TELEKOM MALAYSIA BERHAD (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad is pleased to announce the following unaudited results of the Group for the second quarter ended 30 June 2007.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2007	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2006 (RESTATED)	CURRENT YEAR TO DATE 30/6/2007	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2006 (RESTATED)
	RM Million	RM Million	RM Million	RM Million
OPERATING REVENUE	**4,318.8**	3,976.3	**8,500.0**	7,763.9
DEPRECIATION AND AMORTISATION	**(980.5)**	(959.7)	**(2,049.9)**	(1,942.9)
OTHER OPERATING COSTS	**(2,581.7)**	(2,309.4)	**(4,811.9)**	(4,178.1)
OTHER OPERATING INCOME	**242.0**	16.4	**328.8**	35.1
OPERATING PROFIT BEFORE FINANCE COST	**998.6**	723.6	**1,967.0**	1,678.0
Finance Income	**52.7**	67.3	**100.9**	140.5
Finance Cost	**(209.9)**	(132.3)	**(381.5)**	(323.7)
NET FINANCE COST	**(157.2)**	(65.0)	**(280.6)**	(183.2)
JOINTLY CONTROLLED ENTITIES				
- share of results (net of tax)	**13.3**	21.7	**11.7**	18.9
- gain on dilution	**17.8**	-	**17.8**	-
ASSOCIATES				
- share of results (net of tax)	**13.4**	9.0	**16.7**	17.6
PROFIT BEFORE TAXATION	**885.9**	689.3	**1,732.6**	1,531.3
TAXATION	**(163.0)**	(207.5)	**(366.1)**	(416.6)
PROFIT FOR THE PERIOD	**722.9**	481.8	**1,366.5**	1,114.7
ATTRIBUTABLE TO:				
- equity holders of the Company	**701.0**	453.5	**1,296.7**	999.1
- minority interests	**21.9**	28.3	**69.8**	115.6
PROFIT FOR THE PERIOD	**722.9**	481.8	**1,366.5**	1,114.7
EARNINGS PER SHARE (sen) (Note B12)				
- basic	**20.5**	13.4	**38.0**	29.4
- diluted	**20.4**	13.3	**37.9**	29.4

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007

	AS AT END OF CURRENT QUARTER 30/6/2007	AS AT PRECEDING FINANCIAL YEAR END 31/12/2006 (AUDITED & RESTATED)
	RM Million	**RM Million**
SHARE CAPITAL	3,431.3	3,397.6
SHARE PREMIUM	4,197.9	3,941.9
RESERVES	12,817.9	12,571.6
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	20,447.1	19,911.1
MINORITY INTERESTS	870.1	836.5
TOTAL EQUITY	21,317.2	20,747.6
Borrowings	10,647.3	10,282.8
Deferred tax liabilities	2,367.2	2,261.9
Provision for liabilities	77.0	64.6
DEFERRED AND LONG TERM LIABILITIES	13,091.5	12,609.3
	34,408.7	**33,356.9**
INTANGIBLE ASSETS	7,036.3	7,059.1
PROPERTY, PLANT AND EQUIPMENT	23,796.3	23,680.3
LAND HELD FOR PROPERTY DEVELOPMENT	168.4	168.4
JOINTLY CONTROLLED ENTITIES	879.8	807.5
ASSOCIATES	244.4	220.6
INVESTMENTS	220.5	226.7
LONG TERM RECEIVABLES	532.5	557.7
DEFERRED TAX ASSETS	197.3	115.6
PREPAID LEASE PAYMENT	387.2	346.2
Non-current assets held for sale	-	24.0
Inventories	205.0	172.8
Trade and other receivables	3,810.8	3,464.1
Short term investments	354.5	320.1
Cash and bank balances	4,316.6	4,680.4
CURRENT ASSETS	8,686.9	8,661.4
Trade and other payables	5,660.9	5,740.9
Customer deposits	737.3	718.9
Borrowings	1,151.0	1,803.1
Current tax liabilities	191.7	223.7
CURRENT LIABILITIES	7,740.9	8,486.6
NET CURRENT ASSETS	946.0	174.8
	34,408.7	**33,356.9**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	595.9	586.0

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2007

	Attributable to equity holders of the Company						
	Issued and Fully Paid of RM1 each						
	Share Capital RM Million	Share Premium RM Million	Currency Translation Differences RM Million	ESOS Reserves RM Million	Retained Profits RM Million	Minority Interests RM Million	Total Equity RM Million
At 1 January 2007	3,397.6	3,941.9	(282.4)	25.0	12,829.0	836.5	20,747.6
Currency translation differences arising during the period							
- subsidiaries	-	-	(69.9)	-	-	(38.3)	(108.2)
- jointly controlled entities/associates	-	-	68.7	-	-	-	68.7
Net loss not recognised in the Income Statement	-	-	(1.2)	-	-	(38.3)	(39.5)
Profit for the period	-	-	-	-	1,296.7	69.8	1,366.5
Total recognised (expense)/income for the period	-	-	(1.2)	-	1,296.7	31.5	1,327.0
Transaction with minority interests	-	-	-	-	(291.1)	(44.7)	(335.8)
Partial disposal of equity interest in a subsidiary	-	-	-	-	-	33.1	33.1
Disposal of a subsidiary	-	-	-	-	-	(30.0)	(30.0)
Dilution of equity interest in subsidiaries	-	-	-	-	-	6.5	6.5
Rights issue of a subsidiary	-	-	-	-	-	67.7	67.7
Final dividends paid for the year ended 31 December 2006 (Note A7)	-	-	-	-	(749.5)	-	(749.5)
Dividends paid to minority interests	-	-	-	-	-	(32.1)	(32.1)
Employees' share option scheme (ESOS)							
- shares issued	33.7	244.2	-	-	-	-	277.9
- options granted	-	-	-	3.2	-	1.6	4.8
- options exercised	-	11.8	-	(11.8)	-	-	-
At 30 June 2007	**3,431.3**	**4,197.9**	**(283.6)**	**16.4**	**13,085.1**	**870.1**	**21,317.2**

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2006

	Attributable to equity holders of the Company						
	Issued and Fully Paid of RM1 each						
	Share Capital RM Million	Share Premium RM Million	Currency Translation Differences RM Million	ESOS Reserves RM Million	Retained Profits RM Million	Minority Interests RM Million	Total Equity RM Million
At 1 January 2006	3,391.5	3,904.2	(251.2)	-	11,942.9	654.0	19,641.4
Currency translation differences arising during the period							
- subsidiaries	-	-	(39.5)	-	-	(1.7)	(41.2)
- jointly controlled entities/associates	-	-	(0.7)	-	-	-	(0.7)
Net loss not recognised in the Income Statement	-	-	(40.2)	-	-	(1.7)	(41.9)
Profit for the period	-	-	-	-	999.1	115.6	1,114.7
Total recognised (expense)/income for the period	-	-	(40.2)	-	999.1	113.9	1,072.8
Acquisition of additional equity interest in subsidiaries	-	-	-	-	-	(87.4)	(87.4)
Acquisition of equity interest in a subsidiary	-	-	-	-	-	28.1	28.1
Dilution of equity interest in subsidiaries	-	-	-	-	-	17.8	17.8
Final dividends paid for the year ended 31 December 2005	-	-	-	-	(610.9)	-	(610.9)
Dividends paid to minority interests	-	-	-	-	-	(11.8)	(11.8)
Employees' share option scheme (ESOS)							
- shares issued	2.6	15.8	-	-	-	-	18.4
- options granted	-	-	-	20.6	-	0.9	21.5
At 30 June 2006	**3,394.1**	**3,920.0**	**(291.4)**	**20.6**	**12,331.1**	**715.5**	**20,089.9**

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SECOND QUARTER ENDED 30 JUNE 2007

	FOR THE SIX MONTHS ENDED 30/6/2007 RM Million	FOR THE SIX MONTHS ENDED 30/6/2006 RM Million
Receipts from customers	8,089.6	7,508.1
Payments to suppliers and employees	(4,301.4)	(4,390.3)
Payment of compensation	-	(874.0)
Payment of finance cost	(384.6)	(303.7)
Payment of income taxes	(265.4)	(286.5)
CASH FLOWS FROM OPERATING ACTIVITIES	**3,138.2**	**1,653.6**
Disposal of property, plant and equipment	21.1	6.2
Purchase of property, plant and equipment	(3,057.1)	(2,631.2)
Disposal of non-current asset held for sale	66.5	-
Payment of intangible asset (Telecommunication and Spectrum Licence)	(8.1)	(173.6)
Disposal of long term investments	7.2	0.5
Disposal of short term investments	112.6	63.4
Purchase of short term investments	(101.2)	(85.6)
Disposal of a subsidiary classified as non-current asset held for sale (net of cash disposed)	41.1	-
Partial disposal of a subsidiary	227.3	-
Acquisition of subsidiaries (net of cash acquired)	-	(661.1)
Acquisition of additional equity interest in subsidiaries	(395.4)	(252.4)
Acquisition of an associate	(2.5)	(124.8)
Repayments of loans by employees	56.5	59.4
Loans to employees	(24.9)	(26.3)
Interest received	90.5	122.0
Dividend received	8.6	2.3
CASH FLOWS USED IN INVESTING ACTIVITIES	**(2,957.8)**	**(3,701.2)**
Issue of share capital	277.9	18.4
Issue of share capital to minority interests	79.3	14.2
Proceeds from borrowings	1,236.0	1,768.5
Repayments of borrowings	(1,314.7)	(1,278.2)
Dividends paid to shareholders	(749.5)	(610.9)
Dividends paid to minority interests	(32.1)	(11.8)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(503.1)**	**(99.8)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(322.7)	(2,147.4)
EFFECT OF EXCHANGE RATE CHANGES	(44.8)	(33.4)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,666.4	6,401.0
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**4,298.9**	**4,220.2**

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

TELEKOM MALAYSIA BERHAD (128740-P)
(Incorporated in Malaysia)

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

1. Basis of Preparation

(a) The unaudited condensed interim financial statements for the second quarter ended 30 June 2007 of the Group have been prepared in accordance with Financial Reporting Standards (FRS) 134 "Interim Financial Reporting", paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2006. The accounting policies, method of computation and basis of consolidation applied in the unaudited condensed interim financial statements are consistent with those used in the preparation of the 2006 audited financial statements except for the changes arising from the adoption of FRS 117 "Leases" and FRS "124 Related Party Disclosure", which are the revised FRSs issued by MASB that are effective for accounting periods beginning on or after 1 October 2006.

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

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

Foreign Currency	**Exchange Rate At 30 June 2007**	**Exchange Rate At 31 December 2006**	**Exchange Rate At 30 June 2006**
US Dollar	3.45000	3.52700	3.67200
Japanese Yen	0.02802	0.02964	0.03209
Sri Lanka Rupee	0.03098	0.03284	0.03535
Bangladesh Taka	0.05015	0.05107	0.05406
Indonesian Rupiah	0.00038	0.00039	0.00040
Pakistani Rupee	0.05706	0.05807	0.06110
Singapore Dollar	2.25240	2.29967	2.32067
Special Drawing Rights	5.23555	5.30659	5.43667
Thai Baht	0.10918	0.09958	0.09638
Indian Rupee	0.08519	0.07996	0.08005

2. Qualification of Preceding Audited Financial Statements

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

3. Seasonal or Cyclical Factors

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

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

(a) During the first quarter, the Group registered RM89.1 million net gain on foreign exchange mainly arising from revaluation of USD borrowings. In second quarter, the Group suffered a net loss on foreign exchange amounting to RM43.9 million.

(b) During the first and second quarter, the Company made reversal of excess current and deferred tax provisions in respect of prior years amounting to RM50.0 million and RM53.9 million respectively.

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

(d) During the second quarter, the Group recorded gain on disposal of subsidiaries of RM201.1 million arising from the disposal of 3.82% and 60% equity interest in Dialog Telekom PLC (formerly known as Dialog Telekom Limited) and Telekom Networks Malawi Limited respectively.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 June 2007 other than as mentioned above and in note B6 of this announcement.

5. Material Changes in Estimates

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

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

The issued and paid-up capital of the Company increased from 3,397.6 million shares of RM1.00 each to 3,431.3 million shares by RM33.7 million of RM1.00 each as a result of employees exercising their options under the Employees' Share Option Scheme (ESOS) at respective exercise prices of RM7.09, RM8.02, RM8.69, RM9.22 and RM9.32 per share and Performance Linked Employee Options Scheme (PLES) at exercise price of RM10.24 per share.

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 30 June 2007.

7. Dividends Paid

A final gross dividend of 30.0 sen per share less tax at 27% amounting to RM749.5 million in respect of financial year ended 31 December 2006 was paid on 12 June 2007.

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

8. Segmental Information

Segmental information for the financial period ended 30 June 2007 and 30 June 2006 were as follows:

By Business Segment

2007

All amounts are in RM Million	Malaysia Business	Celcom	TMI Group	TM Ventures	Total
Operating Revenue					
Total operating revenue	3,757.4	2,482.5	2,272.8	557.4	9,070.1
Inter-segment *	(125.8)	(121.9)	(20.4)	(302.0)	(570.1)
External operating revenue	3,631.6	2,360.6	2,252.4	255.4	8,500.0
Results					
Segment result	716.0	639.6	506.7	0.6	1,862.9
Unallocated income **					324.5
Corporate expenses ***					(323.7)
Foreign exchange gains					103.3
Operating profit before finance cost					1,967.0
Finance income					100.9
Finance cost					(381.5)
Jointly controlled entities					
- share of results (net of tax)	-	-	11.7	-	11.7
- gain on dilution	-	-	17.8	-	17.8
Associates					
- share of results (net of tax)	-	2.1	14.6	-	16.7
Profit before taxation					1,732.6
Taxation	(56.7)	(177.8)	(123.5)	(8.1)	(366.1)
Profit for the period					1,366.5

2006

All amounts are in RM Million	Malaysia Business	Celcom	TMI Group	TM Ventures	Total
Operating Revenue					
Total operating revenue	3,647.0	2,138.4	1,912.0	434.5	8,131.9
Inter-segment *	(147.2)	(67.7)	(2.0)	(151.1)	(368.0)
External operating revenue	3,499.8	2,070.7	1,910.0	283.4	7,763.9

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

8. Segmental Information (continued)

All amounts are in RM Million	Malaysia Business	Celcom	TMI Group	TM Ventures	Total
Results					
Segment result	708.2	543.4	602.9	11.2	1,865.7
Unallocated income **					29.0
Corporate expenses ***					(306.3)
Foreign exchange gains					89.6
Operating profit before finance cost					1,678.0
Finance income					140.5
Finance cost					(323.7)
Jointly controlled entities					
- share of results (net of tax)	-	-	18.9	-	18.9
Associates					
- share of results (net of tax)	-	(0.5)	18.1	-	17.6
Profit before taxation					1,531.3
Taxation	(100.2)	(166.4)	(143.5)	(6.5)	(416.6)
Profit for the period					1,114.7

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

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

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

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

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

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

8. Segmental Information (continued)

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

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

9. Valuation of Property, Plant and Equipment

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

10. Material Events Subsequent to the End of the Quarter

There were no material events subsequent to the balance sheet date that requires disclosure or adjustments to the unaudited condensed interim financial statements to date except as disclosed in note B8(a), (b) and (d).

11. Effects of Changes in the Composition of the Group

Changes in the composition of the Group for the current quarter and financial period ended 30 June 2007 were as follows:

(a) VADS Berhad (VADS)

The Company's shareholding in VADS decreased from 67.16% to 66.86% in the first quarter and subsequently to 65.58% in the second quarter due to issuance of shares under the Employees' Share Option Scheme of VADS. The dilution has no material effect to the results of the Group.

(b) MobileOne Limited (M1)

The Company's shareholding in M1, held via TM International Sdn Bhd (TM International), through SunShare Investment Limited (a jointly controlled entity between TM International and Khazanah Nasional Berhad) decreased from 29.78% to 29.73% in the first quarter and subsequently to 29.71% in the second quarter, following the issuance of shares under M1's Employees' Share Option Scheme. The dilution has no material effect to the results of the Group.

(c) Dialog Telekom PLC (formerly known as Dialog Telekom Limited) (Dialog)

Due to the exercise of share options by the employees of Dialog under Dialog's Employees' Share Option Scheme, TM's equity interest in Dialog, held via TM International (L) Limited (TMIL), a wholly owned subsidiary of TM International, decreased from 89.62% to 89.57% in the first quarter.

11. Effects of Changes in the Composition of the Group (continued)

TM's interest further decreased to 85.65% in the second quarter due to exercise of share options by the employees of Dialog under Dialog's Employees' Share Option Scheme and the disposal of its 3.82% shareholding on 17 and 21 May 2007.

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

On 16 January 2007, a joint venture agreement (JVA) was entered into between CT Paging Sdn Bhd (CTP), a wholly owned subsidiary of the Company held via Celcom (Malaysia) Berhad (Celcom), with I-Mobile International Co Ltd (I-Mobile) and C-Mobile. The JVA is to establish C-Mobile as a vehicle to operate a joint venture business to set up a distribution network of dealers and concept retail stores based on intellectual property rights owned by Celcom (Concept Stores), within Malaysia. The Concept Stores will market and distribute exclusively products of Celcom Mobile Sdn Bhd, a wholly owned subsidiary of Celcom, and also of Samart I-Mobile (Malaysia) Sdn Bhd, a wholly owned subsidiary of I-Mobile. The equity interest of CTP in C-Mobile effective from 14 February 2007 is 49% representing 2,450,000 ordinary shares of RM1.00 each.

(e) Telekom Networks Malawi Limited (TNM)

On 5 April 2007, TM sold its entire 60% shareholding in TNM, a joint venture company between Malawi Telecommunications Limited (formerly known as Malawi Posts and Telecommunications Corporation) and TM, to MTL Mobile Ltd for a total cash consideration of USD16.0 million.

(f) Multinet Pakistan (Private) Limited (Multinet)

On 30 September 2006, TMIL entered into a Sale and Purchase Agreement with Mr Nasser Khan Ghazi on the acquisition of an additional 11% equity in Multinet, a private limited liability company incorporated in the Islamic Republic of Pakistan in 1996 for a total cash consideration of USD2.42 million.

The acquisition was completed on 6 April 2007 whereby TMIL's shareholding in Multinet increased from 78% to 89%.

(g) PT Excelcomindo Pratama Tbk (Excelcomindo)

On 19 April 2007, TMIL entered into a Stock Purchase Agreement with AIF (Indonesia) Ltd (AIF) to purchase all of AIF's stake in Excelcomindo.

TMIL has agreed to purchase 523,532,100 ordinary shares of Indonesian Rupiah 100 each in Excelcomindo (AIF Purchased Shares), representing approximately 7.38% of the issued and paid-up share capital of Excelcomindo from AIF for a cash consideration of USD113.0 million.

The acquisition of the AIF Purchased Shares was completed on 4 June 2007. Consequently, TM Group's equity interest in Excelcomindo increased to 67.02% as at end of second quarter.

11. Effects of Changes in the Composition of the Group (continued)

(h) Hijrah Pertama Berhad ([formerly known as Hijrah Pertama Sendirian Berhad] formerly known as Malaysian Logistics Sdn Bhd) (HPB)

On 7 May 2007, TM acquired 100% equity interest in HPB for a total consideration of RM2.00. HPB was acquired to facilitate the issuance of up to RM3,000 million Islamic Stapled Income Securities under the Islamic principle of Ijarah.

(i) Meganet Communications Sdn Bhd (Meganet)

On 23 May 2007, TM entered into the following agreements:

i. Share Sale Agreement (SSA) with VADS and NTT Communications Corporation (NTT Com) for the disposal of its entire equity interest of 70% in Meganet to VADS; and

ii. Termination Agreement (TA) with NTT Com to terminate the Joint Venture Agreement which was entered into between TM and NTT Com on 17 May 1997, to carry on a business through Meganet as the joint venture company.

Under the SSA, TM agreed to sell its entire 70% equity interest in Meganet, to VADS at a total consideration of RM5.7 million, whilst NTT Com shall dispose its entire 30% equity interest in Meganet, to VADS at a total consideration of RM2.5 million (the Disposal).

The Disposal was completed on 31 May 2007 and Meganet became a wholly owned subsidiary of VADS.

(j) Celcom Academy Sdn Bhd (Celcom Academy)

On 26 May 2007, Celcom Academy, a wholly owned subsidiary of Celcom (Malaysia) Berhad, was dissolved pursuant to Section 272(5) of the Companies Act 1965.

(k) Spice Communications Limited (Spice)

On 5 June 2007, Spice, a 49% owned jointly controlled entity of TM, held through TMI India Limited, concluded a Pre-IPO placement of 24,873,889 shares at INR45 per shares. On completion of the Pre-IPO placement, TM's equity interest in Spice has been reduced from 49% to 46.89% as at the end of the second quarter. Refer to note B8(a) for details.

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

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

13. Commitments

(a) Capital Commitments

	Group	
	30/6/2007	30/6/2006
	RM Million	RM Million
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	**3,123.1**	3,797.3
Commitments in respect of expenditure approved but not contracted for	**1,762.8**	1,415.2

(b) Other Commitments

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

14. Changes in Accounting Policies

(a) Changes in Accounting Policies in Current Financial Year

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

<u>FRS 117 Leases</u>

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

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

14. Changes in Accounting Policies (continued)

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

The Group has applied the change in accounting policy with respect to leasehold land in accordance with the transitional provisions of FRS 117. This reclassification has been applied retrospectively. Consequently, certain comparatives within the Consolidated Balance Sheet as at 31 December 2006 and Consolidated Income Statement for the period ended 30 June 2006 have been restated as set out in sub-note (c) below.

FRS 124 Related Party Disclosures

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

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

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

Prior to the fourth quarter of 2006, the Group has translated foreign currency transactions and monetary items at contracted rates as if those amounts are hedged by forward foreign exchange contracts. FRS 121 only allows exchange rates at date of transactions to be used in translating foreign currency transactions and exchange rates at balance sheet date for translation of monetary items. Consequently, certain comparatives of the Consolidated Income Statement for the period ended 30 June 2006 have been restated as set out in sub-note (c) below.

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

14. Changes in Accounting Policies (continued)

(c) Comparative Figures

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

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	As previously reported RM Million	Effect of change in policies RM Million	As restated RM Million	As previously reported RM Million	Effect of change in policies RM Million	As restated RM Million
Income Statement for the financial period ended 30 June 2006						
Depreciation and Amortisation	(968.3)	8.6	(959.7)	(1,959.1)	16.2	(1,942.9)
Other Operating Costs	(2,318.2)	8.8	(2,309.4)	(4,206.0)	27.9	(4,178.1)
Profit Before Taxation	671.9	17.4	689.3	1,487.2	44.1	1,531.3
Profit for the Period	464.4	17.4	481.8	1,070.6	44.1	1,114.7
Profit Attributable to Equity Holders of the Company	436.1	17.4	453.5	955.0	44.1	999.1
Earnings per Share (sen)						
- basic	12.9	0.5	13.4	28.1	1.3	29.4
- diluted	12.8	0.5	13.3	28.1	1.3	29.4

	As previously reported RM Million	Effect of change in policies RM Million	As restated RM Million
Balance Sheet as at 31 December 2006			
Property, Plant and Equipment	24,026.5	(346.2)	23,680.3
Prepaid Lease Payment	-	346.2	346.2

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

1. Review of Performance

(a) Quarter-on-Quarter

For the current quarter under review, Group revenue increased by 8.6% to RM4,318.8 million as compared to RM3,976.3 million in the second quarter 2006, mainly attributed to higher revenue from cellular, data, Internet and multimedia segments.

The increase in cellular revenue was mainly contributed by Celcom (Malaysia) Berhad and PT Excelcomindo Pratama Tbk arising from increased customers and usage.

Internet and multimedia revenue registered a growth of 22.9% from second quarter 2006 of RM219.2 million to second quarter 2007 of RM269.4 million consistent with the plan to revitalise fixed line business due to continued growth of broadband customers to 1.07 million.

Group profit after tax and minority interests (PATAMI) increased by 54.6% to RM701.0 million as compared to RM453.5 million recorded in the second quarter 2006 mainly ascribed to higher operating revenue and other operating income. The increase in other operating income was primarily due to the gain on placement of 3.82% shares in Dialog Telekom PLC (formerly known as Dialog Telekom Limited) (Dialog) of RM194.2 million as part of efforts to improve liquidity of Dialog shares in the Colombo Stock Exchange.

(b) Year-on-Year

For the first half of the financial year under review, Group revenue increased by 9.5% (RM736.1 million) to RM8,500.0 million, driven primarily by the cellular, data, Internet and multimedia services. Group PATAMI increased by 29.8% (RM297.6 million) to RM1,296.7 million mainly due to better financial performance of Malaysia Business and Celcom and higher other operating income as explained above.

The strengthening of Ringgit Malaysia vs. Indonesian Rupiah, Sri Lanka Rupee and Bangladesh Taka in the first half 2007 has resulted in lower revenue on translation from international business by approximately RM83.3 million and RM149.3 million in second quarter and year to date 2007 respectively.

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

1. Review of Performance (continued)

(c) Economic Profit Statement

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter **30/6/2007** **RM Million**	Preceding Year Corresponding Quarter 30/6/2006 RM Million	Current Year To Date **30/6/2007** **RM Million**	Preceding Year Corresponding Period 30/6/2006 RM Million
EBIT*	**1,043.1**	754.3	**2,013.2**	1,714.5
Adjusted Tax	281.6	211.2	543.6	480.1
NOPLAT**	**761.5**	543.1	**1,469.6**	1,234.4
AIC***	5,538.0	5,209.6	11,076.0	10,419.3
WACC****	8.55%	9.35%	8.54%	9.39%
ECONOMIC CHARGE	**473.5**	487.1	**945.9**	978.4
ECONOMIC PROFIT	**288.0**	56.0	**523.7**	256.0

* EBIT = Earnings before Interest & Taxes
** NOPLAT = Net Operating Profit/Loss after Tax
*** AIC = Average Invested Capital
**** WACC = Weighted Average Cost of Capital

Economic Profit (EP) is a yardstick to measure shareholder value as it provides a more accurate picture of underlying economic performance of TM Group vis-à-vis its financial accounting reports, i.e. it explains how much return a business generates over its cost of capital. This can be measured from the difference of NOPLAT and Economic Charge.

TM's second quarter 2007 EP has marked a significant increase by RM232.0 million quarter-on-quarter to RM288.0 million (414.3%) when compared to second quarter 2006 EP of RM56.0 million. As for the cumulative period, TM's current year to date EP of RM523.7 million is also showing a remarkable improvement of RM267.7 million (104.6%) when compared to the preceding year corresponding period of RM256.0 million.

The factors contributing to the higher EP in the current quarter and year to date are mainly higher NOPLAT arising from higher revenue and lower Economic Charge due to lower WACC as a result of reduced borrowings and favourable exchange rate.

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

2. Comparison with Preceding Quarter's Results

Group revenue for the current quarter of RM4,318.8 million increased by 3.3% (RM137.6 million) from RM4,181.2 million recorded in the preceding quarter, mainly due to increase in fixed line and Internet and multimedia services.

The increase in fixed line services was resulted from higher international settlements as well as more attractive packages and promotions offered to customers in the period under review.

Group PATAMI of RM701.0 million was 17.7% higher than RM595.7 million recorded in the preceding quarter, primarily due to gain on placement of 3.82% Dialog shares as mentioned above, net off foreign exchange loss whereas the preceding quarter included gain on foreign exchange, gain on disposal of Wisma TM and provision for assets write-off.

3. Prospects for the Current Financial Year

The implementation of the Performance Improvement Programme (PIP) since the second half 2006 has strengthened the fixed line business and has mitigated the declining trend from -9% year-on-year in the first half 2006 to +3% year-on-year in the first half 2007. TM will continue to offer more attractive packages and promotions to boost the revenue from these services. In addition, TM will increase performance initiatives to further improve broadband quality and reduce churn in order to maintain its leading position in the domestic broadband market.

On the domestic mobile sector, Celcom continues to register encouraging results since the beginning of the year as a result of positive brand repositioning, aggressive promotional activities and segmental marketing. It is also anticipated that Celcom will continue to maintain or improve its revenue market share.

On the international front, the performance of TM's major subsidiaries in the first half was challenged by the entry of new players and unpredictability of the political and regulatory environment in some of these markets. The overall performance was also affected by the depreciation of the local currencies against Ringgit Malaysia. The management has embarked on PIP initiatives to address these challenges and expect our international operations to improve in the second half of the year.

Based on the current progress, and barring any unforeseen circumstances, the Board of Directors is of the view that the Group is on track to achieve the main headline KPIs of Earnings Before Interest, Tax and Depreciation (EBITDA) Margin and Return on Equity (ROE). However the Revenue KPI will remain challenged due to the continued increase in competition, unstable political and regulatory environment and foreign currency translation losses from the stronger Ringgit in the overseas markets.

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

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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 30 June 2007.

5. Taxation

The taxation charge for the Group comprises:

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30/6/2007	30/6/2006	**30/6/2007**	30/6/2006
	RM Million	RM Million	RM Million	RM Million
<u>Malaysia</u>				
Income Tax:				
Current year	**30.5**	82.6	**262.4**	206.0
Prior year	**(7.0)**	(0.4)	**(50.4)**	3.0
Deferred tax (net):				
Current year	**129.2**	55.4	**79.5**	64.0
Prior year	**(53.9)**	-	**(53.9)**	-
	98.8	137.6	**237.6**	273.0
<u>Overseas</u>				
Income Tax:				
Current year	**8.7**	5.8	**20.3**	15.1
Prior year	-	-	**(2.4)**	(0.3)
Deferred tax (net):				
Current year	**55.5**	64.1	**110.6**	128.8
	64.2	69.9	**128.5**	143.6
TOTAL TAXATION	**163.0**	207.5	**366.1**	416.6

The current quarter effective tax rate of the Group was lower than the statutory rate mainly attributed to profits registered by subsidiaries with tax exemption status and gain on disposal of subsidiaries which was not subjected to tax.

The financial period to date effective tax rate of the Group was slightly higher than the statutory rate mainly attributed to the effect of higher tax rate of foreign subsidiaries and non-deductibility of certain expenses.

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

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

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

7. Purchase and Disposal of Quoted Securities

I. Quoted Shares

(a) Total purchases and disposals of quoted securities for the current quarter and financial period ended 30 June 2007 are as follows:

	Current quarter RM Million	Period to date RM Million
Total purchases	34.6	61.5
Total disposals	33.4	82.4
Total profit on disposal	3.0	8.8

(b) Total investments in quoted securities as at 30 June 2007 are as follows:

	RM Million
At cost	179.5
At book value	151.0
At market value	151.0

II. Quoted Fixed Income Securities

(a) Total purchases and disposals of quoted fixed income securities for the current quarter and financial period ended 30 June 2007 are as follows:

	Current quarter RM Million	Period to date RM Million
Total purchases	23.8	39.7
Total disposals	19.3	30.2
Total profit on disposal	0.3	0.3

(b) Total investments in quoted fixed income securities as at 30 June 2007 are as follows:

	RM Million
At cost	205.5
At book value	203.5
At market value	203.5

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

8. Status of Corporate Proposals

(a) Proposed Listing of Spice Communications Limited

On 28 February 2007, TM announced that its jointly controlled entity in India, Spice Communications Limited (Spice), has kick-started a proposed listing on the Indian bourse with the filing of a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) on 19 February 2007. The DRHP outlines the intention to raise funds through an Initial Public Offering (IPO) of 137,985,000 equity shares representing 20% of the post-issued paid-up share capital through a full book building process. The company received final approval for the IPO on 19 June 2007.

Following thereto, the offering period was set between 25 to 27 June 2007 with a Public Issue of 113,111,111 equity shares of Indian Rupee (INR) 10 each through a 100% Book Building Process. The price band for the issue was fixed between INR41 and INR46 per equity share. The IPO was oversubscribed by 37.5 times on the closing date of 27 June 2007 and the IPO committee fixed the IPO price at INR46 per share.

On 5 June 2007, Spice concluded a Pre-IPO placement of 24,873,889 shares at INR45 per share. On completion of the Pre-IPO placement, TM's equity interest in Spice has been reduced from 49% to 46.89% as at the end of the second quarter.

Spice commenced trading on the Bombay Stock Exchange (BSE) on 19 July 2007 with a debut price of INR55.75 per share.

TM initially had a 49% stake in Spice through TMI India Limited, a wholly owned subsidiary of TM's international investment holding company, TM International Sdn Bhd. The remaining 51% stake in Spice is held by Modi Wellvest Private Limited (MWPL), a promoter of Spice. On completion of the IPO, the shareholding of both MWPL and TM has been diluted to 40.8% and 39.2% respectively.

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

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

(i) 1. Class C Non-Convertible Redeemable Preference Shares (NCRPS) consisting of up to 2,000 Class C NCRPS; which are linked to

2. Sukuk Ijarah Class A of nominal value up to RM1,998,000,000.00; and

(ii) 1. Class D NCRPS consisting of up to 1,000 Class D NCRPS; which are linked to

2. Sukuk Ijarah Class B of nominal value up to RM999,000,000.00,

(collectively, the "Proposed Transaction").

8. Status of Corporate Proposals (continued)

The Islamic Stapled Income Securities would be issued to the existing holders of the Tekad Mercu bonds (defined below) under an offer to these existing holders to exchange their holdings for the Islamic Stapled Income Securites (Exchange Offer).

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

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

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

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

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

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

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

On 8 May 2007, TM announced that the shareholders at an Extraordinary General Meeting held on 8 May 2007 have duly approved the relevant resolutions, subject to inter alia, approval from the Securities Commission (SC), to enable the implementation of the Proposed Transaction.

On 15 May 2007, TM announced that the proposed Islamic Stapled Income Securities has been submitted to the SC for approval.

The Proposed Transaction has received all necessary approvals including from the SC. As announced on 8 June 2007, SC approved the Proposed Transaction on 7 June 2007.

8. Status of Corporate Proposals (continued)

As announced on 6 July 2007 pursuant to a press statement released by TM, the Exchange Offer has been completed with holders of RM2,925 million of the Tekad Mercu bonds accepting the offer to subscribe for the Islamic Stapled Income Securities in exchange for their holdings in the Tekad Mercu bonds. The remaining RM75 million Tekad Mercu bonds have been purchased by TM and will be cancelled.

With the completion of the Exchange Offer and the purchase of Tekad Mercu Bonds, TM will cancel the Existing Stapled Securities accordingly.

On 20 July 2007, the RM2,925 million Islamic Stapled Income Securities was issued to the subscribers.

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

(c) Dialog Telekom PLC (formerly known as Dialog Telekom Limited) (Dialog): Rights Issue and Rated Cumulative Redeemable Preference Shares Issue

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

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

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

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

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

The proposals were tabled and approved in the Extraordinary General Meeting (EGM) of Dialog on 21 May 2007.

Pursuant to the resolutions passed, 740,343,492 ordinary shares in the form of rights issue were alloted to Dialog's existing shareholders. It was subscribed for by over 100%, thereby making the issue the largest ever equity raising exercise executed in Sri Lanka capital market. The exercise was completed on 27 June 2007, being the final date shares were deposited into subscribers‘ securities account with the Central Depository Systems (Pvt.) Limited.

8. Status of Corporate Proposals (continued)

In tandem with the above, the authorised share capital of Dialog was increased from SLR10 billion divided into 10 billion shares of SLR1 per share to SLR25 billion divided into 25 billion shares of SLR1 each. Memorandum of Association of Dialog has been amended to facilitate increment in authorised share capital.

(d) Proposed Islamic Sale & Leaseback Transaction of up to RM1,100 million

On 25 May 2007, TM announced a proposed Islamic Sale and Leaseback transaction (Proposed Transaction) involving the issuance of up to RM1,100 million Islamic Trust Certificates (Sukuk) by a special purpose vehicle.

The Proposed Transaction involves the sale of four (4) of its property assets (Properties) at a total value of up to RM1,100 million to Menara ABS Berhad, a special purpose vehicle with the objective of implementing the transaction. The Properties identified are known as Menara TM, Menara Celcom, Cyberjaya Complex and Wisma TM Taman Desa. Subsequent to the sale, the Properties will then be leased back to TM on a portfolio basis, under the Ijarah principle, for a lease term of up to fifteen (15) years.

The Proposed Transaction will involve a true sale transaction with respect to the Properties and an operating lease treatment with respect to the lease arrangement while allowing TM and its group of companies (TM Group) uninterrupted occupation of its existing premises.

The Proposed Transaction, which will be implemented under the Securities Commission’s Guidelines on the Offering of Asset-Backed Securities read together with the Guidelines on the Offering of Islamic Securities, will facilitate the issuance of three (3) different classes of Sukuk in tranches by Menara ABS Berhad. The funds to be raised from the issuance of such Sukuk shall be utilised by Menara ABS Berhad to pay TM for the purchase of the Properties.

The Proposed Transaction will facilitate TM’s implementation of its strategy to monetise its non-core assets with a view to further improving operating financial ratios while focusing on its core business of providing telecommunication services.

The Proposed Transaction is subject to the approval of the Securities Commission (SC) pursuant to the Guidelines on the Offering of Asset-Backed Securities and Guidelines on the Offering of Islamic Securities for the Proposed Issuance of Sukuk. The Proposal is expected to complete within six (6) months from the date of the Securities Commission's approval for the Proposed Transaction. In this respect, submission has been made to the Securities Commission.

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

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

9. Group Borrowings and Debt Securities

(a) Breakdown of Group borrowings and debt securities as at 30 June were as follows:

	2007		2006	
	Short Term Borrowings RM Million	**Long Term Borrowings RM Million**	**Short Term Borrowings RM Million**	**Long Term Borrowings RM Million**
Secured	432.2	660.7	632.0	744.3
Unsecured	718.8	9,986.6	883.3	9,770.6
Total	**1,151.0**	**10,647.3**	**1,515.3**	**10,514.9**

(b) Foreign currency borrowings and debt securities in Ringgit Malaysia equivalent as at 30 June were as follows:

	2007	**2006**
Foreign Currency	**RM Million**	**RM Million**
US Dollar	6,927.2	7,347.1
Indonesian Rupiah	570.1	-
Bangladesh Taka	333.6	150.6
Sri Lanka Rupee	167.7	209.1
Pakistani Rupee	68.5	0.7
Euro	4.7	5.6
Canadian Dollars	4.4	4.9
Pound Sterling	0.5	0.6
Total	**8,076.7**	**7,718.6**

10. Off Balance Sheet Financial Instruments

The details and the financial effects of the hedging derivatives that the Group has entered into are described in note 17 to the audited financial statements of the Group for the year ended 31 December 2006. There were no new off balance sheet financial instruments since the last financial year except for the following:

(a) Interest Rate Swap (IRS)

Underlying Liability

SGD540 million Syndicated Term Loan Facility

On 27 April 2006, SunShare Investments Ltd (SunShare), a jointly controlled entity incorporated in the Federal Territory of Labuan, converted the full amount of SGD540 million bridge loan from a financial institution into a syndicated term loan facility, carrying a floating interest rate of 6-month Swap Offer Rate (SOR) plus 0.25% per annum.

10. Off Balance Sheet Financial Instruments (continued)

Hedging Instrument

On 14 March 2007, SunShare entered into an IRS agreement with a notional principal of SGD50 million that entitles it to receive a floating interest rate of 6-month SOR plus 0.25% per annum with a cap of 4.50%, and obliges to pay fixed interest rate of 3.27% per annum. The swap will mature on 27 October 2010.

Subsequently, on 5 April 2007, SunShare entered into another IRS agreement with a notional principal of SGD100 million that entitles it to receive a floating interest rate of 6-month SOR plus 0.25% per annum, and obliges to pay fixed interest rate of 3.30% per annum. The swap will mature on 27 October 2010.

(b) Cross-Currency Swap (CCS)

Underlying Liability

USD350 million 8.0% Bond due in 2009

Hedging Instrument

During the current period to date, PT Excelcomindo Pratama Tbk (Excelcomindo), a subsidiary of the Group, entered into forward foreign currency contracts to hedge the USD Bond payment, which will mature in 2009.

The details of forward foreign currency contracts are as follow:

Type of contracts	Notional amount (in USD Million)	Strike rate (full amount)	Maturity
Deliverable	87.5	USD 1= IDR9,000	23 January 2009
Non Deliverable	87.5	USD 1= IDR9,000	23 January 2009
Total	175.0		

The premium on the forward foreign currency contracts will be paid semi-annually.

On the deliverable contract; Excelcomindo would swap, at the final exchange date (termination date) in 2009, a total of IDR787.5 million for USD87.5 million.

On the non-deliverable contract; Excelcomindo would swap, at the final exchange date (termination date) in 2009:

- If settlement rate at expire time is less than IDR9,000, Excelcomindo would pay the banks USD87.5 million x (IDR. 9,000 – settlement rate)
- If settlement rate at expire time is more than IDR9,000, the banks would pay Excelcomindo USD 87.5 million x (settlement rate - IDR9,000)
- If settlements rate at expire time is equal to IDR9,000, no exchange payments between the banks and Excelcomindo.

9. Off Balance Sheet Financial Instruments (continued)

(c) Cross-Currency Swap (CCS)

Underlying Liability

USD 250 million 7.125% Bond due in 2013

Hedging Instrument

During the current period to date, Excelcomindo entered into forward foreign currency contracts to hedge the USD Bond payment, which will mature in 2013.

The details of forward foreign currency contracts are as follow:

Type of contracts	Notional amount (in USD Million)	Strike rate (full amount)	Maturity
Deliverable	87.5	USD 1= IDR9,000	16 January 2013
Non Deliverable	37.5	USD 1= IDR9,000	16 January 2013
Total	125.0		

The premium on the forward foreign currency contracts will be paid semi-annually.

On the deliverable contract, Excelcomindo would swap, at the final exchange date (termination date) in 2013, a total of IDR787.5 million for USD87.5 million.

On the non-deliverable contract; Excelcomindo would swap, at the final exchange date (termination date) in 2013:

- If settlement rate at expire time is less than IDR9,000, Excelcomindo would pay the banks USD37.5 million x (IDR9,000 – settlement rate)
- If settlement rate at expire time is more than IDR9,000, the banks would pay ExcelcomindoUSD37.5 million x (IDR9,000 – settlement rate)
- If settlements rate at expire time is equal to IDR9,000, no exchange payments between the banks and Excelcomindo.

10. Off Balance Sheet Financial Instruments (continued)

(d) Cross-Currency Swap (CCS)

Underlying Liability

USD100 million Term Loan due in 2010

Hedging Instrument

On 18 April 2007, Excelcomindo entered into a CCS contract with a financial institution. Based on the contract commencing on 18 April 2007, Excelcomindo would swap, at the final exchange date (termination date) on 16 April 2010, a total of IDR90.88 million for USD10.0 million. Excelcomindo will make quarterly payment in IDR every 18 January, 18 April, 18 July and 18 October up to termination date, at the amount of USD10.0 million times fixed interest rate of 9.65% per annum with strike rate of IDR9,088 per USD, and will receive payment in USD amounted to USD10.0 million times floating rate of interest at quarterly intervals of SIBOR plus 1.05%.

(e) Cross-Currency Swap (CCS)

Underlying Liability

USD50 million Term Loan due in 2010

Hedging Instrument

On 23 April 2007, Excelcomindo entered into a CCS contract with a financial institution. Based on the contract commencing on 23 April 2007, Excelcomindo would swap, at the final exchange date (termination date) on 29 January 2010, a total of IDR225.0 million for USD25.0 million. Excelcomindo will make quarterly payment in IDR every 30 January, 30 April, 30 July and 30 October up to termination date, at the amount of USD25.0 million times fixed interest rate of 9.99% per annum with strike rate of IDR9,000 per USD, and will receive payment in USD amounted to USD25.0 million times floating rate of interest at quarterly intervals of LIBOR plus 0.95%.

On 10 May 2007, Excelcomindo entered into another CCS contract with a financial institution. Based on the contract commencing on 10 May 2007, Excelcomindo would swap, at the final exchange date (termination date) on 29 January 2010, a total of IDR112.5 million for USD12.5 million. Excelcomindo will make quarterly payment in IDR every 28 June, 28 September, 28 December and 28 March up to termination date, at the amount of USD12.5 million times fixed interest rate of 7.73% per annum with strike rate of IDR 9,000 per USD, and will receive payment in USD amounted to USD12.5 million times floating rate of interest at quarterly intervals of LIBOR plus 0.95%.

10. Off Balance Sheet Financial Instruments (continued)

(f) Cross-Currency Swap (CCS)

Underlying Liability

USD50 million Term Loan due in 2010

Hedging Instrument

On 26 April 2007, Excelcomindo entered into a CCS contract with a financial institution. Based on the contract commencing on 26 April 2007, Excelcomindo would swap, at the final exchange date (termination date) on 26 April 2010, a total of IDR135.0 million for USD15.0 million. Excelcomindo will make quarterly payment in IDR every 26 January, 26 April, 26 July and 26 October up to termination date, at the amount of USD 15.0 million times fixed interest rate of 9.825% per annum with strike rate of IDR9,000 per USD, and will receive payment in USD amounted to USD15.0 million times floating rate of interest at quarterly intervals of LIBOR plus 1%.

On 9 May 2007, Excelcomindo entered into another CCS contract with a financial institution. Based on the contract commencing on 9 May 2007, Excelcomindo would swap, at the final exchange date (termination date) on 26 April 2010, a total of IDR135.0 million for USD15.0 million. Excelcomindo will make quarterly payment in IDR every 26 January, 26 April, 26 July and 26 October up to termination date, at the amount of USD15.0 million times fixed interest rate of 8.20% per annum with strike rate of IDR9,000 per USD, and will receive payment in USD amounted to USD15.0 million times floating rate of interest at quarterly intervals of LIBOR plus 1%.

(g) Other foreign exchange transaction

Excelcomindo regularly purchases USD currency to meet monthly obligations by using Spot (two days settlement) or Tom (1 day settlement) transaction. In addition to this regular USD purchase, Excelcomindo entered into foreign currency forward contracts with two (2) financial institutions for the period of May 2007 until December 2007.

The strike rates of foreign exchange forwards entered into in 2007 are as follows:
- USD1 million per month at IDR8,999
- USD1 million per month at IDR8,995

The terms and condition for these contracts are as follows:

- If the spot rate is higher than IDR9,225, the contracts will cease to exist and no USD should be bought at the respective month.
- If the spot rate is between strike rate and IDR9,225, Excelcomindo will buy USD1 million at the strike rate at the respective month.
- If the spot rate is below the strike rate, Excelcomindo is obliged to buy USD2 million at the strike rate at the respective month.

10. Off Balance Sheet Financial Instruments (continued)

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

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

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

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

11. Material Litigation

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

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

The case management fixed on 11 June 2007 has been adjourned to 14 September 2007 based on Defendant's request for more time to review the voluminous documents.

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

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

The Court has fixed 26 September 2007 as the hearing date for the following applications by the parties:

(a) TM/TMIM's Notice of Motion to commit the directors of BGM and BGO to prison;
(b) The said directors' application to cross-examine TM/TMIM's personnel who signs the affidavit in support of the Notice of Motion;
(c) Case Management.

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

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

11. Material Litigation (continued)

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

The Arbitrator has yet to fix hearing dates for the continued arbitration proceedings on the above.

The Directors, based on legal advice, are of the view that TM has a good chance of defending its claim and that the quantum of damages claimed by KPT is grossly inflated. In addition thereto, TM has a reasonable chance of success in its counterclaim against KPT. However, the amount which is recoverable from KPT is currently uncertain.

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

On 6 March 2006, the Court has fixed 10 to 12 December 2007 as the trial date of this matter. The Court has also directed the parties to file the necessary cause papers before the said hearing dates.

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

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

On 18 May 2006, the Registrar dismissed Rego, TRI and the directors striking out applications. On 29 May 2006, Rego, TRI and the directors filed their respective appeals against the Registrar's decision on the striking out application to the Judge in Chambers (Appeals) and the Appeals for Rego, TRI and the directors were fixed for hearings on 12 July 2007, 27 July 2007 and 17 August 2007 respectively. However due to backlog of cases, the Appeals have been rescheduled to 27 July 2007, 17 August 2007 and 17 January 2008 respectively.

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

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

Upon hearing submissions from both parties and perusing the parties' respective written statements, on 22 March 2007, the Court dismissed Celcom's striking out application in the First Suit. Celcom has filed a notice of appeal to Judge in Chambers and the appeal is fixed for mention on 15 August 2007.

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

11. Material Litigation (continued)

The Court has fixed the First Suit for case management on 16 August 2007.

On the direction of the Court, Celcom filed an application to consolidate the First Suit with the Third Suit. On 11 December 2006, the Court allowed Celcom's application to consolidate and ordered that the Third Suit be transferred to the First Suit's Court. The Third Suit will be heard after the First Suit has been disposed off by the First Suit's Court. MCAT appealed against the said decision and filed an application for stay of proceeding. Upon hearing submission from the parties herein, on 16 May 2007 the Court dismissed MCAT's application for stay.

In respect of the Second Suit, MCAT's application for an interim injunctive relief was heard and dismissed with costs on 13 April 2006. MCAT filed an appeal to the Court of Appeal. On 30 August 2006 the appeal was dismissed with costs. Subsequently, MCAT filed a motion for leave to appeal which was also dismissed by the Federal Court on 16 April 2007. Celcom withdrew its application for security for costs in the Federal Court as it was rendered academic due to the said dismissal.

In the High Court, Celcom filed an application for security of costs seeking RM1.5 million as security. On 2 March 2007, the Court granted security of RM100,000 to be paid by MCAT within 30 days. On 22 March 2007, MCAT furnished a cheque in the sum of RM0.1 million for payment into High Court. Celcom filed an appeal to Judge in Chambers on quantum. On 13 June 2007, the Court allowed Celcom's appeal and ordered that the amount be increased to RM250,000. MCAT has until 30 July 2007 to pay the difference of RM150,000 into Court.

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

The matter commenced for full trial on 13 & 14 June 2007 and will continue on 30 & 31 July 2007 and 1 & 2 August 2007.

In the Court of Appeal, Celcom's bill of costs was fixed for hearing on 3 August 2007.

In the Third Suit, Celcom filed a striking out application and the Court has instructed the parties to file written submissions and fixed the same for decision/clarification on 27 July 2007.

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

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

11. Material Litigation (continued)

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

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

On 6 June 2007, the Court has postponed the hearing date of TM/TESB's application to strike out TSDTR's Amended Counterclaim to 19 July 2007 and 31 July 2007. The hearing proceeded on 19 July 2007 and will be continued on 31 July 2007.

Meanwhile, Celcom/TRI's application to strike out TSDTR's Amended Counterclaim has been fixed for hearing on 11 July 2007. The hearing of the application proceeded on 11 July 2007 and will be continued on 23 July 2007.

The hearing date of TSDTR's SIC to Re-Amend which was fixed on 6 June 2007 had been postponed to 5 September 2007.

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

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

A memorandum of appearance and a statement of defence was filed on 7 July 2006 and 21 July 2006 respectively on behalf of Celcom and Kamsani (Defendants). On 28 August 2006, the Defendants filed a striking out application. Upon hearing submissions from the parties, on 17 May 2007, the Court dismissed the striking out application. A notice of appeal to the Judge in Chambers was filed on 18 May 2007 and the Court fixed the hearing of the said appeal on 5 July 2007. The Court then instructed the parties to file written submissions and fixed the matter for decision/clarification on 13 September 2007.

DS has filed an application to amend its Writ of Summons and Statement of Claim and the said application is fixed for hearing on 24 September 2007.

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

11. Material Litigation (continued)

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

A memorandum of appearance and a statement of defence was filed on 7 July 2006 and 21 July 2006 respectively on behalf of Celcom and Kamsani (Defendants). On 28 August 2006, the Defendants filed a striking out application and on 22 February 2007, the Court dismissed the striking out application. Notice of appeal was filed on 27 February 2007 and the same was fixed for hearing on 15 May 2007. The Court then instructed the parties to file written submissions and fixed the same for decision on 16 August 2007.

AM has filed an application to amend its Writ of Summons and Statement of Claim and the said application is fixed for hearing on 31 July 2007.

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

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

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

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

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

On 28 April 2006, DeTeAsia served a sealed copy of its application to set aside the Originating Summons on the ground that the Court has no jurisdiction to determine the same. To enable parties to file their respective affidavits, the application is now fixed for mention on 14 September 2007.

Celcom filed an application to strike out the affidavit of Graham Dunning QC on the grounds that the same contains matter which is scandalous, irrelevant, inadmissible or otherwise oppressive. The application is fixed for hearing on 14 September 2007.

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

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

11. Material Litigation (continued)

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

(i) Winding-up Petition;

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

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

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

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

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

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

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

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

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

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

On 4 July 2007, the High Court has adjourned the above-mentioned matters for mention to 17 September 2007.

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

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

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

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

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

11. Material Litigation (continued)

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

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

The service of the Writ of Summons and Statement of Claim (Writ) has already been effected on all the Defendants except for Axel Hass. TSDTR and BR have entered appearance and have applied to set aside the Writ on the basis that the issues which are the subject of this action has been litigated and decided on its merits by reason of the Award. This application is fixed for mention on 28 September 2007.

LKY has also entered appearance. Celcom and TRI have filed an application to restrain his solicitors from acting for him on the grounds that the partner concerned rendered an advice to TM in relation to the agreements with DTAG/DeTeAsia during the acquisition of TRI and Celcom by TM. The application is fixed for mention on 28 September 2007.

DS, OTA, JG, FRB and JAB have entered conditional appearance and filed their respective application to set aside the issue and service of the Notice of Writ and Statement of Claim. Their applications have been fixed for mention on 28 September 2007.

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

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

12. Earnings Per Share (EPS)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter **30/6/2007**	Preceding year corresponding quarter 30/6/2006	Current year to date **30/6/2007**	Preceding year corresponding period 30/6/2006
(a) Basic earnings per share				
Profit attributable to equity holders of the Parent (RM million)	**701.0**	453.5	**1,296.7**	999.1
Weighted average number of ordinary shares (million)	**3,422.9**	3,393.5	**3,413.6**	3,392.7
Basic earnings per share (sen)	**20.5**	13.4	**38.0**	29.4
(b) Diluted earnings per share				
Profit attributable to equity holders of the Parent (RM million)	**701.0**	453.5	**1,296.7**	999.1
Weighted average number of ordinary shares (million)	**3,422.9**	3,393.5	**3,413.6**	3,392.7
Adjustment for ESOS (million)	**5.5**	7.2	**7.0**	7.9
Weighted average number of ordinary shares (million)	**3,428.4**	3,400.7	**3,420.6**	3,400.6
Diluted earnings per share (sen)	**20.4**	13.3	**37.9**	29.4

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

13. Dividend

The Board of Directors has declared an interim gross dividend of 26.0 sen per share less tax at 27% (2006: an interim gross dividend of 16.0 sen per share less tax at 28%) for the financial year ending 31 December 2007. The actual entitlement and payment date will be announced at a later date.

By Order of the Board

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

Kuala Lumpur
26 July 2007