TELEKOM MALAYSIA BERHAD (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad is pleased to announce the following unaudited results of the Group for the first quarter ended 31 March 2010.

UNAUDITED CONSOLIDATED INCOME STATEMENT

	1ST QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/3/2010	31/3/2009	31/3/2010	31/3/2009
	RM Million	RM Million	RM Million	RM Million
OPERATING REVENUE	**2,124.9**	2,105.4	**2,124.9**	2,105.4
OPERATING COSTS				
- depreciation, impairment and amortisation	**(456.8)**	(519.7)	**(456.8)**	(519.7)
- other operating costs	**(1,435.8)**	(1,319.5)	**(1,435.8)**	(1,319.5)
OTHER OPERATING INCOME (net)	**30.9**	28.2	**30.9**	28.2
OTHER (LOSS)/GAIN (net)	**(4.7)**	2.1	**(4.7)**	2.1
OPERATING PROFIT BEFORE FINANCE COST	**258.5**	296.5	**258.5**	296.5
FINANCE INCOME	**24.5**	81.0	**24.5**	81.0
FINANCE COST	**(96.8)**	(111.2)	**(96.8)**	(111.2)
FOREIGN EXCHANGE GAIN/(LOSS) ON BORROWINGS	**166.6**	(175.5)	**166.6**	(175.5)
NET FINANCE INCOME/(COST)	**94.3**	(205.7)	**94.3**	(205.7)
ASSOCIATES				
- share of results (net of tax)	**(0.2)**	0.5	**(0.2)**	0.5
PROFIT BEFORE TAXATION AND ZAKAT	**352.6**	91.3	**352.6**	91.3
TAXATION AND ZAKAT	**(101.7)**	(55.1)	**(101.7)**	(55.1)
PROFIT FOR THE FINANCIAL PERIOD	**250.9**	36.2	**250.9**	36.2
ATTRIBUTABLE TO:				
- equity holders of the Company	**242.9**	27.7	**242.9**	27.7
- minority interests	**8.0**	8.5	**8.0**	8.5
PROFIT FOR THE FINANCIAL PERIOD	**250.9**	36.2	**250.9**	36.2
EARNINGS PER SHARE (sen) (part B, note 12)				
- basic	**6.9**	0.8	**6.9**	0.8
- diluted	**6.8**	0.8	**6.8**	0.8

(The above Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

	1ST QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/3/2010	31/3/2009	31/3/2010	31/3/2009
	RM Million	RM Million	RM Million	RM Million
PROFIT FOR THE FINANCIAL PERIOD	**250.9**	36.2	**250.9**	36.2
OTHER COMPREHENSIVE INCOME:				
Increase/(decrease) in fair value of available-for-sale investments	**241.1**	(186.3)	**241.1**	(186.3)
Currency translation differences - subsidiaries	**4.1**	1.5	**4.1**	1.5
Other comprehensive income for the financial period, net of tax	**245.2**	(184.8)	**245.2**	(184.8)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	**496.1**	(148.6)	**496.1**	(148.6)
ATTRIBUTABLE TO:				
- equity holders of the Company	**488.1**	(157.1)	**488.1**	(157.1)
- minority interests	**8.0**	8.5	**8.0**	8.5
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD	**496.1**	(148.6)	**496.1**	(148.6)

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/3/2010	AS AT 31/12/2009 (AUDITED/ RESTATED)
	RM Million	**RM Million**
SHARE CAPITAL	3,548.9	3,543.5
SHARE PREMIUM	1,020.9	1,011.8
OTHER RESERVES	2,998.6	2,432.2
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7,568.4	6,987.5
MINORITY INTERESTS	150.5	142.5
TOTAL EQUITY	7,718.9	7,130.0
Borrowings	5,664.6	5,796.9
Deferred tax liabilities	1,666.4	1,588.7
Deferred income	1,180.3	985.9
Derivative financial liabilities	15.5	-
DEFERRED AND NON-CURRENT LIABILITIES	8,526.8	8,371.5
	16,245.7	**15,501.5**
Intangible assets	313.1	313.4
Property, plant and equipment	12,215.4	12,404.3
Land held for property development	152.2	163.7
Associates	0.4	0.6
Available-for-sale investments	972.4	608.2
Other investments	-	152.8
Available-for-sale receivables	32.9	-
Other long term receivables	99.4	108.9
Deferred tax assets	11.0	10.6
Derivative financial assets	7.8	-
NON-CURRENT ASSETS	13,804.6	13,762.5
Inventories	147.9	110.6
Trade and other receivables	2,388.5	2,284.0
Available-for-sale investments	344.1	-
Financial assets at fair value through profit or loss	28.0	-
Short term investments	-	294.7
Cash and bank balances	3,895.6	3,490.7
CURRENT ASSETS	6,804.1	6,180.0
Trade and other payables	2,883.2	2,934.6
Customer deposits	577.3	575.7
Borrowings	883.4	916.6
Taxation and zakat	18.9	14.1
Derivative financial liabilities	0.2	-
CURRENT LIABILITIES	4,363.0	4,441.0
NET CURRENT ASSETS	2,441.1	1,739.0
	16,245.7	**15,501.5**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	213.3	197.2

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

	Attributable to equity holders of the Company								
	Share Capital RM Million	**Share Premium RM Million**	**Currency Translation Differences RM Million**	**ESOS Reserve RM Million**	**Fair Value Reserve RM Million**	**Capital Redemption Reserve RM Million**	**Retained Profits RM Million**	**Minority Interests RM Million**	**Total Equity RM Million**
At 1 January 2010									
As previously stated	3,543.5	1,011.8	(1.0)	19.7	155.5	35.8	2,222.2	142.5	7,130.0
Adjustments on application of FRS 139 (part A, note 13)	-	-	-	-	100.4	-	(18.0)	-	82.4
At 1 January 2010, as restated	3,543.5	1,011.8	(1.0)	19.7	255.9	35.8	2,204.2	142.5	7,212.4
Profit for the financial period	-	-	-	-	-	-	242.9	8.0	250.9
Other comprehensive income for the financial period, net of tax	-	-	4.1	-	241.1	-	-	-	245.2
Total recognised income for the financial period	-	-	4.1	-	241.1	-	242.9	8.0	496.1
Employees' share option scheme (ESOS)									
- shares issued upon exercise of options (part A, note 5)	5.4	5.0	-	-	-	-	-	-	10.4
- transfer of reserve upon exercise of options	-	4.1	-	(4.1)	-	-	-	-	-
At 31 March 2010	**3,548.9**	**1,020.9**	**3.1**	**15.6**	**497.0**	**35.8**	**2,447.1**	**150.5**	**7,718.9**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

	Attributable to equity holders of the Company							
	Share Capital RM Million	Share Premium RM Million	Currency Translation Differences RM Million	ESOS Reserve RM Million	Fair Value Reserve RM Million	Retained Profits RM Million	Minority Interests RM Million	Total Equity RM Million
At 1 January 2009	3,456.0	4,305.4	(10.4)	82.9	111.0	2,303.2	226.5	10,474.6
Profit for the financial period	-	-	-	-	-	27.7	8.5	36.2
Other comprehensive income/(loss) for the financial period, net of tax	-	-	1.5	-	(186.3)	-	-	(184.8)
Total recognised income/(expense) for the financial period	-	-	1.5	-	(186.3)	27.7	8.5	(148.6)
Acquisition of remaining equity interest in a subsidiary	-	-	-	-	-	-	(103.9)	(103.9)
Employees' share option scheme (ESOS)								
- options granted	-	-	-	6.6	-	-	-	6.6
- shares issued upon exercise of options	29.8	50.9	-	-	-	-	-	80.7
- transfer of reserve upon exercise of options	-	24.5	-	(24.5)	-	-	-	-
At 31 March 2009	**3,485.8**	**4,380.8**	**(8.9)**	**65.0**	**(75.3)**	**2,330.9**	**131.1**	**10,309.4**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2010

	FINANCIAL PERIOD	
	ENDED 31/3/2010 RM Million	**ENDED 31/3/2009 RM Million**
Receipts from customers	1,901.3	1,974.6
Payments to suppliers and employees	(1,290.2)	(1,356.5)
Payment of finance cost	(82.2)	(87.1)
Refund of income taxes (net)	52.2	29.8
Payment of zakat	(4.0)	-
CASH FLOWS FROM OPERATING ACTIVITIES	**577.1**	**560.8**
Contribution for purchase of property, plant and equipment	207.6	110.2
Disposal of property, plant and equipment	0.2	0.1
Purchase of property, plant and equipment	(475.4)	(504.0)
Repayment from Axiata Group Berhad	-	2,000.0
Disposal of available-for-sale investments/short term investments	51.8	21.6
Purchase of available-for-sale investments/short term investments	(39.4)	(20.4)
Disposal of financial assets at fair value through profit or loss/short term investments	50.9	11.1
Purchase of financial assets at fair value through profit or loss/short term investments	(5.8)	(3.4)
Acquisition of remaining interest in a subsidiary	-	(412.3)
Repayments of loans by employees	7.1	20.8
Loans to employees	(3.3)	(9.2)
Interests received	23.9	21.5
Dividends received	0.2	0.5
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES	**(182.2)**	**1,236.5**
Issue of share capital	10.4	80.7
Proceeds from borrowings	-	159.0
Repayments of borrowings	(2.9)	(161.8)
CASH FLOWS FROM FINANCING ACTIVITIES	**7.5**	**77.9**
NET INCREASE IN CASH AND CASH EQUIVALENTS	402.4	1,875.2
EFFECT OF EXCHANGE RATE CHANGES	2.6	(1.6)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	3,490.1	2,094.7
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	**3,895.1**	**3,968.3**

(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134

1. Basis of Preparation

The unaudited interim financial statements for the first quarter ended 31 March 2010 of the Group have been prepared in accordance with Financial Reporting Standards (FRS) 134 "Interim Financial Reporting", paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2009. 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 2009 audited financial statements except for the changes arising from the adoption of the new and revised FRSs issued by Malaysian Accounting Standards Board (MASB) that are effective for the Group's financial year beginning on 1 January 2010.

(I) New and revised FRSs issued by the MASB that are effective for the Group's financial year beginning on 1 January 2010

The new and revised standards, amendments to published standards and IC Interpretations that have been issued by the MASB that are effective for the Group's financial year beginning on 1 January 2010, being considered in this announcement are as follows:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101 (revised)	Presentation of Financial Statements
FRS 123 (revised)	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Shares Transactions
IC Interpretation 13	Customer Loyalty Programmes
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations

Amendments to FRS 132 Financial Instruments: Presentation and FRS 101 (revised) Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134

1. Basis of Preparation (continued)

The following amendments are part of the MASB's improvement projects:

FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipments
FRS 117	Leases
FRS 118	Revenue
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Investment Property

The adoption of the above FRSs and ICs do not have any significant impact to the Group or the Group's significant accounting policies except as discussed below:

- The adoption of FRS 7 and Amendments to FRS 132 does not impact the financial results of the Group as the changes introduced are on presentation and disclosures.

- The Group has been reporting its segment information based on customer segments, which is also the basis of presenting its monthly internal management reports. Under FRS 8 "Operating Segments", operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Accordingly, the adoption of FRS 8 has not resulted in any changes to the reportable segments presented by the Group. The basis of measurement of segment results and segment assets are also unaffected as the Group has been using the same basis of measurement for its internal and external reporting.

- The revised FRS 101 requires all non-owner changes in equity to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in two statements.

1. Basis of Preparation (continued)

- The improvement to FRS 117 "Leases" clarifies that the default classification of land elements in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117. The Group has reassessed and determined that all leasehold land are in substance finance leases and has reclassified these leasehold land to property, plant and equipment as disclosed in part A, note 13 (note A13). The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment. The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

- FRS 123 "Borrowing Costs" which replaces FRS 123_{2004} Borrowing Costs, requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs is removed. The adoption of the revised FRS 123 has not resulted in any changes to the Group's policy where borrowing cost incurred in connection with financing the construction and installation of property, plant and equipment is capitalised until the property, plant and equipment are ready for their intended use and all other borrowing costs are charged to the income statement.

- The changes in accounting policies arising from the adoption of FRS 139 and the principle effects are disclosed in note A13.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All new and revised FRSs adopted by the Group require retrospective application except for FRS 139 where its transitional provisions only require the recognition and re-measurement of all financial assets and financial liabilities as at 1 January 2010 as appropriate. The adjustments related to the previous carrying amounts are made to the opening retained earnings and available-for-sale reserves as appropriate. Comparatives are not restated.

A summary of the new accounting policies and impact of new accounting standards and amendments to the published standards and IC Interpretations to existing standards on the financial statements of the Group is set out in note A13.

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134

1. Basis of Preparation (continued)

(II) Standards, amendments to published standards and IC Interpretations that are not yet effective and have not been early adopted

The revised standards, amendments to published standards and IC Interpretations that have been issued by the MASB and are applicable to the Group, which the Group has not early adopted, are as follows:

FRS 3 (revised)	Business Combinations
FRS 127 (revised)	Consolidated and Separate Financial Statements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-cash Assets to Owners

The following amendments are part of the MASB's improvement projects:

FRS 2	Share-based Payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 138	Intangible Assets
Interpretation 9	Reassessment of Embedded Derivatives

The adoption of the above standards, amendments to published standards and IC Interpretations are not expected to have a material impact on the Group.

(III) Standards, amendments to published standards and IC Interpretations that are effective for the financial year beginning on 1 January 2010 but not relevant for the Group's operations

FRS 4 Insurance Contracts
Amendments to FRS 1 First Time Adoption of Financial Reporting Standards and FRS 127 Consolidated Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Improvement to FRS 119 Employee Benefits
Improvement to FRS 120 Accounting for Government Grants
Improvement to FRS 129 Financial Reporting in Hyperinflationary Economies.
Improvement to FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures
IC Interpretation 14 FRS 119- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i-3 Presentation of Financial Statements of Islamic Financial Institutions
SOP *i*-1 Financial Reporting from an Islamic Perspective

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134

1. Basis of Preparation (continued)

(IV) Standards, amendments to published standards and IC Interpretations that are effective for the Group's financial year beginning on 1 January 2011 but not relevant for the Group's operations

FRS 1 (revised)	First-time Adoption of Financial Reporting Standards
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for Construction of Real Estate

2. Seasonal or Cyclical Factors

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

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

There were no 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 2010 other than as mentioned elsewhere in the unaudited interim financial statements.

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

The issued and paid-up capital of the Company increased by 5.4 million ordinary shares from 3,543.5 million to 3,548.9 million ordinary shares of RM1.00 each as a result of employees exercising their options under the Special ESOS at the respective exercise price of RM1.91, RM2.22 and RM2.91 per share.

Save for the above, there were no other issuance, cancellations, repurchases, resale and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial period ended 31 March 2010.

6. Dividends Paid

No dividends have been paid during the financial period ended 31 March 2010.

7. Segmental Information

Segmental information for the financial period ended 31 March 2010 and 31 March 2009 are as follows:

By Business Segment

All amounts are in RM Million	**Retail Business**				**Total Retail Business**	**Wholesale Business**	**Global Business**	**Shared Services /Others**	**Total**
	Consumer	**SME**	**Enterprise**	**Government**					
2010									
Operating Revenue									
Total operating revenue	569.5	436.9	402.3	320.4	1,729.1	275.7	264.2	983.5	3,252.5
Inter-segment @	(8.0)	-	(55.8)	-	(63.8)	(86.0)	(62.5)	(915.3)	(1,127.6)
External operating revenue					1,665.3	189.7	201.7	68.2	2,124.9
Results									
Segment result	10.6	95.2	72.7	79.2	257.7	49.7	42.7	(15.6)	334.5
Unallocated income #									(0.1)
Unallocated costs ^									(75.9)
Operating profit before finance cost									258.5
Finance income									24.5
Finance cost									(96.8)
Foreign exchange gain on borrowings									166.6
Associates									
- share of results (net of tax)									(0.2)
Profit before taxation and zakat									352.6
Taxation and zakat									(101.7)
Profit for the financial period									250.9

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134

7. Segmental Information (continued)

All amounts are in RM Million	Retail Business				Total Retail Business	Wholesale Business	Global Business	Shared Services /Others	Total
	Consumer	SME	Enterprise	Government					
2009									
Operating Revenue									
Total operating revenue	*	*	*	*	1,628.0	288.2	277.0	1,095.9	3,289.1
Inter-segment @					(7.0)	(87.4)	(60.6)	(1,028.7)	(1,183.7)
External operating revenue					1,621.0	200.8	216.4	67.2	2,105.4
Results									
Segment result	*	*	*	*	240.6	40.8	70.2	(10.2)	341.4
Unallocated income #									1.7
Unallocated costs ^									(46.6)
Operating profit before finance cost									296.5
Finance income									81.0
Finance cost									(111.2)
Foreign exchange loss on borrowings									(175.5)
Associates									
- share of results (net of tax)									0.5
Profit before taxation and zakat									91.3
Taxation and zakat									(55.1)
Profit for the financial period									36.2

7. Segmental Information (continued)

* The breakdown of segment results by Consumer, SME, Enterprise and Government for the comparative period was not available as the realignment of Retail Business into these 4 sub-segments was only implemented in second quarter 2009.

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

Unallocated income comprises other operating income such as dividend income and other gains which has not been allocated to a particular business segment.

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

8. Valuation of Property, Plant and Equipment

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

9. Material Events Subsequent to the End of the Quarter

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

10. Effects of Changes in the Composition of the Group

There is no change in the composition of the Group for the current quarter and financial period ended 31 March 2010.

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

Other than material litigations disclosed in part B, note 11 of this announcement, there were no other material changes in contingent liabilities since the latest audited financial statements of the Group for the financial year ended 31 December 2009.

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134

12. Commitments

Capital Commitments

	Group	
	31/3/2010	31/3/2009
	RM Million	RM Million
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	**5,392.7**	2,641.1
Commitments in respect of expenditure approved but not contracted for (note (i))	**6,605.8**	9,346.5

(i) Includes expenditure approved but not contracted for in relation to High Speed Broadband (HSBB) project. The project involves the deployment of access, domestic core and international networks to deliver an end-to-end HSBB infrastructure covering 1.3 million premises nationwide by 2012.

13. Changes in Accounting Policies

The following describes the impact of the new accounting standards, amendments to the published standards and IC Interpretations adopted by the Group for financial year beginning on 1 January 2010 as listed in part A, note 1(I).

(I) Adoption of new accounting policies and changes in accounting policies

Financial Instruments (FRS 139 "Financial Instruments: Recognition and Measurement")

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. Management determines the classification of its financial assets at initial recognition based on the nature of the asset and the purpose for which the asset was acquired. Set out below are the changes in classifications and the recognition and measurement for the respective category of financial assets:

(i) Available-for-sale financial assets

Fixed income securities (within current assets), certain non-current equity investments and convertible education loans within long term receivables, previously measured at cost and subject to impairment, are now classified as available-for-sale investments and available-for-sale receivables respectively. These are initially measured at fair value plus transaction costs and subsequently, at fair value.

Changes in the fair values of available-for-sale investments are recognised in other comprehensive income. Whereas, changes in the fair value of available-for-sale receivables classified as non-current assets can be analysed by way of changes arising from conversion of the receivables to scholarship and other fair value changes. Changes arising from the conversion are recognised in the income statement, whereas, other fair value changes are recognised in the statement of comprehensive income. Interests on available-for-sale receivables calculated using the effective interest method are recognised in the income statement.

A significant or prolonged decline in the fair value of the financial asset below its cost is considered as an indicator that the asset is impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the cumulative fair value, less any impairment loss previously recognised in income statement, is reversed from equity and recognised in income statement. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income statement, the impairment loss is reversed through income statement. Impairment losses recognised in income statement on equity instruments classified as available-for-sale are reversed through other comprehensive income and not through income statement.

13. Changes in Accounting Policies (continued)

When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in income statement.

(ii) Loans and receivables

Other long term receivables, previously carried at net realisable value are now classified as loans and receivables and measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method. When loans and receivables are impaired, the carrying amount of the asset is reduced and the amount of the loss is recognised in income statement. Impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset’s original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in income statement.

(iii) Fair value through profit or loss

(a) Quoted equity securities

Quoted equity securities (within current assets), previously carried at the lower of cost and market value, determined on an aggregate portfolio basis, are now classified as financial assets at fair value through profit or loss, where changes in fair value are recognised in income statement at each reporting date.

(b) Derivative financial instruments and hedging activities

Derivative financial instruments were previously not recognised in the financial statements on inception. These are now recognised and measured at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value recognised in income statement at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge).

13. Changes in Accounting Policies (continued)

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(c) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other gains/(losses) – net'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to income statement over the period to maturity.

The Group classifies trade and other payables, customer deposits and borrowings as other financial liabilities. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. The adoption of FRS 139 has no significant impact to these financial liabilities.

The Group has applied the new policies in relation to the financial instruments above in accordance with the transitional provisions in FRS 139 by recognising and re-measuring all financial assets and financial liabilities as at 1 January 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening retained profits and available-for-sale reserves as appropriate. Comparatives are not restated. The effects of the changes are disclosed below.

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134

13. Changes in Accounting Policies (continued)

(II) Adjustments due to Change in Accounting Policies

The effects arising from the adoption of the new standard as described above, other than those disclosed in the statement of changes in equity, is set out below:

(i) Restatement arising from amendment to FRS 117

	As previously reported RM Million	Reclassification RM Million	As restated RM Million
As at 31 December 2009			
Property, plant and equipment	12,329.9	74.4	12,404.3
Prepaid lease payments	74.4	(74.4)	-

(ii) Changes arising from adoption of FRS 139

	As previously reported RM Million	Reclassifications RM Million	Adjustments on opening position RM Million	As restated RM Million
As at 1 January 2010				
Fair value reserve	155.5	-	100.4	255.9
Retained profits	2,222.2	-	(18.0)	2,204.2
Non-Current Liabilities				
Borrowings	5,796.9	-	(7.0)	5,789.9
Derivative financial liabilities	-	-	10.3	10.3
Non-Current Assets				
Available-for-sale investments	608.2	152.8	99.5	860.5
Other investments	152.8	(152.8)	-	-
Available-for-sale receivables	-	53.3	(17.1)	36.2
Other long term receivables	108.9	(53.3)	1.0	56.6
Derivative financial assets	-	-	2.2	2.2
Current Assets				
Trade and other receivables	2,284.0	-	(1.0)	2,283.0
Short term investments	294.7	(294.7)	-	-
Available-for-sale short term investments	-	224.5	1.1	225.6
Investments at fair value through profit or loss	-	70.2	-	70.2

13. Changes in Accounting Policies (continued)

Arising from the adoption of FRS 139, certain comparatives for the quarter ended 31 March 2009 has been reclassified to enhance comparability of the amounts disclosed. These are shown below:

(iii) <u>Reclassification of Comparatives for the Quarter ended 31 March 2009 to enhance comparability on adoption of FRS 139</u>

	As previously reported RM Million	Reclassifi-cations RM Million	As restated RM Million
Other Operating Cost	(1,313.3)	(6.2)	(1,319.5)
Other Gain (net)	-	2.1	2.1
- Diminution in value of quoted investments	-	6.2	6.2
- Loss on disposal of quoted investments	-	(4.7)	(4.7)
- Gain on disposal of fixed income securities	-	0.6	0.6
Other Operating Income (net)	24.1	4.1	28.2

(III) Comparative Figures

<u>FRS 101 Presentation of Financial Statements</u>

As a result of the adoption of the revised FRS 101, income statements of the Group for the comparative financial period ended 31 March 2009 have been re-presented as two separate statements, i.e. An income statement displaying components of profit or loss and a statement of comprehensive income. All non-owner changes in equity which were previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact on earnings per ordinary share.

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

1. Review of Performance

(a) Quarter-on-Quarter

For the current quarter under review, the Group revenue increased by 0.9% to RM2,124.9 million as compared to RM2,105.4 million in the first quarter 2009, mainly attributed to higher revenue from data, Internet and multimedia and other telecommunications services, which mitigated the impact of lower call revenue due to lower usage and lower international inpayment.

Data and leased services revenue increased by 8.4% in first quarter to RM397.7 million compared to RM366.9 million in the same quarter 2009. Other telecommunications services also recorded higher revenue by 16.1% from RM255.5 million in first quarter 2009 to RM296.7 million in the current quarter.

Internet and multimedia revenue registered 9.8% growth from RM385.0 million recorded in first quarter 2009 to RM422.6 million in the current quarter arising from growth in broadband customers (excluding Hotspot customers) to 1.49 million in the current quarter from 1.33 million in the corresponding quarter 2009.

Operating profit before finance cost of RM258.5 million decreased by 12.8% compared to RM296.5 million recorded in the same quarter last year primarily due to higher operating costs, mainly international outpayment, content cost, and supplies and materials in current quarter.

Group profit after tax and minority interests (PATAMI) increased by 776.9% to RM242.9 million as compared to RM27.7 million in the corresponding quarter in 2009. This was mainly attributed to unrealised exchange gain on translation of foreign currency borrowings of RM166.6 million as compared to a loss of RM175.5 million in the same quarter in 2009, and partly off set by lower interest income by RM56.5 million and higher tax expense by RM47.5 million.

(b) Economic Profit Statement

	1ST QUARTER AND FINANCIAL PERIOD ENDED	
	31/3/2010 RM Million	31/3/2009 RM Million
EBIT	**258.3**	297.0
Adjusted Tax	64.6	74.3
NOPLAT	**193.7**	222.7
AIC	2,876.3	3,006.1
WACC	6.35%	6.53%
ECONOMIC CHARGE	**182.6**	196.3
ECONOMIC PROFIT	**11.1**	26.4

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

1. Review of Performance (continued)

Definitions:
EBIT = Earnings before Interest & Taxes
NOPLAT = Net Operating Profit less Adjusted Tax
AIC = Average Invested Capital
WACC = Weighted Average Cost of Capital

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

TM Group recorded EP of RM11.1 million in first quarter 2010, a reduction of RM15.3 million (-58.0%) from the same period last year of RM26.4 million. This was contributed by the lower NOPLAT of RM29.0 million (-13.0%) despite the lower economic charge by RM13.7 million (-7.0%).

The lower NOPLAT was mainly contributed by lower EBIT of RM38.7 million (-13.0%) mainly due to the increase in operating cost. Whilst, lower economic charge were contributed by the combination of lower AIC (RM129.8 million/-4.3%) and lower WACC (-0.18 percentage point).

Lower AIC was mainly contributed by reduction in trade, other and long term receivables and higher trade and other payables. Whereas, lower WACC were mainly contributed by the lower cost of debt before tax (-1.2 percentage point) following the reduction in long-term borrowings (-20.7%).

2. Comparison with Preceding Quarter's Results

The current quarter Group revenue decreased by 6.5% to RM2,124.9 million as compared to RM2,272.6 million recorded in the fourth quarter 2009, primarily due to lower revenue from data services and other telecommunications related services.

Operating profit before finance cost decreased by 1.6% to RM258.5 million as compared to RM262.8 million recorded in the preceding quarter mainly due to lower other operating income.

The current quarter Group PATAMI of RM242.9 million was higher than RM170.2 million recorded in the preceding quarter primarily due to higher unrealised foreign exchange gain on borrowings.

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

3. Prospects for the Current Financial Year

The strong and broad-based expansion of the domestic economy in the first quarter of 2010 affirms that the recovery of the Malaysian economy is firmly established. The Malaysian economy registered a strong growth of 10.1% in the first quarter supported by the improvements in the macro economic indicators as well as an increase in manufacturing and services sectors. Expansion in domestic demand is expected to be supported by the favourable employment conditions, improving consumer and business confidence and an accommodative policy environment. In view of improving macro economic indicators, Malaysian Institute of Economic Research (MIER) has raised the Gross Domestic Product growth rate to +5.2% y-o-y for 2010. (Source: MIER)

In its quest to become a next generation telecommunications company, TM has successfully launched its High Speed Broadband (HSBB) triple play comprising Voice, High-Speed Internet and IPTV called UniFi on 24 March 2010. UniFi is currently available in four exchange areas of Taman Tun Dr. Ismail, Bangsar, Subang Jaya and Shah Alam. TM is expected to gradually increase its UniFi service coverage to 22 exchange areas by end of July 2010 and to a total of 48 exchange areas by end 2010 for a total of 750,000 premises passed. UniFi roll-out will cover the Inner Klang Valley, Iskandar Malaysia (Nusajaya) and high-impact economic areas including key industrial zones throughout the country. TM is targeting 1.3 million premises passed by end 2012.

As the leading fixed broadband player in the country, TM is set to benefit from the economic recovery especially in the broadband space. Penetration rate in the broadband market is still low at 34.2% of household as of end March 2010 which gives TM the opportunity to further enhance its leading role in the industry.

The improvement in the domestic economy augurs well for TM. However, due to the intensely competitive telecommunication landscape and the lead time necessary to build the recently launched HSBB business, the Board of Directors expects TM's business environment for the financial year ending 31 December 2010 to remain challenging.

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

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the financial period ended 31 March 2010.

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

5. Taxation

The taxation charge for the Group comprises:

	1ST QUARTER AND FINANCIAL PERIOD ENDED	
	31/3/2010	31/3/2009
	RM Million	RM Million
Malaysia		
Income Tax:		
Current year	**26.1**	50.0
Prior year	**(2.6)**	(4.5)
Deferred tax (net):		
Current year	**77.7**	3.8
Prior year	**(0.5)**	2.9
	100.7	52.2
Overseas		
Income Tax:		
Current year	**0.9**	1.9
Taxation	**101.6**	54.1
Zakat:		
Current year	**0.1**	1.0
Taxation and Zakat	**101.7**	55.1

The current quarter and financial period effective tax rate of the Group was higher than the statutory tax rate primarily due to expenses not allowed for deduction such as interest restricted.

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

There were no other profit on sale of unquoted investments and/or properties other than in the ordinary course of the Group's business for the current quarter and financial period ended 31 March 2010.

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

7. Purchase and Disposal of Quoted Securities

I. Quoted Shares

(a) Total purchases and disposals of quoted securities for the current quarter and financial period ended 31 March 2010 are as follows:

	RM Million
Total purchases	5.8
Total disposals	50.9
Total gain on disposal	1.2

(b) Total investments in quoted securities as at 31 March 2010 are as follows:

	RM Million
At cost	56.0
At book value	28.0
At market value	28.0

II. Quoted Fixed Income Securities

(a) Total purchases and disposals of quoted fixed income securities for the current quarter and financial period ended 31 March 2010 are as follows:

	RM Million
Total purchases	39.4
Total disposals	47.7
Total loss on disposal	#

Amount less than RM0.1 million.

(b) Total investments in quoted fixed income securities as at 31 March 2010 are as follows:

	RM Million
At cost	217.3
At book value	217.4
At market value	217.4

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

8. Status of Corporate Proposals

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

9. Group Borrowings and Debt Securities

(a) Analysis of the Group's borrowings and debt securities as at 31 March are as follows:

	2010		2009	
	Short Term Borrowings RM Million	**Long Term Borrowings RM Million**	Short Term Borrowings RM Million	Long Term Borrowings RM Million
Unsecured	883.4	5,664.6	32.9	7,141.5
Total	**883.4**	**5,664.6**	32.9	7,141.5

(b) Foreign currency borrowings and debt securities as at 31 March are as follows:

	2010	2009
Foreign Currency	**RM Million**	RM Million
US Dollar	3,359.8	3,978.9
Canadian Dollars	4.2	3.9
Total	**3,364.0**	3,982.8

10. Derivative Financial Instruments

(a) Analysis of the Group's Derivative Financial Instruments is as follows:

Derivatives (by maturity)	**As at 31 March 2010**		
	Contract or notional amount RM Million	**Fair Value**	
		Assets RM Million	**Liabilities RM Million**
1. Forward Foreign Currency Contracts			
- Less than 1 year	66.4	-	(0.2)
- 1 year to 3 years	-	-	-
- More than 3 years	344.2	-	(11.9)
	410.6	**-**	**(12.1)**
2. Interest Rate Swaps			
- Less than 1 year	-	-	-
- 1 year to 3 years	1,500.0	-	(3.6)
- More than 3 years	500.0	7.8	-
	2,000.0	**7.8**	**(3.6)**
	2,410.6	**7.8**	**(15.7)**

10. Derivative Financial Instruments (continued)

(b) Changes to derivative financial instruments

The changes to derivative financial instruments since the last financial year are as follows:

Forward Foreign Currency Contracts
Underlying Liability
USD260.3 million 8.00% Guaranteed Notes due in 2010

In 2000, the Company issued USD300.0 million 8.00% Guaranteed Notes due in 2010, redeemable in full on 7 December 2010. On 4 December 2009, the Company repurchased USD39.7 million of the Notes.

Derivative Financial Instruments
On 29 March 2010, the Company entered into two forward foreign currency contract transactions which will mature on 6 December 2010. On the maturity date, the Company would receive USD10.0 million for each contract from the counter-party in return for a payment of RM66.4 million. The objective of this transaction is to effectively convert the USD liability into a RM principal liability.

(c) Financial Risk Management Objectives and Policies

There have been no changes since the end of the previous financial year in respect of the following:

(a) The types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts; and
(b) The risk management policies in place for mitigating and controlling the risks associated with these derivative financial instrument contracts.

The details on the above, the valuation and the financial effects of derivative financial instruments that the Group has entered into are discussed in note 17, 44 and 47 of the audited annual financial statements for the financial year ended 31 December 2009 .

(d) Related Accounting Policies

The related accounting policies of the Group in respect of derivative financial instruments and hedge accounting are disclosed in note A13.

10. Derivative Financial Instruments (continued)

(e) Gains/(Losses) Arising from Fair Value Changes of Financial Liabilities

The amount of gains/(losses) for the Group arising from fair value changes of financial liabilities that are carried at fair value through profit or loss (FVTPL) for the current and cumulative quarters ended on 31 March 2010 are as follows:

Derivatives (by Maturity)	Contract or notional value RM Million	Fair Value as at 31 March 2010 RM Million	(Loss)/Gain arising from fair value changes for the quarter RM Million
1. Forward Foreign Currency Contracts			
- Less than 1 year	66.4	(0.2)	(0.2)
- More than 3 years	344.2	(11.9)	(8.9)
	410.6	(12.1)	(9.1)
2. Interest Rate Swaps			
- 1 year to 3 years	1,500.0	(3.6)	3.1
	1,910.6	**(15.7)**	**(6.0)**

The Marked to Market (MTM) on forward contract is negative when the expectation of USD/MYR currency is strengthened and vice versa.

The MTM on the IRS is positive when the expectation of relevant future interest rate decreases and vice versa.

11. Material Litigation

I. With reference to the following material litigation cases as disclosed under Contingent Liabilities in note 42 to the audited financial statements of the Group for the financial year ended 31 December 2009, listed below are updates of the relevant cases since the date of the last audited financial statements:

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

During case management on 25 February 2010, AHSB's application to set aside the Court Order dated 16 September 2009 was fixed for hearing on 8 April 2010. The High Court dismissed AHSB's above said application on 8 April 2010.

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

11. Material Litigation (continued)

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

On 29 April 2010, the High Court fixed the hearing date for TM and TESB's application to strike out the legal suit on 23 July 2010.

The Directors, based on legal advice, are of the view that TM and TESB have a good chance of success in defending the legal suit.

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

On 27 March 2009, the Court of Appeal allowed Celcom's appeal against the High Court's decision in granting leave to Mohd Shuaib Ishak (MSI) to commence the statutory derivative action in the name of Celcom. On 23 April 2009, MSI filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal above mentioned.

The hearing of MSI's application for leave to appeal to the Federal Court which was fixed on 19 January 2010 has been postponed to a date to be notified by the Federal Court.

Presently, no hearing date has been notified by the Federal Court.

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

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

On 31 December 2009, the duly sealed application by TM and TM Net to strike-out the Writ and Amended Statement of Claim by NGSB against TM and TM Net ("Striking Out Application") was extracted from the High Court.

On 23 March 2010, the hearing of the Striking Out Application was postponed to 15 July 2010.

Meanwhile, NGSB has also made an application to re-amend its Amended Statement of Claim. On 25 May 2010, the said application was postponed to 16 July 2010 for mention.

The Directors, based on legal advice, are of the view that TM has a good defence to NGSB's claim.

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

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

12. Earnings Per Share (EPS)

	1ST QUARTER AND FINANCIAL PERIOD ENDED	
	31/3/2010	31/3/2009
(a) Basic earnings per share		
Profit attributable to equity holders of the Company (RM million)	**242.9**	27.7
Weighted average number of ordinary shares (million)	**3,545.8**	3,466.9
Basic earnings per share (sen) attributable to equity holders of the Company	**6.9**	0.8

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

	1ST QUARTER AND FINANCIAL PERIOD ENDED	
	31/3/2010	31/3/2009
(b) Diluted earnings per share		
Profit attributable to equity holders of the Company (RM million)	**242.9**	27.7
Weighted average number of ordinary shares (million)	**3,545.8**	3,466.9
Adjustment for dilutive effect of Special ESOS (million)	**9.2**	17.4
Weighted average number of ordinary shares (million)	**3,555.0**	3,484.3
Diluted earnings per share (sen) attributable to equity holders of the Company	**6.8**	0.8

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

13. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2009 were not subject to any qualification.

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

14. Dividends

No dividends have been paid during the financial period ended 31 March 2010.

By Order of the Board

Idrus Bin Ismail (LS0008400)
Zaiton Ahmad (MAICSA 7011681)
Secretaries

Kuala Lumpur
27 May 2010