TELEKOM MALAYSIA BERHAD (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad is pleased to announce the following unaudited results of the Group for the third quarter ended 30 September 2006.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2006 RM Million	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2005 RM Million	CURRENT YEAR TO DATE 30/9/2006 RM Million	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2005 RM Million
OPERATING REVENUE	**4,227.5**	3,451.2	**11,991.4**	10,188.4
OPERATING COSTS	**(2,371.5)**	(1,986.5)	**(6,577.5)**	(5,899.7)
DEPRECIATION AND AMORTISATION	**(1,037.4)**	(800.1)	**(2,996.5)**	(2,538.6)
OPERATING PROFIT	**818.6**	664.6	**2,417.4**	1,750.1
OTHER OPERATING INCOME	**33.3**	272.3	**68.4**	369.9
OPERATING PROFIT BEFORE FINANCE COST	**851.9**	936.9	**2,485.8**	2,120.0
NET FINANCE COST	**(127.0)**	(69.8)	**(310.2)**	(228.5)
ASSOCIATES/JOINTLY CONTROLLED ENTITIES				
- share of profits less losses (net of tax)	**8.8**	(20.1)	**45.3**	(16.8)
- gain on dilution/disposal	**-**	84.0	**-**	91.0
PROFIT BEFORE TAXATION	**733.7**	931.0	**2,220.9**	1,965.7
TAXATION	**(188.3)**	(129.0)	**(604.9)**	(328.2)
PROFIT FOR THE PERIOD	**545.4**	802.0	**1,616.0**	1,637.5
ATTRIBUTABLE TO:				
- equity holders of the Parent	**482.2**	775.9	**1,437.2**	1,576.5
- minority interest	**63.2**	26.1	**178.8**	61.0
PROFIT FOR THE PERIOD	**545.4**	802.0	**1,616.0**	1,637.5
EARNINGS PER SHARE (sen) (Note B12)				
- basic	**14.2**	22.9	**42.4**	46.6
- diluted	**14.2**	22.8	**42.3**	46.4
DIVIDENDS PER SHARE (sen) (Note B13)				
- interim - gross	**-**	-	**16.0**	-
- tax-exempt	**-**	-	**-**	10.0

(The above Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2006

	AS AT END OF CURRENT QUARTER 30/9/2006	AS AT PRECEDING FINANCIAL YEAR END 31/12/2005 (AUDITED)
	RM Million	RM Million
SHARE CAPITAL	3,394.9	3,391.5
SHARE PREMIUM	3,924.8	3,904.2
RESERVES	12,384.6	12,088.4
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	19,704.3	19,384.1
MINORITY INTEREST	807.2	654.0
TOTAL EQUITY	20,511.5	20,038.1
Borrowings	10,471.5	10,405.0
Customer deposits	595.1	598.4
Deferred tax liabilities	2,334.3	2,368.7
DEFERRED AND LONG TERM LIABILITIES	13,400.9	13,372.1
	33,912.4	**33,410.2**
INTANGIBLE ASSETS	7,029.2	6,971.7
PROPERTY, PLANT AND EQUIPMENT	23,380.5	22,320.9
LAND HELD FOR DEVELOPMENT	158.4	170.7
ASSOCIATES	226.1	102.7
JOINTLY CONTROLLED ENTITIES	833.3	137.5
INVESTMENTS	257.8	258.0
LONG TERM RECEIVABLES	623.2	595.8
DEFERRED TAX ASSET	111.6	196.5
Inventories	234.3	204.2
Trade and other receivables	3,699.8	3,536.0
Non-current asset held for sale	38.8	-
Short term investments	306.8	274.7
Cash and bank balances	4,333.1	6,415.6
CURRENT ASSETS	8,612.8	10,430.5
Trade and other payables	5,562.1	6,177.7
Borrowings	1,547.3	1,414.1
Taxation	211.1	182.3
CURRENT LIABILITIES	7,320.5	7,774.1
NET CURRENT ASSETS	1,292.3	2,656.4
	33,912.4	**33,410.2**
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (sen)	580.4	571.5

(The above Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2006

	Attributable to equity holders of the Parent						
	Issued and Fully Paid of RM1 each	Non-distributable			Distributable		
	Share Capital RM Million	Share Premium RM Million	Employees' Share Option Scheme Reserves RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Minority Interest RM Million	Total Equity RM Million
At 1 January 2006	3,391.5	3,904.2	-	(251.2)	12,339.6	654.0	20,038.1
Currency translation differences arising during the period	-	-	-	9.8	-	19.2	29.0
Net gain not recognised in the Income Statement	-	-	-	9.8	-	19.2	29.0
Profit for the period	-	-	-	-	1,437.2	178.8	1,616.0
Total recognised income for the period	-	-	-	9.8	1,437.2	198.0	1,645.0
Transaction with minority interest	-	-	-	-	(173.5)	(72.1)	(245.6)
Acquisition of equity interest in subsidiaries	-	-	-	-	-	29.4	29.4
Dilution of equity interest in subsidiaries	-	-	-	-	-	20.2	20.2
Final dividends paid for year ended - 31.12.2005 (Note A7)	-	-	-	-	(610.9)	-	(610.9)
Interim dividends paid for year ending 31.12.2006 (Note A7 & B13)	-	-		-	(391.0)	-	(391.0)
Dividends paid to minority interest	-	-	-	-	-	(26.6)	(26.6)
Employees' share option scheme (ESOS)							
- value of employee services	-	-	24.6	-	-	4.3	28.9
- proceeds from shares issued	3.4	20.6	-	-	-	-	24.0
At 30 September 2006	**3,394.9**	**3,924.8**	**24.6**	**(241.4)**	**12,601.4**	**807.2**	**20,511.5**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2005

	Attributable to equity holders of the Parent						
	Issued and Fully Paid of RM1 each	Non-distributable			Distributable		
	Share Capital RM Million	Share Premium RM Million	Employees' Share Option Scheme Reserves RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Minority Interest RM Million	Total Equity RM Million
At 1 January 2005	3,382.4	3,848.5	-	(258.3)	12,480.7	287.8	19,741.1
Currency translation differences arising during the period	-	-	-	(8.6)	-	(14.3)	(22.9)
Net loss not recognised in the Income Statement	-	-	-	(8.6)	-	(14.3)	(22.9)
Profit for the period	-	-	-	-	1,576.5	61.0	1,637.5
Total recognised (expense) / income for the period	-	-	-	(8.6)	1,576.5	46.7	1,614.6
Acquisition of equity interest in subsidiaries	-	-	-	-	-	8.3	8.3
Partial disposal of equity interest in a subsidiary	-	-	-	-	-	24.5	24.5
Dilution of equity interest in subsidiaries	-	-	-	-	-	27.8	27.8
Final dividends paid for year ended - 31.12.2004	-	-	-	-	(677.3)	-	(677.3)
Interim dividends paid for year ended - 31.12.2005	-	-	-	-	(339.0)	-	(339.0)
Dividends paid to minority interest	-	-	-	-	-	(12.2)	(12.2)
Employees' share option scheme (ESOS) - proceeds from shares issued	7.9	48.2	-	-	-	-	56.1
Issue of shares	-	-	-	-	-	12.6	12.6
At 30 September 2005	**3,390.3**	**3,896.7**	**-**	**(266.9)**	**13,040.9**	**395.5**	**20,456.5**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2006

	FOR THE NINE MONTHS ENDED 30/9/2006 RM Million	FOR THE NINE MONTHS ENDED 30/9/2005 RM Million
Receipts from customers	11,551.7	10,040.4
Payments to suppliers and employees	(6,297.4)	(5,595.5)
Payment of compensation	(874.0)	-
Payment of finance cost	(553.1)	(487.6)
Payment of income taxes	(363.6)	(343.1)
Tax refund	-	54.3
CASH FLOWS FROM OPERATING ACTIVITIES	**3,463.6**	**3,668.5**
Disposal of property, plant and equipment	34.2	15.5
Purchase of property, plant and equipment	(3,977.9)	(2,519.1)
Payment of intangible asset (3G Spectrum Licence)	(173.7)	(8.0)
Disposal of long term investments	1.7	61.8
Disposal of short term investments	91.5	76.6
Purchase of short term investments	(116.6)	(189.7)
Acquisition of subsidiaries (net of cash acquired)	(14.3)	(1,048.8)
Partial disposal of a subsidiary	-	185.2
Acquisition of additional equity interest in subsidiaries	(252.8)	-
Acquisition of an associate	(124.8)	(352.9)
Investment in a jointly controlled entity	(659.3)	(65.4)
Repayment of loans by employees	88.5	91.7
Loans to employees	(40.3)	(54.9)
Interest received	180.3	262.5
Dividend received	4.5	2.7
CASH FLOWS USED IN INVESTING ACTIVITIES	**(4,959.0)**	**(3,542.8)**
Issue of share capital	24.0	56.1
Issue of share capital to minority interest	16.7	142.6
Proceeds from borrowings	2,044.3	546.0
Repayments of borrowings	(1,618.1)	(1,233.2)
Dividends paid to shareholders	(1,001.9)	(1,016.3)
Dividends paid to minority interest	(26.6)	(12.2)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(561.6)**	**(1,517.0)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,057.0)	(1,391.3)
EFFECT OF EXCHANGE RATE CHANGES	(20.4)	(16.8)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	6,401.0	8,791.1
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**4,323.6**	**7,383.0**

(The above Consolidated Cash Flow Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005)

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 third quarter ended 30 September 2006 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 2005. 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 2005 audited financial statements except for the followings:

(i) changes arising from the adoption of the new and revised FRSs issued by MASB that are effective for financial year beginning on or after 1 January 2006. The new and revised FRSs considered in this announcement are as follows:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRSs does not have any significant financial impact to the Group.

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 other than those stated otherwise.

1. Basis of Preparation (continued)

Enumerated below are the changes to the accounting policies, presentation and disclosures to the financial statements of the Group resulting from the adoption of the new and revised FRSs:

FRS 2

The adoption of FRS 2 has resulted in a change in the accounting policy for share-based payment.

The Company and its following subsidiaries have Employees' Share Option Scheme (ESOS) whereby share options are granted to eligible employees:

- VADS Berhad
- Dialog Telekom Limited (a company listed in the Colombo Stock Exchange)
- PT Excelcomindo Pratama Tbk (a company listed in the Jakarta Stock Exchange)

Prior to 1 January 2006, share options granted to employees were not recognised as compensation expense in the income statement. Following the adoption of FRS 2, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. For ESOS of the Company granted to the employees of subsidiaries, the expense will be recognised in the subsidiaries financial statements over the vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

FRS 2 is applied retrospectively in respect of equity instruments granted after 31 December 2004 and not vested as at 1 January 2006.

The financial impact to the Group arising from the retrospective application of FRS 2 is not material and hence, no restatement of retained earning is performed.

1. Basis of Preparation (continued)

FRS 3, FRS 136 and FRS 138

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in changes in accounting policy for goodwill. The accounting policy for goodwill is now extended to cover the following:

- Recognition of contingent liabilities and intangible assets as part of allocation of the cost of acquisition in determining goodwill arising from acquisition;
- Recognition of the excess in fair value of the net identifiable assets acquired over the cost of acquisition immediately to the income statement;
- Allocation of goodwill to cash generating units for the purpose of impairment testing. Each cash-generating unit represents the lowest level within the Group at which goodwill is monitored for internal management purposes and which are expected to benefit from the synergies of the combination;
- Impairment of goodwill is charged to Consolidated Income Statement as and when it arises and reversal is not allowed;
- The accounting for goodwill and fair value adjustment arising from the acquisition of a foreign entity are treated as assets and liabilities of the acquiring entity and are recorded at the exchange rate at the date of acquisition. This change is in accordance with the transitional provision of FRS 121.

The above changes in accounting policy have been applied prospectively for business combinations with agreement dated on or after 1 January 2006.

The Group has reassessed the useful lives of its intangible assets in accordance with the transitional provisions of FRS 138. No material adjustment resulted from this assessment.

FRS 5

The adoption of FRS 5 requires a non-current asset (or disposal group) to be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

Non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

The Group has applied FRS 5 prospectively on or after 1 January 2006. Consequent from the adoption of FRS 5, the Group has reclassified the carrying amount of a building to non-current assets held for sale.

1. Basis of Preparation (continued)

FRS 101

The adoption of FRS 101 has no financial impact on the Group but affected the presentation of minority interest, share of associates' results and certain disclosures. Minority interest is now presented within total equity in the Consolidated Balance Sheet and as an allocation from net profit for the period in the Consolidated Income Statement. The movement of minority interest is now presented in the Consolidated Statement of Changes in Equity. The share of associates' results is now presented net of tax in the Consolidated Income Statement.

The presentation of the comparative financial statements of the Group has been restated to conform with current period presentation.

FRS 116

The adoption of FRS 116 has resulted in extension of the accounting policy on property, plant and equipment as follows:

- The cost of property, plant and equipment includes costs of dismantling, removal and restoration, the obligation incurred as a consequence of installing the assets;
- The assets' residual values and useful life are reviewed and adjusted as appropriate at least at each financial year-end;
- Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The Group has applied the aforesaid and no material adjustment resulted from this assessment.

FRS 121

The adoption of FRS 121 has no material effect on the Group's policies. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance of the revised standard. Majority of the Group's entities have the same functional currency as their measurement currency.

The Group has applied the accounting for goodwill and any fair value adjustment arising on the acquisition of a foreign entity as assets and liabilities of the foreign entity prospectively in accordance with the transitional provision of FRS 121.

1. Basis of Preparation (continued)

FRS 127

The adoption of FRS 127 has resulted in a change in accounting policy on recognition of subsidiaries by the inclusion of existence and effect of potential voting rights that are currently exercisable in assessing control.

The Group has applied FRS 127 retrospectively and this FRS does not have any financial impact on the Group.

FRS 140

The adoption of FRS 140 requires properties which are held for long-term rental yields and not occupied by the Group to be accounted for as investment properties.

The Group has assessed the status of all properties based on the provisions of FRS 140 and concluded that the adoption of FRS 140 has no material financial impact on the Group.

(ii) changes in segmental reporting information as presented in Note A8 for Internet and multimedia, fixed line and data and other segments to give a fairer presentation of the results of operations. The comparatives have been restated to conform with current period classification.

(b) The principal closing rates (units of Malaysian Ringgit per foreign currency) used in translating significant balances at 30 September 2006 are as follows:

Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate
US Dollar	3.68600	Singapore Dollar	2.32218
Japanese Yen	0.03119	Special Drawing Rights	5.43969
Sri Lanka Rupee	0.03554	Gold Franc	1.77710
Bangladesh Taka	0.05666	Thai Baht	0.09816
Indonesian Rupiah	0.00040	Indian Rupee	0.08052
Pakistani Rupee	0.06093		

2. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2005 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, Celcom (Malaysia) Berhad, a wholly owned subsidiary has made a payment under protest for a claim in respect of the arbitration award to DeTeAsia Holding GmbH that was provided in last financial year amounting to USD232.0 million (RM874.0 million).

(b) During the first quarter, intangible assets increased by RM152.6 million due to the upfront premium fees in relation to the 3G licence paid by PT Excelcomindo Pratama Tbk (XL), a subsidiary held via TM International (L) Limited.

Based on the letter of the Minister of Communications and Informatics No. 206/M.KOMINFO/7/2005 dated 7 July 2005, XL obtained a 3G technology trial licence. Subsequently on 14 February 2006, XL was announced as one of the winners for the 3G licence auction with bid price of Rp188.0 billion (full amount) per block 2x5 MHz based on Decree of the Minister of Communication and Informatics No. 19/KEP/M.KOMINFO/2/2006, dated 14 February 2006, regarding the Statement of the Winner of Cellular Mobile Network Selection IMT-2000 on Radio Frequency Bands 2.1 GHz (*"KM.19 Tahun 2006").*

Following the bid results, XL paid an upfront premium fees amounting to Rp376.0 billion (full amount) in the first quarter. In addition, XL has also lodged a Performance Bond of Rp20 billion (full amount) and paid an annual fee of Rp32.0 billion. XL is required to pay annual Frequency License Right Expenses as follows:

Payment Year	BI Rate (%)	Multiply Index	Annual Frequency BHP
Year 1			20% x HL
Year 2	R1	I1 = (1+R1)	40% x I1 x HL
Year 3	R2	I2 = I1(1+R2)	60% x I2 x HL
Year 4	R3	I3 = I2(1+R3)	100% x I3 x HL
Year 5	R4	I4 = I3(1+R4)	130% x I4 x HL
Year 6	R5	I5 = I4(1+R5)	130% x I5 x HL
Year 7	R6	I6 = I5(1+R6)	130% x I6 x HL
Year 8	R7	I7 = I6(1+R7)	130% x I7 x HL
Year 9	R8	I8 = I7(1+R8)	130% x I8 x HL
Year 10	R9	I9 = I8(1+R9)	130% x I9 x HL

Notes:

- BI Bank Indonesia
- BHP License Right Expense
- HL Auction Result per block 2x5 MHz (refer to PT Indosat Tbk's bid price of Rp 160.0 billion, full amount)
- Ri Average BI Rate issued by BI on the previous year
- Multiply index is index (Ii) used to adjust the auction price in yearly basis

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

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

Other than the above, 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 30 September 2006.

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

(a) The issued and paid-up capital of the Company increased by RM3.4 million from 3,391.5 million shares of RM1.00 each to 3,394.9 million shares 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, RM9.32 and RM9.22 per share.

(b) The Company redeemed in full its RM246.0 million Al-Murabahah Medium Term Notes upon its maturity on 18 January 2006.

(c) Celcom (Malaysia) Berhad redeemed in full its RM300.0 million Tranche B of the Al-Bai Bithaman Ajil Bonds upon its maturity on 14 April 2006.

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 September 2006.

7. Dividends Paid

(a) A final gross dividend of 25.0 sen per share less tax at 28% amounting to RM610.9 million in respect of financial year ended 31 December 2005 was paid on 20 June 2006.

(b) An interim gross dividend of 16.0 sen per share less tax at 28% amounting to RM391.0 million for the financial year ending 31 December 2006 was declared on 2 August 2006 and was paid on 18 September 2006.

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

8. Segmental Information

Segmental information for the financial period ended 30 September 2006 and 30 September 2005 were as follows:

By Business Segment

2006

All amounts are in RM Million	Fixed line and data	Internet and multimedia	Cellular Domestic	Cellular Foreign	Other	Total
Operating Revenue						
Total operating revenue	5,486.1	633.6	3,309.5	2,999.4	482.8	12,911.4
Inter-segment *	(549.9)	(8.0)	(96.3)	(4.4)	(261.4)	(920.0)
External operating revenue	4,936.2	625.6	3,213.2	2,995.0	221.4	11,991.4
Results						
Segment result	963.3	51.1	840.6	925.9	17.1	2,798.0
Unallocated income **						59.8
Corporate expenses ***						(447.4)
Foreign exchange gains						75.4
Operating profit before finance cost						2,485.8
Finance cost						(520.2)
Finance income						210.0
Associates/Jointly controlled entities - share of profits less losses (net of tax)	14.6	(0.1)	(3.3)	34.1	-	45.3
Profit before taxation						2,220.9
Taxation	(113.2)	(15.8)	(254.4)	(215.6)	(5.9)	(604.9)
Profit for the period						1,616.0

2005

All amounts are in RM Million	Fixed line and data	Internet and multimedia	Cellular Domestic	Cellular Foreign	Other	Total
Operating Revenue						
Total operating revenue	5,601.0	439.7	3,375.7	1,070.1	499.9	10,986.4
Inter-segment *	(322.9)	(4.2)	(165.0)	-	(305.9)	(798.0)
External operating revenue	5,278.1	435.5	3,210.7	1,070.1	194.0	10,188.4

8. Segmental Information (continued)

2005

All amounts are in RM Million	Fixed line and data	Internet and multimedia	Cellular Domestic	Cellular Foreign	Other	Total
Results						
Segment result	965.1	(5.2)	786.4	356.1	(21.4)	2,081.0
Unallocated income **						351.8
Corporate expenses ***						(373.5)
Foreign exchange gains						60.7
Operating profit before finance cost						2,120.0
Finance cost						(491.2)
Finance income						262.7
Associates						
- share of profits less losses (net of tax)	6.9	0.6	(0.5)	(23.8)	-	(16.8)
- gain on dilution/disposal						91.0
Profit before taxation						1,965.7
Taxation	(94.3)	(2.2)	(207.0)	(18.1)	(6.6)	(328.2)
Profit for the period						1,637.5

* 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 which is not allocated to a particular business segment.

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 end of the quarter that have not been reflected in the interim financial statements.

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

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 September 2006 were as follows:

(a) Samart Corporation Public Company Limited (Samart)

The shareholding of the Company's wholly owned subsidiary, TM International Sdn Bhd (TM International) in Samart was reduced from 19.24% to 19.23% in the first quarter of 2006, due to issuance of shares under its Employees' Share Option Scheme. The dilution has no material effect to the results of the Group.

(b) VADS Berhad (VADS)

The Company's shareholding in VADS was reduced from 69.31% to 69.07% in the first quarter and further reduced to 67.97% and 67.47% during the second and third quarter respectively, 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.

(c) MobileOne Limited (M1)

The Company's shareholding in M1, held via TM International, through SunShare Investment Limited (a joint venture company between TM International and Khazanah Nasional Berhad) (SunShare) has increased from 24.76% to 29.79% in the first quarter of 2006, following the purchases of shares from the open market which was more than the dilution arising from the exercise of share options by M1 employees.

During the second quarter, the percentage of shareholding in SunShare decreased from 29.79% to 29.78% due to issuance of shares under its Employees' Share Option Scheme. The dilution has no material effect to the results of the Group.

(d) 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) Ltd (TMIL), a wholly owned subsidiary of TM International, was reduced from 90.1% to 90.02% in the first quarter and further reduced to 89.85% in the second quarter. It was consequently reduced to 89.75% during the third quarter. The dilution has no material effect to the results of the Group.

(e) Fiberail Sdn Bhd (Fiberail)

Pursuant to the acquisition of business and business assets of Petrofibre Network (M) Sdn Bhd (Petrofibre) by Fiberail Sdn Bhd (Fiberail) and the conclusion of a new Joint Venture Agreement with Keretapi Tanah Melayu Berhad (KTMB) and Petrofibre, TM's equity interest in Fiberail has been diluted from 60% to 54% in the first quarter of 2006. The dilution has no material effect to the results of the Group.

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

(f) Telekom Malaysia International (Cambodia) Company Limited (formerly known as Cambodia Samart Communication Company Limited) (TMI Cambodia)

TM's equity interest in TMI Cambodia, held via TM International increased from 51% to 100% on 27 March 2006, pursuant to the completion of the Share Sale and Purchase Agreement with Samart on the acquisition of 1,038,700 ordinary shares of USD4.00 each, representing 49% equity interest in TMI Cambodia for a consideration of USD29.0 million.

This transaction is treated as a transaction with minority shareholder and thus the excess of the purchase price over the Group's share of TMI Cambodia's identifiable net assets as at 27 March 2006 of RM57.2 million was taken directly to equity. This acquisition has no material effect to the results of the Group.

(g) Samart I-Mobile Public Company Limited (SIM)

TM, via TM International, acquired 105 million ordinary shares of THB1.00 each representing 24.42% equity interest in SIM on 27 March 2006 for a consideration of THB1,312.5 million, pursuant to the Share Sale and Purchase Agreement and a Shareholders Agreement with Samart on 17 February 2006.

The goodwill on acquisition arising from the above transaction was RM62.0 million, being the excess of the purchase price over the Group's share of the provisional fair value of SIM's identifiable net assets as at 27 March 2006. The above goodwill is included in the cost of investment in associates. This acquisition has no material effect to the results of the Group.

(h) Fibrecomm Network (M) Sdn Bhd (Fibrecomm)

With the execution of the Deed of Revocation and Rescission on 28 April 2006 by Celcom Transmission (M) Sdn Bhd (CTX) and Fibrecomm (to revoke the Deed of Assignment and Deed of Variation which were executed earlier by both parties on 29 April 2005 and 5 December 2005 respectively) and the Supplemental Agreements on 28 April 2006 by Tenaga Nasional Berhad (TNB) and CTX (to amend the terms of the Share Sale Agreement and the Shareholders Agreement which were executed earlier by both parties on 29 April 2005), CTX had, on 28 April 2006, completed the acquisition of 7,500,000 ordinary shares of RM1.00 each in Fibrecomm representing 10% of the total issued and paid-up capital of Fibrecomm from TNB. Thereafter, Fibrecomm became a 51% subsidiary of TM, held via Celcom (Malaysia) Berhad during the second quarter.

PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

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

(i) TMI India Ltd (formerly known as Distacom Communications (India) Limited) (TMI India)

TMI Mauritius Ltd (TMIM), a wholly owned subsidiary of the Company, held via TM International, acquired 100% equity interest in TMI India on 10 May 2006, pursuant to the Share Sale and Purchase Agreement on 10 March 2006, for a cash consideration of USD178.8 million. TMI India is an investment holding company having 49% equity interest in Spice Communications Private Limited.

(j) Spice Communications Private Limited (Spice)

TMIM acquired 49% equity interest in Spice on 10 May 2006 through the acquisition of TMI India as mentioned in note (i) above. Consequently, Spice became a jointly controlled entity of TM via TMIM.

The goodwill on acquisition arising from the above transaction was RM666.4 million, being the excess of the purchase price over the Group's share of the provisional fair value of Spice's identifiable net assets as at 10 May 2006. The above goodwill is included in the cost of investment in jointly controlled entity. This acquisition has no material effect to the results of the Group.

(k) PT Excelcomindo Pratama Tbk (XL)

On 7 June 2006, TMIL, entered into an agreement with AIF (Indonesia) Limited (AIF) to purchase 195,605,400 ordinary shares of Rp100 each in XL (AIF Purchased Shares), representing approximately 2.8% of the issued and paid-up share capital of XL from AIF for a cash consideration of USD39.7 million.

On the same date, PT Rajawali Capital (formerly known as PT Telekomindo Primabhakti) (Telekomindo) issued a letter to TMIL whereby it agreed that the AIF Purchased Shares are deemed to be part of the Later Purchased Shares (i.e. up to 287,655 XL Shares, representing up to 12.7% equity interest in XL, to be acquired by Telekomindo from AIF prior to the exercise of the call/put option) acquired by TMIL from Telekomindo in accordance with the Call and Put Option Agreement dated 11 January 2005, as supplemented.

The acquisition of the AIF Purchased Shares was completed on 12 June 2006.

The Company's effective equity interest in XL, held through Indocel Holding Sdn Bhd, a wholly owned subsidiary of TMIL, increased from 56.9% to 59.7% during the second quarter.

This transaction is treated as a transaction with minority shareholder and thus the excess of the purchase price over the Group's share of XL's identifiable net assets as at 12 June 2006 of RM116.3 million was taken directly to equity. This acquisition has no material effect to the results of the Group.

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

(l) TM International Leasing Limited (TMI Leasing)

On 6 August 2006, TMI Leasing, a wholly owned subsidiary of the Company has been dissolved pursuant to section 272(5) of the Companies Act 1965.

(m) TMF Autolease Sdn Bhd (formerly known as TM Autolease Sdn Bhd) (TMF Autolease)

On 1 August 2006, TM Facilities Sdn Bhd, a wholly owned subsidiary of the Company, acquired 100% equity interest in TMF Autolease. TMF Autolease is to undertake the functions of TM's existing Strategic Business Unit, namely, Fleet Management to enhance operational efficiency for TM Group.

(n) TMF Services Sdn Bhd (formerly known as Teleharta Sdn Bhd) (TMF Services)

On 1 August 2006, TM Facilities Sdn Bhd, a wholly owned subsidiary of the Company, acquired 100% equity interest in TMF Services. TMF Services is to undertake the functions of TM's existing Strategic Business Unit, namely, Facilities Management & Infrastructure Development to enhance operational efficiency for TM Group.

(o) VADS Contact Centre Services Sdn Bhd (formerly known as Meridian Manpower Sdn Bhd) (VADS CCS)

On a 21 September 2006, VADS, via its wholly owned subsidiary, VADS e-Services Sdn Bhd, acquired 100% equity interest in VADS CCS. VADS CCS is to undertake the provision of managed contact centre services including but not limited to contact insourcing, outsourcing, training, consulting, solutioning and any other related customer relationship management services.

(p) Asset Media (Private) Limited (Asset Media)

On 29 September 2006, Dialog acquired 90% equity interest in Asset Media for a purchase consideration of USD3.15 million.

Asset Media was incorporated in Sri Lanka on 9 January 2004 with an authorised share capital of Sri Lankan Rupees (LKR) 500 million, comprising 50 million ordinary shares of LKR10 each, of which 20 shares has been issued and fully paid.

Asset Media possesses licences from the Ministry of Media and the Telecommunications Regulatory Commission of Sri Lankan to carry out the business of television broadcasting, delivery of pay television services and the operation of a television broadcasting station. Asset Media is yet to commence operations as at 30 September 2006.

This acquisition has no material effect to the results of the Group.

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 2005 except for the following:

(a) A guarantee and indemnity on a USD26.0 million (RM98.8 million) financing facility granted to a subsidiary, TM International (Bangladesh) Limited (TMIB), which was executed on 26 July 2000. TM had obtained an indemnity from A.K. Khan & Co Ltd, a shareholder of TMIB, their proportionate share of 30% of all obligations made under the said Guarantee and Indemnity. The exposure sum as at 31 December 2005 was USD13.08 million (RM49.43 million) and Bangladesh Taka 286.0 million (RM16.33 million). This guarantee will expire on 26 January 2012.

The above facility was fully prepaid on 20 January 2006. The Security Agent furnished the Letter of Release for the guarantee and indemnity on 1 May 2006.

In addition to the above-mentioned Letter of Release, the security agent has also provided a Deed of Release, which is dated 5 May 2006. Due to the mismatch in dates, the Letter of Release has been reissued dated 8 May 2006.

(b) Guarantee of a series of Promissory Notes totalling approximately USD6.7 million (RM25.4 million) issued by Sotelgui s.a., a former subsidiary, in favour of an equipment supplier on 18 April 2002. The Promissory Notes are payable during the period between November 2003 to December 2005.

As at 30 June 2006, all principal and interest had been paid in full.

(c) On 5 October 2005, a financial institution in Karachi issued a USD10.0 million Standby Letter of Credit (SBLC) to Pakistan Telecommunication Authority (PTA) on behalf of Multinet Pakistan (Private) Limited (Multinet). This SBLC is part of the requirement in awarding the Long Distance International License to Multinet with respect to roll out commitments as per the Information Memorandum dated 8 March 2004. The maturity date of this SBLC is 5 October 2006 and is automatically extended on maturity date unless notice of cancellation is given not less than 60 days before the maturity date.

On 5 October 2005, a financial institution in Labuan issued a USD10.0 million SBLC to the above financial institution in Karachi on behalf of TM International (L) Limited as a counter guarantee to the USD10.0 million SBLC issued by the financial institution in Karachi to PTA on behalf of its subsidiary, Multinet. The tenure of the SBLC is one year to mature on 5 October 2006. The SBLC has been automatically extended for one year to mature on 5 October 2007.

13. Commitments

(a) Capital Commitments

	Group	
	30/9/2006	30/9/2005
	RM Million	RM Million
Property, plant and equipment:		
Commitments in respect of expenditure approved and contracted for	**3,321.9**	2,534.9
Commitments in respect of expenditure approved but not contracted for	**1,182.0**	352.6

(b) Other Commitments

On 21 April 2006, a Deed of Undertaking has been signed between Spice Communications Private 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 the USD215.0 million INR Facility Agreement and USD50.0 million USD Facility Agreement dated 21 April 2006 between DBS Bank Ltd as Facility Agent and Spice as borrower. Under the terms, TMI, failing which TM, is required to make payment of any outstanding principal or interest under the facilities to the lenders upon occurrence of any of the specific trigger events. TMI's and TM's obligations on behalf of Spice is also derived from their ability to exercise their call option under the terms of the Shareholders' Agreement to acquire additional shares in Spice from existing shareholder, namely Modi Wellvest, thereby making Spice a subsidiary of TMI.

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

1. Review of Performance

For the current quarter under review, the Group revenue increased by 22.5% (RM776.3 million) to RM4,227.5 million as compared to RM3,451.2 million in the third quarter 2005, mainly attributed to higher revenue from cellular, Internet and multimedia services. Significant increase in cellular revenue was mainly attributed to the consolidation of PT Excelcomindo Pratama Tbk (XL), which became a subsidiary in the fourth quarter 2005. XL also reported better revenue in the current quarter, up 69.0% to RM622.6 million from RM368.5 million in the third quarter 2005. As compared to third quarter 2005, the Group profit before taxation decreased by 21.2% (RM197.3 million) to RM733.7 million, mainly attributed to the absence of gain on partial disposal/dilution in Dialog Telekom Limited and XL arising from the Initial Public Offering exercise of the respective companies in third quarter 2005 totalling RM342.7 million. With the exclusion of the aforesaid exceptional gain, the Group profit before taxation for the current year quarter would have increased by RM145.4 million vis-à-vis the preceding year corresponding quarter.

For the nine months financial period under review, the Group revenue increased year on year by 17.7% (RM1,803.0 million) to RM11,991.4 million, driven primarily by the cellular, Internet and multimedia services. The Group profit before taxation increased year on year by 13.0% (RM255.2 million) to RM2,220.9 million, attributed mainly to the higher revenue and gain on foreign exchange.

2. Comparison with Preceding Quarter's Results

Group revenue for the current quarter of RM4,227.5 million increased by 6.3% over RM3,976.3 million recorded in the preceding quarter, mainly due to higher contribution from cellular and other segments. The Group profit before taxation of RM733.7 million was 9.2% higher than RM671.9 million recorded in the preceding quarter, primarily due to the higher operating revenue.

3. Prospects for the Current Financial Year

The fixed line business is expected to face continued downward pressure due to substitution from fixed voice to cellular and VoIP. Broadband will be a key focus and competition in this sector is growing with the emergence of mobile broadband technology.

Domestic cellular business remains very competitive with recent cuts in starter pack prices and reduced IDD rates. Prepaid registration by year end may see a reduction in the cellular penetration rates with the churn of inactive subscribers.

On the international front, TM will seek to further establish its presence in the existing market, capturing the huge growth potential through execution of strategies and harnessing cross border synergies within TM's portfolio of investments. TM will adopt an opportunistic approach and pace its international expansion.

TM's Headline Key Performance Indicators for the year remain stretched with the increasing exposure to greater competition in all of TM's domestic and international markets. Nevertheless TM shall continue to strive for an improved performance in the remaining quarter of 2006.

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

3. Prospects for the Current Financial Year (continued)

Barring any unforeseen circumstances, the Board of Directors expects the Group's performance for the current financial year to be better as compared to last year.

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 September 2006.

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
	30/9/2006	**30/9/2005**	**30/9/2006**	**30/9/2005**
	RM Million	RM Million	RM Million	RM Million
Malaysia				
Income Tax:				
Current year	**117.2**	215.1	**323.2**	373.6
Prior year	**87.8**	0.1	**90.8**	(39.8)
Deferred Tax (net):				
Current year	**29.0**	(95.4)	**93.0**	(21.0)
Prior year	**(119.3)**	-	**(119.3)**	-
	114.7	119.8	**387.7**	312.8
Overseas				
Income Tax:				
Current year	**9.0**	9.3	**24.1**	16.4
Prior year	**-**	(0.1)	**(0.3)**	(1.0)
Deferred Tax (net):				
Current year	**64.6**	-	**193.4**	-
	73.6	9.2	**217.2**	15.4
TOTAL TAXATION	**188.3**	129.0	**604.9**	328.2

5. Taxation (continued)

The current quarter and financial period to date effective tax rate of the Group was marginally lower than the statutory rate mainly attributed to profit registered by subsidiaries with low or zero tax charge due to utilisation of capital allowances brought forward and tax exemption status.

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 financial period ended 30 September 2006.

7. Purchase and Disposal of Quoted Securities

I. Quoted Shares

(a) Total purchases and disposals of quoted securities for the current quarter and financial period ended 30 September 2006 are as follows:

	Current quarter RM Million	Period to date RM Million
Total purchases	19.0	74.2
Total disposals	18.9	69.8
Total gain/(loss) on disposal	1.0	(4.6)

(b) Total investments in quoted securities as at 30 September 2006 are as follows:

	RM Million
At cost	199.2
At book value	118.9
At market value	118.9

II. Quoted Fixed Income Securities

(a) Total purchases and disposals of quoted fixed income securities for the current quarter and financial period ended 30 September 2006 are as follows:

	Current quarter RM Million	Period to date RM Million
Total purchases	12.0	42.4
Total disposals	9.2	21.7
Total loss on disposal	(0.1)	(0.5)

(b) Total investments in quoted fixed income securities as at 30 September 2006 are as follows:

	RM Million
At cost	190.8
At book value	187.9
At market value	187.9

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

8. Status of Corporate Proposals

(a) Proposed Acquisition of Business and Business Assets of Petrofibre Network (M) Sdn Bhd (Petrofibre) by Fiberail Sdn Bhd (Fiberail), TM's 60% owned subsidiary (Proposed Asset Acquisition)

On 12 December 2005, TM announced that, Fiberail has entered into an agreement (Agreement) with Petrofibre to acquire Petrofibre's business and all property and rights of Petrofibre used in the conduct of the business at a total consideration of RM100.5 million.

Fiberail has satisfied the Proposed Asset Acquisition in the following manner:

(i) Paid an initial cash deposit of up to RM2.0 million within 14 days from the signing of the Agreement;

(ii) Issued to Petrofibre 1,580,000 ordinary shares of RM1.00 each in Fiberail, at an issue price of RM8.08 each amounting to RM12.8 million; and

(iii) Paid the remaining balance of the purchase consideration in cash.

Subsequently, on 9 February 2006, TM entered into the following agreements:

(i) a Joint Venture Agreement with Keretapi Tanah Melayu Berhad (KTMB) and Petrofibre to regulate the relationship between KTMB, Petrofibre and TM as shareholders of Fiberail and also to regulate and conduct the affairs and business of Fiberail;

(ii) a Put Option Agreement with KTMB and Petrofibre where in consideration of the completion of the Proposed Asset Acquisition and payment of RM1.00 by Petrofibre to TM and KTMB, TM and KTMB grant an option to Petrofibre or its nominee(s) to require TM and KTMB to purchase (in the proportion of 60% by TM and 40% by KTMB) up to 10% of Fiberail's enlarged issued and paid-up share capital (1,580,000 ordinary shares of RM1.00 each), being part of the consideration payable by Fiberail to Petrofibre under the Agreement (Option Shares) at an exercise price of RM8.08 per share. If KTMB declines to purchase any or all of its portion of the Option Shares, TM shall purchase such Option Shares within the period commencing 1 year from 9 February 2006 and ending on the 5th anniversary of that date or 30 days from the date of receipt of notice from Fiberail of the engagement of the lead adviser for an initial public offering (IPO) of Fiberail, whichever is earlier; and

(iii) a Call Option Agreement with KTMB where in consideration of KTMB paying RM1.00 to TM, TM grant an option to KTMB to require TM to sell to KTMB Fiberail shares (Fiberail Call Option) which were acquired by TM due to KTMB declining to acquire those Fiberail shares under the Put Option Agreement. The Fiberail Call Option may be exercised within the following period:

8. Status of Corporate Proposals (continued)

(a) in the case where Fiberail has appointed the lead adviser for an IPO of Fiberail and we have acquired the Option Shares under the Put Option Agreement, the period of 1 month from the date of registration of the Option Shares in our name or from the date the Put Option was exercised by Petrofibre, whichever is later; or

(b) in any other case, the period of 12 months commencing from the date of registration of the Option Shares in our name.

All conditions to the completion of the Proposed Asset Acquisition have been duly satisfied on 6 October 2006.

(b) Disposal of TM's stake in Telekom Networks Malawi Limited (TNM)

On 27 January 2006, TM announced the sale of its 60% stake in TNM to Econet Wireless Global Limited (Econet) for a total purchase consideration of USD24.5 million.

Malawi Telecommunications Limited (MTL) which holds the remaining 40% stake in TNM, had on 28 February 2006, applied to the High Court of Malawi in Blantyre for an interlocutory injunction restraining TM from selling TM's shares in TNM to any party. This incidentally is the last day specified by TM for MTL to exercise its pre-emption rights in accordance with the Joint Venture Agreement (JVA) between MTL and TM.

On 26 October 2006, the High Court of Malawi granted a consent order entered into between MTL, TNM and TM to settle the interlocutory injunction brought by MTL.

Under the terms of the consent order, TM will sell its 60% stake in TNM to MTL for a total cash consideration of USD16.0 million. TNM will repay to TM and TM International Sdn Bhd (TMI) a sum of USD4.9 million. This repayment consist of:

(i) repayment of shareholder loans given by TM to TNM of USD3.8 million; and

(ii) payment of management fees owed to TMI of USD1.1 million.

The completion of the sale is conditional upon, *inter alia*, approval:

(i) by the Malawi Communications Regulatory Authority approving the transfer of the shares by TM to MTL; and

(ii) by the Reserve Bank of Malawi for the payment by MTL to TM of the USD16.0 million.

Prior to completion, TM will also be required to pay any capital gains tax arising from the disposal of the shares to the Malawian Revenue Authority. The payment will be made by TNM on behalf of TM and the quantum of tax payable will be deducted from the amounts that TNM owes to TM.

8. Status of Corporate Proposals (continued)

The parties have 60 days from 25 October 2006 to fulfil the conditions precedent. If the condition precedents are not fulfilled or MTL fails to go through with the purchase of the shares despite the conditions precedent being met, TM will be at liberty to sell the shares to any third party without reference to MTL for a period of 6 months thereafter. With the entry of this consent order, the dispute between MTL, TNM and TM is now resolved.

Pursuant to the above, TM's agreement with Econet has duly expired.

(c) Sale and Purchase Agreement between Telekom Malaysia Berhad and University of Malaya (UM) on the Disposal of Wisma TM, Jalan Pantai Baharu, Kuala Lumpur

On 28 April 2006, TM announced that it has concluded and entered into a Sale and Purchase Agreement with UM, for the disposal of a twenty-five (25) storey office building known as Wisma TM, Jalan Pantai Baharu, Kuala Lumpur (Wisma TM) for a total consideration of RM70.0 million (the SPA). The estimated net floor area of the office tower is 223,211 square feet (excluding usable area at podium estimated at 29,495 square feet) and 241 parking bays.

Pursuant to the SPA, UM agreed to purchase Wisma TM for a total consideration of RM70.0 million subject to and upon the terms and conditions therein contained.

Deposit of RM7.0 million shall be paid by UM to TM's Solicitors, as stakeholder upon the execution of the SPA and to be released to TM upon fulfillment of all Conditions Precedent.

All conditions precedents pursuant to the SPA have been duly satisfied save for submission of notification to the Foreign Investment Committee (FIC) and relevant statutory authorities on the intended acquisition of Wisma TM by UM, no later than six (6) months from the date of the SPA subject to any extension that may be mutually agreed to by the parties. The deadline for fulfilment of the condition precedent has been extended to 27 November 2006.

The proposed disposal of Wisma TM is not expected to have any material adverse impact on the earnings and net asset of TM for the year ending 31 December 2006.

(d) Proposed Capital Repayment by Celcom (Malaysia) Berhad (Celcom) to its Sole Shareholder, Telekom Enterprise Sdn Bhd (TESB)

On 18 August 2006, TM announced that Celcom, a wholly owned subsidiary of TM, had presented a petition for the proposed capital repayment pursuant to Sections 60, 62 and 64 of the Companies Act, 1965 (CA 1965).

8. Status of Corporate Proposals (continued)

Details of the Proposed Capital Repayment (Proposal) are as follows:

(i) To reduce the issued and paid-up capital of Celcom of RM2,357.2 million comprising 2,357,208,918 ordinary shares of RM1.00 each by RM589.3 million to RM1,767.9 million comprising 2,357,208,918 ordinary shares of 75.0 sen each, representing a capital reduction of 25.0 sen for every existing ordinary share of RM1.00 each. In effecting the said reduction, the fractional sum of 50.0 sen of the paid-up capital shall be disregarded.

(ii) To cancel and utilise Celcom's Share Premium Account in the sum of RM110.7 million.

(hereinafter both amounts of RM589.3 million and RM110.7 million totalling RM700.0 million shall be collectively referred to as the "Distribution Sum").

(iii) To consolidate the issued and paid-up capital of Celcom of RM1,767.9 million on the basis of every one (1) share of 75.0 sen each into one (1) ordinary share of RM1.00 each, thereby consolidating 2,357,208,918 shares of 75.0 sen each into 1,767,906,688 ordinary shares of RM1.00 each credited as fully paid-up.

(iv) To distribute the Distribution Sum to Telekom Enterprise Sdn Bhd (TESB) whose name appear in the Record of Depositors as the sole registered shareholder of Celcom at the date of book closure, which date shall be determined by the Company Secretary.

(Proposed Capital Repayment).

All approvals required for the Proposal were duly obtained as follows:

(i) From the High Court, pursuant to Sections 60 and 64 of the Companies Act, 1965 which was obtained on 9 November 2006; and

(ii) From the lenders of the RM650.0 million Syndicated Term Loan and holders of the RM1.1 billion Al-Bai' Bithaman Ajil Bonds, which were obtained on 13 July 2006 and 25 July 2006 respectively.

Two (2) major creditors, namely our wholly owned subsidiaries held via Celcom, Celcom Mobile Sdn Bhd and Celcom Transmission (M) Sdn Bhd, have given their written consent to the Proposed Capital Repayment on 17 August 2006.

This exercise has no material effect on the earnings and net tangible assets of the Group.

Save as disclosed above, there are no other corporate proposals announced and not completed as at the date of this announcement.

9. Group Borrowings and Debt Securities

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

	2006		2005	
	Short Term Borrowings RM Million	**Long Term Borrowings RM Million**	**Short Term Borrowings RM Million**	**Long Term Borrowings RM Million**
Secured	639.2	963.7	426.4	1,090.8
Unsecured	908.1	9,507.8	450.3	8,044.9
Total	**1,547.3**	**10,471.5**	**876.7**	**9,135.7**

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

	2006	**2005**
Foreign Currency	**RM Million**	**RM Million**
US Dollar	7,205.0	4,284.1
Bangladesh Taka	302.5	13.2
Sri Lanka Rupee	212.4	221.1
Euro	5.3	5.9
Canadian Dollars	4.9	4.9
Pound Sterling	0.7	0.8
Pakistani Rupee	0.4	2.1
Japanese Yen	-	571.9
Guinea Franc	-	9.3
Total	**7,731.2**	**5,113.3**

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 16 to the audited financial statements of the Group for the year ended 31 December 2005. 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

USD300.0 million 8% Guaranteed Notes due 2010

In 2000, the Company issued USD300.0 million 8.0% Guaranteed Notes due 2010. The Notes are redeemable in full on 7 December 2010.

10. Off Balance Sheet Financial Instruments (continued)

Hedging Instrument

On 1 April 2004, the Company entered into an interest rate swap (IRS) agreement with a notional principal of USD150.0 million that entitles it to receive interest at a fixed rate of 8.0% per annum and obliges it to pay interest at a floating rate of 6-month USD Libor-in-arrears plus 5.255%. The swap was due to mature on 7 December 2006.

On 7 June 2005, the Company restructured the existing USD150.0 million IRS into a range accrual swap. Following the restructuring, the Company will now receive interest at a rate of 8.0% times N1/N2 (where N1 is the number of the days when the reference floating rate, i.e. the 6-month USD Libor in this transaction, stays within a predetermined range, while N2 is the total number of days in the calculation period). In exchange, the Company will pay interest at a floating rate of 6-month USD Libor plus 2.15%. The restructured swap will mature on 7 December 2010.

On 25 January 2006, the Company further restructured the above USD150.0 million IRS range accrual swap. The Company will now pay interest at a floating rate of 6-month USD Libor plus 2.35% for a new predetermined range. The maturity date remains the same.

(b) Interest Rate Swap (IRS)

Underlying Liability

RM1,000.0 million 5.25% Bond Due 2018

In 2003, the Company issued RM1,000.0 million 5.25% Bond due 2018.

Hedging Instrument

On 2 April 2004, the Company entered into an IRS agreement with a notional principal of RM200.0 million that entitles it to receive interest at a fixed rate of 5.25% per annum and obliges it to pay interest at a floating rate of 6-month USD Klibor-in-arrears plus 1.78%. The swap has matured on 13 June 2006.

Subsequently, on 22 April 2004, the Company entered into another IRS agreement with a notional principal of RM200.0 million that entitles it to receive interest at a fixed rate of 5.25% per annum and obliges it to pay interest at a floating rate of 6-month USD Klibor-in-arrears plus 1.62%. The swap has matured on 13 June 2006.

10. Off Balance Sheet Financial Instruments (continued)

(c) Cross-currency Interest Rate Swap (CCIRS)

Underlying Liability

USD150.0 million Unsecured Syndicated Term Loan

On 29 June 2000, the Company refinanced its former USD350.0 million syndicated term loan into two tranches comprising USD200.0 million due on 30 June 2003 and USD150.0 million due on 29 June 2007. The first tranche of USD200.0 million has been fully paid in 2003.

Hedging Instrument

On 26 July 2001, the Company entered into a USD150.0 million CCIRS. The swap has the following new terms whereby, the Company will receive USD150.0 million in return for the payment of JPY17,324.0 million on maturity of the USD150.0 million tranche of the syndicated term loan on 29 June 2007. The swap entitles the Company to receive floating interest at 6-month USD Libor, and obliges it to pay interest at 6-month USD Libor less 1.504% per annum. The net effect of the CCIRS is to convert the Company's USD150.0 million debt obligation into JPY at the principal exchange rate of JPY115.4933 at the maturity date of 29 June 2007.

On 2 April 2004, the Company restructured its existing USD150.0 million CCIRS. Following the restructuring of the CCIRS, the Company will now receive USD150.0 million in return for payment of JPY17,134.5 million on maturity of the underlying syndicated term loan on 29 June 2007. The restructured swap entitles the Company to receive a floating interest rate of 6-month USD Libor per annum and obliges it to pay interest at a floating rate of 6-month USD Libor-in-arrears minus 1.504%.

The objective of this transaction is effectively to convert the principal loan amount from USD liability into JPY liability and reducing the interest payable on the USD150.0 million outstanding syndicated term loan.

The Company terminated this transaction on 18 September 2006.

The accounting policies applied, which remain 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. The underlying foreign currency liabilities are translated at their respective hedged exchange rate, and differential interest receipts and payments arising from interest rate derivative instruments are accrued, so as to match the net differential with the related expenses on the hedged liabilities.

10. Off Balance Sheet Financial Instruments (continued)

Exchange gains and losses relating to hedge instruments are recognised as a component of finance costs 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, Significant Events and Significant Subsequent Events in the audited financial statements of the Group for the year ended 31 December 2005, 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 (formerly known as "Telekom Publications Sdn Bhd" or TMIM) vs Buying Guide (M) Sdn Bhd (BGSB)**

The case management fixed on 7 November 2006 has been postponed to 14 February 2007.

Based on legal advice, TM and TMIM have a reasonably good chance of success in winning and defending the said claim and BGSB's counter claim.

ii. **TM and TM Info-Media Sdn Bhd (formerly known as "Telekom Publications Sdn Bhd" or TMIM) vs BG Media Sdn Bhd (BG Media) and BG Online Sdn Bhd (BG Online)**

The matter was fixed for hearing on 6 November 2006 of the Plaintiffs' Application to commit the directors of BG Media and BG Online to prison for the contempt of the Court's Order. Meanwhile, the Alleged Contemnors has also filed an Application to Cross Examine the deponent of Plaintiff's supporting Affidavit ("the said Application"). On the same day, the Court has fixed 15 February 2007 for the hearing of the said Application and as mention date for the Plaintiffs' Application for Committal.

Based on legal advice, TM and TMIM have a reasonably good chance of success in establishing the said claim.

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

As at 30 September 2006, TM had received in total USD95.6 million from the GoG arising from the Settlement Agreement. The last payment of the settlement sum is due from the GoG in April 2007.

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

11. Material Litigation (continued)

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

KPT challenged the action taken by TM by initiating arbitration proceedings in accordance with the contracts and claimed for an amount of RM10.4 million plus further damages, interest and cost. By a letter dated 6 June 2005 from KPT, KPT quantified its total claims as at the date of the letter at RM90.2 million. TM has also filed its counterclaim for RM19.1 million in damages, interest and cost.

On the hearing dates of 23 and 24 August 2006, the proceedings commenced with the testimony given by KPT's 4th and 5th witnesses respectively. The said hearing continued on 6 to 8 November 2006 with testimony given by KPT's 5th witnesses and was completed on 8 November 2006. The Arbitrator adjourned the arbitration hearing to enable the parties to exchange their respective lists of payments made by the Defendant to the Plaintiff for the works carried out in Terengganu.

The next hearing dates are fixed from 18 to 20 December 2006.

TM's solicitors are of the view that the quantum of damages claimed by KPT is grossly inflated and that KPT may fail to prove a substantial part of its case. Based on legal advice, the quantum of damages that will be recoverable by TM, by way of counterclaim, is currently uncertain, as it is dependent on the evidence given by TM's witnesses.

(d) Bukit Lenang Development Sdn Bhd (BLDSB) vs TM, Tenaga Nasional Berhad and SAJ Holdings Sdn Bhd

On 23 January 2006, the Court granted an Order in terms for TM's application to transfer this matter from Kuala Lumpur High Court to Johor Bahru High Court and as directed by the High Court, TM filed its Statement of Defence in the Kuala Lumpur High Court on 21 February 2006.

Meanwhile, TM's application to strike out BLDSB's Summons filed on 26 January 2005 has been postponed pending the transfer of the file to Johor Bahru High Court.

Based on legal advice, TM has a reasonably good chance of success in defending its case against BLDSB.

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

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

Based on legal advice, TM has a reasonably good chance of success in defending its case against AHSB.

11. Material Litigation (continued)

(f) **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)

The striking out applications filed by Rego, TRI and the directors against TSDTR's counterclaim was fixed for hearing on 8 December 2005. However when the matter was called on the aforesaid date, the Registrar requested the parties to file written submissions and fixed the same for clarification/decision on 18 May 2006. 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 appeal against the Registrar's decision on the striking out application to the Judge in Chambers (Appeal). The Appeal was fixed for hearing on 1 August 2006. On the hearing date, the Appeal was adjourned to 16 October 2006. On 16 October 2006, the Court has directed the parties to file written submissions and fixed the Appeal for hearing on 29 January 2007.

A case management is also fixed for mention on 29 January 2007.

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

(g) **MCAT GEN Sdn Bhd (MCAT) vs Celcom (Malaysia) Berhad (Celcom)**

In respect of the First Suit, Celcom in its Counterclaim sought relief by way of an injunction to restrain such acts of passing off and also an order for an inquiry as to damages on account of profits.

On 9 January 2006, Celcom filed an application to strike out the First Suit on the grounds that MCAT's claim disclosed no cause of action, was frivolous, vexatious and an abuse of process of the Court. Celcom also sought, in the alternative, to strike out MCAT's claim for damages of RM1.0 billion on the grounds that the claim was frivolous, vexatious and an abuse of process of the Court. The striking out application which was fixed for hearing before the Registrar on 27 March 2006 was adjourned to 17 April 2006. Upon hearing the solicitors' submissions, the striking out application was fixed for clarification/decision on 4 May 2006. However, since then, the Registrar who heard the said application has been transferred to another Court and as such the striking out application was fixed for mention on 18 July 2006 pending the disposal of MCAT's application to amend the Statement of Claim.

MCAT's application to amend the First Suit's Writ of Summons and Statement of Claim was fixed for hearing on 6 September 2006. Upon hearing submissions by the parties' solicitors, the Court has fixed the same for decision/clarification on 10 October 2006.

11. Material Litigation (continued)

On the hearing date, MCAT's solicitors informed the Court of an application for extension of time to refer to the written grounds of judgement of Datuk Wahab Patail in dismissing MCAT's injunction application in the Second Suit. As this application has yet to be sealed, MCAT's solicitors requested that the striking out application and the application to amend the Statement of Claim be adjourned to a later date.

On 3 August 2006, MCAT's application for extension of time was allowed with no order as to costs. The Court then fixed the striking out application for mention and the application to amend the Statement of Claim for hearing on 6 September 2006 respectively. Upon hearing submissions by the parties, the Court then fixed the application to amend for decision/clarification and striking out application for mention on 10 October 2006 respectively. On the mention date, the Court allowed MCAT's application to amend with costs in the cause and the striking out application fixed for hearing on 7 December 2006.

On the direction of the Court Celcom has filed an application to consolidate the First Suit with the Third Suit. The Consolidation Application was fixed for mention on 6 October 2006 and later fixed for hearing on 1 December 2006.

In respect of the Second Suit, MCAT's application for an interim injunctive relief was heard and dismissed with costs on 13 April 2006. The application to amend the Writ of Summons was not contested by Celcom and was therefore allowed on 13 April 2006 subject to payment of costs by MCAT. Subsequently on 24 April 2006, MCAT filed a Notice of Appeal with the Court of Appeal against the said decision of 13 April 2006. On 29 June 2006, the appeal was fixed for mention before the Registrar of the Court of Appeal. The Court then fixed 30 August 2006 for the hearing of the appeal. On the hearing date, the Appeal was dismissed with costs. MCAT has filed a motion for leave to appeal to the Federal Court.

Celcom has 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. Court has directed parties to file written submission and fixed the same for decision/clarification on 17 October 2006, which was later adjourned to 6 December 2006.

Celcom has also filed an application for security of costs which has been fixed for hearing on 6 December 2006. Case management has been fixed for mention for the Second Suit on 6 December 2006.

11. Material Litigation (continued)

The application to strike out the Third Suit which was fixed for hearing on 3 April 2006 was adjourned to 4 July 2006. Upon hearing the solicitors' submission, the striking out application was fixed for decision on 13 July 2006. The decision was subsequently fixed for mention on 11 August 2006 and later fixed for mention on 2 November 2006 pending the disposal of MCAT's application to amend the Statement of Claim, which has been fixed for hearing on 2 November 2006. The application to amend the Statement of Claim was allowed with costs to be borne by MCAT on 2 November 2006. The striking out application is now fixed for hearing on 31 January 2007.

On 28 February 2006, Celcom filed an application to transfer the Third Suit to the Kuala Lumpur High Court Civil Division 6 where the First Suit is currently being heard (Consolidation Application). The grounds in support of the Consolidation Application include (i) similarity in subject matter and issues to be tried, (ii) the possibility of conflicting decisions if the First Suit and the Third Suit are not heard together, (iii) to promote expediency and uniformity in the conduct of the First Suit and the Third Suit and (iv) to reduce litigation costs.

The Consolidation Application was fixed for hearing on 24 May 2006. On the hearing date, the Court directed the parties to file written submission and fixed the application for hearing on 29 January 2007. Case management has also been fixed for mention for the Third Suit on 29 January 2007.

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

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

The cause papers in relation to the Originating Summons against DeTeAsia have been served upon DeTeAsia in Germany. On 22 March 2006, DeTeAsia entered a conditional appearance in this matter.

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. The said application which was fixed for hearing on 23 May 2006 has been adjourned to 20 July 2006. Upon hearing DeTeAsia's solicitors request to file further affidavits, the Court fixed the matter for mention on 17 August 2006 and later adjourned the hearing to 29 November 2006 to enable parties to file their respective affidavits.

Meanwhile, Celcom's Originating Summons has been fixed for hearing on 22 November 2006.

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

11. Material Litigation (continued)

II. For the following material litigation cases as disclosed in the fourth quarter 2005 announcement to Bursa Malaysia on 28 February 2006, enumerated below are updates of the cases since the date of that announcement:

(a) **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.

On 24 July 2006, the Court of Appeal allowed the appeal of Mobikom as abovementioned with costs in the High Court and Court of Appeal to be paid to Mobikom. Following the said decision by the Court of Appeal and subject to Inmiss' right of appeal to the Federal Court, the ongoing Winding-up proceedings against Mobikom in the High Court will have to be stayed pending the disposal of Mobikom's setting aside application of the Award.

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 next hearing date to be fixed by the Court for Inmiss' leave application to appeal to the Federal Court. As to date, no hearing date has been fixed by the Federal Court for the said leave application.

On 9 October 2006, the High Court has fixed 6 December 2006 for the mention of the following matters:

(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 Arbitration Award.

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.

11. Material Litigation (continued)

(b) **Technology Resources Industries Berhad (TRI) vs Tan Sri Dato' Tajudin Ramli (TSDTR), Bistamam Ramli (BR) and Dato' Lim Kheng Yew (LKY) (collectively referred to as 'Defendants')**

On 10 March 2006, the Registrar dismissed the Summary Judgement application with costs on the recovery of a total sum RM55.8 million which were paid to the Defendants as compensation for loss of office and incentive payment and also the return of two (2) luxury vehicles which were transferred to the first two Defendants. On 21 March 2006, TRI filed an appeal against the Registrar's decision on the Summary Judgement application to the Judge in Chambers (Appeal). The Appeal is fixed for hearing on 14 June 2006. However, on 22 May 2006, upon procuring its solicitors' advice, TRI withdrew the Appeal.

TRI then filed an application to retransfer the matter to Commercial Court Division based on its solicitors' advice due to long backlog of cases in the Civil Court Division. The said application was fixed for hearing on 2 October 2006 and later adjourned to 30 November 2006.

On 18 September 2006, TRI was served with a copy of TSDTR and BR Defence and Counterclaim.

(c) **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) TSDTR, (ii) BR (iii) LKY (iv) Dieter Sieber (v) Frank-Reinhard Bartsch (vi) Joachim Gronau (vii) Joerg Andreas Boy (viii) Axel Hass and (ix) Oliver Tim Axmann (collectively referred to as "Defendants").

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 will be effected in Singapore/Germany as the relevant directors may be.

Service of process has however already been effected on i) TSDTR (ii) BR and (iii) LKY. They will file their respective defences in due course. On 12 September 2006, Dieter Sieber filed and served, through his solicitors in Malaysia, a memorandum of conditional appearance.

11. Material Litigation (continued)

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

On 29 June 2006, TM, Telekom Enterprise Sdn Bhd (TESB), Celcom and TRI was served each with a copy of a Defence and Counterclaim dated 29 June 2006 by TSDTR's solicitors making Celcom and TRI a party to the above legal proceedings via the Counterclaim.

On 6 July 2006, the solicitors for TM, TESB, Celcom and TRI (TM Group's Solicitors) filed a Memorandum of Conditional Appearance in Court.

On 13 July 2006, TM Group's Solicitors was served with an Amended Defence and Counterclaim dated 13 July 2006.

TSDTR is seeking TM, TESB, Celcom, TRI and 9 others jointly and/or severally the following relief in the Amended Counterclaim:

(i) the sum of RM6.2 billion (TRI shares at RM24.00 per share);

(ii) general damages to be assessed;

(iii) aggravated and exemplary damages to be assessed;

(iv) damages for conspiracy to be assessed;

(v) an Account of all sums paid under the Facility Agreement and/or to Danaharta by TSDTR including all such sums received by Danaharta including as a result of the sale of the TRI shares and the Naluri shares;

(vi) an assessment of all sums due to be repaid by Danaharta to TSDTR as a result of overpayment by TSDTR to Danaharta;

(vii) an Order that Danaharta forthwith pays all sums adjudged to be paid to TSDTR under prayer (vi);

(viii) an Account of all dividends and/or payments received by TM arising out of or in relation to the TRI (now Celcom) Shares;

(ix) an Order that TM forthwith pays all sum adjudged to be paid to TSDTR under prayer (viii);

(x) damages for breach of contract against Danaharta to be assessed.

In addition, TSDTR is also seeking, *inter alia*, from all the 24 Defendants to the Counterclaim the following relief:

(i) the sum of RM7.2 billion;

(ii) damages for conspiracy to be assessed;

(iii) aggravated and exemplary damages to be assessed;

11. Material Litigation (continued)

(iv) interest at the rate of 8% per annum on all sums adjudged to be paid by the respective Defendants to the Counterclaim to TSDTR from the date such loss and damage was incurred to the date of full payment;

(v) costs.

On 20 July 2006, TM Group's solicitors have filed two applications on behalf of TM & TESB and Celcom & TRI for the striking out of the Amended Counterclaim by way of Summons in Chambers (SIC) in Court. The Court has fixed 14 September 2006 as the hearing date of the SIC.

Meanwhile, on 7 September 2006, TSDTR's solicitors filed and served on TM Group's solicitors, TSDTR's Affidavit in Reply to TM & TESB and Celcom & TRI Supporting Affidavit respectively.

On the hearing date of 14 September 2006, the Court has adjourned the matter to 27 and 28 November 2006 as the mention dates for TM & TESB's and Celcom & TRI's SIC to strike out the TSTDR's Amended Statement of Claim respectively. TM & TESB and Celcom & TRI will be filing Affidavits in reply to TSDTR's Affidavit in Reply in due course.

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

On 6 July 2006, Celcom was served with a sealed copy of a Writ of Summons and Statement of Claim by DS. He is seeking against Celcom and Kamsani bin Hj Ahmad (Kamsani), an employee of Celcom, general damages in the sum of RM15.0 million for the alleged libel and breach of contract, a further sum of RM15.0 million in exemplary and aggravated damages for the alleged libel and an injunction to prevent Celcom and Kamsani from distributing or publishing any letters or content similar thereto, interest and costs.

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 the same has been fixed for hearing on 5 February 2007.

Based on legal advice, Celcom and Kamsani have a reasonably good chance of success in defending the claims by the Plaintiffs.

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

11. Material Litigation (continued)

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

On 6 July 2006, Celcom was served with a sealed copy of a Writ of Summons and Statement of Claim by AM. He is seeking against Celcom and Kamsani general damages in the sum of RM10.0 million for the alleged libel and breach of contract, a further sum of RM9.0 million in exemplary and aggravated damages for the alleged libel and an injunction to prevent Celcom and Kamsani from distributing or publishing any letters or content similar thereto, and interest and costs.

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 the same has been fixed for mention on 17 October 2006 and later fixed for hearing on 18 December 2006.

Based on legal advice, Celcom and Kamsani have a reasonably good chance of success in defending the claims by the Plaintiffs.

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

12. Earnings Per Share (EPS)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter **30/9/2006**	Preceding year corresponding quarter 30/9/2005	Current year to date **30/9/2006**	Preceding year corresponding period 30/9/2005
(a) Basic earnings per share				
Profit attributable to equity holders of the Parent (RM million)	**482.2**	775.9	**1,437.2**	1,576.5
Weighted average number of ordinary shares (million)	**3,394.4**	3,388.6	**3,393.3**	3,386.6
Basic earnings per share (sen)	**14.2**	22.9	**42.4**	46.6

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

12. Earnings Per Share (EPS) (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter **30/9/2006**	Preceding year corresponding quarter 30/9/2005	Current year to date **30/9/2006**	Preceding year corresponding period 30/9/2005
(b) Diluted earnings per share				
Profit attributable to equity holders of the Parent (RM million)	**482.2**	775.9	**1,437.2**	1,576.5
Weighted average number of ordinary shares (million)	**3,394.4**	3,388.6	**3,393.3**	3,386.6
Adjustment for ESOS (million)	**5.7**	11.1	**7.7**	11.6
Weighted average number of ordinary shares (million)	**3,400.1**	3,399.7	**3,401.0**	3,398.2
Diluted earnings per share (sen)	**14.2**	22.8	**42.3**	46.4

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

(a) The Board of Directors has on 2 August 2006 declared an interim gross dividend of 16.0 sen per share less tax at 28% (2005: an interim tax-exempt dividend of 10.0 sen per share) for the financial year ending 31 December 2006. The dividend has been paid on 18 September 2006 to shareholders whose names appeared in the Register of Members and Record of Depositors on 23 August 2006.

(b) No dividend was recommended for the current quarter ended 30 September 2006.

By Order of the Board

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

Kuala Lumpur
28 November 2006