits to members or their beneficiaries and to invest its monies for the benefit of members of the EPF.

BNM is the central bank for Malaysia. It was established in Malaysia on January 26, 1959, under the Central Bank of Malaya Ordinance, 1958 (revised to the Central Bank of Malaysia Act in 1994), to issue currency, act as banker and financial adviser to the Government, promote monetary stability and a sound financial structure, promote the efficient and smooth operation of national payment and settlement systems, and influence the country's credit situation to the advantage of Malaysia.

SASB is a unit trust fund established in Malaysia for Bumiputeras managed by Amanah Saham Nasional Berhad, a wholly-owned subsidiary of Permodalan Nasional Berhad.

Save as disclosed below, we have not paid or intended to pay or give any amounts or benefits to our substantial shareholders within 2 years preceding the Latest Practicable Date.

- (i) Shares to be issued to TM under the Pre-Listing Restructuring, all of which will be distributed to its shareholders;
- (ii) Shares to be issued to Khazanah under the Acquisition;
- (iii) amount owing to TM under the Demerger Agreement, including interest payments;
- (iv) cash consideration for the 3G Spectrum Assignment to be paid to TM under the Demerger Agreement;

14. SUBSTANTIAL SHAREHOLDERS *(cont'd)*

- (v) historical capital repayments, dividends and interest on shareholders' loan paid to TM;
- (vi) historical and future payments to TM in the ordinary cause of business; and
- (vii) future dividends to our shareholders.

We are not aware of any person who directly or indirectly, jointly or severally, will be able to exercise control over us i.e. hold more than 50% of our voting Shares immediately upon completion of the Pre-Listing Restructuring and Acquisition.

Nonetheless, based on TM's Register of Substantial Shareholders as at March 17, 2008, Khazanah will hold 37.8% of our issued and paid-up share capital upon completion of the Pre-Listing Restructuring and Acquisition and may be able to have significant influence on the outcome over many matters requiring approval by our shareholders. For any transaction which requires an ordinary resolution of shareholders, the approval from our shareholders holding more than 50% of our Shares held by shareholders which are present and voting, is required before the transaction may proceed. Notwithstanding the above, upon completion of the Pre-Listing Restructuring and Acquisition, if all the shareholders of our Company are present and voting at a general meeting of our Company, Khazanah would not be able to carry out any resolution on its own given that it only holds 37.8% of the voting shares of our Company.

On April 22, 2008, Khazanah and BNM entered into an agreement for Khazanah to acquire 251,680,000 TM Shares held by BNM ("Khazanah-BNM Transaction"), subject to the SC's approval for an exemption for Khazanah and persons acting in concert with Khazanah from an obligation to carry out a mandatory take-over offer to acquire the remaining voting shares of TM not held by Khazanah and persons acting in concert with Khazanah. The TM Shares are entitled to the Shares under the Pre-Listing Restructuring. Upon completion of the Pre-Listing Restructuring, Acquisition and Khazanah-BNM Transaction, Khazanah will hold 44.5% of our issued and paid-up share capital, whereas BNM will cease to hold any of our Shares.

15. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

As a publicly listed company in Malaysia, we will be regulated by Bursa Securities and will be required to comply with the Listing Requirements, including requirements applicable to related party transactions.

Pursuant to the Listing Requirements, a “related party transaction” is a transaction entered into by a listed issuer or its subsidiaries, which involves the interest, direct or indirect, of a related party. A “related party” is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding 6 months before the transaction was entered into). “Major shareholder” means a shareholder with a shareholding of 10% or more (or 5.0% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

The Listing Requirements divide related party transactions into 2 categories; “recurrent related party transactions of a revenue or trading nature” which are ongoing related party transactions and “non-recurrent related party transactions” that are one-off transactions.

With respect to related party transactions, we have a BAC to review any such related party transactions. See “Section 15.3 - Monitoring and oversight of related party transactions and conflict of interest situations - BAC review”.

15.1 RELATED PARTY TRANSACTIONS

Prior to the completion of the Pre-Listing Restructuring, our Company is a wholly-owned subsidiary of TM. Transactions between members of the TM Group before the completion of the Pre-Listing Restructuring, where the related party has no interest other than through TM, are therefore not considered to be related party transactions for the purposes of the Listing Requirements.

15.1.1 One-off related party transactions

The related party transactions below were entered into/announced by the TMI Group with related parties in the last 3 fiscal years ended December 31, 2007 and up to the Latest Practicable Date:

Date of announcement of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value
February 6, 2008	TMI and Khazanah	<ul style="list-style-type: none"> Khazanah is a major shareholder of TM Dato' Azman Mokhtar is a director of TM nominated by Khazanah. Dato' Azman Mokhtar is also the Managing Director of Khazanah Datuk Zalekha Hassan is a director of TM nominated by MoF Inc, the holding company of Khazanah, and her alternate is Puan Dyg Sadiyah Abg Bohan 	The Acquisition	RM1,580.0 million
August 17, 2005 and September 23, 2005	TMI and Khazanah	<ul style="list-style-type: none"> Khazanah is a major shareholder of TM Dato' Azman Mokhtar is a director of TM nominated by Khazanah. Dato' Azman Mokhtar is also the managing director of Khazanah Ahmad Haji Hashim was a director of TM, nominated by MoF Inc, the holding company of Khazanah. Leonard Wifred Yussin was the alternate director to Ahmad Haji Hashim 	Joint venture between TMI and Khazanah for the acquisition of shares in M1	USD73.4 million

15. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (cont'd)

Date of announcement of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value
March 18, 2005 and April 29, 2005	CTX and TNB	<ul style="list-style-type: none"> • Khazanah and BNM are major shareholders of the parties to the transaction • Dato' Azman Mokhtar is a director of TM nominated by Khazanah. Dato' Azman Mokhtar is also the managing director of Khazanah • Ahmad Haji Hashim was a director of TM, nominated by MoF Inc, the holding company of Khazanah. Leonard Wifred Yussin was the alternate director to Ahmad Haji Hashim 	<p>Heads of agreement between CTX and TNB</p> <p>Acquisition by CTX of additional 10% equity interest in Fibrecomm</p>	RM7.4 million

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15. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (cont'd)

15.1.2 Recurrent related party transactions

The details of the recurrent related party transactions entered into by our Group with related parties for the past 3 fiscal years ended December 31, 2005, 2006, and 2007, and expected to be transacted during the fiscal year ending December 31, 2008, where the value of the transaction is RM1.0 million or any of the percentage ratios (as set out in the Listing Requirements) exceeds 1.0%, whichever is higher, are as follows:

Transacting parties	Nature of relationship	Nature of transaction	Transacted value for the year ended December 31,			
			2005 (RM million)	2006 (RM million)	2007 (RM million)	2008 (estimated) (RM million)
TMIB and A.K. Khan & Co. Ltd.	A.K. Khan & Co. Ltd. is a shareholder of TMIB	Sales of SIM/Scratch cards pursuant to a distributorship agreement whereby A.K. Khan & Co. Ltd. is appointed as a distributor of TMIB's cellular mobile phone services as well as for the procurement of subscribers on behalf of TMIB.	318.1	559.4	510.4	769.9
Our Group and the TM Group Post Restructuring	<ul style="list-style-type: none"> Khazannah is a major shareholder of TM Khazannah will be a major shareholder of our Company upon completion of the Pre-Listing Restructuring 	<ul style="list-style-type: none"> Interconnect revenue and cost between the TM Group Post Restructuring and our Group (namely Celcom, XL, Dialog, TMIC, TMIB); VOIP-related services revenue and cost between the TM Group Post Restructuring and our Group (namely Celcom and TMIC); Lease-line cost by TM to our Group (namely, Celcom, XL, Dialog, TMIC, TMIB); Provision of data and bandwidth related services by TM to Celcom; Site rental for telecommunication infrastructure, equipment and related charges by TM to Celcom; Internet access and broadband charges by TM to Celcom; Provision of Corporate Information Superhighway services by TM to Celcom; Commission on registration and collection to TM from Celcom Group; Provision of contact centre and business process outsourcing services by VADS Berhad to Celcom Group; Leasing of fiber optic core and provision of bandwidth services from Fiberall Sdn Bhd to Celcom; and Other telecommunication-related transactions between the TM Group Post Restructuring and our Group. 	Not applicable	Not applicable	Not applicable	495.1

15. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (cont'd)

15.2 OTHER MATTERS

As of the Latest Practicable Date, we have not entered into any transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of our subsidiaries were a party within the last 3 fiscal years ended December 31, 2007 and in the subsequent period immediately preceding March 17, 2008.

There are no outstanding loans (including guarantees of any kind) made by our Company or any of our subsidiaries to or for the benefit of any related party within the last 3 fiscal years ended December 31, 2007 and in the subsequent period immediately preceding the Latest Practicable Date.

Save for the Acquisition, none of our Directors and substantial shareholders have any interest, direct or indirect (i) in the promotion of, or in any material assets which have been, within the 3 fiscal years ended December 31, 2005, 2006 and 2007, and up to March 28, 2008, acquired or disposed of by or leased to or proposed to be acquired, disposed of by or leased to us, or (ii) in any contract or arrangement which is material in relation to our business subsisting as of March 28, 2008.

Upon completion of the Pre-Listing Restructuring and the Acquisition, Khazanah will hold a direct 37.8% equity interest in our Company (based on Khazanah's interest in TM as of the Latest Practicable Date). As of the Latest Practicable Date, Khazanah also holds, directly and indirectly 30.0% and 29.4% equity interest respectively in TdC.

TdC and DiGi had entered into an agreement on November 14, 2007 for, amongst others, an assignment and transfer of TdC's 3G spectrum to DiGi ("Proposed Transfer") for a consideration of 27.5 million ordinary shares of RM0.10 each in DiGi ("DiGi Shares") subject to relevant approvals being obtained for the Proposed Transfer. Further, on November 15, 2007, the TdC group acquired 50.25 million DiGi Shares under the placement exercise carried out by Telenor Asia Pte Ltd ("Telenor"), the major shareholder of DiGi. Upon completion of the Proposed Transfer, the TdC group will hold 10% of the enlarged issued and paid-up share capital of DiGi. Accordingly, Khazanah will be a substantial shareholder of DiGi because of its interest in TdC under Section 6A of the Companies Act.

It was announced that the MCMC had on March 5, 2008 approved the Proposed Transfer subject to certain conditions to be fulfilled/complied with by DiGi and TdC. Subsequently, DiGi announced on March 12, 2008 that, as TdC is seeking clarification from the MCMC on the conditions to its approval for the Proposed Transfer, DiGi has agreed to an extension of time of up to April 11, 2008 to accept the MCMC's conditional approval.

The TdC group is principally involved in the provision of communications products and services. Khazanah does not believe that its interest in TdC will result in a conflict of interest situation given that the TdC group proposes to assign and transfer the 3G spectrum to DiGi under the Proposed Transfer and hence TdC will not be competing directly with Celcom in the provision of 3G mobile services.

The DiGi group is principally involved in the provision of mobile telecommunication services in Malaysia, which is the same business as Celcom. With the Proposed Transfer, the DiGi group will be able to provide 3G mobile services, which are currently services provided by Celcom.

Nevertheless, Khazanah does not believe that the above will result in a conflict of interest situation with respect to its eventual substantial shareholding in our Company as Khazanah will not have significant influence on DiGi given that its interest is held through TdC, which will hold only 10% equity interest in DiGi after the completion of the Proposed Transfer. Telenor, which holds a significantly larger stake of 49% equity interest, will remain as DiGi's controlling shareholder.

15. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (cont'd)

15.3 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST SITUATIONS**BAC review**

The BAC reviews any related party transaction and conflict of interest situations that may arise within our Group (including any future related party transaction and conflict of interest situations). The BAC periodically reviews the procedures set by our Company to monitor related party transactions to ensure that these transactions are (i) carried out on normal commercial terms that are not more favourable to the related party than those generally available to the third parties, (ii) on an arm's length basis with our Group and (iii) not to the detriment of our Company's minority shareholders (after the completion of the Pre-Listing Restructuring). All reviews by the BAC are to be reported to the Board for its further action. See "Section 13.1.7 – Board Audit Committee" for details of the BAC.

Prior to the constitution of our BAC, the responsibility of monitoring and oversight of related party transactions and conflict of interest situations of our Group was undertaken by TM, our parent company.

Measures taken or to be taken to address and mitigate potential conflicts of interests

It is our corporate policy that we do not enter into transactions with related parties unless these transactions are (i) carried out on normal commercial terms that are not more favourable to the related party than those generally available to third parties, (ii) on arms' length basis, and (iii) not to the detriment of our Company's minority shareholders (after the completion of the Pre-Listing Restructuring).

In addition, any related party transaction which may result in a conflict of interest must be reviewed by our BAC. If any related party transaction involves any of our Directors and/or substantial shareholders and/or persons connected or related to them, the relevant Director and/or substantial shareholder are required to abstain from deliberating or voting at the relevant Board meeting to decide on the related party transaction.

Our BAC periodically reviews our procedures to monitor related party transactions to ensure that such transactions are carried out in a manner consistent with our corporate policy.

16. DESCRIPTION OF SHARE CAPITAL

16.1 SHARES

The authorised share capital of our Company is RM5,000,000,000 divided into 5,000,000,000 ordinary shares of RM1.00 each. We have only issued 1 class of shares. As of the Latest Practicable Date, our issued and paid-up share capital is RM35,693,116 comprising 35,693,116 ordinary shares of par value of RM1.00 each. Upon completion of the Pre-Listing Restructuring and the Acquisition, our issued and paid-up capital shall be 3,753,401,980.

Changes in the issued and paid-up share capital of our Company

The changes in our Company's issued and paid-up share capital since the date of our incorporation up to the Latest Practicable Date are as follows:

Date of allotment	No. of Shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
June 12, 1992	2	1.00	Cash	2
May 30, 1994	4,999,998	1.00	Cash	5,000,000
May 3, 1996	10,000,000	1.00	Cash	15,000,000
August 7, 1996	1,250,000	1.00	Cash	16,250,000
December 31, 2004	14,221,701	1.00	Consideration for acquisition of shares of TMIB from TM by TMIL arising from an internal restructuring exercise	30,471,701
March 16, 2005	5,221,415	1.00	Consideration for acquisition of shares of Telekom Management Services Sdn Bhd from TM	35,693,116

Pursuant to the Pre-Listing Restructuring and Acquisition, our Company will issue the following new Shares:

	No. of Shares
Issued and paid-up share capital as of the Latest Practicable Date	35,693,116
To be issued under the Pre-Listing Restructuring ⁽¹⁾	3,541,708,864
To be issued under the Acquisition	176,000,000
Enlarged issued and paid-up share capital	3,753,401,980

Note:

- (1) Based on TM's and our Company's number of issued and paid-up ordinary shares as of the Latest Practicable Date.

The Shares to be issued under the Pre-Listing Restructuring and Acquisition shall, upon allotment and issuance, rank equally in all respects with the other issued Shares which are fully paid-up except that they shall not entitle the holders to any dividend, right, allotment and/or such other distributions in respect of which the entitlement date is before the date of allotment of such Shares.

Save for the options granted under TM's Special ESOS, our Company does not have any outstanding warrants, options, convertibles securities or uncalled capital as of the Latest Practicable Date.

16. DESCRIPTION OF SHARE CAPITAL *(cont'd)*

16.2 TRANSFER OF SHARES

The provisions in our Articles in respect of the arrangements for transfer of our securities and restrictions on their free transferability are extracted as follows (special terms mentioned are as defined in our Articles):

Article 27 – Transfer of securities

- (i) Every instrument of transfer of securities in the Company other than Deposited Securities shall be in writing and in the usual or common form or in any other form that the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.
- (ii) Subject to the restriction imposed by these Articles, Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

16.3 VARIATION OF RIGHTS

The provision in our Articles as to changes in share capital and variation of class rights, which are no less stringent than those required by law, are extracted as follows:

Article 57 – Power to increase capital

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital, voting or otherwise as the Company by the resolution authorising such increase directs.

Article 61 – Power to alter capital

The Company may from time to time by ordinary resolution:

- (i) increase the share capital by the creation of new shares of such amount as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (iii) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association so however that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived;
- (iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

16. DESCRIPTION OF SHARE CAPITAL *(cont'd)*

Article 62 – Power to reduce capital

Subject to the Act, the Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

Article 4 – Power to issue shares with special rights

- (i) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject to the Act, the Listing Requirements, the Central Depositories Act, and to these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Directors, subject to any ordinary resolution of the Company, may determine.
- (ii) No shares shall be issued at a discount except in compliance with the provisions of the Act.
- (iii) In the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than five per centum (5%) of the nominal amount of the share.
- (iv) The rights attaching to shares of a class other than ordinary shares, shall be expressed in these Articles.
- (v) No issue of shares shall be made without the prior approval of the members of the Company in general meeting.
- (vi) No Director shall participate in a share scheme for employees unless the members in general meeting have approved of the specific allotment to be made to such Director and he holds office in the Company in an executive capacity.
- (vii) Subject to the provisions of the Listing Requirements, non-executive Directors may participate in an issue of shares of the Company pursuant to a public issue or public offer.

Article 10 – Variation of rights

- (i) If at any time the share capital of the Company by reason of the issue of preference shares or otherwise is divided into different classes of shares:
 - (a) the prepayment of preference capital other than redeemable preference capital;
or
 - (b) the alteration of any rights and privileges attached to the preference shares (unless otherwise provided by the terms of issue of the shares of that class),

may only be made, subject to the Act, whether or not the Company is being wound up, pursuant to a Special Resolution of the preference shareholders concerned, provided however that in the event of the necessary majority for such special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of not less than three-fourths (3/4) of the nominal value of the preference capital concerned within 2 months from the date of the meeting, shall be valid and effective as a special resolution carried at the meeting.

16. DESCRIPTION OF SHARE CAPITAL (cont'd)

To every such separate general meetings, the provision of these Articles relating to general meetings of the Company and to proceedings thereat shall apply mutatis mutandis apply but so that:

- (a) the necessary quorum shall be 2 persons at least holding or representing by proxy one-third (1/3) in nominal amount of the issued share of the class (but so that if at any adjourned meeting a quorum as above defined is not present, any 2 holders of shares of the class present in person or by proxy shall be a quorum);
 - (b) that any holder of the shares of the class present in person or by proxy may demand a poll, and
 - (c) that every such holder shall on a poll have 1 vote for every share of the class held by him.
- (ii) Subject to the terms on which any issue of shares is made, the Company shall not, unless with the consent of existing preference shareholders at a class meeting, issue further shares ranking in priority to the preference shares already issued but may further issue preference shares ranking *pari passu* in all respects with or subsequent to those already issued.
- (iii) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith or subsequent thereto.

16.4 TAKEOVERS AND MERGERS

During the last fiscal year and subsequent period up to the Latest Practicable Date, there were no public take-over offers by third parties in respect of our Company's securities or public take-over offers by our Company in respect of the securities of other companies.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION



The Board of Directors
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4 April 2008

PwC/NAL/fm/1801J

TM INTERNATIONAL BERHAD PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Dear Sirs,

- 1 We report on the pro forma consolidated income statements for the past three financial years ended 31 December 2005 to 31 December 2007, pro forma consolidated balance sheet as at 31 December 2007 and pro forma consolidated cash flow statement for the financial year ended 31 December 2007 of TM International Berhad ('TMI') and its subsidiaries ('TMI Group'), together with the Notes thereon (collectively known as 'Pro forma Consolidated Financial Information'), as set out in the Appendix to this letter for which the Directors are solely responsible.
- 2 The Pro forma Consolidated Financial Information has been prepared for illustrative purposes only, for inclusion in the Prospectus to be dated 25 April 2008 in connection with the listing of TMI on the Main Board of Bursa Malaysia Securities Berhad.

Responsibilities

- 3 It is the responsibility solely of the Directors of TMI to prepare the Pro forma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission ('Prospectus Guidelines').
- 4 It is our responsibility to form an opinion as required by the Prospectus Guidelines on the Pro forma Consolidated Financial Information and our report is given to you solely for this, and for no other purpose.

Basis of opinion

- 5 In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma Consolidated Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)



**The Board of Directors
TM International Berhad
PwC/NAL/fm/1801J
4 April 2008**

- 6 Our work consisted primarily of comparing the audited financial information in the Appendix with the audited financial statements of TMI Group, considering the evidence supporting the adjustments and discussing the Pro forma Consolidated Financial Information with the Directors of TMI Group. Our work involved no independent examination of any of the underlying financial information.
- 7 As the Pro forma Consolidated Financial Information is prepared for illustrative purposes only, such information, because of its nature, does not give a true picture of the effects of the transactions contemplated as set out in the Notes, on the financial position, results and cash flows of the TMI Group had the transactions or events occurred at the respective specified dates. Further, such information does not purport to predict the TMI Group's future financial position, results and cash flows.
- 8 As described in Note 4.1.3, the Pro forma consolidated balance sheet has been prepared in accordance with the accounting policies adopted by TMI Group in the preparation of the audited financial statements of TMI Group for the financial year ended 31 December 2007, except that in illustrating the issuance of new TMI shares pursuant to the Acquisition as described in Notes 1.2 and 4.1.4, the value of new TMI shares used may not be measured at fair value. This would affect the allocation of purchase consideration into the underlying net assets acquired. The share price used in the pro forma illustration was based on the transaction price as detailed in the sale and purchase agreement for the Acquisition. The Directors will carry out a valuation to ascertain the fair value of shares to be issued pursuant to the Acquisition at the completion date of the transaction and will undertake to allocate the purchase price based on relative fair values of net assets acquired. Adjustment arising from this valuation may have a significant effect on the recording of the cost of acquisition and the corresponding goodwill, share premium and assets and liabilities acquired.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)



The Board of Directors
TM International Berhad
PwC/NAL/fm/1801J
4 April 2008

Opinion

- 9 Except for the matter detailed in Paragraph 8, in our opinion:
- (a) the Pro forma Consolidated Financial Information has been properly compiled on the bases set out in the Notes thereon and such bases are consistent with the accounting policies adopted by TMI Group in the preparation of the audited financial statements of TMI Group for the financial year ended 31 December 2007;
 - (b) the Pro forma Consolidated Financial Information has been properly prepared based on audited financial statements prepared in accordance with Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities; and
 - (c) the adjustments set out in the Notes to the Pro forma Consolidated Financial Information are appropriate.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Priyanku Cooper', written over the printed name of the firm.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Thayaparan', written over the printed name of the partner.

THAYAPARAN A/L S. SANGARAPILLAI
(No. 2085/09/08 (J))
Partner of the firm

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)



TM International

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TM INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON

1 INTRODUCTION

The pro forma consolidated income statements for the past three financial years ended 31 December 2005 to 31 December 2007, pro forma consolidated balance sheet as at 31 December 2007 and pro forma consolidated cash flow statement for the financial year ended 31 December 2007 of TM International Berhad ('TMI') and its subsidiaries ('collectively known as the 'TMI Group') together with the Notes thereon (collectively known as 'Pro Forma Consolidated Financial Information') for which the Directors of TMI are solely responsible, has been prepared for illustrative purposes only, for the purpose of inclusion in the Prospectus to be dated 25 April 2008 in connection with the listing of TMI on the Main Board of Bursa Malaysia Securities Berhad.

1.1 The Pre-Listing Restructuring

On December 10, 2007, the board of Telekom Malaysia Berhad ('TM') announced that it had approved the final terms of the Pre-Listing Restructuring. In connection with the Pre-Listing Restructuring, TM entered into an agreement ('Demerger Agreement') with its wholly-owned subsidiaries, Telekom Enterprise Sdn Bhd ('TESB'), Celcom Transmission (M) Sdn Bhd ('CTX'), TMI and Celcom (Malaysia) Berhad ('Celcom') to give effect to the Pre-Listing Restructuring.

The entire issued and paid-up share capital of TMI will be listed on the Main Board following the completion of the Pre-Listing Restructuring (the 'Listing'). The Pre-Listing Restructuring is expected to be completed by the end of April 2008.

The Pre-Listing Restructuring comprises an internal restructuring of the Telekom Malaysia Berhad Group and a distribution of TMI shares to shareholders of TM, as described in Notes 1.1.1 to 1.1.2 respectively.

1.1.1 Internal Restructuring

The internal restructuring of the TM Group will comprise the following:

- (i) CTX, a wholly-owned subsidiary of Celcom, will transfer its entire holding of 38,250,000 ordinary shares of RM1.00 each in Fibrecomm Network (M) Sdn Bhd ('Fibrecomm'), representing 51% of Fibrecomm's issued and paid-up share capital, to TESB for a consideration of RM33.0 million;
- (ii) TESB, a wholly-owned subsidiary of TM, will transfer its entire holding of 1,237,534,681 ordinary shares of RM1.00 each in Celcom, representing 100% of Celcom's issued and paid-up share capital, to TMI for a consideration of RM4,677.0 million;

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17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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TM INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

1 INTRODUCTION (CONTINUED)

1.1 The Pre-Listing Restructuring (continued)

1.1.1 Internal Restructuring (continued)

(iii) TM will transfer its entire holding of 37,433,992 Redeemable Convertible Preference Shares of USD0.01 each in SunShare Investments Limited ('SunShare') ('SunShare RCPS'), representing approximately 51% of SunShare's issued and paid-up share capital, to TMI for a consideration of RM141.0 million; and

(iv) The settlement of a net amount of RM3,041.0 million owing by TMI Group to TM and its subsidiaries upon the completion of the Pre-Listing Restructuring under various intercompany loans upon the completion of the Pre-Listing Restructuring as of November 30, 2007.

The net consideration payable by TMI Group to the TM Group of RM7,826.0 million will be satisfied as follows:

(i) RM3,801.0 million shall be satisfied through the issuance of such number of new ordinary shares in TMI ('TMI Shares') by TMI in favour of TM or its nominee(s) at an issue price to be determined such that the enlarged number of TMI Shares (after the Pre-Listing Restructuring) is the same as the number of TM Shares in issue as at the entitlement date;

(ii) RM2,925.0 million shall be left as a debt outstanding from TMI to TM ("First Amount Owing") at a finance cost of 5.90% per annum; and

(iii) RM1,100.0 million shall be left as a debt outstanding from TMI to TM ("Second Amount Owing") at a finance cost of 6.72% per annum.

In addition, as part of the Internal Restructuring, TM proposes to transfer the 3G Spectrum Assignment (as defined below) granted to TM on April 2, 2003 to Celcom on an "as is where is basis," for a consideration of RM40.1 million which shall be paid in cash.

The '3G Spectrum Assignment' refers to the Spectrum Assignment No. SA/01/2003 granted to TM dated 2 April 2003 over the following frequency bands with effect from 2 April 2003 until 1 April 2018:

- (i) 1950 MHz - 1965 MHz;
- (ii) 2140 MHz - 2155 MHz;
- (iii) 2020 MHz - 2025 MHz,

as varied by the variations to the Spectrum Assignment No. SA/01/2003 dated 14 March 2007, 15 November 2007 and 27 February 2008.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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TM INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

1 INTRODUCTION (CONTINUED)

1.1 The Pre-Listing Restructuring (continued)

1.1.2 Distribution of TMI Shares

Following and subject to the Internal Restructuring, TM will distribute, via a dividend in specie, out of its retained earnings, its entire holding of and rights to TMI shares to its shareholders whose names appear in its Record of Depositors or Register of Members on a date to be determined on the basis of one TMI share for every TM share held by such TM shareholders. Upon completion of the distribution of TMI shares, such shareholders would hold directly such number of Shares in the same proportion as their shareholdings in TM and TM will not continue to hold any shares in TMI.

1.2 The Acquisition

On 6 February 2008, TMI, Indocel Holding Sdn Bhd ('Indocel') and Khazanah Nasional Berhad ('Khazanah') entered into a Sale and Purchase Agreement ('SPA') for the following:

- (i) acquisition by TMI from Khazanah of 35,965,998 SunShare RCPS and 2 Class A ordinary shares of USD1.00 each in SunShare ('SunShare Shares'), collectively representing approximately 49% of the issued and paid-up share capital of SunShare for a purchase consideration of RM155 million; and
- (ii) acquisition by Indocel from Khazanah of 1,191,553,500 ordinary shares of IDR100 each in PT Excelcomindo Pratama Tbk ('XL') ('XL Shares'), representing approximately 16.81% of the issued and paid-up share capital of XL for a purchase consideration of RM1,425 million;

whereby the aggregate consideration of RM1,580 million will be satisfied through the issuance of 176.0 million new TMI Shares ('Consideration Shares') at an issue price of approximately RM8.98 per TMI Share.

The SunShare RCPS, SunShare Shares, and XL Shares are collectively referred to as the 'Sale Shares'.

The Acquisition is expected to be completed by end of April 2008.

Prior to the Acquisition, SunShare was a jointly-controlled entity of the TM Group and Khazanah. Upon the completion of the Pre-Listing Restructuring and the Acquisition, SunShare will be a subsidiary of TMI, and will be consolidated into the TMI Group.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)APPENDIX
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TM INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007

The pro forma consolidated income statements have been prepared for illustrative purposes only to present the results of the TMI Group on the following basis:

- (a) Illustration 1: Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition for financial years ended 31 December 2005 to 31 December 2007

The pro forma consolidated income statements of TMI Group for financial years ended 31 December 2005 to 31 December 2007 as set out below have been prepared, solely for illustrative purposes, to show the results of the TMI Group had the Pre-Listing Restructuring, as set out in Note 1.1 of this Appendix been effected from the beginning of the earliest years presented.

This illustration has been presented to meet the requirements of the Securities Commission's Prospectus Guidelines for Public Offering and on the basis that the Acquisition and the Listing are not inter-conditional.

- (b) Illustration 2: Pro forma TMI Group after the Pre-Listing Restructuring and after the Acquisition for financial year ended 31 December 2007

The pro forma consolidated income statement of TMI Group for financial year ended 31 December 2007 as set out below has been prepared, solely for illustrative purposes, to show the results of the TMI Group had the Pre-Listing Restructuring and the Acquisition as set out in Notes 1.1 and 1.2 of this Appendix been effected from 1 January 2007.

This illustration has been presented to provide an indication of the effects of the Acquisition on the basis that the transaction is expected to be concluded prior to the Listing.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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TM INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

Illustration 1: Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition for financial years ended 31 December 2005 to 31 December 2007

	Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition		
	Financial year ended 31 December		
	2005 RM'million	2006 RM'million	2007 RM'million
OPERATING REVENUE ¹	6,102.0	8,573.5	9,996.9
OPERATING COST			
- depreciation, impairment and amortisation	(1,152.9)	(1,588.8)	(1,827.8)
- provision for a claim	(879.5) ²	-	-
- other operating costs	(3,523.6)	(4,719.3)	(6,004.9)
	(5,556.0)	(6,308.1)	(7,832.7)
OTHER OPERATING INCOME			
- gain on dilution of a subsidiary company	98.3 ³	-	-
- gain on partial disposal of subsidiaries	160.7 ³	-	234.8 ⁵
- others	24.0	114.3	46.6
OPERATING PROFIT BEFORE FINANCE COST	829.0	2,379.7	2,445.6
FINANCE INCOME	91.7	105.9	80.5
FINANCE COST	(340.5)	(493.1)	(722.4)
NET FINANCE COST	(248.8)	(387.2)	(641.9)
JOINTLY CONTROLLED ENTITIES			
- share of results (net of tax)	(3.7)	10.6	175.5
- gain on dilution of equity interest	-	-	71.3 ⁶
ASSOCIATES			
- share of results (net of tax)	19.2	20.0	29.4
- gain on dilution of equity interest	82.7 ⁴	-	-
- gain on disposal	8.8	-	-
PROFIT BEFORE TAXATION	687.2	2,023.1	2,079.9
TAXATION	(352.8)	(678.7)	(487.0)
PROFIT AFTER TAXATION	334.4	1,344.4	1,592.9

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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TM INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

Illustration 1: Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition for financial years ended 31 December 2005 to 31 December 2007 (continued)

	Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition		
	Financial year ended 31 December		
	2005	2006	2007
	RM'million	RM'million	RM'million
ATTRIBUTABLE TO:			
- equity holders of the Company	261.6	1,150.1	1,527.2
- minority interests	72.8	194.3	65.7
PROFIT FOR THE YEAR	<u>334.4</u>	<u>1,344.4</u>	<u>1,592.9</u>
Number of shares in TMI had the TMI Group been in existence (million)*	<u>3,577.4</u>	<u>3,577.4</u>	<u>3,577.4</u>
Basic earnings per share (sen)	<u>7</u>	<u>32</u>	<u>43</u>

* Based on the issued and paid-up share capital of 3,577.4 million shares (as illustrated in Pro forma Consolidated Balance Sheet I of TMI Group set out in Note 4 to the Pro forma Consolidated Financial Information) which excludes the issuance of share capital arising from the Acquisition detailed in Note 1.2.

Notes:

- TMI Group had at various stages during the 2005 financial year acquired a 56.9% equity interest in XL. The various stages of acquisition culminated in XL becoming a subsidiary with effect from 27 October 2005. Revenue for the financial year ended 31 December 2005 includes RM293.6 million contributed by XL. Revenue contribution from XL for the financial years ended 31 December 2006 and 31 December 2007 was RM2,310.4 million and RM3,011.0 million respectively.
- Provision for a claim represents satisfaction of an award granted by the International Court of Arbitration of the International Chamber of Commerce in favour of DeTeAsia Holdings GmbH ('DeTeAsia') in connection with DeteAsia's claim for breach of the Amended and Restated Supplemental Agreement dated 4 April 2002 between Technology Resources Industries Berhad, DeTeAsia, Celcom and TR International Limited. The provision for a claim includes arbitration, legal and interest costs.

17. **REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION** (cont'd)

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TM INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

Illustration 1: Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition for financial years ended 31 December 2005 to 31 December 2007 (continued)

Notes: (continued)

- ³ On 28 July 2005, TMI's wholly owned subsidiary held via TM International (L) Limited ('TMIL'), Dialog Telekom PLC ('Dialog'), was listed on the Colombo Stock Exchange in Sri Lanka. Following the listing exercise, TMIL's equity interest in Dialog was reduced from 100% to 90.1% from the sale of 422,262,311 shares in Dialog to the public, issuance of 290,073,982 new shares in Dialog for public subscription and the issuance of 199,8932,741 new shares in Dialog to its employee share options scheme trust. The dilution and partial disposal of equity interest resulted in a total gain of RM259.0 million.
- ⁴ On 29 September 2005, XL was listed on the Indonesia Stock Exchange (formerly known as Jakarta Stock Exchange) in Indonesia. Upon completion of the initial public offering, TMIL's holding in XL was diluted from 27.3% to 25.0%. The IPO exercise resulted in a gain on dilution of RM82.7 million.
- ⁵ During the financial year ended 31 December 2007, TMI Group recorded a gain on disposal of 3.82% and 0.80% equity interest in Dialog of RM234.8 million.
- ⁶ On 5 June 2007, Spice Communications Limited ('Spice') a 49% owned jointly controlled entity of TMI, held through TMI India Ltd, concluded a Pre-IPO placement of 24,873,889 shares at INR45 per share. On completion of the Pre-IPO placement, TMI's equity interest in Spice was reduced from 49.0% to 46.89%. On 19 July 2007, Spice commenced trading on the Bombay Stock Exchange in India with a debut price of INR55.75 per share. Pursuant to Spice's initial public offering, 113,111,111 equity shares were issued at INR46 per share. Consequently, TMI's shareholding was further diluted from 46.89% to 39.2%. TMI Group has consequently recorded a gain on dilution of equity interest of RM71.3 million.

The pro forma consolidated income statements should be read in conjunction with the accompanying notes.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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TM INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

Illustration 2: Pro forma TMI Group after the Pre-Listing Restructuring and after the Acquisition for financial year ended 31 December 2007

	Pro forma TMI Group after the Pre-Listing Restructuring and the Acquisition
	Financial year ended 31 December 2007
	RM*million
OPERATING REVENUE	9,996.9
OPERATING COST	
- depreciation, impairment and amortisation	(1,827.8)
- other operating costs	(6,007.2)
	<u>(7,835.0)</u>
OTHER OPERATING INCOME	
- gain on partial disposal of a subsidiary	234.8 ¹
- others	48.4
	<u>2,445.1</u>
OPERATING PROFIT BEFORE FINANCE COST	2,445.1
FINANCE INCOME	87.1
FINANCE COST	(761.9)
	<u>(674.8)</u>
NET FINANCE COST	(674.8)
JOINTLY CONTROLLED ENTITIES	
- share of results (net of tax)	133.3
- gain on dilution of equity interest	71.3 ²
ASSOCIATES	
- share of results (net of tax)	145.7
	<u>2,120.6</u>
PROFIT BEFORE TAXATION	2,120.6
TAXATION	(487.0)
	<u>1,633.6</u>
PROFIT AFTER TAXATION	1,633.6
ATTRIBUTABLE TO:	
- equity holders of the Company	1,588.0
- minority interests	45.6
	<u>1,633.6</u>
PROFIT FOR THE YEAR	1,633.6
Number of shares in TMI had the TMI Group been in existence (million)*	<u>3,753.4</u>
Basic earnings per share (sen)	<u>42</u>

* Based on the issued and paid-up share capital of 3,753.4 million shares (as illustrated in Pro forma Consolidated Balance Sheet II of TMI Group set out in Note 4 to the Pro forma Consolidated Financial Information).

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)APPENDIX
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TM INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)Illustration 2: Pro forma TMI Group after the Pre-Listing Restructuring and after the Acquisition for financial year ended 31 December 2007 (continued)Notes:

- ¹ During the financial year ended 31 December 2007, TMI Group recorded a gain on disposal of 3.82% and 0.80% equity interest in Dialog of RM234.8 million.
- ² On 5 June 2007, Spice a 49% owned jointly controlled entity of TMI, held through TMI India Ltd, concluded a Pre-IPO placement of 24,873,889 shares at INR45 per share. On completion of the Pre-IPO placement, TMI's equity interest in Spice was reduced from 49.0% to 46.89%. On 19 July 2007, Spice commenced trading on the Bombay Stock Exchange in India with a debut price of INR55.75 per share. Pursuant to the IPO, 113,111,111 equity shares were issued at INR46 per share. Consequently, TMI's shareholding was further diluted from 46.89% to 39.2%. TMI Group has consequently recorded a gain on dilution of equity interest of RM71.3 million.

The pro forma consolidated income statements should be read in conjunction with the accompanying notes.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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TM INTERNATIONAL BERHAD

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)**2.1 Basis of preparation of pro forma consolidated income statements**

2.1.1 The pro forma consolidated income statements have been prepared using TMI Group's accounting policies which were adopted in the preparation of its audited financial statements for the financial year ended 31 December 2007.

In addition, the pro forma consolidated income statements are based on the following:

- (i) The audited consolidated financial statements of TMI Group for the financial years ended 31 December 2005, 31 December 2006 and 31 December 2007;
- (ii) The audited consolidated financial statements of Celcom and its subsidiaries ('Celcom Group') for the financial years ended 31 December 2005, 31 December 2006 and 31 December 2007;
- (iii) The audited financial statements of Fibrecomm for the financial years ended 31 December 2006 and 31 December 2007. This subsidiary was disposed off by CTX, a wholly owned subsidiary of Celcom under the Pre-Listing Restructuring as detailed in Note 1.1.1(i);
- (iv) The audited financial statements of SunShare for the financial period/years ended 31 December 2005, 31 December 2006 and 31 December 2007; and
- (v) The audited financial statements of XL for the financial years ended 31 December 2006 and 31 December 2007.

17. **REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION** (cont'd)

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2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

2.1 Basis of preparation of pro forma consolidated income statements (continued)

2.1.2 Presentation of the pro forma consolidated income statements

(i) Presentation of the audited consolidated income statement of TMI Group and Celcom Group for the financial year ended 31 December 2005 and 31 December 2006 have been amended to conform with the effects of the adoption of FRS 117 "Leases" with effect from 1 January 2007. Consequent to the adoption of FRS 117, TMI Group and Celcom Group have reclassified the upfront payment of leasehold land as prepaid lease payments.

(ii) In addition, the audited consolidated financial statements for the financial year ended 31 December 2005 and 31 December 2006 have also been amended to reflect the reclassification of write offs and impairment of property, plant and equipment previously included in the other operating costs to depreciation, impairment and amortisation. The reclassification has been introduced to better reflect the nature of these expenses.

2.1.3 Pro forma adjustments

(a) Illustration 1: Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition for financial years ended 31 December 2005 to 31 December 2007

The following adjustments have been made in arriving at the pro forma consolidated income statements for the financial years ended 31 December 2005 to 31 December 2007:

(i) Adjustments have been made in arriving at the pro forma consolidated income statements for the financial years ended 31 December 2005 to 31 December 2007 to reflect the effects of the Pre-Listing Restructuring as detailed in Notes 1.1.1 and 1.1.2 on the assumption that the Pre-Listing Restructuring had been effected from the earliest years presented.

(ii) With respect to the First Amount Owing, adjustment has been made in arriving at the pro forma consolidated income statements for the financial years ended 31 December 2005 to 31 December 2007 to reflect TMI's finance cost of approximately RM172.6 million calculated based on a rate of interest of 5.90% per annum on the amount of RM2,925 million.

(iii) With respect to the Second Amount Owing, adjustment has been made in arriving at the pro forma consolidated income statements in the financial years ended 31 December 2005 to 31 December 2007 to reflect a finance cost of RM73.9 million per annum calculated based on the rate of interest of 6.72% per annum on the amount of RM1,100 million.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)APPENDIX
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2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

2.1 Basis of preparation of pro forma consolidated income statements (continued)

2.1.3 Pro forma adjustments (continued)

(b) Illustration 2: Pro forma TMI Group after the Pre-Listing Restructuring and after the Acquisition for financial year ended 31 December 2007

The following adjustments have been made in arriving at the pro forma consolidated income statement for the financial year ended 31 December 2007:

- (i) Adjustments have been made in arriving at the pro forma consolidated income statement for the financial year ended 31 December 2007 to reflect the effects of the Pre-Listing Restructuring as detailed in Notes 1.1.1 and 1.1.2 on the assumption that the Pre-Listing Restructuring had been effected from 1 January 2007.
- (ii) With respect to the First Amount Owing, adjustment has been made in arriving at the pro forma consolidated income statement for the financial year ended 31 December 2007 to reflect TMI's finance cost of approximately RM172.6 million calculated based on a rate of interest of 5.90% per annum on the amount of RM2,925 million.
- (iii) With respect to the Second Amount Owing, adjustment has been made in arriving at the pro forma consolidated income statement in the financial year ended 31 December 2007 to reflect a finance cost of RM73.9 million per annum calculated based on the rate of interest of 6.72% per annum on the amount of RM1,100 million.
- (iv) Adjustments have been made in arriving at the pro forma consolidated income statement for the financial year ended 31 December 2007 to reflect the effects of the Acquisition as set out in Note 1.2 on the assumption that the Acquisition had been effected from 1 January 2007.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

2.2 Illustration 1: Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition for financial years ended 31 December 2005 to 31 December 2007

The adjustments stated in Notes 2.1.2 and 2.1.3 (a) have been reflected in the audited consolidated income statements of TMI Group for the financial years ended 31 December 2005 to 31 December 2007 to arrive at the pro forma consolidated income statements to show the results of the TMI Group had the Pre-Listing Restructuring as set out in Note 1.1 of this Appendix been effected from the earliest years presented as follows:

2.2.1 31 December 2005

	Audited TMI Group RM'million	Reclassi- fication (Note 2.1.2) RM'million	Pro forma adjustment (Note 2.2.1(i)) RM'million	Pro forma TMI Group after the Pre-Listing Restructuring RM'million
OPERATING REVENUE	1,606.4	-	4,495.6	6,102.0
OPERATING COST				
- depreciation impairment and amortisation	(231.4)	1.9	(923.4)	(1,152.9)
- provision for a claim	-	-	(879.5)	(879.5)
- other operating costs	(934.2)	(1.9)	(2,587.5)	(3,523.6)
	(1,165.6)	-	(4,390.4)	(5,556.0)
OTHER OPERATING INCOME				
- gain on dilution of a subsidiary company	98.3	-	-	98.3
- gain on partial disposal of a subsidiary	160.7	-	-	160.7
- others	4.0	-	20.0	24.0
OPERATING PROFIT BEFORE FINANCE COST	703.8	-	125.2	829.0
FINANCE INCOME	31.3	-	60.4	91.7
FINANCE COST	(29.8)	-	(310.7)	(340.5)
NET FINANCE COST	1.5	-	(250.3)	(248.8)
JOINTLY CONTROLLED ENTITIES				
-share of results (net of tax)	-	-	(3.7)	(3.7)
ASSOCIATES				
- share of results (net of tax)	18.3	-	0.9	19.2
- gain on dilution of equity interest	82.7	-	-	82.7
- gain on disposal	1.8	-	7.0	8.8
PROFIT BEFORE TAXATION	808.1	-	(120.9)	687.2
TAXATION	(99.5)	-	(253.3)	(352.8)
PROFIT AFTER TAXATION	708.6	-	(374.2)	334.4
ATTRIBUTABLE TO:				
- equity holders of the Company	636.3	-	(374.7)	261.6
- minority interests	72.3	-	0.5	72.8
PROFIT FOR THE YEAR	708.6	-	(374.2)	334.4

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

2.2 Illustration 1: Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition for financial years ended 31 December 2005 to 31 December 2007 (continued)

2.2.1 31 December 2005 (continued)

Note (1):

	Operating revenue RM'million	Depreciation, impairment and amortisation RM'million	Provision for a claim RM'million	Other operating costs RM'million	Other operating income RM'million	Finance income RM'million	Finance cost RM'million	Share of results of jointly controlled entities RM'million	Share of results of associates RM'million	Gain on disposal of associates RM'million	Taxation RM'million	Profit attributable to equity holders of the Company RM'million	Minority interests RM'million
Acquisition of Celcom Group excluding Fibrecom	4,495.6	(937.1)	(879.5)	(2,555.4)	20.0	60.4	(66.8)	-	0.9	7.0	(257.7)	(113.1)	0.5
Reclassifications as detailed in Note 2.1.2	-	16.3	-	(16.3)	-	-	-	-	-	-	-	-	-
Equity accounting results of SunShare	-	-	-	-	-	-	-	(3.7)	-	-	-	(3.7)	-
Other adjustments	-	(2.6)	-	(15.8)	-	-	2.6	-	-	-	4.4	(11.4)	-
Effects of the Pre-Listing Restructuring as detailed in Note 2.1.3 (a)(i)	4,495.6	(923.4)	(879.5)	(2,587.5)	20.0	60.4	(64.2)	(3.7)	0.9	7.0	(253.3)	(128.2)	0.5
Finance cost arising from the First Amount Owning as detailed in Note 2.1.3 (a)(ii)	-	-	-	-	-	-	(172.6)	-	-	-	-	(172.6)	-
Finance cost arising from the Second Amount Owning as detailed in Note 2.1.3 (a)(iii)	-	-	-	-	-	-	(73.9)	-	-	-	-	(73.9)	-
	4,495.6	(923.4)	(879.5)	(2,587.5)	20.0	60.4	(310.7)	(3.7)	0.9	7.0	(253.3)	(374.7)	0.5

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

2.2 Illustration 1: Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition for financial years ended 31 December 2005 to 31 December 2007 (continued)

2.2.2 31 December 2006

	Audited TMI Group RM'million	Reclassi- fications (Note 2.1.2) RM'million	Pro forma adjustment (Note 2.2.2(i)) RM'million	Pro forma TMI Group after the Pre-Listing Restructuring RM'million
OPERATING REVENUE	4,050.2	-	4,523.3	8,573.5
OPERATING COST				
- depreciation, impairment and amortisation	(820.3)	30.1	(798.6)	(1,588.8)
- other operating costs	(2,080.1)	(30.1)	(2,609.1)	(4,719.3)
	(2,900.4)	-	(3,407.7)	(6,308.1)
OTHER OPERATING INCOME	103.3	-	11.0	114.3
OPERATING PROFIT BEFORE FINANCE COST	1,253.1	-	1,126.6	2,379.7
FINANCE INCOME	50.2	-	55.7	105.9
FINANCE COST	(202.0)	-	(291.1)	(493.1)
NET FINANCE COST	(151.8)	-	(235.4)	(387.2)
JOINTLY CONTROLLED ENTITIES				
- share of results (net of tax)	(27.4)	-	38.0	10.6
ASSOCIATES				
- share of results (net of tax)	28.6	-	(8.6)	20.0
PROFIT BEFORE TAXATION	1,102.5	-	920.6	2,023.1
TAXATION	(281.7)	-	(397.0)	(678.7)
PROFIT AFTER TAXATION	820.8	-	523.6	1,344.4
ATTRIBUTABLE TO:				
- equity holders of the Company	629.3	-	520.8	1,150.1
- minority interests	191.5	-	2.8	194.3
PROFIT FOR THE YEAR	820.8	-	523.6	1,344.4

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO DECEMBER 2007 (CONTINUED)

2.2 Illustration 1: Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition for financial years ended 31 December 2005 to 31 December 2007 (continued)

2.2.2 31 December 2006 (continued)

Note (i):

	Operating revenue RM'million	Depreciation, impairment and amortisation RM'million	Other operating costs RM'million	Other operating income RM'million	Finance income RM'million	Finance cost RM'million	Share of results of jointly controlled entities RM'million	Share of results of associates RM'million	Taxation RM'million	Profit attributable to equity holders of the Company RM'million	Minority interests RM'million
Acquisition of Celcom Group excluding Fibrecomm	4,523.3	(795.2)	(2,605.9)	11.0	55.7	(47.6)	-	(8.6)	(397.8)	732.1	2.8
Reclassification as detailed in Note 2.1.2	-	0.4	(0.4)	-	-	-	-	-	-	-	-
Equity accounting results of SunShare	-	-	-	-	-	-	38.0	-	-	38.0	-
Other adjustments	-	(3.8)	(2.8)	-	-	3.0	-	-	0.8	(2.8)	-
Effects of the Pre-Listing Restructuring as detailed in Note 2.1.3 (a)(i)	4,523.3	(798.6)	(2,609.1)	11.0	55.7	(44.6)	38.0	(8.6)	(397.0)	767.3	2.8
Finance cost arising from the First Amount Owning as detailed in Note 2.1.3 (a)(ii)	-	-	-	-	-	(172.6)	-	-	-	(172.6)	-
Finance cost arising from Second Amount Owning as detailed in Note 2.1.3 (a)(iii)	-	-	-	-	-	(73.9)	-	-	-	(73.9)	-
	4,523.3	(798.6)	(2,609.1)	11.0	55.7	(291.1)	38.0	(8.6)	(397.0)	520.8	2.8

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

2.2 Illustration 1: Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition for financial years ended 31 December 2005 to 31 December 2007 (continued)

2.2.3 31 December 2007

	Audited TMI Group RM'million	Pro forma adjustments (Note 2.2.3 (i)) RM'million	Pro forma TMI Group after the Pre-Listing Restructuring RM'million
OPERATING REVENUE	4,953.9	5,043.0	9,996.9
OPERATING COST			
- depreciation, impairment and amortisation	(928.6)	(899.2)	(1,827.8)
- other operating costs	(3,201.8)	(2,803.1)	(6,004.9)
	(4,130.4)	(3,702.3)	(7,832.7)
OTHER OPERATING INCOME			
- gain on partial disposal of a subsidiary	234.8	-	234.8
- others	17.3	29.3	46.6
OPERATING PROFIT BEFORE FINANCE COST	1,075.6	1,370.0	2,445.6
FINANCE INCOME	33.4	47.1	80.5
FINANCE COST	(455.8)	(266.6)	(722.4)
NET FINANCE COST	(422.4)	(219.5)	(641.9)
JOINTLY CONTROLLED ENTITIES			
- share of results (net of tax)	133.3	42.2	175.5
- gain on dilution of equity interest	71.3	-	71.3
ASSOCIATES			
- share of results (net of tax)	24.2	5.2	29.4
PROFIT BEFORE TAXATION	882.0	1,197.9	2,079.9
TAXATION	(134.4)	(352.6)	(487.0)
PROFIT AFTER TAXATION	747.6	845.3	1,592.9
ATTRIBUTABLE TO:			
- equity holders of the Company	683.5	843.7	1,527.2
- minority interests	64.1	1.6	65.7
PROFIT FOR THE YEAR	747.6	845.3	1,592.9

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

2.2 Illustration 1: Pro forma TMI Group after the Pre-Listing Restructuring and before the Acquisition for financial years ended 31 December 2005 to 31 December 2007 (continued)

2.2.3 31 December 2007 (continued)

Note (i):

	Operating revenue RM'million	Depreciation, impairment and amortisation RM'million	Other operating costs RM'million	Other operating income RM'million	Finance income RM'million	Finance cost RM'million	Share of results of jointly controlled entities RM'million	Share of results of associates RM'million	Taxation RM'million	Profit attributable to equity holders of the Company RM'million	Minority interests RM'million
Acquisition of Celcom Group excluding Fibrecomm	5,043.0	(895.4)	(2,793.1)	29.3	47.1	(23.0)	-	5.2	(355.3)	1,056.2	1.6
Equity accounting results of SunShare	-	-	-	-	-	-	42.2	-	-	42.2	-
Other adjustments	-	(3.8)	(10.0)	-	-	2.9	-	-	2.7	(8.2)	-
Effects of the Pre-Listing Restructuring as detailed in Note 2.1.3 (a)(i)	5,043.0	(899.2)	(2,803.1)	29.3	47.1	(20.1)	42.2	5.2	(352.6)	1,090.2	1.6
Finance cost arising from the First Amount Owing as detailed in Note 2.1.3 (a)(ii)	-	-	-	-	-	(172.6)	-	-	-	(172.6)	-
Finance cost arising from the Second Amount Owing as detailed in Note 2.1.3 (a)(iii)	-	-	-	-	-	(73.9)	-	-	-	(73.9)	-
	5,043.0	(899.2)	(2,803.1)	29.3	47.1	(266.6)	42.2	5.2	(352.6)	843.7	1.6

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

2.3 Illustration 2: Pro forma TMI Group after the Pre-Listing Restructuring and after the Acquisition for financial year ended 31 December 2007

The adjustments stated in Note 2.1.3 (b) have been reflected in the audited consolidated income statement of TMI Group for the financial year ended 31 December 2007 to arrive at the pro forma consolidated income statement to show the results of the TMI Group had the Pre-Listing Restructuring and the Acquisition as set out in Notes 1.1 and 1.2 of this Appendix been effected from 1 January 2007 as follows:

	Financial year ended 31 December 2007				
	Audited TMI Group RM'million	Pro forma adjustments (Note 2.3 (i)) RM'million	Pro forma I After the Pre-Listing Restructuring RM'million	Pro forma II After Pro forma adjustments (Note 2.3 (ii)) RM'million	Pro forma II After Pro forma I and after the Acquisition RM'million
OPERATING REVENUE	4,953.9	5,043.0	9,996.9	-	9,996.9
OPERATING COST					
- depreciation, impairment and amortisation	(928.6)	(899.2)	(1,827.8)	-	(1,827.8)
- other operating costs	(3,201.8)	(2,803.1)	(6,004.9)	(2.3)	(6,007.2)
	(4,130.4)	(3,702.3)	(7,832.7)	(2.3)	(7,835.0)
OTHER OPERATING INCOME					
- gain on partial disposal of a subsidiary	234.8	-	234.8	-	234.8
- others	17.3	29.3	46.6	1.8	48.4
OPERATING PROFIT BEFORE FINANCE COST	1,075.6	1,370.0	2,445.6	(0.5)	2,445.1
FINANCE INCOME	33.4	47.1	80.5	6.6	87.1
FINANCE COST	(455.8)	(266.6)	(722.4)	(39.5)	(761.9)
NET FINANCE COST	(422.4)	(219.5)	(641.9)	(32.9)	(674.8)

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

2.3 Illustration 2: Pro forma TMI Group after the Pre-Listing Restructuring and after the Acquisition for financial year ended 31 December 2007 (continued)

	Financial year ended 31 December 2007				
	Audited TMI Group RM'million	Pro forma adjustments (Note 2.3 (i)) RM'million	Pro forma I After the Pre-Listing Restructuring RM'million	Pro forma adjustments (Note 2.3 (ii)) RM'million	Pro forma II After Pro forma I and after the Acquisition RM'million
JOINTLY CONTROLLED ENTITIES					
- share of results (net of tax)	133.3	42.2	175.5	(42.2)	133.3
- gain on dilution of equity interest	71.3	-	71.3	-	71.3
ASSOCIATES					
- share of results (net of tax)	24.2	5.2	29.4	116.3	145.7
PROFIT BEFORE TAXATION	882.0	1,197.9	2,079.9	40.7	2,120.6
TAXATION	(134.4)	(352.6)	(487.0)	-	(487.0)
PROFIT AFTER TAXATION	747.6	845.3	1,592.9	40.7	1,633.6
ATTRIBUTABLE TO:					
- equity holders of the Company	683.5	843.7	1,527.2	60.8	1,588.0
- minority interests	64.1	1.6	65.7	(20.1)	45.6
PROFIT FOR THE YEAR	747.6	845.3	1,592.9	40.7	1,633.6

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

2.3 Illustration 2: Pro forma TMI Group after the Pre-Listing Restructuring and after the Acquisition for the financial year ended 31 December 2007 (continued)

Note (i):

	Operating revenue RM'million	Depreciation, impairment and amortisation RM'million	Other operating costs RM'million	Other operating income RM'million	Finance income RM'million	Finance cost RM'million	Share of results of jointly controlled entities RM'million	Share of results of associates RM'million	Taxation RM'million	Profit attributable to equity holders of the Company RM'million	Minority interests RM'million
Acquisition of Celcom Group excluding Fibrecomm	5,043.0	(895.4)	(2,793.1)	29.3	47.1	(23.0)	-	5.2	(355.3)	1,056.2	1.6
Equity accounting results of SunShare	-	-	-	-	-	-	42.2	-	-	42.2	-
Other adjustments	-	(3.8)	(10.0)	-	-	2.9	-	-	2.7	(8.2)	-
Effects of the Pre-Listing Restructuring as detailed in Note 2.1.3 (b)(i)	5,043.0	(899.2)	(2,803.1)	29.3	47.1	(20.1)	42.2	5.2	(352.6)	1,090.2	1.6
Finance cost arising from the First Amount Owning as detailed in Note 2.1.3 (b)(ii)	-	-	-	-	-	(172.6)	-	-	-	(172.6)	-
Finance cost arising from the Second Amount Owning as detailed in Note 2.1.3 (b)(iii)	-	-	-	-	-	(73.9)	-	-	-	(73.9)	-
	5,043.0	(899.2)	(2,803.1)	29.3	47.1	(266.6)	42.2	5.2	(352.6)	843.7	1.6
Note (ii):											
Effects of the Acquisition detailed in Note 2.1.3 (b)(iv)	-	-	(2.3)	1.8	6.6	(39.5)	(42.2)	116.3	-	60.8	(20.1)

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

2 PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR FINANCIAL YEARS ENDED 31 DECEMBER 2005 TO 31 DECEMBER 2007 (CONTINUED)

2.3 Illustration 2: Pro forma TMI Group after the Pre-Listing Restructuring and after the Acquisition for the financial year ended 31 December 2007 (continued)

2.3.1 Effects on the pro forma consolidated income statements

- (i) Pro forma I incorporates the effects of the Pre-Listing Restructuring as detailed in Notes 1.1.1 and 1.1.2 and the pro forma adjustments as detailed in Note 2.1.3 (b) on the audited consolidated income statement of TMI Group for the financial year ended 31 December 2007.
- (ii) Pro forma II incorporates the effects of Pro forma I and the effects of the Acquisition as detailed in Note 1.2 which includes the issuance of 176.0 million new TMI shares based on the transaction price of RM8.98 per TMI Share as consideration for the acquisition of the Sale Shares.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

3 PRO FORMA CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007

The pro forma consolidated cash flow statements of TMI Group for the financial year ended 31 December 2007 have been prepared, solely for illustrative purposes, to show the cash flows of the TMI Group had the Pre-Listing Restructuring and the Acquisition detailed in Notes 1.1 and 1.2 been effected from 1 January 2007 and should be read in conjunction with the basis of preparation of the pro forma consolidated income statements as set out in Illustration 1 and 2 in Note 2 to the Pro forma Consolidated Financial Information.

	Financial year ended 31 December 2007		
	Audited TMI Group RM'million	Pro forma I After the Pre-Listing Restructuring RM'million	Pro forma II After Pro forma I and after the Acquisition RM'million
<u>Cash flows from operating activities</u>			
Receipts from customers	4,862.1	9,637.8	9,637.8
Payments to suppliers and employees	(2,253.8)	(4,546.5)	(4,549.1)
Payment of finance cost			
- Finance cost from First Amount Owing (Note 2.1.4 (a) and (b) (ii))	-	(172.6)	(172.6)
- Finance cost from Second Amount Owing (Note 2.1.4(a) and (b) (iii))	-	(73.9)	(73.9)
- Other finance cost	(411.0)	(454.5)	(495.9)
	(411.0)	(701.0)	(742.4)
Payment of income taxes (net of tax refunds)	(10.6)	(463.6)	(463.6)
Total cash flows from operating activities	2,186.7	3,926.7	3,882.7
<u>Cash flows used in investing activities</u>			
Disposal of property, plant and equipment	4.0	13.7	13.7
Purchase of property, plant and equipment	(4,266.5)	(4,984.7)	(4,984.7)
Payment for dismantling cost	-	(0.9)	(0.9)
Payment of intangible asset (telecommunication and spectrum license)	(0.6)	(0.6)	(0.6)
Additional investment in subsidiaries			
- PT Excelcomindo Pratama Tbk	(384.1)	(384.1)	(384.1)
- Others	(10.0)	(10.0)	(10.0)
	(394.1)	(394.1)	(394.1)
Capital repayment from an associate	-	-	27.8
Disposal of shares in an associate	-	-	149.3
Partial disposal of subsidiaries			
- Dialog Telekom PLC	278.4	278.4	278.4
- Others	2.0	2.0	2.0
	280.4	280.4	280.4
Acquisition of an associate	-	(2.4)	(2.4)
Interest received	33.4	81.7	89.6
Dividend received	-	71.3	65.6
Total cash flows (used in) investing activities	(4,343.4)	(4,935.6)	(4,756.3)

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

3 PRO FORMA CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

	Financial year ended 31 December 2007		
	Audited TMI Group RM'million	Pro forma I After the Pre-Listing Restructuring RM'million	Pro forma II After Pro forma I and after the Acquisition RM'million
<u>Cash flows from financing activities</u>			
Issue of share capital to minority interests	76.0	76.0	76.0
Proceeds from borrowings	2,602.2	2,602.2	2,602.2
Repayment of borrowings	(846.3)	(1,360.1)	(1,497.0)
Repayment of equipment supplied	-	(6.9)	(6.9)
Dividends paid to minority interests	(27.7)	(27.7)	(27.7)
Net advance from TM	465.5	-	-
Total cash flows from financing activities	<u>2,269.7</u>	<u>1,283.5</u>	<u>1,146.6</u>
Net increase in cash and cash equivalents	113.0	274.6	273.0
Effect of exchange rate changes	(39.3)	(39.3)	(40.4)
Cash and cash equivalents at beginning of the financial year	527.8	1,728.1	1,728.1
Add: Net cash advances received from TM ^{1(a)}	-	465.5	465.5
Add: Net cash acquired from SunShare ^{1(b)}	-	-	175.8
Less: Celcom capital repayment ^{1(c)}	-	(730.1)	(730.1)
Less: Payment for 3G Spectrum Assignment ^{1(d)}	-	(40.1)	(40.1)
Cash and cash equivalents at beginning of the financial year after adjustments	<u>527.8</u>	<u>1,423.4</u>	<u>1,599.2</u>
Cash and cash equivalents at end of the financial year	<u>601.5</u>	<u>1,658.7</u>	<u>1,831.8</u>

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

3 PRO FORMA CONSOLIDATED CASH FLOW STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

Notes:

¹ In addition to the cash flow effects of the pro forma adjustments detailed in 2.1.3, the pro forma consolidated cash flow statements for the financial year ended 31 December 2007 have been adjusted to effect the following on the basis that these transactions were effected prior to 1 January 2007.

- (a) Net cash advances received from TM for the financial year ended 31 December 2007 amounting to RM465.5 million.
- (b) Net cash acquired from SunShare as at 1 January 2007 amounting to RM175.8 million.
- (c) Capital repayment by Celcom to TM during the financial year ended 31 December 2007 of RM730.1 million.
- (d) Cash consideration for the transfer of the 3G Spectrum Assignment to Celcom by TM under the Pre-Listing Restructuring of RM40.1 million.

3.1 Effects on the pro forma consolidated cash flow statements

- (i) Pro forma I incorporates the effects of Pre-Listing Restructuring as detailed in Notes 1.1.1 and 1.1.2 on the audited consolidated cash flow statement of TMI Group for the financial year 31 December 2007.
- (ii) Pro forma II incorporates the effects of Pro forma I and the effects of the Acquisition as detailed in Note 1.2.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

4 PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2007

The pro forma consolidated balance sheets of TMI Group as set out below have been prepared, solely for illustrative purposes, to show the effects of the audited consolidated balance sheet of TMI Group as at 31 December 2007 had the Pre-Listing Restructuring and the Acquisition as set out in Notes 1.1 and 1.2 been effected on that date.

	Audited Balance Sheet as at 31.12.2007 RM'million	Pro forma I After the Pre-Listing Restructuring RM'million	Pro forma II After Pro forma I and after the Acquisition RM'million
SHARE CAPITAL	35.7	3,577.4	3,753.4
SHARE PREMIUM	58.3	318.1	1,722.1
OTHER RESERVES	3,682.4	5,880.9	5,880.9
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	3,776.4	9,776.4	11,356.4
MINORITY INTERESTS	671.0	676.5	482.6
TOTAL EQUITY	4,447.4	10,452.9	11,839.0
Borrowings	3,159.8	3,159.8	4,260.5
Amount due to TM	3,066.9	-	-
Deferred tax liabilities	428.3	881.9	881.9
Provision for liabilities	6.3	87.2	87.2
DEFERRED AND LONG TERM LIABILITIES	6,661.3	4,128.9	5,229.6
	11,108.7	14,581.8	17,068.6
INTANGIBLE ASSETS	3,387.2	7,458.6	8,689.7
PROPERTY, PLANT AND EQUIPMENT	8,398.8	12,159.8	12,159.8
INVESTMENT PROPERTY	-	2.0	2.0
PREPAID LEASE PAYMENTS	297.0	321.9	321.9
JOINTLY CONTROLLED ENTITIES ASSOCIATES	877.5	1,024.4	877.5
	245.7	251.1	1,549.1
LONG TERM RECEIVABLES	0.4	0.4	0.4
DEFERRED TAX ASSETS	162.9	162.9	162.9
Inventories	59.3	74.6	74.6
Trade and other receivables	698.9	1,006.9	1,007.0
Amount due from TM	5.9	-	-
Amount due from related companies	9.9	-	-
Short term investments	-	1.7	1.7
Tax recoverable	0.4	100.8	100.8
Cash and bank balances	679.7	1,998.9	2,106.4
CURRENT ASSETS	1,454.1	3,182.9	3,290.5

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

4 PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2007 (CONTINUED)

	Audited Balance Sheet as at 31.12.2007 RM'million	Pro forma I After the Pre-Listing Restructuring RM'million	Pro forma II After Pro forma I and after the Acquisition RM'million
Trade and other payables	1,981.1	3,924.1	3,927.1
Borrowings	1,709.7	1,933.3	1,933.3
Amount owing to TM	-	4,025.0	4,025.0
Amount owing to related companies	2.2	-	-
Current tax liabilities	21.9	99.8	99.8
CURRENT LIABILITIES	3,714.9	9,982.2	9,985.2
NET CURRENT LIABILITIES	(2,260.8)	(6,799.3)	(6,694.7)
	11,108.7	14,581.8	17,068.6
Net assets attributable to equity holders	3,776.4	9,776.4	11,356.4
Net tangible assets attributable to equity holders ('NTA')	389.2	2,317.8	2,666.7
Net assets per ordinary shares of RM1.00 each (RM)	105.78	2.73	3.03
NTA per ordinary shares of RM1.00 each (RM)	10.90	0.65	0.71

The pro forma consolidated balance sheets should be read in conjunction with the accompanying notes.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

4 PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2007 (CONTINUED)

4.1 Basis of preparation of the pro forma consolidated balance sheets

4.1.1 The pro forma consolidated balance sheets have been prepared for illustrative purposes only to show the effects on the audited consolidated balance sheets of TMI Group as at 31 December 2007 had the Pre-Listing Restructuring and the Acquisition as set out in Notes 1.1 and 1.2 been effected on that date.

4.1.2 The pro forma consolidated balance sheets have been prepared using TMI Group's accounting policies, which were adopted in the preparation of its audited financial statements for the financial year ended 31 December 2007.

In addition, pro forma consolidated balance sheets have been prepared based on the following:

- (i) The audited consolidated financial statements of TMI Group for the financial year ended 31 December 2007;
- (ii) The audited consolidated financial statements of Celcom for the financial year ended 31 December 2007;
- (iii) The audited financial statements of Fibrecomm for the financial year ended 31 December 2007. This subsidiary was disposed off by CTX, a wholly owned subsidiary of Celcom under the Pre-Listing Restructuring as detailed in Note 1.1.1(i);
- (iv) The audited financial statements of SunShare for the financial year ended 31 December 2007; and
- (v) The audited financial statement of XL for the financial year ended 31 December 2007.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

4 PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2007 (CONTINUED)**4.1 Basis of preparation of the pro forma consolidated balance sheets (continued)**

4.1.3 The pro forma consolidated balance sheets have been prepared in accordance with the accounting policies adopted by TMI Group in the preparation of the audited financial statements of TMI Group for the financial year ended 31 December 2007, except that in illustrating the issuance of new TMI shares pursuant to the Acquisition as described in Notes 1.2 and 4.1.4 below, the value of new TMI shares used may not be measured at fair value. This would affect the allocation of purchase consideration into the underlying net assets acquired. The share price used in the pro forma illustration was based on the transaction price as detailed in the sale and purchase agreement for the Acquisition. The Directors will carry out a valuation to ascertain the fair value of shares to be issued pursuant to the Acquisition at the completion date of the transaction and will undertake to allocate the purchase price based on the relative fair value of net assets acquired. Adjustment arising from this valuation may have a significant effect on the recording of the cost of acquisition and the corresponding goodwill, share premium and assets and liabilities acquired.

4.1.4 In accordance with the Internal Restructuring as detailed in Note 1.1.1, TM will transfer its shareholding in SunShare RCPS to TMI Group. This transfer will result in TMI Group holding a 51% economic interest in SunShare, a jointly controlled entity, upon completion of this transfer. The subsequent acquisition of Khazanah's 49% economic interest in SunShare would result in SunShare being a wholly owned subsidiary of the TMI Group.

The acquisition of SunShare as presented in the pro forma consolidated balance sheet is a purchase of net assets not constituting a business. The total purchase consideration of RM155.0 million in respect of the acquisition of 49% interest in SunShare is satisfied by the issuance of approximately 17.3 million new TMI shares based on the transaction price of RM8.98 per TMI share as detailed in the sale and purchase agreement pursuant to the Acquisition.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

4 PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2007 (CONTINUED)

4.1 Basis of preparation of the pro forma consolidated balance sheets (continued)

4.1.4 For pro forma illustration purposes, the adjustments to the assets and liabilities of the TMI Group to effect the acquisition of 49% economic interest in SunShare is as follows:

	<u>Adjustments</u> RM'million
Jointly controlled entity (initial 51% economic interest)	(146.9)
Other receivables	0.1 ¹
Cash and bank balances	107.5 ¹
Associate	1,298.0 ²
Accruals	(3.0) ¹
Borrowings (long term)	(1,100.7)
	<u> </u>
Purchase consideration for SunShare satisfied by the issuance of approximately 17.3 million new TMI shares at RM8.98 each	155.0
	<u> </u>

Notes:

¹ Respective carrying values have been determined to approximate fair values as at 31 December 2007.

² The purchase price in excess of the fair value of net assets acquired has been attributed to investment in associate.

As detailed in 4.1.3, the allocation of the purchase price based on relative fair values of net assets acquired will be performed at the completion date of the Acquisition.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

4 PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2007 (CONTINUED)**4.2 Effects on the pro forma consolidated balance sheets**

- (i) Pro forma I incorporates the effects of audited consolidated balance sheet of TMI Group and the Pre-Listing Restructuring as detailed in Notes 1.1.1 and 1.1.2 assuming the issuance of 3,541.7 million TMI Shares at a premium of RM0.07.
- (ii) Pro forma II incorporates the effects of Pro forma I and the effects of the Acquisition as detailed in Note 1.2 which includes the issuance of 176.0 million new TMI shares based on the transaction price of RM8.98 per TMI Share as consideration for the acquisition of the Sale Shares.

With respect to the Acquisition, the following adjustments have been made in arriving at Pro forma II:

- (I) adjustments to effect the acquisition of SunShare as detailed in Note 4.1.4.
- (II) recognition of goodwill arising from the acquisition of XL calculated based on TMI Group's share of the carrying value of assets and liabilities as at 31 December 2007 based on XL's audited financial statements as at that date amounting to RM1,231.1 million.

17. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (cont'd)

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PRO FORMA CONSOLIDATED FINANCIAL INFORMATION AND THE NOTES THEREON (CONTINUED)

4 PRO FORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2007 (CONTINUED)

4.3 Share capital, share premium, retained earnings, reserves and minority interests

Movements in the issued and paid up share capital, share premium, retained earnings, reserves and minority interests of TMI Group are as follows:

	Share capital RM'million	Share premium RM'million	Retained earnings RM'million	Currency translation reserves RM'million	Capital reserves RM'million	Total other reserves RM'million	Minority interest RM'million	Total equity RM'million
Audited Balance Sheet of TMI Group as at 31 December 2007	35.7	58.3	4,015.3	(312.8)	(20.1)	3,682.4	671.0	4,447.4
Effects arising from the Pre-Listing Restructuring (Note 1.1)	3,541.7	259.8	1,822.6	-	375.9	2,198.5	5.5	6,005.5
As shown in Pro forma I	3,577.4	318.1	5,837.9	(312.8)	355.8	5,880.9	676.5	10,452.9
Issuance of 176.0 million new ordinary TMI shares of RM1.00 each at a premium of approximately RM7.98 each in conjunction with the Acquisition (Note 1.2)	176.0	1,404.0	-	-	-	-	(193.9)	1,386.1
As shown in Pro forma II	3,753.4	1,722.1	5,837.9	(312.8)	355.8	5,880.9	482.6	11,839.0