

**TM INTERNATIONAL BERHAD (242188-H)**

(Incorporated in Malaysia)

The Board of Directors of TM International Berhad is pleased to announce the following unaudited results of the Group for the financial period ended 31 March 2008.

**UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	RM '000	RM '000	RM '000	RM '000
OPERATING REVENUE	<b>1,396,025</b>	1,105,062	<b>1,396,025</b>	1,105,062
OPERATING COSTS				
- depreciation, impairment and amortisation	<b>(293,661)</b>	(251,926)	<b>(293,661)</b>	(251,926)
- foreign exchange gains/(losses)	<b>2,349</b>	19,185	<b>2,349</b>	19,185
- other operating costs	<b>(859,943)</b>	(620,210)	<b>(859,943)</b>	(620,210)
OTHER OPERATING INCOME	<b>12,060</b>	2,084	<b>12,060</b>	2,084
OPERATING PROFIT BEFORE FINANCE COST	<b>256,830</b>	254,195	<b>256,830</b>	254,195
Finance income	<b>5,448</b>	6,820	<b>5,448</b>	6,820
Finance cost	<b>(93,499)</b>	(51,406)	<b>(93,499)</b>	(51,406)
Foreign exchange gains/(losses)	<b>40,067</b>	(21,052)	<b>40,067</b>	(21,052)
NET FINANCE COST	<b>(47,984)</b>	(65,638)	<b>(47,984)</b>	(65,638)
JOINTLY CONTROLLED ENTITIES				
- share of results (net of tax)	<b>(85)</b>	(9,692)	<b>(85)</b>	(9,692)
ASSOCIATES				
- share of results (net of tax)	<b>6,912</b>	3,234	<b>6,912</b>	3,234
PROFIT BEFORE TAXATION	<b>215,673</b>	182,099	<b>215,673</b>	182,099
TAXATION	<b>(70,432)</b>	(51,013)	<b>(70,432)</b>	(51,013)
PROFIT FOR THE PERIOD	<b>145,241</b>	131,086	<b>145,241</b>	131,086
ATTRIBUTABLE TO:				
- equity holders of the Company	<b>98,506</b>	96,259	<b>98,506</b>	96,259
- minority interests	<b>46,735</b>	34,827	<b>46,735</b>	34,827
PROFIT FOR THE PERIOD	<b>145,241</b>	131,086	<b>145,241</b>	131,086
EARNINGS PER SHARE (sen) (Note B11)				
- basic	<b>276</b>	270	<b>276</b>	270

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

**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET****AS AT 31 MARCH 2008**

	<b>END OF CURRENT QUARTER</b>	<b>AS AT 31/12/2007 (AUDITED)</b>
	<b>RM '000</b>	<b>RM '000</b>
SHARE CAPITAL	35,693	35,693
SHARE PREMIUM	58,329	58,329
RESERVES	3,674,402	3,682,462
<b>TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	<b>3,768,424</b>	<b>3,776,484</b>
MINORITY INTERESTS	704,290	670,998
<b>TOTAL EQUITY</b>	<b>4,472,714</b>	<b>4,447,482</b>
Borrowings	3,968,047	3,159,808
Amounts due to Telekom Malaysia Berhad	3,069,947	3,066,921
Provision for liabilities	6,724	6,251
Deferred tax liabilities	451,773	428,263
<b>DEFERRED AND LONG TERM LIABILITIES</b>	<b>7,496,491</b>	<b>6,661,243</b>
	<b>11,969,205</b>	<b>11,108,725</b>
INTANGIBLE ASSETS	3,379,408	3,387,166
PROPERTY, PLANT AND EQUIPMENT	9,137,787	8,398,844
PREPAID LEASE PAYMENTS	300,143	296,996
JOINTLY CONTROLLED ENTITIES	832,041	877,555
ASSOCIATES	243,715	245,715
LONG TERM RECEIVABLES	318	395
DEFERRED TAX ASSETS	152,128	162,890
Inventories	63,217	59,315
Trade and other receivables	922,482	698,853
Amounts due from related companies	8,529	9,850
Amounts due from Telekom Malaysia Berhad	15,103	5,944
Tax recoverable	-	436
Cash and bank balances	482,200	679,718
<b>CURRENT ASSETS</b>	<b>1,491,531</b>	<b>1,454,116</b>
Trade and other payables	2,190,289	1,981,121
Borrowings	1,336,536	1,709,746
Amounts due to related companies	1,469	2,229
Current tax liabilities	39,572	21,856
<b>CURRENT LIABILITIES</b>	<b>3,567,866</b>	<b>3,714,952</b>
<b>NET CURRENT LIABILITIES</b>	<b>(2,076,335)</b>	<b>(2,260,836)</b>
	<b>11,969,205</b>	<b>11,108,725</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)</b>	<b>10,558</b>	<b>10,580</b>

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

**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

**Attributable to equity holders of the Company**

**Issued and fully  
paid of RM1 each**

	<b>Share Capital RM '000</b>	<b>Share Premium RM '000</b>	<b>Currency Translation Differences RM '000</b>	<b>Capital Contribution Reserves RM '000</b>	<b>Merger Reserves RM '000</b>	<b>Retained Profits RM '000</b>	<b>Minority Interests RM '000</b>	<b>Total Equity RM '000</b>
At 1 January 2008	35,693	58,329	(312,800)	824	(20,885)	4,015,323	670,998	4,447,482
Currency translation differences arising during the period :-								
- subsidiaries	-	-	(52,663)	-	-	-	(13,582)	(66,245)
- jointly controlled entities	-	-	(45,429)	-	-	-	-	(45,429)
- associates	-	-	(8,912)	-	-	-	-	(8,912)
Net loss not recognised in the Income Statement	-	-	(107,004)	-	-	-	(13,582)	(120,586)
Profit for the period	-	-	-	-	-	98,506	46,735	145,241
Total recognised (expense)/income for the period	-	-	(107,004)	-	-	98,506	33,153	24,655
Dilution of equity interest in a subsidiary	-	-	-	-	-	-	139	139
Employees' share option scheme (ESOS)								
- options granted	-	-	-	438	-	-	-	438
<b>At 31 March 2008</b>	<b>35,693</b>	<b>58,329</b>	<b>(419,804)</b>	<b>1,262</b>	<b>(20,885)</b>	<b>4,113,829</b>	<b>704,290</b>	<b>4,472,714</b>

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

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

Attributable to equity holders of the Company

Issued and fully  
paid of RM1 each

	Share Capital RM '000	Share Premium RM '000	Currency Translation Differences RM '000	Capital Contribution Reserves RM '000	Merger Reserves RM '000	Retained Profits RM '000	Minority Interests RM '000	Total Equity RM '000
At 1 January 2007	35,693	58,329	(182,620)	521	(20,885)	3,331,800	703,845	3,926,683
Currency translation differences arising during the period :-								
- subsidiaries	-	-	(64,686)	-	-	-	(40,183)	(104,869)
- jointly controlled entities	-	-	12,901	-	-	-	-	12,901
- associates	-	-	(1,134)	-	-	-	-	(1,134)
Net loss not recognised in the Income Statement	-	-	(52,919)	-	-	-	(40,183)	(93,102)
Profit for the period	-	-	-	-	-	96,259	34,827	131,086
Total recognised (expense)/income for the period	-	-	(52,919)	-	-	96,259	(5,356)	37,984
Dilution of equity interest in a subsidiary	-	-	-	-	-	-	1,344	1,344
Employees' share option scheme (ESOS)								
- options granted	-	-	-	53	-	-	101	154
<b>At 31 March 2007</b>	<b>35,693</b>	<b>58,329</b>	<b>(235,539)</b>	<b>574</b>	<b>(20,885)</b>	<b>3,428,059</b>	<b>699,934</b>	<b>3,966,165</b>

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

**UNAUDITED INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2008**

	<b>FOR THE THREE MONTHS ENDED 31/3/2008 RM '000</b>	<b>FOR THE THREE MONTHS ENDED 31/3/2007 RM '000</b>
Receipts from customers	1,266,394	1,071,956
Payments to suppliers and employees	(428,869)	(550,013)
Payment of finance cost	(139,474)	(95,010)
Payment of income taxes (net of refunds)	(5,551)	(924)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>692,500</b>	<b>426,009</b>
Disposal of property, plant and equipment	4,689	1,981
Purchase of property, plant and equipment	(1,455,371)	(776,743)
Purchase of other intangible assets	-	(77)
Repayment from/(loans to) employees	42	(15)
Interest received	3,938	6,470
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(1,446,702)</b>	<b>(768,384)</b>
Proceeds from ESOS share issuance	132	1,344
Proceeds from borrowings	1,960,555	319,643
Repayments of borrowings	(1,392,859)	(125,209)
Net (repayment to)/advance from Telekom Malaysia Berhad	(5,571)	9,388
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>562,257</b>	<b>205,166</b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(191,945)	(137,209)
EFFECT OF EXCHANGE RATE CHANGES	(11,721)	(13,043)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	601,518	527,787
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>397,852</b>	<b>377,535</b>

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

**TM INTERNATIONAL BERHAD (242188-H)**  
**(Incorporated in Malaysia)**

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

**1. Basis of Preparation**

- (a) The unaudited interim financial statements for the financial period ended 31 March 2008 of the Group have been prepared in accordance with Financial Reporting Standards (FRS) 134 Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2007. The accounting policies, method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2007 audited financial statements except for the changes arising from the adoption of new accounting standards and amendments to published standards effective for the Group's financial year beginning on 1 January 2008 summarised as follows.:

**(i) Standards, amendments to published standards and Interpretations Committee (IC) interpretations that are relevant for the Group's operations**

- |                         |  |
|-------------------------|--|
| • FRS 107               | Cash Flow Statements   |
| • FRS 112               | Income Taxes   |
| • FRS 118               | Revenue  |
| • FRS 134               | Interim Financial Reporting  |
| • FRS 137               | Provisions, Contingent Liabilities and Contingent Assets                       |
| • Amendments to FRS 121 | The Effects of Changes in Foreign Rates – Net Investment in Foreign Operations |
| • IC Interpretation 1   | Changes in Existing Decommissioning Restoration & Similar Liabilities          |
| • IC Interpretation 8   | Scope of FRS 2   |

The adoption of the above FRS and IC interpretations do not have any significant financial impact to the Group.

**(ii) Standards and IC Interpretations to existing standards that are not relevant or material for the Group's operations**

- |                       |   |
|-----------------------|---|
| • FRS 111             | Construction Contracts  |
| • IC Interpretation 2 | Members' Shares in Co-operative Entities & Similar Instruments                                      |
| • IC Interpretation 5 | Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds  |
| • IC Interpretation 6 | Liabilities arising from Participating in a Specific Market-Waste Electrical & Electronic Equipment |
| • IC Interpretation 7 | Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies  |

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

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

(b) Reclassification

In the current quarter, the Group had reviewed and changed the presentation of foreign exchange gains/(losses) arising from translation of foreign currency borrowings. These foreign exchange gains/(losses) which were previously disclosed in the audited financial statements under other operating costs are now presented under finance costs to better reflect the effective cost of borrowings.

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

Foreign Currency	Exchange Rate At 31 Mar 2008	Exchange Rate At 31 Dec 2007	Exchange Rate At 31 Mar 2007
US Dollar	3.19700	3.30500	3.45600
Sri Lanka Rupee	0.02967	0.03043	0.03182
Bangladesh Taka	0.04663	0.04843	0.05023
Indonesian Rupiah	0.00035	0.00035	0.00038
Pakistani Rupee	0.05107	0.05370	0.05693
Singapore Dollar	2.32273	2.29307	2.27803
Thai Baht	0.10195	0.11054	0.10716
Iran Riyal	0.00035	0.00035	0.00037
Indian Rupee	0.07989	0.08393	0.08019

(d) The unaudited interim financial statements for the first quarter ended 31 March 2008 of the Group excludes the results of Celcom (Malaysia) Berhad Group (Celcom) as the demerger exercise was only completed subsequent to 31 March 2008 as disclosed in Part B, Note 7(a) of this announcement.

**2. Seasonal or Cyclical Factors**

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

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

During the first quarter, the Group registered RM42.4 million net gains on foreign exchange mainly arising from revaluation of USD borrowings.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 March 2008 other than as mentioned above.

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

**4. Material Changes in Estimates**

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

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

On 25 January 2008, PT Excelcomindo Pratama Tbk (XL) through its wholly owned subsidiary, Excelcomindo Finance Company B.V completed the buyback of USD350 million bond at a price of 100% of nominal value.

Save for the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 31 March 2008.

**6. Dividends Paid**

No dividends have been paid during the financial period ended 31 March 2008.

**7. Segmental Information**

Segmental information for the financial period ended 31 March 2008 and 31 March 2007 were as follows:

**By Geographical Segment**

**2008**

**All amounts are in  
RM '000**

	<b>Indonesia</b>	<b>Bangladesh</b>	<b>Sri Lanka</b>	<b>Others</b>	<b>Total</b>
<b>Operating Revenue</b>					
Total operating revenue	908,237	170,084	270,973	43,837	<b>1,393,131</b>
Inter-segment *	-	-	-	2,894	<b>2,894</b>
External operating revenue	908,237	170,084	270,973	46,731	<b>1,396,025</b>
<b>Results</b>					
Segment results	198,996	24,227	9,142	12,405	<b>244,770</b>
Other operating income					<b>12,060</b>
Operating profit before finance cost					<b>256,830</b>
Finance income					<b>5,448</b>
Finance cost					<b>(93,499)</b>
Foreign exchange gains					<b>40,067</b>
Jointly controlled entities					
- share of results (net of tax)	-	-	-	(85)	<b>(85)</b>
Associates					
- share of results (net of tax)	-	-	-	6,912	<b>6,912</b>
Profit before taxation					<b>215,673</b>
Taxation					<b>(70,432)</b>
<b>Profit for the period</b>					<b>145,241</b>



**TM INTERNATIONAL BERHAD (242188-H)**  
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**PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134**

**7. Segmental Information (continued)**

**2007**

<b>All amounts are in RM '000</b>	<b>Indonesia</b>	<b>Bangladesh</b>	<b>Sri Lanka</b>	<b>Others</b>	<b>Total</b>
<b>Operating Revenue</b>					
Total operating revenue	634,098	191,635	241,412	39,741	1,106,886
Inter-segment *	-	-	-	(1,824)	(1,824)
External operating revenue	634,098	191,635	241,412	37,917	1,105,062
<b>Results</b>					
Segment results	150,657	22,877	84,438	(5,861)	252,111
Other operating income					2,084
Operating profit before finance cost					254,195
Finance income					6,820
Finance cost					(51,406)
Foreign exchange losses					(21,052)
Jointly controlled entities					
- share of results (net of tax)	-	-	-	(9,692)	(9,692)
Associates					
- share of results (net of tax)	-	-	-	3,234	3,234
Profit before taxation					182,099
Taxation					(51,013)
Profit for the period					131,086

\* Inter-segment operating revenue has been eliminated at the respective segment operating revenue. The inter-segment operating revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

**8. Valuation of Property, Plant and Equipment**

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

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

**9. Material Events Subsequent to the End of the Quarter**

On 17 April 2008, TM International Berhad (TM International) had issued a guarantee in favour of a Facility Agent of a financial institution in Mumbai, India to support its jointly controlled entity Spice Communications Limited (Spice) Short Term Loan Facility of INR1.2 billion.

Save for the above, aside from as disclosed in Part B, Note 7, there were no other material events subsequent to the balance sheet date that requires disclosure or adjustments to the unaudited interim financial statements to date.

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

Changes in the composition of the Group for the current quarter ended 31 March 2008 were as follows:

**a) Dialog Telekom PLC (Dialog)**

Following the issuance of shares under Dialog's Employees' Share Option Scheme, TM International's equity interest in Dialog, held via TM International (L) Limited (TMIL), a wholly owned subsidiary of TM International, decreased from 84.81% to 84.80% in the first quarter. The dilution has no material effect to the result of the Group.

**b) MobileOne Limited (M1)**

TM's shareholding in M1, held via TM International through Sunshare Investment Limited (a jointly controlled entity between TM International and Khazanah Nasional Berhad) decreased from 29.69% to 29.67% during the first quarter following the issuance of shares under M1's Employees' Share Option Scheme. The dilution has no material effect to the result of the Group.

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

There were no material changes in contingent liabilities (other than material litigation disclosed in Part B, Note 10 of this announcement) since the latest audited financial statements of the Group for the financial year ended 31 December 2007.

**12. Commitments**

**(a) Capital Commitments**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>Property, plant and equipment:</b>		
Commitments in respect of expenditure approved and contracted for	<b>1,566,465</b>	1,301,768
Commitments in respect of expenditure approved but not contracted for	<b>1,107,379</b>	1,395,113

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

**12. Commitments (continued)**

**(b) Other Commitments**

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

With the completion of the TM Group's Demerger, TM has been released from this undertaking on 10 April 2008.

**13. Additional Disclosure Requirements**

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

The status of the application of Outdoor Structures owned by Celcom as at 15 May 2008 are as follows:-

- (a) 294 Outdoor Structures are pending approval from local authorities; and
- (b) initial applications for 85 outdoor structures have been declined. Celcom is in the midst of appealing to the relevant local authorities with respect to such applications.

**TM INTERNATIONAL BERHAD (242188-H)**  
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**PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING  
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**1. Review of Performance**

(a) Quarter-on-Quarter

For the current quarter under review, the Group registered a 26.3% revenue growth achieving RM1,396.0 million as compared with RM1,105.1 million recorded in the 1st quarter 2007. The appreciation of the Ringgit Malaysia against the respective subsidiaries reporting currency has unfavorably affected the Group's revenue by approximately 8.6%.

Below is the comparison of revenue achievement for 1st quarter ended 31 March 2008 against 1st quarter ended 31 March 2007, in local currencies, respectively:

	<b>Q1 2008</b> <b>(local currency)</b>	<b>Q1 2007</b> <b>(local currency)</b>	<b>Growth</b> <b>(%)</b>
XL (IDR Billion)	2,602.4	1,647.0	58.0%
Dialog (SLR Million)	9,057.9	7,502.5	20.7%
TMIB (BDT Million)	3,608.7	3,789.7	(4.8)%
TMIC (USD Million)	13.4	10.0	34.2%

The double digit revenue growth was mainly contributed by XL with 58.0% year on year growth. The Group performance was mainly driven by its higher mobile subscriber acquisition which rose by 51.6% and higher total minutes of usage (MoU).

Group profit after tax and minority interests (PATAMI), grew slightly by 2.3% to RM98.5 million from RM96.3 million recorded in the 1st quarter 2007. The increase was attributed to the growth in subscribers as well as the lower share of loss from the jointly controlled entity, Spice, in the current quarter of RM0.1 million as compared to share of loss of RM9.7 million recorded in the 1st quarter 2007.

The Group recorded RM42.4 million foreign exchange gains in the current quarter under review as compared to RM1.9 million foreign exchange losses recorded in 1st quarter 2007. The overall performance was adversely affected by the higher net finance cost from higher borrowings at XL and TMIB's higher cost of debt due to heavy reliance on short term borrowings.

PATAMI contribution from associates and jointly controlled entity:

	<b>Q1 2008</b> <b>RM '000</b>	<b>Q1 2007</b> <b>RM '000</b>	<b>Growth</b> <b>(%)</b>
Samart	2,814.0	447.7	528.5
SIM	3,548.6	1,943.1	82.6
MTCE	549.0	842.7	(34.9)
Spice	(0.1)	(9,691.9)	100.0

The appreciation of the Ringgit Malaysia against the respective subsidiaries reporting currency has unfavorably affected the Group's PATAMI numbers by approximately 7.8%.

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

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

(b) Comparison with Preceding Quarter's Results

Group revenue for the current quarter of RM1,396.0 million was lower by 2.9% from RM1,438.4 million recorded in the preceding quarter. Appreciation of the Ringgit Malaysia against local currencies had adversely affected the translation of subsidiaries figures and Group revenue would have been approximately RM63.9 million higher using the average exchange rate applied in the preceding quarter.

At their respective local currencies, XL, Dialog, TM International Bangladesh (TMIB) and TM International Cambodia (TMIC) had registered positive growth in revenue over the preceding quarter's results. Below is the revenue achievement for 1st quarter 2008 and 4th quarter 2007 in local currencies, respectively:

	<b>Q1 2008</b>	<b>Q4 2007</b>	<b>Growth</b>
	<b>(local currency)</b>	<b>(local currency)</b>	<b>(%)</b>
XL (IDR Billion)	2,602.4	2,562.7	1.5%
Dialog (SLR Million)	9,057.9	9,038.4	0.2%
TMIB (BDT Million)	3,608.7	3,518.5	2.6%
TMIC (USD Million)	13.4	11.1	20.7%

Group PATAMI of RM98.5 million was 53.2% lower than RM210.6 million recorded in the preceding quarter due to lower contribution from Spice and higher Group taxation charges in the current quarter. For the quarter ended December 2007, Spice's contribution for the Group included a gain on sale of telecommunication towers amounting to INR1,534.7m (RM128.8m) while lower taxation charges was mainly due to the reversal of over provision for tax and deferred tax in TMIB.

The Group recorded a foreign exchange gain of RM42.4 million in the current quarter as opposed to a foreign exchange loss of RM105.0 million in the preceding quarter predominantly arising from the translation of XL's US Dollar denominated debt.

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**2. (a) Proforma Results For The Period Ended 31 March 2008**

The completion of the demerger of the TM Group saw the listing of TM International on 28 April 2008. The proforma results of the new TM International Group (including Celcom) for the period ended 31 March 2008 had the demerger taken place on 1 January 2008 is as follows:-

<b>UNAUDITED INTERIM CONSOLIDATED PROFORMA INCOME STATEMENT</b>		
	<b>PERIOD TO DATE 31 MARCH 2008</b>	<b>PERIOD TO DATE 31 MARCH 2007</b>
	<b>RM MIL</b>	<b>RM MIL</b>
OPERATING REVENUE	2,721.9	2,305.2
OPERATING COSTS		
- depreciation, impairment and amortisation	(477.0)	(463.8)
- foreign exchange gains/(losses)	2.2	19.9
- other operating costs	(1,604.3)	(1,288.7)
OTHER OPERATING INCOME	<u>25.3</u>	<u>11.7</u>
OPERATING PROFIT BEFORE FINANCE COST	668.1	584.3
Finance income	12.1	11.4
Finance cost	(97.8)	(62.2)
Foreign exchange gains/(losses)	40.1	(21.1)
NET FINANCE COST	(45.6)	(71.9)
JOINTLY CONTROLLED ENTITIES		
- share of results (net of tax)	8.3	(1.6)
ASSOCIATES		
- share of results (net of tax)	<u>7.6</u>	<u>3.3</u>
PROFIT BEFORE TAXATION	638.4	514.1
TAXATION	<u>(188.3)</u>	<u>(137.3)</u>
PROFIT FOR THE PERIOD	<u>450.1</u>	<u>376.8</u>
ATTRIBUTABLE TO:		
- equity holders of the Company	402.7	341.4
- minority interests	47.4	35.4
PROFIT FOR THE PERIOD	<u>450.1</u>	<u>376.8</u>

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**2 (b) Prospects for the Remaining Quarters Up To 31 December 2008**

The new TM International Group (including Celcom) is expected to continue to register further revenue growth in 2008. The Group will continue to strengthen its market share and improve its financial position in Sri Lanka, Bangladesh, Indonesia and Cambodia. It will also seek to expand its presence in the South/South East Asia regions by selectively looking for new investment opportunities.

Celcom is still expected to register revenue growth in 2008 despite operating in a highly penetrated and competitive market. This is expected to be achieved through well crafted strategies targeted at specific customer segments, as well as the introduction of new, exciting and competitive products.

However, the Group is mindful of the challenges and risks facing its international operations, where unfavourable changes in political regimes, regulations and currency exchange rates may have an adverse financial impact. Barring any unforeseen circumstances, the Board of Directors expects the Group's performance for the financial year ending 31 December 2008 to remain favourable.

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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 31 March 2008.

**4. Taxation**

The taxation charge for the Group comprises:

	<b>INDIVIDUAL QUARTER AND CUMULATIVE PERIOD TO DATE</b>	
	<b>31/03/2008</b>	<b>31/03/2007</b>
	<b>RM '000</b>	<b>RM '000</b>
<u>Malaysia</u>		
<b>Income Tax:</b>		
Current year	(36)	(114)
Prior year	-	31
	<b>(36)</b>	<b>(83)</b>
<u>Overseas</u>		
<b>Income Tax:</b>		
Current year	(24,559)	(6,145)
Prior year	(72)	748
<b>Deferred tax (net):</b>		
Current year	(45,765)	(45,533)
	<b>(70,396)</b>	<b>(50,930)</b>
<b>TOTAL TAXATION</b>	<b>(70,432)</b>	<b>(51,013)</b>

The current quarter and financial period effective tax rate of the Group is higher than the statutory tax rate mainly attributed to expenses not allowable for tax deduction and the different taxation rates of other countries.



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

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

**6. Purchase and Disposal of Quoted Securities**

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

**7. Status of Corporate Proposals**

- (a) (i) **Proposed Demerger of the TM Group of Companies (Proposed Demerger);**  
(ii) **Proposed Listing of the entire Issued and Paid-Up Ordinary Share Capital of TM International on the Main Board of Bursa Malaysia Securities Berhad (Bursa Securities) (Proposed Listing);**  
(iii) **Shareholders' Mandate for the issuance of up to 10% of the Share Capital of TM International (Shareholder's Mandate); and**  
(iv) **Employees' Share Option Scheme for Eligible Employees and Executive Director(s) of the TM Group (Proposed Option Scheme)**

(items (i) to (iv) are collectively referred to as the "Proposals")

On 28 September 2007, TM announced the proposed demerger of the TM Group to create 2 separate entities with distinct business strategies and aspirations (Proposed Demerger).

TM had further announced on 10 December 2007, the final terms of the Proposed Demerger which comprise the proposed internal restructuring of the TM Group to group the assets for the mobile and non-Malaysian businesses under TM International and the assets for the fixed-line voice, data and broadband businesses under TM (which includes the transfer of the 3G Spectrum Assignment from TM to Celcom) (Proposed Internal Restructuring), and the proposed distribution by TM to the Entitled Shareholders of its entire holding of and rights to ordinary shares of RM1.00 each in TM International (TM International Shares) (Proposed Distribution).

Accordingly, TM had, on the same date, entered into the Demerger Agreement with its wholly-owned subsidiaries, Telekom Enterprise Sdn Bhd, TM International, Celcom (Malaysia) Berhad and Celcom Transmission (M) Sdn Bhd to give effect to the Proposed Internal Restructuring. Following the Proposed Internal Restructuring, TM proposed to distribute its entire holdings in and rights to TM International Shares to the entitled shareholders of TM (Proposed Distribution). The entire issued and paid-up ordinary share capital of TM International is proposed to be listed on the Main Board of Bursa Securities.

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**7. Status of Corporate Proposals (continued)**

On 10 December 2007, the Board of TM also proposed the following:

- (i) to obtain a shareholders' mandate for the issuance of up to 10% of the share capital of TM International (Shareholders' Mandate); and
- (ii) to have in place an employees' share option scheme for eligible employees and Executive Director(s) of the TM Group (Proposed Option Scheme).

Consequently, TM's shareholders at TM's Extraordinary General Meeting held on 6 March 2008 had approved the Proposals in addition to the following:-

- (i) the issuance by TM International to Employees Provident Fund Board (EPF) of up to 30% of the number of new TM International Shares available under the Shareholders' Mandate; and
- (ii) the grant of options to Dato' Sri Abdul Wahid Omar, TM's Group Chief Executive Officer and Director, and an employee, Mohd Azizi Rosli, son of Rosli Man, a Director of the Company (Grant of Options).

The Proposed Option Scheme was implemented on 17 March 2008 whereby TM had issued 137,592,300 ordinary shares of RM1.00 each in TM (TM Shares) at an issue price of RM9.70 per share to TM ESOS Management Sdn Bhd, a trustee incorporated to acquire, hold and manage the TM Shares and other related benefits under the Proposed Option Scheme.

On 11 April 2008, TM announced that all conditions in relation to the Proposed Demerger, have been fulfilled and/or waived, where relevant, in accordance with the terms of the agreement for the Proposed Demerger. Accordingly, the Proposed Demerger became unconditional as of 11 April 2008 and was completed on 25 April 2008. TM International Shares were listed and quoted on the Main Board of Bursa Securities on 28 April 2008.

**(b) Proposed Acquisition by TM International and Indocel Holding Sdn Bhd (Indocel), both wholly-owned subsidiaries of TM, from Khazanah Nasional Berhad (Khazanah) of Equity Interests in SunShare Investments Ltd (SunShare) and PT Excelcomindo Pratama Tbk (XL) (Proposed Acquisition)**

On 6 February 2008, TM International and Indocel entered into a Sale and Purchase Agreement (SPA) with Khazanah (collectively referred to as the "Parties") to acquire all of Khazanah's equity interests in SunShare and XL for an aggregate purchase consideration of RM1,580 million which will be satisfied through the issuance of new ordinary shares of RM1.00 each in TM International under the Proposed Acquisition (Consideration Shares).

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**7. Status of Corporate Proposals (continued)**

**(b) Proposed Acquisition by TM International and Indocel Holding Sdn Bhd (Indocel), both wholly-owned subsidiaries of TM, from Khazanah Nasional Berhad (Khazanah) of Equity Interests in SunShare Investments Ltd (SunShare) and PT Excelcomindo Pratama Tbk (XL) (Proposed Acquisition) (continued)**

Consequently, on 15 February 2008, TM announced that an application to the Securities Commission Malaysia (SC) had been made for an exemption for Khazanah under Practice Note 2.9.1 of the Code, from the obligation to carry out a mandatory take-over offer to acquire the remaining voting shares in TM International not held by Khazanah pursuant to the issuance of new TM International Shares under the Proposed Acquisition (Proposed Exemption). The SC had through its letter dated 18 February 2008, stated that it would consider the Proposed Exemption upon various conditions being met.

On 11 April 2008, TM announced that all conditions in relation to the Proposed Acquisition, had been fulfilled and/or waived, where relevant, in accordance with the terms of the agreement for the Proposed Acquisition. Accordingly, the Proposed Acquisition became unconditional as of 11 April 2008 and was completed on 25 April 2008.

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

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**8. Group Borrowings and Debt Securities**

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

	2008		2007	
	Short Term Borrowings RM '000	Long Term Borrowings RM '000	Short Term Borrowings RM '000	Long Term Borrowings RM '000
Secured	184,929	718,190	179,114	753,696
Unsecured	1,151,607	3,249,857	164,844	2,360,759
<b>Total</b>	<b>1,336,536</b>	<b>3,968,047</b>	<b>343,958</b>	<b>3,114,455</b>

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

	2008	2007
Foreign Currency	RM '000	RM '000
US Dollar	2,658,452	2,923,114
Indonesian Rupiah	1,876,965	-
Bangladesh Taka	383,058	278,458
Pakistani Rupee	122,568	68,311
Sri Lanka Rupee	263,541	188,529
<b>Total</b>	<b>5,304,583</b>	<b>3,458,413</b>

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**9. Off Balance Sheet Financial Instruments**

The details and the financial effects of the hedging derivatives that the Group has entered into are described in Note 31 to the audited financial statements of the Group for the year ended 31 December 2007. There were no new off balance sheet financial instruments since the last financial year except for the following:

**(a) Interest Rate Swap (IRS)**

**Underlying Liability**

**Interest payment of Long - Term Loan in USD**

**Hedging Instrument**

On 7 January 2008, XL entered into an interest rate swap contract with a financial institution to hedge the payment of the quarterly interest of a long term loan in USD amounting to USD97.5 million. Based on the contract, XL will pay fixed interest loan as follows:

<b><u>Notional Amount</u></b>	<b><u>Fixed Interest rate</u></b>	<b><u>Maturity date of loan principal</u></b>
USD15.0 million	4.675%	30 August 2010
USD30.0 million	4.730%	26 July 2010
USD10.0 million	4.730%	9 August 2010
USD10.0 million	4.730%	16 August 2010
USD20.0 million	4.635%	26 April 2010
USD12.5 million	4.575%	29 January 2010

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

**(b) Forward Foreign Currency Contracts**

On 8 January 2008, XL terminated one of the forward foreign currency contracts entered with a financial institution in 2006 and 2007 to hedge the payment of long term loans in USD amounting to USD25.0 million.

The details of the remaining forward foreign currency contracts are as follows:

<b>Type of contracts</b>	<b>Notional amount (in USD Million)</b>	<b>Strike rate (full amount)</b>
<b>Deliverable</b>	175.0	USD1= IDR9,000
<b>Non Deliverable</b>	100.0	USD1= IDR9,000
<b>Total</b>	275.0	

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

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**10. Material Litigation**

I. With reference to the following material litigation case as disclosed under Property, Plant and Equipment in the audited financial statements of the Group for the year ended 31 December 2007, listed below is the update of the relevant case since the date of the last audited financial statements:

**(a) Johanes Irwanto Putro v. XL**

On 14 April 2008, XL received a notification letter and copy of memory cassation from the Yogyakarta District Court through South Jakarta District Court regarding the cassation that had been filed by Johanes Irwanto Putro.

The Directors believe that the case will not affect the daily operations of XL in Yogyakarta offices.

II. Following the completion of the demerger exercise on 25 April 2008, listed below are the updates of the relevant material litigation cases pertaining to Celcom since the date of TM latest announcement of its audited financial statements and fourth quarter 2007 financial results to Bursa Malaysia on 28 February 2008:

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

On 29 May 2006, Rego, TRI and the directors filed their respective appeals against the Registrar's decision on the striking out application to the Judge in Chambers. On 7 May 2008, Rego and TRI withdrew their appeals respectively with the view to fix the matter for early trial. The directors' appeal is now fixed for hearing on 8 January 2009.

Case management is fixed for mention on 8 January 2009 and full trial is fixed on 5, 6, 8 and 9 October 2009.

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

**(b) MCAT GEN Sdn Bhd (MCAT) vs Celcom**

In the First Suit, Celcom filed a notice of appeal to Judge in Chambers against the Registrar's decision on its striking out application. The Court then directed parties to file written submission. On 29 January 2008, the Court dismissed Celcom's appeal. Celcom had on 25 February 2008 filed a notice of appeal to the Court of Appeal. No dates have been fixed yet. The matter is fixed for case management on 22 May 2008.

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**10. Material Litigation (continued)**

**(b) MCAT GEN Sdn Bhd (MCAT) vs Celcom (continued)**

The Second Suit commenced for full trial on 13 & 14 June 2007. The Court then vacated the 30 & 31 July 2007 and 1 & 2 August 2007 hearing dates. The matter was fixed for continued trial on 5 & 6 May 2008, 12 & 13 May 2008 and 19 & 20 May 2008. The 5 & 6 May 2008 hearing dates were vacated because MCAT's witness, Mohd Razi Adam, was taken ill. The 12, 19 & 20 May 2008 hearing dates were also vacated because Celcom's solicitors had to attend a hearing at the Court of Appeal on 12 May 2008 and a meeting with the President of the Court of Appeal on 20 May 2008 whereas 19 May 2008 was a public holiday. The matter is now fixed for continued hearing on 10, 11 and 12 February 2009.

In the Third Suit, Celcom filed a striking out application and the Court instructed the parties to file written submissions. On 12 November 2007, Celcom's striking out application was allowed with costs. The Plaintiffs filed an appeal to the Judge in Chambers and the same is fixed for hearing on 9 June 2008.

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

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

The appeal to the Judge in Chambers against the decision of the Senior Assistant Registrar in dismissing TM/TESB's application to strike out TSDTR's Amended Counterclaim is fixed on 16 July 2008. Meanwhile, the appeal to the Judge in Chambers against the decision of the Senior Assistant Registrar in dismissing Celcom's/TRI's application to strike out TSDTR's Amended Counterclaim is fixed on 26 September 2008.

The hearing date of TSDTR's application to re-amend his amended defence and counterclaim which was earlier scheduled on 8 January 2008 and 14 March 2008 has been rescheduled to 21 July 2008.

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

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

AM's application to amend its Writ of Summons and Statement of Claim was heard on 23 April 2008 and is now fixed for decision/clarification on 22 May 2008.

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



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**10. Material Litigation (continued)**

**(e) Mohd Shuaib Ishak (MSI) vs Celcom**

On 4 February 2008, Celcom had been served with a sealed Originating Summons (Summons) by MSI seeking leave to bring a derivative action in Celcom's name under Section 181A(1) of the Companies Act 1965 (the Proposed Action). The Proposed Action is against, inter alia, the former and existing directors of Celcom and TM for failing to obtain the consent of DeTeAsia Holding GmbH (DeTeAsia) pursuant to the Amended and Restated Agreement (ARSA) dated 4 April 2002 with DeTeAsia prior to entering into the Sale and Purchase Agreement dated 28 October 2002 with TM for the acquisition by Celcom of the shares in TM Cellular Sdn Bhd (now known as Celcom Mobile Sdn Bhd).

MSI alleges that the directors are liable for damages calculated by reference to the difference between the Buy Out Offer price of RM7.00 per Celcom's share under the ARSA and the price of RM2.75 per Celcom's share under the Mandatory General Offer undertaken by TM through TESB in respect of Celcom.

The Summons has been fixed for mention on 17 June 2008.

The Directors, based on legal advice received, are of the view that it has reasonably good prospects of resisting the Summons and will take vigorous steps to defend the same.

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

DeTeAsia's application to set aside the Originating Summons on the ground that the Court has no jurisdiction to determine the same is fixed for mention on 22 July 2008.

Celcom's application to strike out the affidavit of Graham Dunning QC on the grounds that the same contains matter which is scandalous, irrelevant, inadmissible or otherwise oppressive was allowed on 23 November 2007. DeTeAsia appealed and the same is fixed for hearing on 3 July 2008.

The Directors, based on legal advice, are of the view that due to the fact that this proceeding is unprecedented, Celcom has an even chance of succeeding in this action.

**(g) Celcom and TRI vs former directors of TRI/Celcom**

The service of the Writ of Summons and Statement of Claim (Writ) has already been effected on all the Defendants. Axel Hass (AH), one of the former directors, was served by way of substituted service. Tan Sri Dato' Tajudin Ramli (TSDTR) and Bistamam Ramli (BR) have entered appearance and have applied to set aside the Writ on the basis that the issues which are the subject of this action has been litigated and decided on its merits by reason of the Award. This application is fixed for hearing on 13 June 2008.

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**10. Material Litigation (continued)**

**(g) Celcom and TRI vs former directors of TRI/Celcom (continued)**

Dato' Lim Kheng Yew (LKY) has also entered appearance. Celcom/TRI filed an application to restrain his solicitors from acting for him on the grounds that the partner concerned rendered an advice to TM in relation to the agreements with DTAG/DeTeAsia during the acquisition of Celcom/TRI by TM. On 26 February 2008, the Court allowed Celcom/TRI's application with costs. LKY has on 26 March 2008 appointed new solicitors to act on his behalf.

Dieter Sieber (DS), Oliver Tim Axmann (OTA), Joachim Gronau (JG), Frank-Reinhard Bartsch (FRB) and Joerg Andreas Boy (JAB) have entered conditional appearance and filed their respective application to set aside the issue and service of the Notice of Writ. On 7 March 2008, the solicitors for the said directors informed Celcom/TRI's solicitors and the Court that they have entered conditional appearance on behalf of AH and will be filing similar application to set aside these proceedings.

The applications for the said directors, including AH's application, are scheduled for hearing on 12 June 2008.

The Directors, based on legal advice, are of the view that Celcom and TRI have reasonable prospects of successfully prosecuting these proceedings.

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

**11. Earnings Per Share (EPS)**

	<b>INDIVIDUAL QUARTER AND CUMULATIVE PERIOD TO DATE</b>	
	<b>31/03/2008</b>	<b>31/03/2007</b>
<b>Basic earnings per share</b>		
Profit attributable to equity holders of the Company (RM '000)	<u>98,506</u>	96,259
Weighted average number of ordinary shares ('000)	<u>35,693</u>	35,693
Basic earnings per share (sen)	<b>276</b>	270

Basic earnings per share of the Group was calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the period.

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

The audited financial statements for the financial year ended 31 December 2007 were not subject to any material qualification.

**13. Dividends**

No interim dividend was recommended for the financial period ended 31 March 2008.

**By Order of the Board**

Suryani Hussein (LS0009277)  
Secretary

Kuala Lumpur  
22 May 2008