TIME dotCom Berhad (413292-P) | annual report 2009

TIME

back to black

Back to BLACK

Black is the colour of profitability, productivity and progress.

And TIME has made its way back.

We went back to the basics, started anew and made progress.

Now here we stand, focused on sustaining the momentum we accomplished in 2009. With an intense drive to push performance, we're ready to face the challenges ahead and geared up to take on the next phase of our turnaround plan.

Contents

TIME dotCom is back to

WHAT WE HAVE ACHIEVED SO FAR

EBITDA of
RM51.6 million
for FYE '09

Revenue of
RM286.8 million
for FYE '09

How we did it

- **Focus on customer segments**
- **Aggressive cost savings**
- **Rebuilding the network**

black

PAT of
RM33.1 million
for FYE '09

Achieved operating profit since Q2'09

Reduced costs by
RM10.8 million
for FYE'09

- **Selectively expanding coverage**
- **Developing our people and restoring our engineering pedigree**

CORPORATE PROFILE

TIME dotCom Berhad (TIME) is Malaysia's alternative fixed-line telecommunications services provider. A public listed company of a sizeable market capitalisation of almost RM1 billion, TIME stands proud as a competitive market player offering its services that range from voice and data to broadband internet, managed services as well as other IT and communications solutions.

TIME's network runs entirely on fibre across the country. Being the provider that can claim to offer high availability and resiliency from border to border, TIME progressively developed its core and backbone network into an Internet Protocol (IP)-based network as part of our business refocus endeavour.

A key feature of TIME's fibre network is its cutting-edge Dense Wavelength Division Multiplexing (DWDM) technology which offers better data transmission in terms of speed and quantity due to its higher capacity, while its digital nature ensures seamless route protection and data security. TIME's flagship trunk network, the Cross Peninsular Cable System (CPCS); supports TIME's other access networks that run on Synchronous Digital Hierarchy (SDH), Metro Ethernet (Metro-e), Gigabit Passive Optical Network (GPON) and Asymmetric Digital Subscriber Line (ADSL) platforms. Comprising of five diverse routes of over 6,000km of terrestrial and submarine fibre optic cables, the CPCS has landing points around the perimeter of Peninsula Malaysia with two international gateway points from Thailand to Singapore.

With this infrastructure in place, TIME is well positioned to meet the demands of emerging technologies and services. Our fibre optic cables enable voice, data and video transmissions to be executed while ensuring high levels of dependability and resilience, speed and data integrity. TIME's two international gateway facilities augment international telecommunications access via satellite and undersea cable routes, linking businesses and private customers to each other and the world.

At TIME, we continually develop products that fulfil our customers' specific needs. Our customer base lies predominantly in the wholesale, corporate and Government, and the enterprise market segments, as evidenced by our extensive network coverage that spans to high-density commercial and industrial areas. By nature of our customer profile, we aim to deliver a personalised customer experience. We see every interaction we have with our customers as an opportunity to build and nurture a long-lasting relationship. We go the extra mile and offer unwavering support in the face of any eventuality or crisis. In doing so, we provide a value-added service that is unique to TIME.

Since 2008, we have injected fresh blood into our employee demographics whilst restoring our engineering pedigree, with new faces bringing their diverse skills and varied industry experience onboard. This is the team which has worked hard to see us turn the corner and we are confident they will take us to new heights as we progress into the future.

With a resilient network, skilled workforce and strategic business initiatives in place, TIME has set the stage to face future challenges in the wired-line telecommunications market in the country. TIME is listed on the Main Market of Bursa Malaysia and licensed under the Malaysian Communications and Multimedia Act 1998.

Company Name
TIME dotCom Berhad

Industry
Telecommunications

Share Listing
Main Market, Bursa Malaysia (since 2001)

Location (Head Office)
No.14, Jalan Majistret U1/26, Hicom Glenmarie Industrial Park 40150 Shah Alam, Selangor, Malaysia

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Product & Services
Business Segment
- Managed Services
- Corporate/Government Solutions
- Wholesale & Carrier Services
- Fixed Line Services (Voice)
- Fixed Line Services (Data)
- Broadband
- Internet

Consumer Segment
- Fixed Line Services (Voice)
- Internet
- Broadband

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Abdul Kadir Md Kassim
Non-Independent, Non-Executive Director
(Chairman)

Dato' Azian Mohd Noh
Non-Independent, Non-Executive Director

Elakumari Kantilal
Non-Independent, Non-Executive Director

Ronnie Kok Lai Huat
Senior Independent, Non-Executive Director

Balasingham A Namasiwayam
Independent, Non-Executive Director

Afzal Abdul Rahim
Non-Independent, Executive Director
(Chief Executive Officer)

Megat Hisham Hassan
Non-Independent, Executive Director
(Chief Operating Officer)

AUDIT COMMITTEE
Ronnie Kok Lai Huat (Chairman)
Elakumari Kantilal
Balasingham A Namasiwayam

NOMINATION AND REMUNERATION COMMITTEE
Elakumari Kantilal (Chairman)
Ronnie Kok Lai Huat
Balasingham A Namasiwayam

TENDER BOARD COMMITTEE
Balasingham A Namasiwayam (Chairman)
Abdul Kadir Md Kassim
Elakumari Kantilal

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia
Securities Berhad

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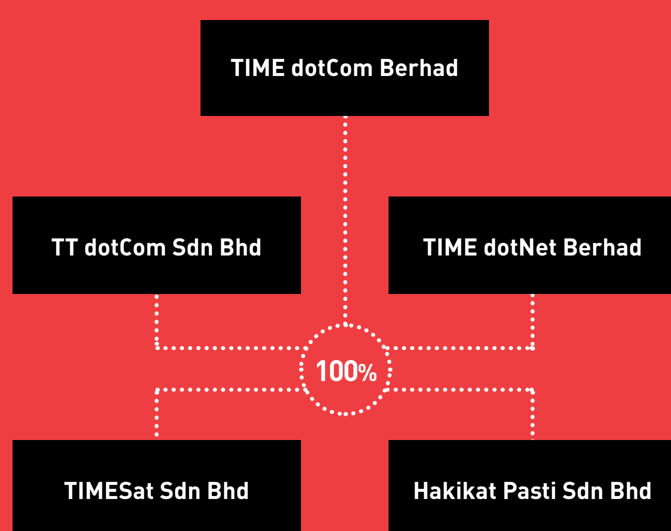
CORPORATE STRUCTURE



Preparing for Growth

Dear Shareholders,

2009 HAS BEEN AN EXTRAORDINARILY CHALLENGING YEAR FOR THE TELECOMMUNICATIONS INDUSTRY. FIXED-LINE OPERATORS FACED STEEP DECLINES IN VOICE USAGE. MOBILE OPERATORS WERE NOT SPARED BY RAPIDLY REDUCING AVERAGE REVENUE PER USER (ARPU) WITH NEAR SATURATION IN MOBILE PENETRATION.

Business conditions in 2009 were extremely challenging. There was stiff competition on all fronts, from broadband, fixed-line to the aggressive emergence of mobile data operators.

Yet, it was during this period that the TIME group bucked a declining economy, serious cuts in corporate budgets and tough competition to post our first profit since 2001.

The change that began in 2008 with the arrival of the new management team was accelerated throughout 2009 – topline revenue grew through product innovation, delivery of quality service, and aggressive management of cost.

More significantly, the Group returned to profitability as early as the second quarter of 2009, with our financial results steadily improving across the remaining two quarters.

Going forward, the message is: we, the TIME group, believe that we have turned the corner. We believe that we have, going forward, put in place the foundations for a passage of clear, sustainable profits.

Industry Overview

The Malaysian Communications & Multimedia Commission (MCMC) is driving a nationwide plan to increase broadband penetration to at least half of all households by the end of this year.

Currently, just over three-and-a-half households out of 10 enjoy broadband. At the existing rate of growth, the target is expected to be met this year.

The TIME group is positioned to capitalise on this, being the only telecommunications company in Malaysia that operates entirely on fibre. This lead will extend as we continue to invest in enhancing network coverage and availability.

With Malaysia's quick recovery from the financial crisis, coupled with positive spend and growth indicators in our economy in the first quarter of 2010, we are optimistic of growth in areas where we offer our services.

The market irony is that whilst telecommunications services start to behave like a utility, deteriorating prices and user behaviour will push naturally accepted growth boundaries. In short, we are operating in a young and receptive market which can afford the frills of an always-on connectivity.

Financial Performance

The headline message from TIME in 2009 is our return to profit.

This has come about from an approach of harnessing costs and de-risking our balance sheet. Following three straight quarters of profits, I am proud to say we have turned a significant corner.

The TIME group recorded a profit after tax of RM33.1 million for the financial year ending 2009. We achieved this on the back of RM286.8 million in revenue. With this, we managed to make up revenues lost from the divestment of our payphone business earlier in the year, as detailed in the following pages of this report. However, revenue erosion in our fixed-line voice services continues to affect our growth story.

Our growth in data and non-data services were significant. This means that for the first time, we are growing our market share.

In 2009, we also posted an operating profit of RM16.1 million. The Group's EBITDA for 2009 has more than doubled to RM51.6 million from RM17.9 million in 2008.

These figures are positive indicators that our business transformation plan is headed in the right direction.

My dear shareholders, the first phase of TIME's turnaround plan is now complete.

We have recovered from our internal challenges and that of the global financial crisis. We are now better prepared for the road ahead.

Without pre-empting the next twelve months, and barring any unforeseen circumstances, I believe that the TIME group should continue to report positive numbers in all our key metrics a year from now.

Corporate Developments

Under the objective to cut our borrowings, we disposed a total of 50.25 million shares in our investment of DiGi.Com Berhad (DiGi), consisting 22.50 million shares at RM20.60 each in January. Subsequently in August, we disposed of another 27.75 million shares at a price of RM21.80 ringgit each.

The disposal, which amounted to approximately 6.5 percent of DiGi's entire share capital, raised a total of RM1.07 billion for the Group, which allowed us to fully settle our borrowings.

Following this sale, we are left with about 27.5 million DiGi shares, or approximately 3.5 percent equity interest in DiGi, which is expected to continue to yield us dividend income. The Group is now debt-free and able to raise capital to enhance and improve our network, services and coverage.

Operational Highlights

In 2009 every effort was made with one purpose in mind: to strengthen our network capability and structural rigidity.

We strengthened our network backbone and commercialised CPCS, our Cross Peninsular Cable System. The CPCS is designed as a fully meshed network targeted to deliver up to 99.999% availability. It has five diverse routes, making it the most robust transborder terrestrial system built.

We also expanded our network coverage and focused on the premium-end high-density condominiums and commercial high-rises in areas such as Mont Kiara, Subang and Petaling Jaya for the all-fibre network roll-out of our high-speed broadband services.

We've also reached out to our customers, and put in a bigger effort in fostering a relationship that goes beyond the professional level. They see in us not just a partner with cutting-edge technological capabilities, but also as a team player that listens and reacts to their needs.

We've also engaged our industry regulator, the Malaysian Communications and Multimedia Commission (MCMC), which has resulted in a better understanding and ability to execute the national agenda of broadband for every Malaysian.

In addition, we focused on products and market segments that matter.

In terms of changes within the organisation, we streamlined our management team, strengthening our executive ranks with the appointment of industry professionals to several top positions. These included the position of Chief Operating Officer, Chief Financial Officer, Chief Marketing Officer and Head of Sales.

As part of that initiative to address manpower, we retrained 30 percent of our workforce, mainly in the sales and technical divisions, equipping them with the latest industry knowledge to better represent the company.

We also implemented a voluntary staff reduction scheme which took our employee headcount from over 960 staff members to a team of 619.

This enabled us to move closer to a new working culture in the Group, one which is more focused on results and performance. This, we believe, will take us towards sustained profitability.

Outlook and Prospects

The measures we have put in place have set a firm and stable foundation to expand into a market that is growing well. There are vast opportunities in the corporate and consumer broadband space, especially given our all-fibre capabilities and the government-led initiative to offer broadband to all households in Malaysia.

This year, the focus will be on expanding coverage in key market segments, offering a complete end-to-end communications solution with the aim to gain share in our addressable market segments.

The prospect for building on our performance in 2009 is promising. We are privileged to have a team of driven and motivated people capable of taking us through the next phase of our turnaround: growth anchored on increasing market share.

Change in Board Composition

There were several changes to the board's composition in the financial year. We welcomed Balasingham A. Namasiwayam as a new Independent and Non-Executive Director. He is also appointed as the Chairman of Tender Board, a member of Audit Committee and Nomination and Remuneration Committee.

Dato' Shaik Daud Md Ismail, Encik Kamaludin Abdul Kadir and Encik Asgari Mohd Fuad Stephens resigned as board members, as did Dato' Wan Muhamad Wan Ibrahim, who resigned from his post of Chairman/ Director.

On behalf of the Board, I would like to thank them all for their contributions and wish them well in their future undertakings.

I am certain the new additions to the Board will allow me to help steer the Group to sustainable profitability and in areas of corporate governance, transparency, disclosure and financial reporting.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to extend our gratitude and appreciation to all stakeholders for their support.

Our thanks also go to shareholders and customers for their continuous support; to the Ministry of Information, Communication and Culture, to the MCMC and all government and regulatory authorities for their guidance; and to our business partners for their continued commitment and cooperation.

Finally, I would also like to thank my fellow Directors, Board members, and the management team and all staff for their continued professionalism and dedication.

I look forward to their continued support in turning TIME into a successful telecommunications player.

Abdul Kadir Md Kassim
Chairman

The Next Phase of Our Turnaround

THE FIRST THING I WOULD LIKE TO SAY IS A BIG THANK-YOU TO THE FANTASTIC TEAM WE HAVE AT TIME DOTCOM BERHAD (TIME).

IN 12 MONTHS WE HAVE MANAGED TO DO WHAT SEEMED NEARLY IMPOSSIBLE A YEAR AGO; REVERSE LOSSES AND FIGHT A FINANCIAL CRISIS.

LAST YEAR, WE SOUGHT TO MAKE CHANGES.

WE PROMISED TO MEET CHALLENGING ANNUAL TARGETS.

WE PROMISED TO FOCUS OUR ATTENTION ON BUILDING REVENUE AND CUTTING COSTS.

WE PROMISED THAT WE WOULD BUILD TIME INTO A COMPETITIVE WIRED TELECOMMUNICATIONS OPERATOR THAT FOCUSES ON DATA IN THE WHOLESALE, CORPORATE AND ENTERPRISE MARKETS.

OVER THE COURSE OF 2009, WE ACHIEVED THOSE TARGETS AND MORE.

WHAT DID WE ACHIEVE?

We cut recurring costs. By shaving headcount, streamlining the management team, and moving away from the city and into our own offices in Glenmarie, we stripped out salary and rental obligations that were a drag on profits.

We settled all our debts. We were able to do this because as the economy recovered and share markets rose, we sold some of our shares in DiGi.Com Bhd. That gave us enough money to pay down all our loans - so that means no more interest payments.

We energised our people. Post-VSS, we knew we had a leaner, meaner, more competitive team. A team that can confidently make the transition to performance and results. A team more entrepreneurial, more committed, more engaging, and infinitely more ambitious than any the industry has seen.

WHAT DOES THIS MEAN?

It means we have set the stage for meaningful, repetitive profitability.

By focusing on our core strengths and underlining our relevance and credibility in the market, our business is all that much more sustainable and valuable.

And that means more respect in the marketplace, and therefore a better bargaining position.

In short, we're spending less, and earning more. We're zeroing in on our strengths, and cutting delinquencies in other parts of the business.

It means that we have executed on all the hard decisions. And that gives us the ability to build on that momentum, grow our core services, boost our revenues and establish longevity and quality as the hallmarks of the TIME brand in the marketplace.

HOW ARE WE GOING TO DO IT?

1. **By being focused.**

   Customer segmentation.

   We have three key customer segments: wholesale, corporate and the small & medium enterprise. In clearly demarcating these segments, we are making great strides, not only in producing and delivering focused and compelling solutions, but forming cohesive teams that speak to our customers' minds as well as their hearts.

   We have gotten to know our customers a lot better, and every day, we get closer and closer to being a true technology and business partner.

   Customer-centric.

   We are demonstrating to our clients that we will go to any length to address their business needs. We are becoming more attuned to our clients' demands, and we tailor our solutions accordingly.

   We're showing that we're hungrier, more willing to please and more agile than our competitors.

   And we're combining our technological capabilities with a friendliness and reliability that makes working with us an unbeatable combination.

2. **By strengthening and simplifying the network.**

Fibre remains at the core of our network, it's in our DNA. It always has been.

Our network is also the most robust transborder terrestrial network ever built in Malaysia. Our Cross Peninsula Cable System, or CPCS as we call it, was designed with only one goal in mind – high availability.

Tough and resilient, perhaps its most appealing feature is the 99.999% availability. That's because we have inbuilt five dedicated fibre routes running along both coasts, alongside major highways and via utility corridors so that there is always an alternative route through.

Customers need only ever complain about one thing: that the CPCS has been over-engineered.

We have also consolidated our network offering to just three core layers: DWDM, Metro Ethernet and Core IP services.

DWDM packs so much speed and bandwidth into our CPCS that storage assets at a distance - maybe even hundreds of kilometers away - can be accessed as easily as on-site devices.

On top of this sit our Metro-Ethernet services, where corporate customers across the country can enjoy the speed, quality and cost savings that only fibre can offer.

And to cap it off are our core IP services, which encapsulate voice, data and connectivity tools available to anyone within our connectivity footprint.

We have simplified, standardized and future-proofed our core network infrastructure to be more efficient and cost effective.

With that as our foundation, we are now moving towards offering fully-fibred broadband, data and voice services in the Klang Valley to maximize profitability in high-density buildings and on to other areas in the future.

As a result of these improvements, we have been able to establish first-mover advantages in next-generation network battlefield: ultra-high bandwidth services.

3. **By offering creative solutions**

We are giving our clients more solutions, more options. We are choosing our battles, attacking only in areas where we are strong where we can lead the market.

Thus, in early 2010, we were the first to roll out fiber-to-the-home (FTTH) in Mont Kiara, which will act as a launchpad for rollouts to other areas around the Klang Valley. For the first time, retail customers in multi-dwelling units such as condominiums have broadband access 5 times faster than the incumbent's average proposition.

At our service levels of 50 Mbps, the true capabilities of multimedia and triple-play become stunningly evident. And that will help re-establish our group as technology leaders and innovators.

4. **By overhauling our culture.**

There are many changes afoot. But the biggest change is happening among our employees. We're evolving as individuals and as a team.

Where we used to be introverted and red-tape oriented, we are now bold and creative. And where in the past we were accused of being easygoing and relaxed, we are focused and quick.

Most of all, we are instilling our staff with a sense of fun and occasion.

HOW WILL WE OVERCOME ROADBUMPS?

By far the biggest challenge to our success will be the way we meet the constantly changing market demands that confront us.

The emergence of mobile broadband players, and increasing efforts by the competition to overhaul their legacy networks has thrown us a challenge like never before. The breadth of new services being offered to our customer base increases virtually every week.

Our optimism is built on the fact that the fixed-line business is even more entrenched than ever before. Our growth in wholesale services is premised on this reality. We must stay the course and leverage our strengths as a focused player that chips away unrelentingly at acquiring market share. We have a few tricks up our sleeve still, and marketwise, we intend to operate below the radar scope even more in the coming months.

WHAT HAPPENS IN A COUPLE OF YEARS? AND BEYOND?

The hard part is almost over. We are now entering a period of reconfiguration, of reshaping the business to be more effective.

In a couple of years we aim to be in a position to expand and tone our core strengths, reengineer and bridge the gaps where we are weakest, and strategically build our capabilities.

From there, we will automate our processes as much as possible and that in turn should set the stage for accelerated growth and the establishment of a manual of Best Practices, perhaps as early as 2011 onwards.

Our people are our biggest asset. And enhanced profitability is good news for all of us. It puts us in the position of being an employer of choice, where we balance the twin, and equally important priorities of Life and Work. Hence we are taking steps to improve staff welfare and making TIME a great place to work.

CEO'S MESSAGE

ACKNOWLEDGEMENTS

We are only part of the way through our transformation journey.

While this message began with a big thank-you to all of you who have helped us get this far, let's all be cognisant of the fact that there is still a long way to go.

To help turn the Group around for the long term, we will continue to require the commitment and support of all our key stakeholders.

The Board of Directors, shareholders, management, staff, customers and business partners will all have key roles to play. On behalf of the management team, I would like to take this opportunity to record our sincere appreciation and gratitude to our stakeholders for continuing to believe in the Group.

Most importantly, I must thank the employees of TIME for making this all possible. You guys rock!

We have achieved the first part of the goal: profitability.

Let us now build on that momentum and build a legacy that is founded on value, phenomenal services and trust.

With Gratitude,

Afzal Abdul Rahim
Chief Executive Officer

REVIEW OF OPERATIONS

2009 was a banner year for TIME's Business Transformation Plan.

EXTERNAL DEVELOPMENTS

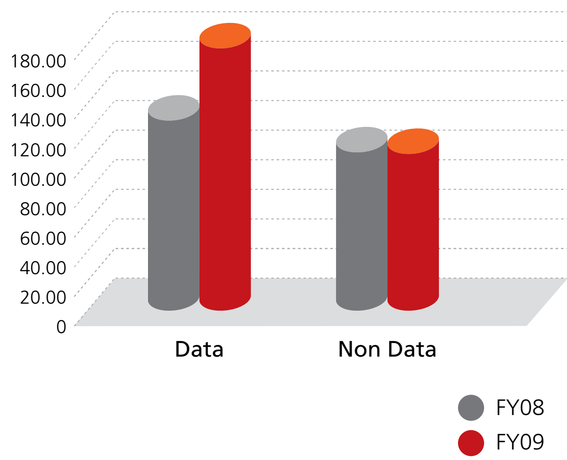
Aggressive cost-cutting and focusing on the Group's core strengths in technology and service quality led to revenue growth across all primary business segments over the 12-month period, despite globally challenging conditions.

Cognisant of trying economic conditions, the Group aggressively embarked on a value-add strategy of going the extra mile, offering existing clients additional value, while simultaneously forging new relationships in business segments where there was already a key selling proposition.

The strategy paid dividends, resulting in healthy topline revenue growth across primary business segments.

PRODUCT

Revenue by Key Product Groups



Note : Above exclude revenues from payphone business disposed in Q2, 2009

This year, the Group aims to consolidate the momentum it achieved in 2009, continuing to drive revenues and grow market share in key areas such as wholesale, corporate and Government, as well as small-to -medium-sized enterprise segments.

Expanding network coverage and product innovation will be instrumental in successfully building on this momentum, and plans are already in place to roll out exciting and innovative products by the end of 2010.

Data

In 2009, data services stood out as the Group's best performing business segment, with revenues growing year-on-year by 39% to RM123.19 million, and constituting the biggest contributor to overall revenues.

Going forward, the Group will continue to aggressively expand and roll out fibreoptic services within the Klang Valley, focusing on strategic locations such as commercial business districts and high-rise multi-dwelling properties, where there is a nascent but receptive market yet which is unencumbered by large capital requirements.

TIME provides an extensive product suite, ranging from bandwidth supply via leased lines, satellite-based data solutions, metro local area networks, through to international private leased circuit services.

Broadband and Internet

During the period, TIME offered innovative product packages and price plans that emphasised service quality and higher bandwidth to meet a cost-conscious marketplace.

Managed Services

The Group has widened its focus on the managed services sector to take advantage of growing demand for IP-based offerings, particularly in IP VPN, especially among TIME's corporate and Government clientele.

Non-data

Voice products dropped in the period, a decline that was mitigated by fixed-line voice services, which remained among the Group's key revenue generators.

The decline was mainly caused by price erosion as a result of increased competition and continuous migration to cheaper mobile and internet-based communications provided by mobile and other VOIP operators.

Moving forward, the Group has implemented a series of initiatives aimed at arresting the decline and to sustain a stable fixed-line customer base.

Some of these strategies include new voice packages aimed at retaining and acquiring high-usage customers. The Group is also rejuvenating the usage of fixed-line voice among existing customers, amidst continuous efforts to improve internal processes and service quality.

CUSTOMER SEGMENT

Wholesale

In 2009, the Group decided to take a more focused stance towards the wholesale market segment, which resulted in the segregation of this segment into WiMAX, Mobile, Wholesale International and Licensees.

WiMAX

The Group is in a good position to leverage on the growth in WiMAX-based services, having the coverage to support all active WiMAX players as far as backhaul and last-mile demands within the coverage area of TIME's Metro-e infrastructure.

TIME currently offers Tower Space Rentals and Cabin Space rentals for ASP providers, and is working towards a Pay-Per-use bandwidth model, which should be attractive for WiMAX players.

Mobile

TIME is working closely with all the major mobile players to 'fiberise' their infrastructure. In doing so, the Group is synergistically able to use their towers for co-location, thus negating the need for last-mile fiber to our nearest potential customers.

These developments will cater to mobile players which have 3G roll-out plans and that are 100% Internet Protocol-based.

Long-term leases for trunk connectivity can be achieved by tapping into our CPCS (Cross Peninsular Cable System) which is a robust transborder terrestrial system that offers unprecedented connectivity.

Wholesale International

International telecommunications companies are also able to enjoy our highly robust fibreoptic Cross Peninsular Cable System (CPCS), which, with its transborder capacity, addresses regional connectivity requirements from Thailand and Singapore.

Licensee

Most of the Licensees that are registered with MCMC use TIME as their primary or secondary link.

The flat-pricing structure makes our proposition more attractive to all Licensees to offer their services nationwide using TIME's 100% IP-based network.

Clients are offered bundled connectivity and IP Transit, with standard and premium options.

Pay-per-use bandwidth models are also offered.

Corporate and Government

TIME is working with the corporate and Government sectors in its move towards big IP Transit bandwidths (Premium and Standard).

Data growth is also converting all SDH customers to new Metro-E technology to take advantage of on-demand bandwidth capability. Bank customers, especially, are being offered SAN and DWDM solutions, taking advantage of TIME's network resilience.

TIME also offers value-added solutions such as Managed Services, Managed Security, Managed Applications, Managed Firewalls and Managed Load Balancers for connectivity.

Government agencies and corporate customers are also provided secondary Disaster Recovery Centres.

Enterprise

Enterprise efforts during the year were concentrated on building a better and closer relationship with dealers and distributors, to better increase our voice and data offerings to the SME market.

Incentive programmes consisting of new channel commission schemes and strategies were introduced to encourage healthy competition among distributors.

With the cooperation of dealers and distributors, TIME was aggressive in promoting its products and services to increase market share.

During the year, the Enterprise segment contributed RM22.0 million to the total Group revenue of the period.

REVIEW OF OPERATIONS

INDUSTRY DEVELOPMENT

The year 2009 witnessed significant achievements in terms of industry development initiatives.

On 31st March 2009, TT dotCom Sdn Bhd (TTdC) signed an agreement with Tenaga Nasional Berhad (TNB) that allows the use of TNB's optical fibre cable.

This was followed up by another milestone agreement with TNB on 31st December 2009, which allowed the use of TNB's poles and ducts and to co-locate equipment within TNB's facilities.

Accordingly, on 16th November 2009, TIME was successfully appointed by MCMC as a Nominated Facilities Provider for the optic fibre cable owned by TNB.

With this award, TIME was given the license to utilise TNB's optic fibre cable to provide telecommunication services.

Such agreements underline a growing and significant partnership between TIME and TNB, paving the way for future beneficial collaborations.

It also leads to efficient utilisation of assets and optimisation of investments in Malaysia.

For the upcoming year, the Group will continue to initiate and drive strategic alliances that are designed to add and enhance its strengths in network coverage and quality of service. These strategic alliances have been identified as key drivers in enhancing our competitiveness in existing market areas and in acquiring new market share.

From a regulatory viewpoint, winning the 10.5 GHz apparatus assignment in May 2009 allows the rollout of wireless services nationwide within the designated band. The spectrum will be optimised and utilised to offer significant footholds in providing broadband services for high-rise buildings residents and multi-level dwellings.

In short, supporting the MCMC has always been our top priority.

As part of our continuous support of national policy and government initiative, in September 2009, TIME participated in the MCMC-led Universal Service Provider (USP) initiative for 10 universal service targets in Selangor and Negri Sembilan.

We aim to be a leading USP in establishing Community Broadband Center (CBC) among underserved areas and communities.

TIME has also lent support and participation in activities and events organised by MCMC and the Ministry such as:

- 'MCMC – Industry Interclub Bowling 2009' that was held on 19th April 2009 at Ampang Superbowl, Berjaya Times Square, Kuala Lumpur;
- The 'Child Online Safety' Campaign that was launched in conjunction with the World Telecommunication and Information Society Day on 17th May 2009;
- The 'Senam Seni' Programme and the launch of '1Malaysia' at Dataran Merdeka, Kuala Lumpur on 27th June 2009; and
- The launch of MyIX Sabah and USP's Community Broadband Centre, Sabah at Sabah Trade Centre on 28th December 2009.

We are also proud to announce that we have successfully concluded and registered Access Agreements with major industry players such as Telekom Malaysia Berhad (TM), U-Mobile Sdn Bhd, Packet One Networks (Malaysia) Sdn Bhd, Jaring Communications Sdn Bhd, Maxis group of companies and DiGi Telecommunications Sdn Bhd before 30th November 2009.

INTERNAL DEVELOPMENTS

Customer Service

TIME believes in delivering the best in telecommunications technology and service to its customers.

We build great consumer experiences through the integration of our products, fulfillment of customer expectations, operational efficiency, value in services and wide network coverage.

In a bid to raise our service standards, the Group implemented several initiatives, including relocation, restructuring, training and upgrading of our service centre.

Starting from the relocation from Wisma TIME in Kuala Lumpur to Hicom Glenmarie, Shah Alam, TIME integrated the Contact Centre, Service Operation Centre and Service Improvement Department under the Service Management Division, to provide efficient and effective support to customers.

TIME created dedicated roles for different tasks in order to attend to customer needs more efficiently. And as part of customer service, service improvement teams analyse regular faults experienced by customers and find alternative solutions to prevent them, thus improving the customer experience.

The division also conducted in-house training together with inter-department and inter-divisional personnel, to improve customer support personnel's technical understanding of the company's network and services.

It also automated many processes, improving frontline troubleshooting effectiveness and efficiency.

The Group also managed several improvement, migration and network issues, both at service centre-level and on-site, for several corporate clients to their satisfaction. All these initiatives have given customers a comfort level, and the assurance that they can rely on TIME to be there for them, all the time.

Customer Intimacy

Beginning 2009, TIME introduced a new division named Customer Intimacy.

The objective was to create a long-term relationship with customers, improve customer experience and promote loyalty.

The belief was in continuous improvement, especially in process efficiency in meeting customer outcomes.

The execution capabilities in 2009 were:

- Establishing Customer Satisfaction Index (CSI) for TIME through Customer Satisfaction Survey conducted in June 2009.
- Conducted Customer Relationship Visits to Top Priority and Priority Customer to better understand the needs and their voice.
- Establishing TIME's business process framework adopting the eTOM standard;
- Establishing TIME's process value chain using 14 key processes to be adopted in delivering and achieving customer loyalty;
- Establishing TIME's process governance structure, adopting the Business Process Management (BPM) model
- Initiatives on operational performance improvement through business process realignment projects and
- Initiatives on Quality Management system adoption through an ISO surveillance audit and ISO Standard Documentation

Information Technology

For the year in review, TIME Information Technology (IT) focused on delivering the 2009-2012 IT roadmap, which aims to improve the business, operations and productivity within an affordable and lower cost of ownership approach of IT investment.

In business and operation support, the implementation of a new mediation system was completed, and the Inter-Connect billing system was upgraded, which improved billing and revenue processing.

The department also introduced an online service order system to mark the beginning of its new Customer Relationship Management (CRM) solution to foster greater customer relationships. The entire CRM solution will be complete by the end of 2010.

To improve operations support and service availability to our customers, the department also implemented a Unified Fault Monitoring Management System as the first phase of an entire Network Management Solution that is also targeted for completion in 2010.

In the enterprise area, the department implemented an online bidding system for Group procurement, giving more transparency, better buying power and more competitive prices.

To enhance staff productivity and working culture, more mobility for Wi-Fi services and desktop-notebook replacement program was offered. IT also implemented self-managed remuneration records via online e-pay slips, and enhanced the intranet and on-line forums as primary communication means within the company.

In the area of infrastructure, IT completed the relocation of its Data Center from Wisma TIME and established a secondary Data Center in the PJ Hub to cater for business continuity. The department also conducted a network unification exercise to consolidate the network segments into a single IT network infrastructure, which resulted in better performance and reduced network switch maintenance costs.

IT also standardised a single e-mail domain name to enhance the Group's corporate image.

To support the cost-cutting programme, the department conducted several initiatives to reduce maintenance and support expenditure, and aggressively promoted open-source solutions as viable alternatives to high-cost commercial products.

Turnaround Initiatives

The Business Turnaround Division (BTD) was formed in April 2009 to drive the company turnaround initiatives. Among the core activities in the period were an improvement in Internal Communication, implementation of Quick Wins Lab and development of the Annual Operating Plan (AOP)2010.

Cognisant that no business turnaround plan can succeed without effective communication amongst staff and management, new internal communications channels were established.

These included the CEO Townhall, C4 Campaign and e-station Forum, established to ensure that staff members receive regular, timely and accurate information about the company's goals and vision.

CEO Townhall sessions were conducted in April and August 2009. The sessions were aimed at engaging the staff with the company's activities, and to build positive relationships between the staff and the management. They also served as a platform for management to share business results, performance and issues.

The BTD also introduced TIME's five New Core Values: 'Bold', 'Creative', 'Fun', 'Quick' and 'Focused', in order to drive a cultural change within the employees and to engage the staff and management through various programmes.

Following this, a new- look e-station with a theme that reflected these core values was launched.

In June, a new campaign called Cost Cutting & Cash Conservation, or 'C4', was introduced, to slash costs, spend only when necessary and thus conserve cash in difficult economic times.

To solidify this image, a C4 Barrel was launched as a visual representation of savings achieved to-date and is placed in the lobby for public display.

BTD also successfully implemented Quick Wins Labs as part of the initiatives. Six labs were conducted throughout the year. In each lab, specific issues were raised and discussed intensely for five days, involving a cross-functional team.

At the end of each lab, comprehensive ideas and various solutions were formulated by the participants and will be implemented to better improve existing processes and systems.

A reinvention was implemented to ensure that all staff members have a conducive working environment and for their talents to shine through. In this respect, BTD came out with an initial plan in December and the work will continue throughout 2010.

BTD also facilitated the development of the Group's Business Plan 2009-2012 and AOP2010. New corporate and divisional Key Performance Indicators (KPI) have been tabled to improve the divisional functions and to overhaul divisions.

A new initiative called Cross Functional Initiatives or Div-X has been introduced to strengthen the AOP2010 and to improve ongoing activities.

Human Capital Development

Efforts to develop Human Capital in 2009 focused on cultural transformation and improving people's competency and capabilities.

Two major reorganisations took place in March and August, respectively, complementary to this initiative. A Voluntary Separation Scheme (VSS) exercise was conducted with intention to provide an exit option for staff members with competency mismatch. This initiative had enabled the organisation to inject fresh talents with the right competencies aligned with the company's business direction into the Group.

The VSS resulted in the departure of 227 employees.

In conjunction with this exercise, a companywide critical competency identification and assessment was carried out to ensure that employees with the right skills and competencies remained with the organisation.

Following the VSS, the emphasis shifted to rejuvenating and improving workforce morale, and these initiatives included revisions to individual roles and responsibilities, remuneration reviews, coupled with employee engagement programmes.

The company also continued its policy of implementing development interventions during the period to improve both the managerial and technical capabilities of the workforce.

REVIEW OF OPERATIONS

Technical development efforts were predominantly focused on technical certification, on-the-job-training and knowledge sharing by respective line managers. Self learning and internal knowledge sharing were emphasised as among human-development strategies.

Six 'Talk TIME' sessions were conducted, with topics ranging from technical, financial and legal, to vehicle purchase and personal grooming.

From the cultural perspective, the Company had introduced five new core values (Bold, Creative, Quick, Focused and Fun), to update the Performance Management System. In addition, a casual dress-code was implemented as part of the cultural transformation effort.

An Employee Satisfaction Survey 2009 was launched to gauge the engagement level of our employees particularly after the re-organisation, VSS exercise as well as the implementation of the turnaround initiatives that had taken place in 2009.

More than two-thirds of the workforce who participated in the survey, with result of satisfaction level of employees increased from 69% in 2008 to 71% in 2009.

Corporate Social Responsibility

TIME believes that corporate social responsibility should begin from within the organisation. To this end, we focused intensively on improving the working conditions, environment and benefits for our employees over the past year.

Our physical move to Glenmarie, Shah Alam was followed by a change of the physical and working environment where TIME employees work on a daily basis. Several of our efforts during the year 2009 concentrated on the training of our personnel in keeping their skills updated with technology trends. On-the-job training carried out during the year incorporated top-down knowledge impartation from line managers to subordinates, as well as barrier free knowledge sharing across the organisation in general being adopted as a part of our cultural overhaul.

In that respect, a two-way communication is seen as essential to promote better conditions at the workplace. To gauge the sentiments of our employees, several initiatives have been rolled out to promote communication from the bottom up. We encouraged our staff to contribute ideas, and reward them accordingly, whilst constantly engaging online surveys to formulate the best remuneration packages based on the responses received.

Additionally, our cost cutting efforts also involved cutting down on power and paper wastage. TIME had saved significantly on expenditure whilst helping combat global warming through organisational awareness and commitment to the cause.

From within, we began to expand our focus externally, by supporting the underprivileged in a small, but meaningful manner. We took the effort to improve the wellbeing of the unfortunate children at the Rumah Nur Salam in Kuala Lumpur, and gave ourselves a long-term commitment to support their cause in caring for and protecting these children from life tribulations and social ills.

BOARD OF DIRECTORS' PROFILE

Abdul Kadir Md Kassim

NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR (CHAIRMAN)

Abdul Kadir Md Kassim, Malaysian, aged 69, was appointed to the Board of TIME on 22 October 2001 and as Chairman on 15 January 2010. He is a member of the Tender Board Committee.

Kadir holds a Bachelor of Laws (Honours) from the University of Singapore. He served in the Malaysian Administrative & Diplomatic Service and in the Judicial and Legal Service between 1966 and 1973 holding various positions and has been in private practice since then. Currently, he is the managing partner and practising at Messrs Kadir, Andri & Partners.

He is currently a director of UEM Land Holdings Berhad and Proton Holdings Berhad, both listed on Bursa Malaysia. He is also the Chairman of Cement Industries of Malaysia Berhad (CIMA) and a Director of UEM Group Berhad, Petroliam Nasional Berhad (Petronas), Danajamin Nasional Berhad and a few private companies. He also serves as Chairman of The Committee Exchange of Labuan International Financial Exchange and sits on the Investment Panel of Tabung Haji and on the Corporate Debt Restructuring Committee.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

Dato' Azian Mohd Noh

NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR

Dato' Azian Mohd Noh, Malaysian, aged 57, was appointed to the Board of TIME on 29 March 2006. She is a graduate of Universiti Malaya with Bachelor of Economics (Honours) Accounting and has a Master of Business Administration from Universiti Kebangsaan Malaysia. She has also attended the Advanced Management Programme at Harvard Business School, USA. She is also a member of the Malaysian Institute of Accountants.

Dato' Azian started her career as a Treasury Accountant and served at the Accountant General's Department and has held several positions in Ministries and Statutory Bodies, prior to her appointment as Director of Kumpulan Wang Amanah Pencen (KWAP) in 1991. On 1 March 2007, Dato' Azian was appointed as the first Chief Executive Officer of Kumpulan Wang Persaraan (Diperbadankan) (Retirement Fund Incorporated), a newly incorporated statutory body.

Dato' Azian also sits on the Boards of Rashid Hussain Berhad, Valuecap Sdn Bhd and is the Chairman of iVCap Management Sdn Bhd.

She has no securities holdings in the Company and/or its subsidiaries. She also has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

She has not been convicted of any offence in the past 10 years.

Elakumari Kantilal

NON-INDEPENDENT, NON-EXECUTIVE DIRECTOR

Elakumari Kantilal, Malaysian, aged 53, was appointed to the Board of TIME on 8 March 2001. She is the Chairman of the Nomination and Remuneration Committee. She is also a member of the Audit Committee and the Tender Board Committee.

Elakumari holds a Master of Science in Finance & Accounting from University of East Anglia, United Kingdom and a Bachelor of Accounting from Universiti Kebangsaan Malaysia. She is also a member of the Malaysian Institute of Accountants. She started her career in the Accountant General's Department and served in various senior positions in the Ministry of Finance. She joined Khazanah Nasional Berhad in 1994 and currently holds the position of Director in the Investment Division in Khazanah. She also sits on the Board of TIME Engineering Berhad and Faber Group Berhad.

She has no securities holdings in the Company and/or its subsidiaries. She also has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

She has not been convicted of any offence in the past 10 years.

Ronnie Kok Lai Huat

SENIOR INDEPENDENT, NON-EXECUTIVE DIRECTOR

Ronnie Kok Lai Huat, Malaysian, aged 55, was appointed to the Board of TIME on 31 January 2008. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

Ronnie holds a Degree in Business Administration from the University of Strathclyde, United Kingdom. Prior to joining the Board of TIME, Ronnie held the position of Global Head of Marketing at Sampoerna International from September 2004 to January 2007 and was Sampoerna Malaysia's Marketing Director from June 2002 to August 2004. Between 1996 and 2002, he served as the Vice President of Marketing & Sales at JT International Tobacco Sdn Bhd where he also held the position of Executive Director on the Board of the company.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

Balasingham A Namasiwayam

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Balasingham A Namasiwayam, a Malaysian aged 58, was appointed to the Board of TIME on 13 July 2009. He is the Chairman of Tender Board Committee. He is also a member of the Audit Committee and the Nomination and Remuneration Committee.

Balasingham holds a Bachelor of Science (Hons) in Electrical Engineering from Portsmouth Polytechnic, United Kingdom.

Balasingham has been involved in the telecommunications industry for more than 30 years. Prior to joining the Board of TIME, he served as the Chief Executive Officer of Fiberail from September 2003 to June 2008. Balasingham began his career as an Assistant Controller of Telecoms with the then Jabatan Telekom Malaysia and served in various capacities until December 1986. He continued his career with Telekom Malaysia from 1987 to 2003. His last position with Telekom Malaysia was General Manager of Specialised Network Services.

Balasingham has interest in the securities of the Company through his spouse. He has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

Afzal Abdul Rahim

NON-INDEPENDENT, EXECUTIVE DIRECTOR (CHIEF EXECUTIVE OFFICER)

Afzal Abdul Rahim, Malaysian, aged 32, was appointed as Director & Chief Executive Officer of TIME on 7 October 2008.

He holds a Degree in Mechanical Engineering with Electronics, specialising in Acoustic Wave Theory from the University of Sussex, United Kingdom.

Afzal started his career in the automotive industry culminating in a regional role with Group Lotus PLC. A technology entrepreneur, he also founded the Malaysian Internet Exchange (MyIX), which was established in 2006.

Afzal has interest in the securities of the Company through Pulau Kapas Ventures Sdn Bhd. He has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

Megat Hisham Hassan

NON-INDEPENDENT, EXECUTIVE DIRECTOR (CHIEF OPERATING OFFICER)

Megat Hisham Hassan, Malaysian, aged 47, was appointed to the post of Chief Operating Officer of TIME on 24 November 2008 and as Executive Director on 18 March 2009.

Megat holds a BSEE in Electrical Engineering from the Southern Illinois University, United States of America and an MBA from Universiti Tenaga Nasional. Megat also holds professional memberships in the Board of Engineers of Malaysia, the Institute of Electrical & Electronics Inc. Communication Society and also in the Project Management Institute.

Megat brings with him, extensive experience of over 20 years in the telecommunications industry. He started his career with Jabatan Telekom Malaysia in 1985 and has since served in various capacities in Uniphone, Celcom Transmission, Tenaga Nasional and Global Transit. He is known to most for his instrumental role in establishing and leading Fibrecomm Network Malaysia to become a major player in the wholesale data market.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

ATTENDANCE OF DIRECTORS AT BOARD OF DIRECTORS' MEETINGS

The Board of Directors met ten (10) times during the financial year ended 31 December 2009. Details of the Directors' attendance are as follows :-

	Date of Appointment/ Resignation during the year	Attendance	Percentage of Attendance
Abdul Kadir Md Kassim	-	9/10	90%
Dato' Azian Mohd Noh	-	5/10	50%
Elakumari Kantilal	-	10/10	100%
Ronnie Kok Lai Huat	-	10/10	100%
Balasingham A Namasiwayam	Appointed with effect from 13 July 2009	4/4	100%
Afzal Abdul Rahim	-	10/10	100%
Megat Hisham Hassan	Appointed with effect from 18 March 2009	7/7	100%
Dato' Wan Muhamad Wan Ibrahim	Resigned with effect from 31 December 2009	8/10	80%
Dato' Shaik Daud Md Ismail	Resigned with effect from 6 May 2009	3/3	100%
Kamaludin Abdul Kadir	Resigned with effect from 8 May 2009	3/3	100%
Asgari Mohd Fuad Stephens	Appointed with effect from 19 May 2009 Resigned with effect from 11 November 2009	4/5	80%

Afzal Abdul Rahim

CHIEF EXECUTIVE OFFICER

Afzal Abdul Rahim, 32, was appointed as Director & Chief Executive Officer of TIME on 7 October 2008. He holds a Degree in Mechanical Engineering with Electronics, specialising in Acoustic Wave Theory from the University of Sussex, United Kingdom. Afzal started his career in the automotive industry culminating in a regional role with Group Lotus PLC. A technology entrepreneur, he also founded the Malaysian Internet Exchange (MyIX), which was established in 2006.

Megat Hisham Hassan

CHIEF OPERATING OFFICER

Megat Hisham Hassan, 47, was appointed to the post of Chief Operating Officer of TIME on 24 November 2008 and as Executive Director on 18 March 2009. He holds a BSEE in Electrical Engineering from the Southern Illinois University, United States of America and an MBA from University Tenaga Nasional. Megat also holds professional memberships in the Board of Engineers of Malaysia, the Institute of Electrical and Electronics Inc. Communication Society and also in the Project Management Institute. Megat brings with him extensive experience of over 20 years in the telecommunications industry. He started his career with Jabatan Telekom in 1985. He has since served in various capacities in Uniphone, Celcom Transmission, Tenaga Nasional and Global Transit. He is known to most for his instrumental role in establishing and leading Fibercomm Network Malaysia to become a major player in the wholesale data market.

Faizatul Akmar Abu Bakar

CHIEF FINANCIAL OFFICER

Faizatul, 43, joined TIME in 1995. She holds a qualification as an Accountant from the Association of Chartered Certified Accountants (ACCA), UK, and is a member of the Malaysian Institute of Accountants (MIA). She was attached to the Federal Land Development Authority (FELDA) prior to joining TIME. In January 2009, she was appointed as the Chief Financial Officer of TIME.

Abdul Rahman Mohamed Hussain

HEAD, SALES

Abdul Rahman, 56, joined TIME in February 2009. He has more than 21 years of sales experience in Malaysia as well as internationally. Prior to joining TIME, he was attached to Equant Malaysia Sdn Bhd, Asia Global Crossing and BT.

Arjun T. Arasu

CHIEF MARKETING OFFICER

Arjun, 36, joined TIME in March 2009. He holds a Bachelor of Arts (Hons) majoring in Accounting and Financial Management & Economics from University of Sheffield, UK. Prior to joining TIME, Arjun was attached to DiGi Telecommunications.

Mohd Hanizam Mohammed

HEAD, NETWORK FUNDAMENTAL PLANNING

Hanizam, 41, was appointed as the Head, Network Fundamental Planning in January 2009. He holds a Bachelor of Science in Electrical Engineering from Clarkson University, New York. He first joined TIME as an engineer in 1994 and has since served the company in various areas ranging from network design, engineering to operations.

Abdul Manan Abdul Malik

HEAD, PROJECTS & REGIONAL OPERATIONS

Abdul Manan, 37, was appointed as Head, Projects and Regional Operations in March 2009. He holds a Bachelor of Science in Electronic Engineering from Hanyang University, Seoul, South Korea. He has over 10 years of professional experience in entrepreneurship, planning, engineering and project management.

Lee Guan Hong

HEAD, SERVICE MANAGEMENT & ENGINEERING

Guan Hong, 36, joined TIME in February 2009. He holds a Bachelor Degree in Management Information System from University of Oklahoma, USA. Guan Hong has more than 10 years experience ranging from internet service to telecommunication industry. Prior to joining TIME, he was attached to Digi Telecommunications.

Sharul Nizam Abdul Mutalib

HEAD, PROCUREMENT

Sharul, 38, joined TIME in January 2009. He holds a Bachelor of Science in Manufacturing Engineering and Masters in Business Administration from University Tenaga Nasional. He has more than 10 years of experience in quality and procurement areas holding senior positions in procurement since 2005. Prior to joining TIME, he was attached to Emerson Electric (M) Sdn Bhd.

Nor Hayati Shaari

HEAD, CUSTOMER INTIMACY

Nor Hayati, 47, was appointed as Head Customer Intimacy in June 2009. She holds a BBA and Masters of Business Admin majoring in Finance from Western Michigan University, USA. Nor Hayati has more than 15 years of experience in customer services having implemented various programmes in boosting the overall TIME's customer satisfaction.

Anand Vijayan

HEAD, GROUP INTERNAL AUDIT & RISK MANAGEMENT

Anand, 35, joined TIME in July 2009. He holds a Masters Degree in Business Administration (e-Commerce) from Charles Sturt University, Australia and obtained his Bachelor of Business (Accountancy) from Royal Melbourne Institute of Technology (RMIT), Australia. He is a Certified Practising Accountant, CPA Australia and Certified Information Systems Auditor (CISA), Australia since 1999. Anand has a total of 14 years experience in financial and IT audit, risk and consulting.

Misni Aryani Muhamad

HEAD, LEGAL & SECRETARIAL

Misni, 49, joined TIME in 2003. She obtained her LL.B (Hons) form the International Islamic University in 1988. She was admitted as Advocate & Solicitor of the High Court of Malaysia in 1989 and practised law until 1991. Since then and prior to joining TIME, she has held positions as in-house Counsel & Company Secretary in two major Main Board public-listed companies.

Abdulhadi Wahid

HEAD, CORPORATE AFFAIRS

Abdulhadi, 49, joined TIME in June 2005. He holds an MBA from University of Ballarat, Australia. He has more than 24 years of experience in the telecommunications industry, both in fixed and mobile networks.

Muhd Ramizu Abdul Wahab

HEAD, PEOPLE

Ramizu, 41, joined TIME in June 2007. He holds a Masters Degree in Business Administration from University of Bath, UK and a Bachelor Degree in Agribusiness from Universiti Putra Malaysia. Before joining TIME, Ramizu spent 10 years at Sime Darby Berhad covering the broad spectrum of Human Resources fields.

Looking Back

Q1

We reduced substantial costs in rental by moving from Wisma Time in Kuala Lumpur to our own premises in Glenmarie, Shah Alam at the start of 2009.

Q2

To improve our existing systems and processes, Quick Win Labs (QWLs) were held, each spanning the course of five days of intensive discussion within a cross-functional team. All solutions were 100% employee-formulated and implemented.

QWL
Quick Wins Lab

We felt the need to create a new way for staff to share their ideas and contribute directly to the turnaround of TIME. The IDEA campaign was born. This gave rise to many useful solutions that made a big difference to the Company.

IDEA of the month

In a show of team spirit, staff from across TIME poured in and volunteered to lend a hand in an interim connectivity measure that required urgent action to pull 70km of fibre cables from Tanjung Karang to Teluk Gong while our submarine cables underwent repair.

We refocused our business efforts by disposing our payphone business to focus on relatively more profitable operations that have greater growth potential.

C4

We slashed costs through the C4 (Cost Cutting and Cash Conservation) campaign, which was a concerted effort involving all departments. The effort entailed specific targets, duties and documentation as well as other creative measures including employees' suggestions.

TIME unravelled details of our turnaround plans with our shareholders at the 12th Annual General Meeting, held at the Grand Blue Wave Hotel, Shah Alam.

We were awarded with Fixed Wireless Access Apparatus Assignment in the frequency bands 10.15GHz to 10.30 GHz and 10.50 GHz to 10.65GHz by the Malaysian Communications and Multimedia Commission, which allows us to rollout wireless services nationwide.

In a fun team building endeavour, the people at TIME came together to play for the TIME de Futsal Inter-Division Challenge 2009 at the Sports Planet, Shah Alam.

A testament to TIME's turnaround plan, – the first real operating profit was recorded in the second quarter of 2009. Finally, we turned from red to black!

Q3

We took the opportunity to bring some merriment to the lives of underprivileged children during the month of Ramadhan.

Q4

An opportunity for staff and customers to inter-mingle was the Deeparaya celebration held at our offices at Glenmarie.

In order to ratify TIME's cost saving bid to dispose of 3.6% of its total outstanding ownership in DiGi.com Berhad, an Extraordinary General Meeting was held at the Holiday Inn Glenmarie, Shah Alam.

One of the ways whereby we engaged our customers differently – we treated our System Integrated partners to a track experience at the Sepang International Circuit in partnership with Lotus.

We hosted an event for our wholesale audience and introduced the Cross Peninsular Cable System (CPCS). From Thailand to Singapore, the most robust transborder terrestrial system ever built.

TIME Family Nite Carnival 2009 was held at the Bukit Kiara Equestrian Club for TIME's employees and their families.

CORPORATE GOVERNANCE STATEMENT

The Board is not only committed in ensuring the highest standards of corporate governance in the Group as articulated in the Principles and Best Practice promulgated in the Malaysian Code of Corporate Governance (the Code) but also continually strives to enhance the effectiveness by improving the Board of Directors' practices and processes.

The Board views corporate governance as synonymous with four key concepts of the Group; namely transparency, integrity and accountability as well as corporate performance. The group adopts these key concepts in the Group's operation and management and consciously applies the principles and best practices of the Code and other global standards.

The Board is pleased to provide the following statement which outlines the main corporate governance that was in place throughout the financial year.

Principles statement

A. Directors

The Board

An effective Board that leads and controls the Group is vital in the stewardship of its direction and operations and ultimately the enhancement of long-term shareholder value. Thus, the Board is responsible for the strategic direction, establishing goals for management and monitoring the achievement of these goals. All Directors are from diverse professional backgrounds with a wide range of business and financial experience. The profile of each Director is presented from pages 25 to 28.

The diversity of the Directors' background is pivotal to provide depth and specific experience and perspective to the leadership of the Group, as needed by the Group's business which is a highly regulated and supervised telecommunications industry.

In discharging its stewardship, the Board has adopted a formal schedule of matter which includes:

- review, decide and adopt a strategic plan and direction for the Group as well as providing guidance and input on the overall strategic plan and direction to the management;
- setting and establishing targets and goals for the management and monitoring the achievement of these targets and goals;
- review and oversee the corporate performance of the Group;
- identify and manage principal risks in the Group's business;
- establish a plan to retain talents for the Group;
- oversee, supervise and plan the Group's future leaders and human capital and their succession;

The schedule ensures that the governance of the Group is in its hands.

Board Balance

There were seven (7) Board members in 2009, comprising one (1) Non-Independent Non-Executive Chairman (Chairman), two (2) Independent Non-Executive Directors, two (2) Non-Independent Executive Directors and two (2) Non-Independent Non-Executive Directors.

During the year, two (2) Independent Non-Executive Directors and one (1) Non-Independent Director were appointed. The Chairman and three (3) Independent Non-Executive Directors resigned from the Board in the same year.

Principles statement (continued)

A. Directors (continued)

Board Balance (continued)

The Board's composition at the end of year 2009 is in line with the Malaysian Code on Corporate Governance which stipulates that Independent Non-Executive Directors should make up at least one-third of the Board membership. The composition of the Board reflects an impressive spectrum of experiences and skills with a mix of legal, financial, technical and business experience which are relevant and vital to the direction and management of the Group. With the appointments, the Board is now equipped with members with significant experience in the telecommunication industry. The interests of the minority shareholders of the Group is also reflected in the Board composition.

The roles and responsibilities of the Chairman and the CEO are separate with clear distinctions between them. The Chairman leads the Board and is responsible to ensure the effective and smooth interaction of the overall Board and individual Directors, both within and outside the Boardroom as well as driving the discussion toward consensus and to achieve closure in every discussion. The CEO is responsible for developing and implementing strategy of the Group, reflecting long terms objectives as well as priorities established by the Board. The CEO assumes full responsibility and accountability to the Board for all aspects of the Company operations and performance. He also represents the Company to major customers, employees, suppliers and professional associations.

The size and composition of the Board is at an optimum and is well balanced. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and control. The Independent Directors play pivotal roles towards ensuring that the business strategies of the Group and any other matters or agendas discussed are properly and fully deliberated and examined with a view to protect the interests of shareholders and the stakeholders of the Group. They provide independent and unbiased views in determining the final decisions taken or endorsed by the Board.

Meetings

The Board meets regularly. In addition to the scheduled meetings, the Board also convenes special meetings when urgent and important decisions need to be taken between scheduled meetings. During the past financial year, the Board met 10 times.

For all the meetings, due notices were given and structured formal agenda and papers relating to the agenda items were forwarded to all the Board members for their perusal prior to and in most cases, in advance of the date of each meeting.

All proceedings of the meetings were properly minuted and filed. The minutes are circulated to each and every Board member for their perusal prior to the confirmation of the minutes before the commencement of the next Board meeting. The members may request for clarification or raise comments on the minutes before they are confirmed.

The Board deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business directions of the Group and Corporate Governance matters during the financial year. Details of Directors' attendance at Board Meetings held during the financial year ended 31 December 2009 are as follows:

Principles statement (continued)

A. Directors (continued)

Meetings (continued)

Date of Board Meeting	Directors' Attendance Independent	Non-Independent	Managing Director	Total No. of Attendance/Total Board Members
21 January 2009	3	3	1	7/8
25 February 2009	3	2	1	6/8
18 March 2009	3	3	1	7/8
15 May 2009	1	4	1	6/7
28 May 2009	2	4	1	7/8
9 July 2009	2	5	1	8/8
31 July 2009	2	4	1	7/9
26 August 2009	3	5	1	9/9
16 October 2009	3	4	1	8/9
12 November 2009	2	5	1	8/8

The Board of Directors delegates certain responsibilities to the Board Committees. All Committees have written terms of reference and operating procedures to ensure a clear division of duties between the full Board and Board Committees. The Board is kept informed of all proceedings and deliberations of its Board Committees through minutes of Board Committees' meetings which are tabled at the Board meetings, for notation.

The details of meetings and activities of these Committees are discussed in the following paragraphs.

Supply of information

The Board has unrestricted access to information required so as to enable it to discharge its duties, as the decision making process is highly contingent on the strength of information furnished. The Board is provided with monthly reports and updated information and briefings on the performance of the Group and the Company prior to every meeting to enable them to make informed decisions. The Board papers include, amongst others, the following details:

- Business plan and annual operating plan;
- Quarterly performance reports of the Group;
- Major operational and financial issues including risks and audit issues;
- Market share and market responses to the Group's strategies;
- Major investments, acquisitions and disposals of assets;
- Manpower and human resource issues; and
- Minutes of meetings of all the Committees of the Board.

Senior management and key operational managers are informed and made aware of the quality and timeliness required by the Board with respect to the contents, presentation and delivery of Board papers for each Board meeting.

Principles statement (continued)

A. Directors (continued)

Supply of information (continued)

Key matters such as approval of annual and interim results, annual business plans and budget, major investment, financial decisions, key policies, major proposals and announcements are reserved for the Board. These reserved matters are set out in the Group's Discretionary Authority Limits (DAL). The DAL also specifies the levels of authority delegated to the Management by the Board.

The Board, whether as a full Board or its members in their individual capacity, can seek independent professional advice at the Company's expense in the course of fulfilling their responsibilities. Every Director also has unhindered access to the advice and services of the Company Secretary. The Company Secretary constantly advises and updates the Board on the statutory and regulatory requirements in relation to their duties and responsibilities. Appointment and removal of the Company Secretary can only be made by the Board as a whole.

Director's Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. During the financial year, the Directors have also attended seminar, forums and briefings conducted by the Regulatory Authorities, professional bodies and other organisations in order to keep abreast with relevant developments in laws and regulations and the business environment. The training attended by the Directors during the financial year include Khazanah Global Lectures, The Non-Executive Director Development Series – Is it Worth the Risk, Workshop on FRS 139 - Financial Instruments, National Accountants' Conference, Vietnam Finance & Capital Market and 7th East Asia Congress.

Re-election of retiring Directors

In accordance with the Company's Articles of Association and the Bursa Malaysia Main Market Listing Requirements, one-third (1/3) of the Directors shall retire by rotation at every Annual General Meeting and all directors are subject to retirement at an interval of at least once every three (3) years. The Nomination Committee shall, upon reviewing and assessing performance levels, recommend to the Board the re-election of the Directors who are due for retirement at each Annual General Meeting.

Board Appraisal Process

In line with the Government's intention to raise and enhance the Boards' effectiveness and to structure high performing Boards, the Company has adopted an evaluation framework comprising Board Effectiveness Assessment and Board of Directors' Self/Peer Assessment. These assessments are designed to identify the areas that need to be improved to increase the Board's effectiveness and at the same time maintain the cohesiveness of the Board.

Among key performance indicators employed to evaluate the Board's current effectiveness are board composition, board administration, board accountability, responsibility and conduct whereas the indicators for individual director's assessment include their interactive contributions, understanding of their roles and quality of input.

The Company carries out the assessment process annually and the Board continuously identifies the areas to be addressed and is committed to align its effectiveness towards the recommended best practices.

B. Board Committees

Appointments of Board Committees

The Board has delegated certain responsibilities to the Board Committees and each and every Board Committee has written terms of reference of its own. The Board receives reports from the Board Committees and is constantly updated of their proceedings and deliberations. In cases where the Board Committee has no authority to decide on certain matters, the Board Committees will assess and examine the issue and subsequently provide their recommendations which are highlighted in their respective reports for the Board's endorsements.

Audit Committee

Paragraph 15.09 of the Bursa Malaysia Main Market Listing Requirements requires an Audit Committee to be established. The Company's Audit Committee comprises three (3) Non-Executive Directors headed by the Senior Independent Non-Executive Director. Further details of its composition, roles and activities during the financial year are set out in pages 47 to 51.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) comprise three (3) members and all of them are Non-Executive Directors. Among them, two (2) are Independent Directors and one (1) is a Non-Independent Director. Puan Elakumari Kantilal was appointed the Chairman of NRC in place of Encik Abdul Kadir Md Kassim on 19 January 2010.

The NRC held a total of four (4) meetings during the past year. The details are as follows:

		No. of meetings attended
Abdul Kadir Md Kassim (Chairman)	Non-Independent, Non-Executive Director	4/4
Ronnie Kok Lai Huat	Senior Independent, Non-Executive Director	4/4

The following are the directors appointed and resigned from the NRC during the year:-

		No. of meetings attended
Balasingham A Namasiwayam *	Independent, Non-Executive Director	1/1
Kamaludin Abdul Kadir **	Independent, Non-Executive Director	1/1
Dato' Shaik Daud Md Ismail ***	Independent, Non-Executive Director	0

* Appointed as director and NRC member with effect from 31 July 2009
** Resigned as director with effect from 8 May 2009
*** Resigned as director with effect from 6 May 2009

B. Board Committees (continued)

Nomination and Remuneration Committee (continued)

Throughout the year 2009, the Nomination and Remuneration Committee conducted meetings to discharge the following duties:

- Recommended to the Board with respect to the appointment of Independent Non-Executive Directors.
- Made recommendations to the Board with respect to the Directors who shall retire at the Company's 12th Annual General Meeting.
- Reviewed the required mix of skills, experience and other qualities of Non-Executive Directors.
- Reviewed the results of the Board/Board Committees Assessment Form for year 2008 on the effectiveness of the Board, Board committees and individual directors.
- Recommended the appointment of a member of the Tender Board Committee to the Board.
- Reviewed and streamlined benefits scheme for employees.
- Reviewed the Sales Commission Scheme.
- Approved the implementation of the Shift Allowance and other related allowances to optimise the manpower utilisation.
- Recommended the proposal for the implementation of Voluntary Separation Scheme to the Board.

In carrying out its duties and responsibilities, the Nomination and Remuneration Committee has a full and unrestricted access to the Company's records, properties and personnel and it may also obtain the advice of external advisors if required. The Directors are paid annual fees and attendance allowance for each Board meeting and Board Committee meeting that they attended.

Any change in the Directors' remuneration will be reviewed by the NRC before it is recommended to the Board.

CORPORATE GOVERNANCE STATEMENT

B. Board Committees (continued)

Nomination and Remuneration Committee (continued)

Details of the Directors' remuneration (including benefits-in-kind) for each Director during the financial year ended 31 December 2009 are as follows:

Name of Directors	Fixed Fees (RM)	Allowances (RM)	Benefits-in-Kind (RM)	Salary (RM)	Other Expenses (RM)	Total Amount (RM)
Dato' Wan Muhamad Wan Ibrahim	[1]99,875	33,214	57,800	-	7,900	198,790
Elakumari Kantilal	[2]54,000	16,000	300	-	-	70,300
Abdul Kadir Md Kassim	39,600	14,250	300	-	-	54,150
Dato' Azian Mohd Noh	39,600	6,000	-	-	-	45,600
Ronnie Kok Lai Huat	[3]65,129	20,250	-	-	689	86,068
Kamaludin Abdul Kadir	14,052	3,500	300	-	-	17,852
Dato' Shaik Daud Md Ismail	[4]25,161	4,500	107	-	-	29,768
Asgari Mohd Fuad Stephens	[5]26,037	8,000	-	-	1,170	35,207
Balasingham A Namasiwayam	18,523	5,000	-	-	668	24,190
Afzal Abdul Rahim	-	37,404	2,419	420,000	-	459,823
Megat Hisham Hassan	-	33,994	3,403	311,903	-	349,300

[1] Inclusive of the fees paid for sitting as director for subsidiaries
[2] Inclusive of the fees paid for sitting in Audit Committee
[3] Inclusive of the fees paid for sitting in Audit Committee
[4] Inclusive of the fees paid for sitting in Audit Committee
[5] Inclusive of the fees paid for sitting in Audit Committee

B. Board Committees (continued)

Tender Board Committee

The Tender Board Committee was established to facilitate the procurement process. Its main objective is to examine the tenders received and ensure that all necessary criteria, specifications and requirements of the Company have been met and complied with.

The Tender Board Committee consisted of Dato' Wan Muhamad Wan Ibrahim (Chairman), Elakumari Kantilal and Kamaludin Abdul Kadir. With the resignations of Dato' Wan Muhamad Wan Ibrahim and Encik Kamaludin Abdul Kadir from the Board of Directors, Encik Balasingham A Namasiwayam and Encik Abdul Kadir Md Kassim were appointed as the Chairman and member of the Tender Board respectively on 26 January 2010. The Board has delegated its authority to the Tender Board to approve up to RM10.0 million for the budgeted transactions for the acquisition/disposal of fixed assets, trade or stock purchase and the award of contracts after taking into consideration various factors such as the list of tenders received, nature of procurement and the technical and commercial evaluation.

During the year, the Tender Board Committee held one (1) meeting.

C. Shareholders

Investors/Shareholders Relations

The Group recognises and acknowledges that the key element of good corporate governance is being transparent and accountable to all stakeholders. It is fundamental for the Group to establish a provision of clear, relevant and comprehensive information readily accessible to all stakeholders at anytime. Acknowledging this fact, the Group maintains a high level of disclosure and communicates regularly and proactively with its stakeholders, particularly to investors and shareholders, through transparent, effective and readily accessible communication channels. Information on the Group's business activities and financial performance are disseminated through press releases, quarterly reports, Annual Report and the Annual General Meeting in a timely and efficient manner. In addition, the Company's website at http://www.time.com.my provides a broad range of information to the shareholders.

The Company has taken great care and control to ensure that no market sensitive and any other information that require to be reported or announced to the Bursa Malaysia for public release are disseminated or informed to any party without first making such official report or announcement to ensure equal dissemination and information to all investors. Any information released by the Company totally complies with and strictly adheres to disclosure rules and regulations of Bursa Malaysia Main Market Listing Requirements.

The Board has identified Ronnie Kok Lai Huat as the Senior Independent Non-Executive Director to address minority shareholders' issues and to whom minority shareholders' concerns may be conveyed.

Annual Report and Annual General Meetings

The key channel of communication regarding the Group's business activities and financial performance is via the Company's Annual Report. The Annual Report discloses comprehensive details about the Group's business activities and financial performance for the financial year.

C. Shareholders (continued)

Annual Report and Annual General Meetings (continued)

The Annual General Meeting is the principal open forum at which shareholders and investors are informed of the current development. An interactive dialogue is conducted for them to inquire about the Group's activities and prospects as well as communicate their expectations and concerns. Adequate time is allocated for the question and answer sessions between the Directors and the Group's external auditors with the shareholders at the Annual General Meeting held by the Company.

Each item of special business included in the Notice of Annual General Meetings is accompanied by a full explanation of the effects of the proposed resolution.

D. Accountability and Audit

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, the Board aims to present a clear and balanced assessment of the Group's position and prospects. The Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of such financial reporting.

Directors' Responsibility Statement in respect of the Preparation of the Audited Financial Statements

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of their results and cash flows for the period then ended.

In preparing the financial statements, the Directors have considered and ensured that:

- Applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied;
- Suitable and appropriate accounting policies have been adopted and applied consistently; and
- Reasonable and prudent judgments and estimates were made.

The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 99 of the Financial Statements section of the Annual Report.

Internal Control

The Board acknowledges its responsibility in maintaining a sound system of internal control to safeguard shareholders' investments and for reviewing the effectiveness, adequacy and integrity of those systems. The Board and Audit Committee are provided with sufficient information as to the Group's risk profile and Risk Management procedures and Management Information System to ensure that the Group's internal controls and systems are effective.

The Statement on Internal Control furnished on pages 52 to 54 of the Annual Report provides an overview on the state of internal controls within the Group.

D. Accountability and Audit (continued)

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 47 to 51 of the Annual Report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 47to 51 of the Annual Report.

Compliance statement

The Company has strived to comply with all the best practices of corporate governance set out in Part 2 of the Code throughout the financial year. It is the Company's practice to invite the external auditors to the Audit Committee meetings where the quarterly financial results are tabled, discussed and reviewed. The external auditors met the Audit Committee without executive Board members present once in 2009 as the Auditors felt that there were no further material issues that need to be brought to the attention of the Audit Committee.

ADDITIONAL COMPLIANCE STATEMENT

1. Material contracts Involving Directors' and Major Shareholders' Interest

Save as disclosed below, there were no material contracts entered by the Company and/or its subsidiaries involving shareholders' interest either subsisting as at 31 December 2009 or entered since the end of the previous financial year are as follows:

Wayleave and Right of Use Agreement between Projek Lebuhraya Utara-Selatan (PLUS) and TT dotCom Sdn Bhd (TTdC) dated 12 May 2000

The Agreement grants an exclusive right to TTdC to use the fibre optic telecommunications network and infrastructure installed by PLUS for an annual sum of RM10,800,000 for the calendar year 2000 with an incremental amount of 5% compounded annually up to the calendar year 2014. Thereafter, the annual sum will remain at RM4,240,000 until the expiry of the Agreement.

The Agreement shall expire upon the lapse of the concession as granted by the Government of Malaysia to PLUS which is now on 30 May 2038, extended from 30 May 2030, unless renewed by the Government of Malaysia (in which event the Agreement shall terminate upon the renewed terms of the PLUS Concession).

TTdC did not exercise the option to purchase the fibre optic cable and ducts from PLUS under the Supplemental Agreement dated 19 May 2000 which expired on 11 November 2002. The expiration of the option, however, does not affect TTdC's exclusive right to use the telecommunications facilities under the Agreement.

PLUS Expressways Berhad is the holding company of PLUS and an associate company of UEM World Berhad (UEM World). UEM Group Berhad is a major shareholder of UEM World and a wholly-owned subsidiary of Khazanah Nasional Berhad. (Khazanah). Khazanah is a major shareholder of the Company.

2. Imposition of Sanctions/Penalties

There is no imposition of sanctions and/or penalties on the Company and its subsidiaries, directors or Management by the relevant regulatory bodies.

3. Non-audit fees

The non-audit fees paid to external auditors for the financial year ended 31 December 2009 was RM57,500.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Report of the Audit Committee (Committee) for the financial year ended 31 December 2009.

COMPOSITION

The Committee presently comprises three (3) members, of whom two (2) are Independent Non-Executive Directors and one (1) is a Non-Independent Non-Executive Director.

The members of the Committee during the financial year ended 31 December 2009 are as follows:-

Ronnie Kok Lai Huat (Chairman) (Appointed as the Chairman of the Committee with (effect from 19 May 2009)	Senior Independent Non-Executive Director
Elakumari Kantilal	Non-Independent Non-Executive Director
Asgari Mohd Fuad Stephens (Appointed as a member of the Committee with (effect from 19 May 2009) (Resigned as a member of the Committee with (effect from 11 November 2009)	Independent Non-Executive Director
Dato' Shaik Daud Md Ismail (Resigned as the Chairman of the Committee with (effect from 6 May 2009)	Independent Non-Executive Director

(Balasingham A Namasiwayam, an Independent Non-Executive Director, was appointed as a member of the Committee with effect from 26 January 2010.)

The profiles of the Committee members are contained in the "Profile of Directors" set out on pages 25 to 28.

TERMS OF REFERENCE

The Committee was established on 27 September 2000 to act as a Committee of the Board of Directors, with the terms of reference as set out on pages 49 to 51.

MEETINGS

The Committee convened seven (7) meetings during the financial year ended 31 December 2009. The details of attendance are as follows: -

Name	Attendance	Percentage of attendance
Ronnie Kok Lai Huat (Chairman)	7/7	100%
Elakumari Kantilal	7/7	100%
Asgari Mohd Fuad Stephens (Appointed as a member of the Committee with (effect from 19 May 2009) (Resigned as a member of the Committee with (effect from 11 November 2009)	5/5	100%
Dato' Shaik Daud Md Ismail (Resigned as the Chairman of the Committee with (effect from 6 May 2009)	2/2	100%

MEETINGS (continued)

The Chief Executive Officer, other Senior Management members and the external auditors attended these meetings upon invitation to brief the Committee on specific issues. The Company Secretary was present by invitation at all the meetings. The Committee also had met with the Head of Group Internal Audit & Risk Management and the external auditors without the Management's presence.

Minutes of meetings of the Committee are circulated to all members of the Board and significant issues are discussed at the Board meetings.

PRINCIPAL ACTIVITIES IN THIS FINANCIAL YEAR

The Committee carried out its duties in accordance with its terms of reference during the year. The principal activities of the Committee were as follows:

(a) Financial Statements

(i) Reviewed the audited statutory financial statements, quarterly financial results of the Group for 2009 and discussed significant issues prior to the Board of Directors' approval and subsequent announcement.

(ii) Reviewed the annual, interim and any other related financial statements and announcements of the Group for quality of disclosure, and compliance with the Listing Requirements of Bursa Malaysia, approved accounting standards and other relevant legal and regulatory requirements.

(b) Internal Audit

(i) Reviewed the Group Internal Audit annual operating plan highlighting the key audit areas and resources allocated to execute the plan.

(ii) Reviewed results of the internal audit reports, findings and recommendations and action taken on the recommendations.

(iii) Reviewed the key audit issues identified by Group Internal Audit in the current period and management proposed action plans.

(c) Recurrent Related Party Transactions

(i) Reviewed the recurrent related party transactions to ensure that the transactions were not more favourable to the related parties than those generally available to the public and not detrimental to minority shareholders.

(d) Risk Management

(i) Received and reviewed reports on key operational risks to ensure these risks were being managed effectively and actively overseen.

(e) External Audit

(i) Reviewed the reappointment of the external auditors and the annual audit fee.

(ii) Reviewed the external auditors' annual audit plan and their scope of audit.

(e) External Audit (continued)

(iii) Reviewed the annual audit report and accompanying reports to the management.

(iv) Held private meetings with the external auditors to ensure there were no restrictions on the scope of their audit and to discuss any items that the auditors did not wish to raise in the presence of Management.

The Chairman of the Committee reports regularly to the Board on the activities of the Committee.

INTERNAL AUDIT FUNCTION

The Board of Directors is committed to establish and maintain an efficient and effective internal audit function to obtain sufficient assurance of regular review and appraisal of the effectiveness of the Group's system of internal controls.

The internal audit function is performed in-house, by the Group Internal Audit Department. The total costs incurred for the internal audit function for the financial year ended 31 December 2009 amounted to RM817,000. The internal audit function is guided by its Audit Charter and reports to the Committee. Its primary role is to assist the Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's system of internal controls.

In 2009, Group Internal Audit executed a range of audit reviews covering financial, operational, and information systems audit. Other reviews are also performed to ensure that the Group's resources are utilised effectively and efficiently. Group Internal Audit also coordinates the follow up reviews on the resolutions of internal audit issues and reports the status to the Committee.

Findings and recommendations for improvements are communicated to senior management and the Committee. The Internal Audit function adopts a risk-based approach in the review of internal controls based on an annual audit plan approved by the Audit Committee. The Internal Audit function also adopts the COSO framework in assessing internal controls related to areas of review.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

Composition

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, a majority of whom shall be independent Directors and at least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or should have three (3) years working experience and passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967 or is a member of one (1) of the Associations of Accountants specified in Part II of the 1st Schedule of the Act.

All Audit Committee members shall be non-executive directors. The members of the Audit Committee shall elect a Chairman from amongst their number.

In the event of any vacancy in the Audit Committee, the Board shall within three (3) months of that event, appoint such number of new members as may be required to fill the position. The Nomination Committee will review and recommend, to the Board for approval, another director to fill up such vacancies.

Composition (continued)

No alternate Director is appointed as a member of the Audit Committee. The terms of office and performance of the Audit Committee must be reviewed by the Board once every three (3) years. All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company.

Members of the Audit Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company. All committee members including the Chairman should be persons of good social standing and possess relevant skills and a good track record in the corporate or business field.

Meetings

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. In order to form a quorum in respect of a meeting of an audit committee, the majority of members present must be independent non-executive Directors.

The Audit Committee shall aim to reach a consensus on issues discussed, failing which a poll shall be taken through a show of hands. The Chairman of the Committee should report on each meeting to the Board. Minutes of each meeting should be kept and distributed to each member of the Committee and of the Board. The Company Secretary shall be appointed Secretary of the Committee.

The Chief Executive Officer, Head of Group Internal Audit and Risk Management and a representative of the external auditors shall normally be entitled to attend the meetings of the Committee and to make known their views on any matter under consideration by the Committee, or which in their opinion, should be brought to the Committee's attention.

The Audit Committee must ensure that other directors and employees attend meetings only at the Audit Committee's invitation, specific to the relevant meeting.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It shall have: -

- the authority to investigate any matter within its terms of reference;
- the resources which are required to perform its duties;
- full and unrestricted access to information;
- direct communication with the external auditor and the head of the internal audit function;
- the right to obtain external professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- the right to convene meetings with the external auditors together with non-executive committee members whenever deemed necessary.

Functions and Duties

In fulfilling its primary objectives, the Audit Committee will need to undertake the following functions:-

i) To determine that established policies, procedures and guidelines, operating and internal accounting controls are adequate, functioning, effective, and are complied with in promoting efficiency and proper conduct of the Company's business.

Functions and Duties (continued)

ii) To act as an independent and objective party in reviewing the financial information of the Company presented by Management.

iii) To review the quarterly and year-end financial statements of the Company for recommendation to the Board for approval, focusing particularly on:

- Any changes in accounting policies and practices
- Significant adjustments arising from the audit
- The going concern assumption
- Compliance with accounting standards and legal requirements

iv) To consider the appointment of the external auditor, the audit fees and any questions of resignation or dismissal.

v) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved.

vi) To discuss problems and reservations arising from the interim and final audits, and any other matter the auditor may wish to discuss (in the absence of Management where necessary).

vii) To review the external auditor's management letter, their evaluation of the systems of internal control and management's responses thereof.

viii) To ensure that assistance is given by the employees of the company in following the best practices in providing full and faithful disclosure of any material information, to the external auditor.

ix) To do the following where an internal audit function exists:

- Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work
- Review the internal audit plan and results of the internal audit process and ensure that appropriate action is taken on the recommendations of the internal audit function
- Review any appraisal or assessment of the performance of members of the internal audit function
- Approve any appointment or termination of senior staff members of the internal audit function
- Inform itself of resignations of internal audit staff members and require the resigning staff to submit his/her reasons for resigning

x) To consider any related party transactions that may arise within the Company or Group.

xi) To consider the major findings of internal investigations and Management's response.

xii) To review pertinent operational matters in relation to the Group's quarterly financial performance and quarterly announcement to Bursa Malaysia.

xiii) To monitor operational performance against targets set in the Business Plan and the Group's quarterly financial performance and quarterly announcement to Bursa Malaysia.

xiv) To consider other topics as defined by the Board.

STATEMENT OF INTERNAL CONTROL

DIRECTORS STATEMENT ON INTERNAL CONTROL

The Board of Directors ("the Board") is committed to maintain a sound system of internal control in the Group and is pleased to provide the following statement on internal control that outlines the nature and scope of internal control of the Group during the financial year pursuant to paragraph 15.27 (b) of Bursa Malaysia's Listing Requirements.

Board Responsibility

The Board acknowledges its responsibility in maintaining a sound system of internal control to safeguard shareholders' investments and for reviewing the effectiveness, adequacy and integrity of those systems. The system of internal control addresses the corporate objectives on the need for effective and efficient business operations, sound financial reporting and internal control and compliance with relevant laws and regulations. Because of the limitations that are inherent in any system of internal control, this system is designed to mitigate, rather than eliminate the risk of non-achievement of the Group's objectives. Therefore, the system of internal control can only provide reasonable but not absolute assurance against the occurrence of any material misstatement or loss.

The Board has established a process for identifying, evaluating, monitoring and managing the significant risks that may materially affect the achievement of its corporate objectives. This process has been in place throughout the year under review up to the date of this report.

Whilst the Board maintains ultimate control over risk and control issues, it has been delegated to the executive management to implement the system of risk management and internal control within an established framework.

Risk Management Framework

The risk management framework has been adopted and this includes the establishment of the Risk Management Steering Committee (RMSC) in 2002. The Risk Management Secretariat reports to the RMSC to assist it in the undertaking of its functions.

The RMSC is tasked with developing and maintaining an effective risk management system within the Group. Formal risk policy and guidelines have been established for the risk management framework. Under the existing risk management framework, risks are managed on a day to day basis by the business operating units, departments and divisions coordinated by the Risk Management Secretariat with oversight function provided by the RMSC. The Internal Audit function and the Audit Committee provide further independent assurance.

During the financial year, the RMSC reviewed the enterprise risk profile and Management's action plan on significant risks. Designated risk coordinators were tasked with maintaining the risk registers for their operating units and following up on action plans to manage and mitigate the risk factors. The risk coordinators meet with representative of all divisions during the Risk Coordinator Meeting at least once every six months to discuss developments pertaining to the enterprise risk and update the registers accordingly.

Control Environment and Structure

The Board recognises that in order to achieve a sound system of internal control, a conducive control environment and framework must be established. The Board is fully committed to the maintenance of such control environment within the Group and, in discharging their responsibilities, adopted the following key system of internal control within the Group to govern the manner in which the Group and its employees conduct themselves. The key elements of internal control comprised of the following:

- Formal Organisation Structure is in place with clearly defined lines of reporting, aligned to business and operations requirements.

Control Environment and Structure (continued)

- Board Committees were set up by the Group to promote corporate governance and transparency with specific terms of reference and authority. The Board Committees formed by the Group are the Audit Committee, Nomination and Remuneration Committee and Tender Board Committee. These Committees report to the Board and make recommendations for the Board's decision.

- Audit Committee, of which the majority comprised of Independent Directors, was maintained throughout the financial year. All members of the Committee are non-executive. The members of the Committee meet at least on a quarterly basis, and have brought with them a variety of experience from different industries and background. They met and had full access to both the internal as well as external auditors during the financial year.

- Board meetings are scheduled regularly. Board papers are distributed to the members ahead of meetings and Board members have access to all relevant information. Decisions are made by the Board only after the required information is presented and deliberated. This ensures that the Board maintains full and effective control on the direction of the Group.

- Management meetings comprise of Management Committee and Operation Performance Review. The management meetings attended by Senior Management were held on monthly basis. The meetings were held to review how business is executed against key strategic objectives/plans and discuss action items, initiatives, key issues & other forward-looking operational subjects in a cross-functional environment.

- Discretionary Authority Limits Table delineates authority limits to ensure accountability and segregation of duties. The Discretionary Authority Limits Table is established for various levels of management for it to be more effective and efficient in supporting the business operations. The last revision was presented and approved by the Board of Directors on 28 May 2009.

- Human resource policies and code of conduct are available to all employees via the intranet. All employees are required to sign and adhere to the Confidentially Agreements and Declaration of Non-Conflict of Interest upon their appointments and renew their Declaration of Non-Conflict of Interest every year.

- Procedures for hiring, termination, appraisal and training of employees are in place to ensure that the Group's human resource requirements are met in achieving its business objectives.

- Supplier Conduct Principles have been established which outline the standard for ethnical and business conduct expected for contractors and suppliers in their relationship with the Group. These principles, comprising a standardised paragraph, are required to be incorporated in the contracts with vendors and Request for Proposals documents.

- Internal Audit function reports to the Audit Committee and is guided by the Audit Charter. Findings and recommendations for improvements are communicated to Senior Management and the Audit Committee with regular follow up on the implementation status of action plans. The Internal Audit function adopts a risk-based approach in the review of internal control based on an annual audit plan approved by the Audit Committee. The Internal Audit function examines the adequacy and effectiveness of the verification, recording and disclosure procedures for related party transactions, recurrent or otherwise, in conformance with Bursa Malaysia Listing Requirements on related party transactions.

- Revenue Assurance functions as continuous monitoring of potential revenue leakage that may arise from day-to-day operations. Processes and controls within the revenue value chain are reviewed on regular basis to ensure effectiveness and efficiency. Identified revenue leakage issues with recommendations for mitigation are circulated to the relevant departments for action. Actions plan and status are reported to management in Management Meetings.

- Fraud Control and Credit Management functions are in place to ensure that subscriber usage patterns are continuously monitored, appropriate actions taken immediately for suspected fraud, and customer acceptance and credit management procedures are adhered to.

STATEMENT OF INTERNAL CONTROL

Control Environment and Structure (continued)

- Operational and Accounting Manuals are in place to guide key business processes and regularly updated for application across the Group. Financial statements are prepared in compliance with Financial Reporting Standards. In addition, ISO 9001:2000 procedures for collections are regularly monitored to ensure compliance.

- Quality of Service processes that measure and monitor billing performance, customer complaints, service availability, service restoration performance and network performance, are in place to ensure mandatory compliance with Mandatory Standard for quality of service issued by Malaysian Communications and Multimedia Commission.

- Financial and Operational Information is prepared and presented to the Board. Annual budgets and business plans are prepared by all business units and consolidated at Group level for the Board's approval. Operating results are monitored by the Senior Management against budgets on a monthly basis. The Audit Committee and Board review the results on a quarterly basis to enable it to track the Group's achievement against its annual targets.

The Board is cognisant of the importance of maintaining appropriate controls and will continue to review the adequacy and integrity of the Group's internal control.

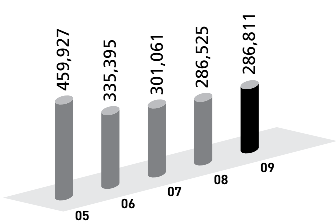
REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Group for the year ended 31 December 2009 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

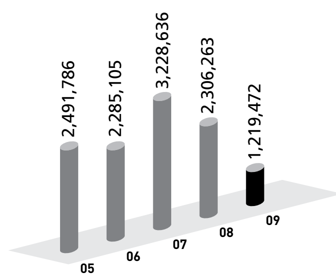
GROUP FINANCIAL HIGHLIGHTS

In RM'000	2005	2006	2007	2008	2009
Revenue	459,927	335,395	301,061	286,525	286,811
Profit/(Loss) Before Tax	(237,926)	(177,076)	(160,903)	(950,471)	33,096
Profit/(Loss) After Tax	(238,898)	(177,782)	(160,673)	(949,630)	33,086
Total Shareholders' Equity	2,320,731	2,142,949	1,982,276	1,032,646	1,065,732
Total Assets	2,491,786	2,285,105	3,228,636	2,306,263	1,219,472
Loans and Borrowing			1,087,809	1,119,310	-
Net Tangible Assets per Share (RM)	0.68	0.61	0.55	0.41	0.42
Net Assets per Share (RM)	0.92	0.85	0.78	0.41	0.42

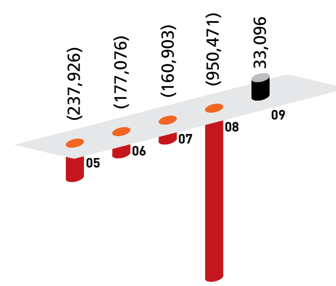
Revenue (in RM'000)



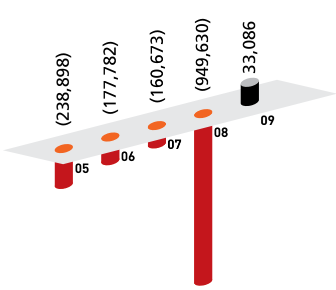
Total Assets



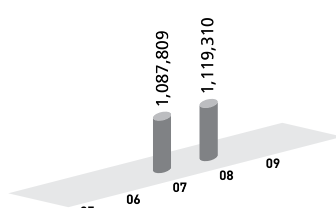
Profit/(Loss) Before Tax



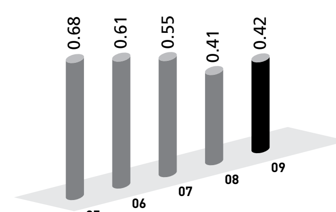
Profit/(Loss) After Tax



Loans and Borrowing



Net Tangible Assets per Share (RM)



FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the year ended 31 December 2009

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

Principal activities

The Company is principally engaged in investment holding and the provision of management and marketing/promotional services and retailing of telecommunications products whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit/(Loss) for the year	33,086	(14,319)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Dividends

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

Directors of the Company

Directors who served since the date of the last report are:

Abdul Kadir Md. Kassim (Chairman)
Dato' Azian Mohd Noh
Elakumari Kantilal
Ronnie Kok Lai Huat
Afzal Abdul Rahim (Chief Executive Officer)
Megat Hisham Hassan (Chief Operating Officer)
Balasingham A. Namasiwayam (appointed on 13.07.2009)
Asgari Mohd Fuad Stephens (appointed on 19.05.2009 and resigned on 11.11.2009)
Dato' Wan Muhamad Wan Ibrahim (resigned on 31.12.2009)
Dato' Shaik Daud Md. Ismail (resigned on 06.05.2009)
Kamaludin Abdul Kadir (resigned on 08.05.2009)

DIRECTORS' REPORT
for the year ended 31 December 2009

Directors' interests

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.1.2009 or appointment date	**Bought**	**Sold**	**At 31.12.2009**
Afzal Abdul Rahim				
Deemed interest in the Company:				
- own (Pulau Kapas Ventures Sdn Bhd)	760,209,826	-	-	760,209,826
Balasingham A. Namasiwayam:				
Interest in the Company:				
- other (spouse)	25,000	-	-	25,000

Afzal Abdul Rahim is deemed interested through Pulau Kapas Ventures Sdn Bhd which holds 30.04% of the ordinary shares in the Company as at 31 December 2009.

By virtue of his interest in the shares of the Company, Afzal Abdul Rahim is also deemed interested in the shares of subsidiaries during the financial year to the extent that TIME dotCom Berhad has an interest.

None of the other directors holding office as at 31 December 2009 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and legal fees paid to a firm in which a Director is a member as disclosed in Note 28 of the financial statements.

There were no arrangements during and at the end of the financial year, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events during the year

Sale of Digi Shares

On 15 January 2009, the Group through its wholly owned subsidiary i.e. Hakikat Pasti Sdn. Bhd. has disposed a total of 22,500,000 DiGi ordinary shares ("Disposal Shares"), representing about 2.9% of the existing issued and paid-up share capital of DiGi, via a book-building process for a total cash consideration of RM463.50 million or at the price of RM20.60 per DiGi ordinary share.

DIRECTORS' REPORT
for the year ended 31 December 2009

Significant events during the year (continued)

Sale of Digi Shares (continued)

The carrying value of investment for the Disposal Shares was RM484.23 million or equivalent to RM21.52 per DiGi Share. Since it first held in November 2007, the Group had received an aggregate net dividend income of RM43.43 million in respect of these shares.

Due to the challenging market conditions in late 2008 and early 2009, coupled with management's prudent debt management practices, the Group decided to reduce its borrowing that was taken to finance this investment. This disposal had enabled the Group to raise funds to achieve this objective. Effectively, the net proceed from the disposal was utilised to repay the bank borrowings.

Subsequently on 26 August 2009, the Group through its wholly owned subsidiary i.e. Hakikat Pasti Sdn. Bhd. had further disposed a total of 27,750,000 DiGi ordinary shares ("Disposal Shares"), representing about 3.6% of the existing issued and paid-up share capital of DiGi, via a book-building process for a total cash consideration of RM604.95 million or at the price of RM21.80 per DiGi Share.

The carrying value of investment for the Disposal Shares was RM597.22 million or equivalent to RM21.52 per DiGi Share. Since it first held in November 2007, the Group has received an aggregate net dividend income of RM68.27 million in respect of these shares.

Consistent with the reason for the first disposal mentioned earlier, the Company has decided to fully settle the borrowing of the Group that was taken to finance its investments.

The net proceeds from the disposal had been utilised to repay the bank borrowings of the Group of RM552.7 million whilst the remaining balance were utilised for working capital purposes.

Consequently on 1 September 2009, the Group had fully settled all secured bank loan through the disposal of DiGi Shares.

Sale of subsidiary, Time Reach

The disposal of the Company's entire equity interest in TIME Reach Sdn Bhd ("TRSB") to PayComm Sdn Bhd which was disclosed in 2008 has been completed on 15 April 2009 for a cash consideration of RM8,300,000.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Elakumari Kantilal

....

Afzal Abdul Rahim

Kuala Lumpur

Date: 29 March 2010

BALANCE SHEETS
at 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Assets					
Property, plant and equipment	3	**29,716**	30,664	**17**	81
Prepaid lease payment	4	**2,234**	2,609	**-**	-
Telecommunications network	5	**314,829**	297,471	**-**	-
Goodwill on consolidation	6	**-**	-	**-**	-
Investment in subsidiaries	7	**-**	-	**565,949**	565,949
Other investments	8	**599,500**	1,196,722	**-**	-
Total non-current assets		**946,279**	1,527,466	**565,966**	566,030
Receivables, deposits and prepayments	9	**99,640**	135,532	**438,811**	448,705
Assets classified as held for sale	10	**-**	504,670	**-**	8,300
Cash and cash equivalents	11	**173,553**	138,595	**5,080**	3,757
Total current assets		**273,193**	778,797	**443,891**	460,762
Total assets		**1,219,472**	2,306,263	**1,009,857**	1,026,792
Equity					
Share capital	12	**2,530,775**	2,530,775	**2,530,775**	2,530,775
Share premium	13	**1,570,758**	1,570,758	**1,570,758**	1,570,758
Accumulated losses		**(3,035,801)**	(3,068,887)	**(3,095,097)**	(3,080,778)
Total equity		**1,065,732**	1,032,646	**1,006,436**	1,020,755
Liabilities					
Loans and borrowings	14	**-**	613,410	**-**	-
Total non-current liabilities		**-**	613,410	**-**	-
Payables and accruals	15	**153,740**	142,171	**3,421**	6,037
Loans and borrowings	14	**-**	505,900	**-**	-
Deferred income	16	**-**	-	**-**	-
Liabilities classified as held for sale	10	**-**	12,136	**-**	-
Total current liabilities		**153,740**	660,207	**3,421**	6,037
Total liabilities		**153,740**	1,273,617	**3,421**	6,037
Total equity and liabilities		**1,219,472**	2,306,263	**1,009,857**	1,026,792

The notes on pages 66 to 98 are an integral part of these financial statements.

INCOME STATEMENTS
for the year ended 31 December 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	17	**286,811**	286,525	**2,778**	2,885
Cost of sales	18	**(182,295)**	(488,484)	**-**	-
Gross profit/(loss)		**104,516**	(201,959)	**2,778**	2,885
Other income		**4,536**	624,242	**759**	2,087
Distribution expenses		**(11,533)**	(38,584)	**(906)**	(696)
Administrative expenses		**(87,421)**	(95,107)	**(16,814)**	(18,848)
Other expenses		**(23,468)**	(1,322,529)	**(111)**	(2,271,842)
Results from operating activities		**(13,370)**	(1,033,937)	**(14,294)**	(2,286,414)
Income from other investments	19	**66,514**	155,753	**84**	68
Finance costs	20	**(20,048)**	(72,287)	**(109)**	-
Profit/(Loss) before tax	21	**33,096**	(950,471)	**(14,319)**	(2,286,346)
Tax (expense)/benefit	22	**(10)**	841	**-**	(311)
Profit/(Loss) for the year		**33,086**	(949,630)	**(14,319)**	(2,286,657)
Basic earning/(loss) per ordinary share (sen)	23	**1.31**	(37.5)		

The notes on pages 66 to 98 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2009

	---Non- distributable---			
	Share capital RM'000	**Share premium RM'000**	**Accumulated losses RM'000**	**Total RM'000**
Group				
At 1 January 2008	2,530,775	1,570,758	(2,119,257)	1,982,276
Loss for the year	-	-	(949,630)	(949,630)
At 31 December 2008/1 January 2009	2,530,775	1,570,758	(3,068,887)	1,032,646
Profit for the year	-	-	33,086	33,086
At 31 December 2009	2,530,775	1,570,758	(3,035,801)	1,065,732
	Note 12	Note 13		
Company				
At 1 January 2008	2,530,775	1,570,758	(794,121)	3,307,412
Loss for the year	-	-	(2,286,657)	(2,286,657)
At 31 December 2008/1 January 2009	2,530,775	1,570,758	(3,080,778)	1,020,755
Loss for the year	-	-	(14,319)	(14,319)
At 31 December 2009	2,530,775	1,570,758	(3,095,097)	1,006,436
	Note 12	Note 13		

The notes on pages 66 to 98 are an integral part of these financial statements.

CASH FLOW STATEMENTS
for the year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash flows from operating activities					
Cash receipts from customers		**262,942**	237,880	**3,475**	3,697
Cash receipts from Government		**-**	142	**-**	-
Lifted irrevocable bank guarantee		**-**	50,000	**-**	-
Cash received from unrestricted deposit		**58,083**	-	**-**	-
Cash payments to suppliers		**(159,680)**	(141,805)	**(6,810)**	(9,235)
Cash payments to employees and for administrative expenses		**(67,947)**	(67,887)	**(11,552)**	(9,963)
Cash received from subsidiary companies		**-**	-	**16,128**	20,000
Cash advance to subsidiary companies		**-**	-	**(6,636)**	(6,254)
Net cash used in operating activities for assets held for sale		**-**	(7,853)	**-**	-
Cash generated from/(used in) operations		**93,398**	70,477	**(5,395)**	(1,755)
Tax paid		**-**	(270)	**-**	(45)
Tax refund		**516**	841	**119**	141
Net cash generated from/(used in) operating activities		**93,914**	71,048	**(5,276)**	(1,659)
Cash flows from investing activities					
Purchase of property, plant and equipment and telecommunications network	(ii)	**(52,695)**	(67,245)	**-**	(20)
Purchase of property, plant and equipment for USP Project	(ii)	**(356)**	(2,130)	**-**	-
Cash received on disposal of assets held for sale		**6,643**	1,657	**6,643**	1,657
Investment income received		**36,508**	2,851	**65**	68
Net cash from investing activities assets held for sale		**-**	(8,705)	**-**	-
Net cash (used in)/generated from investing activities		**(9,900)**	(73,572)	**6,708**	1,705
Cash flows from financing activities					
Finance charges paid		**(109)**	-	**(109)**	-
Net cash used in investing activities		**(109)**	-	**(109)**	-
Net increase/(decrease) in cash and cash equivalents		**83,905**	(2,524)	**1,323**	46
Cash and cash equivalent at 1 January		**89,648**	92,172	**3,757**	3,711
Cash and cash equivalent at 31 December	(i)	**173,553**	89,648	**5,080**	3,757

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	11	**1,923**	1,733	**80**	299
Deposits placed with licensed bank	11	**171,630**	87,915	**5,000**	3,458
		173,553	89,648	**5,080**	3,757

ii) Acquisition of property, plant and equipment and telecommunications network

During the year, the Group acquired property, plant and equipment and telecommunications network with an aggregate cost of RM63,684,000 (2008 - RM77,734,000). During the financial year, the Group paid RM53,051,000 (2008 - RM69,716,000) to suppliers of which RM31,184,000 (2008 - RM23,166,000) is in respect of payments made to suppliers for property, plant and equipment and telecommunications network acquired in the prior financial years and RM41,817,000 (2008 - RM31,184,000) will be paid after year end. Included in cash paid during the financial year was an amount of nil (2008 - RM341,000) which has been transferred to assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS

TIME dotCom Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business & Registered office
No. 14 Jalan Majistret U1/26
Hicom Glenmarie Industrial Park
40150 Shah Alam, Selangor

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries.

The Company is principally engaged in investment holding and the provision of management and marketing/promotional services and retailing of telecommunications products whilst the principal activities of the subsidiaries are as stated in the Note 7.

The financial statements were approved by the Board of Directors on 29 March 2010.

1. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, *Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards* and FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 132, *Financial Instruments: Presentation* and FRS 101, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 132, *Financial Instruments: Presentation – Separation of Compound Instruments*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010 (continued)

- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement,* FRS 7, *Financial Instruments: Disclosures and* IC Interpretation 9, *Reassessment of Embedded Derivatives*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 - *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The Group plans to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4 and IC Interpretation 11, 13 and 14 which are not applicable to the Group; and
- from the annual period beginning on 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, Amendments to FRS 7 and Amendments to FRS 132 and IC Interpretation 12, 15, 16 and 17 which are not applicable to the Group.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impact to the current and prior periods financial statements upon their first adoption.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors,* in respect of applying FRS 7, FRS 139 and IC Interpretation 12 are not disclosed by virtue of the exemptions given in these respective FRSs. The initial application of the other standards and amendments are not expected to have any material financial impact on the financial statements.

Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendment that has material impact is:

- **FRS 117, *Leases***

  The amendments clarify that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than disclosed in the following note:

- Note 5 and 6: Measurement of the recoverable amount of cash-generating units.
- Note 22: Recognition of unutilised tax losses and capital allowances.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounts, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses unless the investment is held for sale.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

The cost of self-constructed assets also include the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	50 years
• improvements	5 years
• office equipment, furniture and fittings	3-5 years
• loose tools	3-5 years
• computer systems	3-5 years
• motor vehicles	5 years

Depreciation method, useful lives and residual values are reassessed at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(e) Telecommunications network

(i) Recognition and measurement

The telecommunications network is constructed under the telecommunications license granted by the Ministry of Information, Communication Culture.

Items of telecommunications network are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the construction and acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

The cost of self-constructed assets also include the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. The construction of the telecommunications network is carried out in phases based generally on geographical areas as determined by the Group. The commissioning of the network is accordingly carried out at the completion of each phase of construction. Purchased software that is integral to the functionality of the related telecommunications network is capitalised as part of that telecommunications network.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Telecommunications network (continued)

(i) Recognition and measurement (continued)

When significant parts of an item of telecommunications network have different useful lives, they are accounted for as separate items (major components) of telecommunications network.

Gains and losses on disposal of an item of telecommunications network are determined by comparing the proceeds from disposal with the carrying amount of telecommunications network and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

(ii) Subsequent costs

The cost of replacing part of an item of telecommunications network is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of telecommunications network are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of telecommunications network. Telecommunications network under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- Telecommunications network 3 - 20 years

Depreciation method, useful lives and residual values are reassessed at the reporting date.

(f) Goodwill on consolidation

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities other than investments in subsidiaries are stated at cost less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investments in subsidiaries, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

a) the recognition of an asset on the day it is received by the entity, and
b) the derecognition of an asset and recognition of any gain or loss on disposal on the date it is delivered.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(i) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories and financial assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(k) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(l) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of cash flow statements, cash and cash equivalents are presented net of pledged deposits, if any.

(n) Impairment of assets

The carrying amounts of assets, except for financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating unit that are expected to benefit from the synergies of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(o) Income recognition

(i) Services

Revenue of the Company consists of management fees and gross invoiced value of telecommunications products sold net of discounts and returns. Fees are recognised when services are rendered while sales of products are recognised upon delivery of products and when the risks and rewards of ownership have passed.

Revenue of the Group consists of gross billings of a wide range of telecommunications and internet services provided net of discounts and gross invoiced value of goods sold net of discounts and returns. Except for non license activity, revenues are derived from Individual License and Class License as stipulated in the Communications and Multimedia Act 1998. Revenue for billings is recognised when services are rendered while revenue for payphone operations is recognised in previous year on receipt basis.

(ii) Government grants

As a Universal Service Provider (USP), the Group is entitled to claim certain capital expenditure and qualified expenses from the relevant authorities in relation to USP projects. The claim qualifies as a government grant and is recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants are recognised as income over the periods necessary to match them with the related costs, which they are intended to compensate.

Government grants relating to the purchase of assets are included in current liabilities as deferred income and are credited to income statements on the straight line basis to match the income with the estimated useful lives of the related assets.

(iii) Dividend income

Revenue on dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

(q) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Lands, buildings and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 January 2008	32,539	27,623	11,788	64,894	9,736	146,580
Additions	700	522	-	8,468	-	9,690
Disposals	-	-	-	-	(90)	(90)
Transfer to assets held for sale	(4,924)	(22,661)	-	-	(4,814)	(32,399)
At 31 December 2008/ 1 January 2009	28,315	5,484	11,788	73,362	4,832	123,781
Additions	64	8	-	5,437	-	5,509
Write off	(8,254)	(764)	-	(1,584)	-	(10,602)
At 31 December 2009	20,125	4,728	11,788	77,215	4,832	118,688
Depreciation						
At 1 January 2008	10,921	24,076	11,237	55,193	9,411	110,838
Depreciation for the year	1,033	2,101	544	5,957	297	9,932
Disposals	-	-	-	-	(90)	(90)
Impairment loss for the year	-	-	-	765	-	765
Accumulated impairment loss transfer to assets held for sale	-	-	-	(765)	-	(765)
Accumulated depreciation transfer to assets held for sale	(1,492)	(21,285)	-	-	(4,786)	(27,563)
At 31 December 2008/ 1 January 2009	10,462	4,892	11,781	61,150	4,832	93,117
Depreciation for the year	435	264	6	5,326	-	6,031
Write off	(7,876)	(753)	-	(1,548)	-	(10,177)
At 31 December 2009	3,021	4,403	11,787	64,928	4,832	88,971
Carrying amounts						
At 1 January 2008	21,618	3,547	551	9,701	325	35,742
At 31 December 2008/ 1 January 2009	17,853	592	7	12,212	-	30,664
At 31 December 2009	17,104	324	1	12,287	-	29,716

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Improvements RM'000	Office equipment, furniture and fittings RM'000	Computer systems RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 January 2008	231	423	8,112	93	8,859
Additions	-	20	-	-	20
At 31 December 2008/1 January 2009	231	443	8,112	93	8,879
Write off	(231)	(153)	-	-	(384)
At 31 December 2009	-	290	8,112	93	8,495
Depreciation					
At 1 January 2008	181	385	8,111	93	8,770
Depreciation for the year	12	15	1	-	28
At 31 December 2008/1 January 2009	193	400	8,112	93	8,798
Depreciation for the year	10	15	-	-	25
Write off	(203)	(142)	-	-	(345)
At 31 December 2009	-	273	8,112	93	8,478
Carrying amounts					
At 1 January 2008	50	38	1	-	89
At 31 December 2008/1 January 2009	38	43	-	-	81
At 31 December 2009	-	17	-	-	17

Land, buildings and improvements carrying amount comprise the following:

Group	Cost RM'000	Accumulated depreciation RM'000	Net book value 2009 RM'000	Net book value 2008 RM'000
Freehold land	11,154	-	11,154	11,154
Buildings and improvements	8,971	3,021	5,950	6,699
	20,125	3,021	17,104	17,853

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use, with cost amounting to RM82,024,000 (2008 - RM81,438,000) and RM8,724,000 (2008 - RM8,724,000) respectively. Fully depreciated asset of property, plant and equipment amounted to nil (2008 - RM21,311,000) has been transferred to assets held for sale.

4. PREPAID LEASE PAYMENT

Group	Leasehold land Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Cost			
At 1 January 2008	2,892	7,489	10,381
Transfer to assets held for sale	-	(2,873)	(2,873)
At 31 December 2008/1 January 2009/ 31 December 2009	2,892	4,616	7,508
Amortisation			
At 1 January 2008	1,776	3,586	5,362
Amortisation for the year	145	287	432
Transfer to assets held for sale	-	(895)	(895)
At 31 December 2008/1 January 2009	1,921	2,978	4,899
Amortisation for the year	145	230	375
At 31 December 2009	2,066	3,208	5,274
Carrying amounts			
At 1 January 2008	1,116	3,903	5,019
At 31 December 2008/1 January 2009	971	1,638	2,609
At 31 December 2009	826	1,408	2,234

5. TELECOMMUNICATIONS NETWORK

Group	Total RM'000
Cost	
At 1 January 2008	2,859,485
Additions	68,044
Disposal	(68,028)
Write off	(1,339,553)
Transfer to assets held for sale	(225,703)
At 31 December 2008/1 January 2009	1,294,245
Additions	58,175
At 31 December 2009	1,352,420
Depreciation	
At 1 January 2008 -	
Accumulated depreciation	1,583,333
Accumulated impairment loss	1,498
	1,584,831
Depreciation for the year	354,665
Disposal	(256)
Write off	(983,276)
Impairment loss for the year	264,506
Accumulated impairment losses transfer to assets held for sale	(7,394)
Accumulated depreciation transfer to assets held for sale	(216,302)
At 31 December 2008/1 January 2009	
Accumulated depreciation	738,164
Accumulated impairment losses	258,610
	996,774
Depreciation for the year	40,817
At 31 December 2009	
Accumulated depreciation	778,981
Accumulated impairment losses	258,610
	1,037,591
Carrying amounts	
At 1 January 2008	1,274,654
At 31 December 2008/1 January 2009	297,471
At 31 December 2009	314,829

5. TELECOMMUNICATIONS NETWORK (CONTINUED)

	Note	Total 2009 RM'000	2008 RM'000
Network cost:			
Commissioned network		**1,276,741**	1,479,193
Network in progress		**75,679**	40,755
Commissioned network transfer to assets held for sale		**-**	(225,703)
		1,352,420	1,294,245
Less: Accumulated impairment losses	5.1	**(258,610)**	(258,610)
Less: Accumulated depreciation		**(778,981)**	(738,164)
At end of year		**314,829**	297,471

Included in telecommunications network of the Group are fully depreciated assets which are still in use, with cost amounting to RM470,468,000 (2008- RM768,388,000). Fully depreciated assets of telecommunications network with cost amounting to nil (2008 - RM198,812,000) has been transferred to assets held for sale.

5.1 Impairment loss

Impairment loss has been recognised in the following line item of the income statements:

	Group 2009 RM'000	2008 RM'000
Income statements:		
Other expenses	**-**	264,506

The impairment test of the telecommunications network for year ended 31 December 2009 is based on the projected future cash flows generated by the Group from the use of the said telecommunications network. The key assumption used in determining the projected cash flows was based on 7 years business projection and discounted at weighted average cost of capital (WACC) of 12.8%.

The values assigned to the key assumptions represent management assessments of the future expectation of business growth of the Group and are based on both external sources and internal sources (historical data).

NOTES TO THE FINANCIAL STATEMENTS

6. GOODWILL ON CONSOLIDATION

	Group	
	2009 RM'000	2008 RM'000
TT dotCom Sdn. Bhd.	**-**	581,093
TIME dotNet Berhad	**-**	10,308
At beginning of year	**-**	591,401
Less: Impairment loss for the year	**-**	(591,401)
At end of year	**-**	-

In the previous financial year, due to rapid technology changes coupled with the non-achievement of the strategic business plans in the past, the management revised its strategy and projections. An impairment test was conducted on assets of subsidiaries resulting in an impairment loss of which RM591,401,000 was first allocated to goodwill which was charged to the income statements.

7. INVESTMENT IN SUBSIDIARIES

	Note	Company	
		2009 RM'000	2008 RM'000
At cost:			
Unquoted shares		**2,869,685**	3,116,838
Increase in share capital in a subsidiary	7.1	**-**	100
Capital reduction in a former subsidiary	7.2	**-**	(67,526)
Transfer to assets held for sale	7.3		
- cost		**-**	(179,727)
		2,869,685	2,869,685
Accumulated impairment losses	7.4	**(2,303,736)**	(2,475,163)
Transfer to assets held for sale			
- accumulated impairment loss	7.3	**-**	171,427
		565,949	565,949

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2009 %	2008 %
TT dotCom Sdn. Bhd.	Malaysia	Provision of voice, data, video and image communication services through its established domestic and international network.	100	100
TIME Reach Sdn. Bhd.	Malaysia	Operation and maintenance of payphone services.	-*	100
TIMESat Sdn. Bhd.	Malaysia	Provision of telecommunication facilities and services using satellite and microwave. The company is currently dormant.	100	100
TIME dotNet Bhd.	Malaysia	Provision and marketing of internet services to customers. This includes the provision of access to the world wide web, the organisation and aggregation of content, provision of virtual private network, on-line call center, internet telephony, on-line services, on-net advertising and virtual data storage and provision of application services.	100	100
Hakikat Pasti Sdn. Bhd.	Malaysia	Acquiring and holding for investment purposes shares, stocks, debenture bonds, notes, obligations and securities and every other kind and description of movable and immovable property.	100	100

* The disposal of the Company's entire equity interest in TIME Reach Sdn Bhd ("TRSB") to PayComm Sdn Bhd which was disclosed in 2008 has been completed on 15 April 2009 for a cash consideration of RM8,300,000.

7.1 Increase in share capital

In the previous financial year the issued and paid up capital of Hakikat Pasti Sdn. Bhd. ("Hakikat Pasti") had increased to RM100,000, by issuance of additional 99,998 ordinary shares of RM1.00 each representing 99.99% of the issued and paid up share capital of Hakikat Pasti.

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

7.2 Capital reduction

In the previous financial year, a capital reduction exercise was done for a former subsidiary Time Reach Sdn. Bhd. (“TRSB”). Approval from High Court was obtained to sanction the capital reduction under Section 64 of the Companies Act, 1965 on 4 December 2008, the share capital of TRSB was reduced from RM116,805,285 ordinary shares of RM1.00 each to RM26,327,106 ordinary shares of RM1.00 each and that such reduction was effected by cancelling 90,478,179 ordinary shares of RM1.00.

The capital reduction of RM90,478,179 was applied to set off the accumulated losses of TRSB as at 30 November 2008 of RM22,951,512, to set off amount due to TRSB by the Company of RM51,228,077 and the remaining RM16,298,590 was paid back in cash to the Company in 2009.

7.3 Transfer to assets held for sale

In the previous financial year, cost of investment in subsidiary and accumulated impairment losses in Time Reach Sdn. Bhd. (“TRSB”) were classified as assets held for sale. The disposal was completed during the year on 15 April 2009 (Note 10).

7.4 Accumulated impairment losses

As at the year end, the Company has recognised accumulated impairment losses totalling RM2,303,736,000 (2008: RM2,475,163,000) for the investment in following subsidiary companies.

	Company	
	2009	**2008**
	RM’000	**RM’000**
TT dotCom Sdn. Bhd.	**2,192,264**	2,192,264
TIME dotNet Bhd	**42,363**	42,363
TIME Reach Sdn. Bhd.	**-**	171,427
TIME Sat Sdn. Bhd.	**69,109**	69,109
	2,303,736	2,475,163

8. OTHER INVESTMENTS

	Note	Group 2009 RM'000	Group 2008 RM'000
Quoted shares in Malaysia			
At cost:			
Opening balance		**1,281,972**	1,081,457
Addition		**-**	684,749
Disposal	8.1	**(597,222)**	(484,234)
		684,750	1,281,972
Less: Allowance for diminution in value		**(85,250)**	(85,250)
		599,500	1,196,722
At market value		**603,900**	1,204,450

8.1 Disposal

During the financial year, the Group has disposed 27,750,000 (2008: 22,500,000) DiGi shares with a carrying amount of RM597,222,000 (2008: RM484,234,000) representing approximately 3.6% of the existing issued and paid out share capital of DiGi.

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Trade					
Trade receivables	9.1	**84,951**	63,459	**-**	-
Less: Allowance for doubtful debts	9.2	**(6,075)**	(9,656)	**-**	-
		78,876	53,803	**-**	-
Non-trade					
Amount due from subsidiaries	9.3	**-**	-	**437,594**	446,598
Other receivables		**12,661**	74,883	**237**	45
Prepayments		**6,873**	5,100	**935**	1,897
Tax recoverable		**1,230**	1,746	**45**	165
		20,764	81,729	**438,811**	448,705
		99,640	135,532	**438,811**	448,705

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

9.1 Trade receivables

Included in trade receivables are amounts due from companies in which a Director has significant financial interest amounting to RM2,849,000 (2008 - RM1,875,000).

9.2 Allowance for doubtful debts

During the financial year, allowance for doubtful debt of RM1,389,000 (2008 - RM767,000) was made and RM227,000 (2008 - Nil) was written back and an amount of RM4,743,000 (2008 - Nil) was written off against the provision for doubtful debt.

9.3 Amount due from subsidiaries

The amount due from subsidiaries are unsecured, interest free and have no fixed term of repayment. The balances arose mainly from inter-company advances and expenses paid on behalf.

10. DISPOSAL GROUP HELD FOR SALE

In the previous financial year, the payphone business has been presented as a disposal group held for sale due to the Company entering into Share Sale Agreement with Paycomm Sdn. Bhd. for the disposal of the Company's entire equity interest comprising 116,805,285 ordinary shares of RM1.00 in Time Reach Sdn. Bhd. ("TRSB") for a cash consideration of RM8,300,000. The sale was completed on 15 April 2009 (Note 7).

In the previous financial year, other investment held by the Group through its subsidiary, i.e Hakikat Pasti Sdn. Bhd. ("HPSB") of 22,500,000 DiGi shares with carrying amount of RM484,234,000 was also classified as held for sale. The sale was completed on 15 January 2009.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Unrestricted				
Cash and bank balances	**1,923**	1,733	**80**	299
Deposits placed with licensed bank	**171,630**	87,915	**5,000**	3,458
	173,553	89,648	**5,080**	3,757
Restricted				
Deposits pledged with licensed bank				
- escrow account for dividends from pledged securities	**-**	48,947	**-**	-
Cash and cash equivalents as at 31 December	**173,553**	138,595	**5,080**	3,757

During the financial year, the escrow account for dividends of RM48,947,000 was released following the repayment of RM1.119 billion secured bank loan (see Note 14).

12. SHARE CAPITAL

	Group and Company			
	Amount 2009 RM'000	Number of shares 2009 `000	Amount 2008 RM'000	Number of shares 2008 `000
Authorised:				
Ordinary shares of RM1 each	**5,000,000**	**5,000,000**	5,000,000	5,000,000
Issued and fully paid:				
Ordinary shares of RM1 each	**2,530,775**	**2,530,775**	2,530,775	2,530,775

13. SHARE PREMIUM (NON-DISTRIBUTABLE)

	Group and Company	
	2009 RM'000	2008 RM'000
At the beginning and end of year	**1,570,758**	1,570,758

14. LOANS AND BORROWINGS

		Group	
	Note	2009 RM'000	2008 RM'000
Non-current			
Secured bank loan	14.1	-	613,410
Current			
Secured bank loan	14.1	-	505,900
		-	1,119,310

The secured bank loan has been fully repaid during the year via the proceeds from the sale of investments.

14. LOANS AND BORROWINGS (CONTINUED)

14.1 Terms and debt repayment schedule

	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
2009 - Nil						
2008						
Secured bank loans						
- Ringgit Malaysia	2013	1,119,310	505,900	120,000	493,410	-

15. PAYABLES AND ACCRUALS

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade					
Trade payables	15.1	**49,142**	51,944	**-**	-
Amount due to affiliated companies	15.2	**5,733**	1,394	**145**	64
		54,875	53,338	**145**	64
Non-trade					
Other payables		**10,691**	9,178	**1,605**	4,259
Accrued expenses		**59,172**	47,459	**1,619**	1,714
Accrued interest on bank loan		**-**	7,149	**-**	-
Unearned revenue		**21,552**	17,302	**-**	-
Deposit payables		**7,450**	7,745	**-**	-
Amount due to a subsidiary company	15.3	**-**	-	**52**	-
		153,740	142,171	**3,421**	6,037

15.1 Trade payables

The average credit period granted to the Group and to the Company for trade purchases ranges from 30 to 90 days (30 to 90 days in 2008).

15.2 Amount due to affiliated companies

Amount due to affiliated companies are trade in nature and the average credit period granted to the Group and to the Company for trade purchases ranges from 30 to 90 days (30 to 90 days in 2008).

15.3 Amount due to a subsidiary company

Amount due to a subsidiary company is unsecured, interest free and have no fixed terms of repayment. The balance arose mainly from inter-company advances and expenses paid on behalf.

16. DEFERRED INCOME

Deferred income relates to the government grant referred in Note 2(o)(ii) and movements for the year are as follows:

	Group	
	2009	**2008**
	RM'000	**RM'000**
Balance at 1 January	**-**	21,947
Received during the year	**-**	142
Amortised during the year	**-**	(6,418)
Provision for utilisation during the year	**-**	(15,671)
Balance at 31 December	**-**	-

17. REVENUE

Summary of revenue by type of license:	**2009**	**2008**
	RM'000	**RM'000**
Group		
Individual License	**115,559**	87,981
Class License	**146,887**	197,230
Non license	**24,365**	1,314
	286,811	286,525
Company		
Management fee receivable from subsidiary companies	**2,778**	2,885

18. COST OF SALES

		Group	
	Note	**2009**	**2008**
		RM'000	**RM'000**
Interconnect charges		**27,434**	44,100
Depreciation of telecommunications network	18.1	**40,817**	354,665
Telecommunications maintenance charges		**15,052**	17,398
Payphone line rental		**2,289**	8,924
Network and leased line charges		**26,039**	16,155
Fee for wayleave and right of use pertaining to telecommunications facilities		**16,755**	15,957
Site and customer premises rental		**10,128**	8,927
Universal service obligation		**4,878**	5,546
Purchase of inventories for resale		**24,044**	-
Others		**14,859**	16,812
		182,295	488,484

18. COST OF SALES (CONTINUED)

18.1 Depreciation

In the previous financial year, included in depreciation of telecommunication network is an amount of RM198,463,000 being additional charges due to changes in estimated useful life.

19. INCOME FROM OTHER INVESTMENTS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income from short-term deposits	**3,131**	4,724	**84**	68
Dividend income from quoted shares	**63,383**	151,029	**-**	-
	66,514	155,753	**84**	68

20. FINANCE COSTS

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest on long term loan	**19,939**	64,202	**-**	-
Others	**109**	8,085	**109**	-
	20,048	72,287	**109**	-

21. PROFIT/(LOSS) BEFORE TAX

		Group		Company	
	Note	**2009**	**2008**	**2009**	**2008**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Operating profit/(loss) is arrived at after charging:					
Personnel expenses					
- Contributions to Employee Provident Fund		**6,633**	9,124	**1,041**	983
- Salaries, allowances and others		**52,744**	75,717	**8,245**	8,487
Depreciation of property, plant and equipment	3	**6,031**	9,932	**25**	28
Depreciation of telecommunications network	5	**40,817**	354,665	**-**	-

21. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Operating profit/(loss) is arrived at after charging (continued):					
Amortisation of prepaid lease payments	4	**375**	432	**-**	-
Rental of:					
Premises		**3,005**	7,086	**733**	1,015
Equipment		**271**	519	**271**	130
Motor vehicles		**49**	67	**4**	4
Directors' remuneration	24	**1,413**	1,823	**1,403**	1,811
Auditor's remuneration		**118**	112	**40**	38
Voluntary separation scheme and other compensation cost		**11,664**	3,210	**1,218**	875
Impairment loss on telecommunications network	5	**-**	264,506	**-**	-
Impairment loss on property, plant and equipment		**-**	765	**-**	-
Impairment loss on goodwill		**-**	591,401	**-**	-
Loss on disposal of quoted investment		**17,409**	-	**-**	-
Write off telecommunications network		**-**	356,277	**-**	-
Write down inventories		**-**	5,582	**-**	-
Write off property plant and equipments	3	**425**	-	**39**	-
Provision for diminution in value of other investment		**-**	85,250	**-**	-
Impairment loss on investment in subsidiaries		**-**	-	**-**	2,271,457
Allowance for doubtful receivables:					
Trade	9	**1,389**	767	**-**	-
Non trade		**-**	4,515	**-**	-
and after crediting:					
Write back allowance for doubtful debt		**227**	767	**-**	-
Net realised gain on foreign exchange		**265**	112	**-**	-
Rental income		**588**	1,717	**482**	1,534
Allowance for inventory obsolescence written back		**-**	67	**-**	-
Gain on transfer of 3G spectrum		**-**	616,985	**-**	-

22. TAX EXPENSE/(BENEFIT)

Recognised in the income statements

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current year income tax	**10**	-	**-**	-
Overprovision of income tax in prior years	**-**	(841)	**-**	311
Tax expense/(benefit)	**10**	(841)	**-**	311

Reconciliation of effective income tax expense:

Profit/(Loss) before tax	**33,096**	(950,471)	**(14,319)**	(2,286,346)
Tax at statutory tax rate of 25% (2008 - 26%)	**8,274**	(247,122)	**(3,580)**	(594,450)
Non deductible expenses	**4,311**	231,424	**401**	590,576
Non taxable income	**(12,169)**	(160,416)	**-**	-
Deferred tax assets not recognised	**57,074**	206,950	**2,513**	2,200
Utilisation of tax losses surrendered to subsidiary company	**-**	-	**450**	702
(Over)/Underprovision of deferred tax asset not recognised in prior year	**(57,480)**	(30,836)	**216**	972
(Over)/Underprovision of income tax expense in prior year	**-**	(841)	**-**	311
Tax expense/(benefit)	**10**	(841)	**-**	311

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Temporary differences in respect of excess of tax capital allowances over book depreciation	**(165,200)**	(103,300)	**100**	100
Unabsorbed capital allowances	**2,319,950**	2,356,000	**11,900**	12,000
Unutilised tax losses	**634,196**	643,000	**103,200**	95,300
Deductible temporary differences	**350,350**	15,300	**100**	100
Current year tax losses surrendered to subsidiary companies	**-**	-	**(450)**	(2,700)
	3,139,296	2,911,000	**114,850**	104,800

22. TAX EXPENSE/(BENEFIT) (CONTINUED)

The unutilised tax losses, unabsorbed capital allowances and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that sufficient future taxable profits will be available against which the Group can utilise the benefits there from.

23. EARNING/(LOSS) PER ORDINARY SHARE

The basic earning/(loss) per ordinary share in 2009 is calculated by dividing the Group's net gain of RM33,086,000 (2008 - net loss of RM949,630,000) by the number of ordinary shares in issue during the year of 2,530,775,000 (2008 - 2,530,775,000).

24. DIRECTORS' REMUNERATION

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Executive directors:				
Emoluments	**839**	98	**839**	98
Other emoluments and expenses	**71**	960	**71**	960
Non-executive directors:				
Fees	**382**	436	**372**	424
Other emoluments and expenses	**121**	329	**121**	329
	1,413	1,823	**1,403**	1,811

The estimated monetary value of benefits-in-kind received and receivable by Directors of TIME dotCom Berhad otherwise than in cash from the Group and the Company amounted to RM64,629 (2008 - RM24,119) and RM64,629 (2008 - RM24,119), respectively.

Included in Directors' remuneration are amounts totalling RM54,000 (2008 - RM93,600) payable to related parties for services rendered by one (2008 - two) Non-executive Directors of the Company.

The number of Directors of the Company whose remuneration fall into the respective bands are as follows:

Range of Remuneration RM	**Executive Directors**	**Non-executive Directors**
50,000 and below	-	6
50,001 to 100,000	-	3
350,001 to 400,000	1	-
450,001 to 500,000	1	-

25. SEGMENT INFORMATION

As the Group is principally involved in the telecommunications industry within Malaysia, therefore there is no segment information has been presented.

26. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors:				
Fees	**382**	436	**372**	424
Other short term benefits (including estimated monetary value of benefits- in-kind)	**1,096**	1,404	**1,096**	1,404
	1,478	1,840	**1,468**	1,828
Other key management personnel				
Short-term employee benefits	**5,672**	7,535	**4,083**	2,180
Other key management compensation	**23**	3,023	**-**	875
	5,695	10,558	**4,083**	3,055

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

27. CAPITAL AND OTHER COMMITMENTS

	Group	
	2009	**2008**
	RM'000	**RM'000**
Telecommunications network		
Authorised but not contracted for	**154**	4,221
Contracted but not provided for in the financial statements	**56,157**	76,911

27. CAPITAL AND OTHER COMMITMENTS (CONTINUED)

Lease commitments

	Future minimum lease payments			
	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Non cancellable commitments for rental of office premises, sites and right of use pertaining to telecommunications facilities				
Payable within 1 year	**20,351**	24,228	**-**	1,735
Payable within 2 - 3 years	**39,683**	40,352	**-**	845
Payable after 3 years	**144,425**	130,211	**-**	-
	204,459	194,791	**-**	2,580

One of the subsidiary companies entered into an agreement with Projek Lebuhraya Utara-Selatan Berhad ("PLUS") on wayleave and right of use pertaining to telecommunications facilities of the North-South Expressway ("PLUS Agreement") for a fee equal to an annual sum of RM10,800,000 for the calendar year 2000 with an incremental amount of 5% compounded annually up to the calendar year 2014.

Thereafter the annual sum will remain at RM4,240,000 until the expiry of the agreement. The PLUS Agreement shall terminate upon the expiry of the concession agreement on 31 December 2038.

28. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The related parties of the Group and the Company are as follows:

(i) Subsidiary companies

Details of the subsidiary companies are shown in Note 7.

(ii) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel includes all the Directors and certain members of senior management of the Company.

28. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with key management personnel

Key management personnel compensation is disclosed in Note 26.

Significant transactions with other related parties during the financial year are as follows:

	Group		Company	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Subsidiary companies				
Management fees received	**-**	-	**(2,778)**	(2,885)
Capital reduction	**-**	-	**-**	(67,526)
Key management personnel				
Professional fees	**262**	417	**-**	-
Affiliated companies				
Maintenance fee income	**(85)**	(354)	**(85)**	(354)
Management fees	**-**	240	**-**	240
Network maintenance	**1,037**	1,091	**-**	-
Leased line cost	**10,535**	5,143	**-**	-
Interconnect revenue	**(10,841)**	(15,173)	**-**	-
Interconnect charges	**11,133**	31,756	**-**	-
Rental expenses	**1,508**	4,201	**733**	1,015
Fee for wayleave and right of use of telecommunications facilities	**16,754**	15,957	**-**	-
Supply of equipment, project administration and management	**(24,044)**	-	**-**	-
Companies in which a Director has significant financial interest				
Leased line revenue	**(4,420)**	(913)	**-**	-
IP Transit	**1,369**	-	**-**	-
Rack rental	**553**	80	**-**	-

The Directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

The outstanding balances from and (due to) the related parties of the Group and the Company are disclosed in Note 9 and 15 respectively.

29. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's and the Company's business. The overall risk management programme of the Group and the Company seeks to minimise potential adverse effects of these risks on the financial performance of the Group and the Company. There was no trading in financial instruments during the year under review.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are required to be performed on all new customers. In respect of its trade customers, the Group and the Company require deposits as collateral. For other financial assets, the Group and the Company does not require collateral.

At balance sheet date, the significant concentrations of credit risk to the Group is attributed to four major customers constituting 12% (2008 - 17%) of total trade receivables. As for the Company, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

Liquidity risk

The Group and the Company holding of short term financial assets minimises liquidity risk as there are sufficient liquid assets to meet the Group's and the Company's operating requirements for the foreseeable future.

Foreign currency risk

The Group and the Company have a potential currency risk exposure in its trade transactions with a number of foreign companies where amounts owing by/to these companies are exposed to currency translation risks. All foreign exchange gains and losses are taken up in the income statements. Exposure to foreign currency risk is monitored on an ongoing basis and when considered necessary, the Group and the Company will consider using effective financial instruments to hedge its foreign currency risk.

Interest rate risk

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest on short term deposits with licensed banks. The Group and the Company manage its interest rate risk for the interest-earning deposit placements by placing such balances on varying maturities and interest rate terms.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and financial liabilities, the following table indicates their average effective interest rate at the balance sheet date and the periods in which they mature or if earlier, reprice.

29. FINANCIAL INSTRUMENTS (CONTINUED)

	Average effective interest rate per annum %	Total RM'000	Less than 1 year RM'000	More than 1 year RM'000
Group				
Financial assets				
Short term deposits				
- 2009	2.0	171,630	171,630	-
- 2008	3.3	136,862	136,862	-
Financial liabilities				
Secured bank loan				
- 2009	-	-	-	-
- 2008	5.8	1,119,310	505,900	613,410
Company				
Financial assets				
Short term deposits				
- 2009	2.0	5,000	5,000	-
- 2008	3.3	3,458	3,458	-

Fair value

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals approximate their fair values due to the relatively short term nature of these instruments. The carrying value of the secured bank loan approximates its fair value as the loan is on a variable interest rate.

The fair value of the other investments is disclosed in Note 8. Fair value is based on quoted closing market price at the balance sheet date.

STATEMENT BY DIRECTORS
Pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 61 to 98 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2009 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Elakumari Kantilal

....

Afzal Abdul Rahim

Kuala Lumpur

Date: 29 March 2010

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, Faizatul Akmar Abu Bakar, the officer primarily responsible for the financial management of TIME dotCom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 61 to 98 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 29 March 2010.

....

Faizatul Akmar Abu Bakar

Before me:

INDEPENDENT AUDITORS' REPORT

to the members of TIME dotCom Berhad (Company No. 413292-P)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of TIME dotCom Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 61 to 98.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT
to the members of TIME dotCom Berhad (Company No. 413292-P)
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Mohamed Raslan Abdul Rahman
Approval Number: 1825/05/11(J/PH)
Chartered Accountant

Petaling Jaya, Selangor

Date: 29 March 2010

STOCKHOLDING ANALYSIS
As at 11 May 2010

Authorised Share Capital : **RM5,000,000,000.00**
Issued and paid-up Capital : **RM2,530,775,000.00**
Class of Shares : **Ordinary Shares of RM1.00 each**
No. of Shareholders : **31,377**
Voting Right : **1 vote per Ordinary Share**

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100	118	2,176	Negligible
100 to 1,000	7,505	7,271,524	0.29
1,001 to 10,000	15,380	80,818,631	3.19
10,001 to 100,000	7,273	242,543,899	9.58
100,001 to less than 5% of issued shares	1,098	484,906,384	19.16
5% and above of issued shares	3	1,715,232,386	67.78
Total	31,377	2,530,775,000	100

Thirty (30) Largest Shareholders as at 11 May 2010

	Names	No. of shares	%
1.	Pulau Kapas Ventures Sdn Bhd	760,209,826	30.04
2.	Maju Nominees (Tempatan) Sdn Bhd - Pledged securities account for TIME Engineering Berhad	726,181,720	28.69
3.	Kumpulan Wang Persaraan (Diperbadankan)	228,840,840	9.04
4.	Amanahraya Trustees Berhad - Public Smallcap Fund	16,912,500	0.67
5.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	16,781,400	0.66
6.	Lembaga Tabung Angkatan Tentera	14,427,900	0.57
7.	Public Invest Nominees (Tempatan) Sdn Bhd - Pledged securities account for Indera Permai Sdn Bhd (M)	9,970,500	0.39
8.	Amanahraya Trustees Berhad - Public Islamic Sector Select Fund	7,170,000	0.28
9.	Indera Permai Sdn Bhd	7,159,600	0.28
10.	Amanahraya Trustees Berhad - Public Sector Select Fund	5,711,300	0.23
11.	Ding Huong Kai	5,050,000	0.20
12.	Low Yew Hock	4,473,800	0.18

STOCKHOLDING ANALYSIS
As at 11 May 2010

Thirty (30) Largest Shareholders as at 11 May 2010 (continued)

	Names	No. of shares	%
13.	Lim Si Pin	4,000,000	0.16
14.	Lim Siang Hee	3,752,500	0.15
15.	JF Apex Nominees (Tempatan) Sdn Bhd - Pledged securities account for Low Hock See (Margin)	3,683,000	0.15
16.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Funds PLC	3,678,300	0.15
17.	Affin Nominees (Tempatan) Sdn Bhd - Pledged securities account for Tan Boon Har (TAN0907C)	3,300,000	0.13
18.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB for Indera Permai Sdn Bhd (PB)	3,100,000	0.12
19.	Kong Foong Yin	3,012,000	0.12
20.	Chan Ket Kai	3,002,200	0.12
21.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for OSK-UOB Smart Treasure Fund (4694-002)	2,700,000	0.11
22.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund 2CIA for Emerging Markets Value Trust (John HNCK Trust)	2,591,300	0.10
23.	SJ Sec Nominees (Tempatan) Sdn Bhd - Pledged securities account for Ng Wang @ Ng Chiang Chin (SJ8)	2,550,000	0.10
24.	Lim Khueng Ngi	2,500,000	0.10
25.	HDM Nominees (Tempatan) Sdn Bhd - Pledged securities account for Kueh Lai Boo @ Kueh Nai Wuk (M05)	2,500,000	0.10
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Goh Kheng Peow (8026769)	2,470,000	0.10
27.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,402,000	0.09
28.	HSBC Nominees (Asing) Sdn Bhd - Exempt An for Credit Suisse (SG BR-TST-Asing)	2,400,000	0.09
29.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Small Cap Series	2,372,900	0.09
30.	HSBC Nominees (Asing) Sdn Bhd - BNY Brussels for Queensland Investment Corporation	2,253,700	0.09
	TOTAL	**1,855,157,286**	**73.30**

Substantial Shareholders as at 11 May 2010

Shareholder	Direct Interest	(%)	Deemed Interest	(%)
Pulau Kapas Ventures Sdn Bhd	760,209,826	30.04	-	-
TIME Engineering Berhad	726,181,720*	28.69	-	-
Kumpulan Wang Persaraan (Diperbadankan)	228,840,840	9.04	-	-

* 726,181,720 shares are held by Maju Nominees (Tempatan) Sdn Bhd

Khazanah Nasional Berhad is deemed interested through Pulau Kapas Ventures Sdn Bhd and UEM Group Berhad.

UEM Group Berhad is deemed interested through TIME Engineering Berhad.

Global Transit International Sdn Bhd, Megawisra Sdn Bhd, Megawisra Investments Ltd, Afzal Abdul Rahim and Gan Te Shen are deemed interested through Pulau Kapas Ventures Sdn Bhd.

Statement on Directors' Interests in Shares

The Director on the Board of TIME dotCom Berhad deemed to have interest in the shares of the Company, by virtue of Section 6A(4)(c) of the Companies Act, 1965 :-

(a) Afzal Abdul Rahim being deemed interested through Pulau Kapas Ventures Sdn Bhd

LIST OF PROPERTIES
Held as at 31 December 2009

VENDOR	LOCATION	DESCRIPTION	TENURE	AREA	EXISTING USE	APPROXIMATE AGE (YEARS)		COST (NBV) (RM)	Remarks (Amortization)
ANTRAC HOLDINGS (M) SDN. BHD.	Lot no.43 & 54, Glenmarie Industrial Park, Shah Alam, Selangor.	Land	Freehold	2.222acre	Operation site	13		**3,687,963.00**	
		Building		8,456.64 sq.m			Cost Depreciation Balance (nbv)	**14,717,422.12** **14,717,402.12** **20.00**	
TIME ENGINEERING BHD (Henry Butcher, Lim & Long Sdn Bhd)	Lot 26 Jln 225 Petaling Jaya 46100 PJ Selangor	Building	Leasehold	16,000 s.f (1486.45 sq mtr)	Operation site	34	Cost Depreciation	**5,585,840.00** **782,017.60**	99 years Expire 11/4/2072
		Land		49,266.37 s.f (4,577 sq mtr)			Balance (nbv)	**4,803,822.40**	
MEGA CAPITAL SDN. BHD. (Messrs Neoh,Norizah & Co.)	Lot 4465, Mukim 1, Daerah Seberang Prai, Pulau Pinang	Land	Freehold	96921 s.f	Operation site			**2,519,946.00**	
KOTAJASA SDN. BHD. (Messrs Arthur Lee & Co.)	Lot P.T.D. 3930, Mukim Tebrau, Daerah Johor Bahru, Johor.	Land	Freehold	117767 s.f	Operation site	12		**4,946,214.00**	
RAINE & HORNE INTERNATIONAL (Gan Teik Chee & Co.) Vendor : Yuan Seng Building Trading Sdn Bhd	102M, Lengkok Kampung Jawa 2, Miel Industrial Estate Bayan Lepas, Pulau Pinang.	Land	Leasehold	9485 s.f	Operation site	26	Cost Amortization Balance (nbv)	**1,007,000.00** **665,738.75** **341,261.25**	60 years from 1981 to 2041
		Building		668.9 sq.m	Office Building		Cost Depreciation Balance (nbv)	**200,000.00** **51,999.94** **148,000.06**	2 % Depreciation
WIN MUAR SDN. BHD.	Lot 142-A, Semambu Industrial Estate Kuantan,Pahang	Land	Leasehold	2.5 acre (10,940.5 sq.m.) (117,762.45 sq.ft.)	Operation site	24	Cost Amortization Balance (nbv)	**1,535,000.00** **1,151,262.17** **383,737.83**	66 years from 1980 to 2046
		Building		1,938 sq.m	Office Building		Cost Depreciation Balance (nbv)	**1,065,000.00** **319,499.98** **745,500.02**	2 % Depreciation
SY. TANAH LAWAS SDN. BHD. (Messrs Neoh,Norizah & Co.)	Kg. Sungai Bedaun, Daerah Labuan, Wilayah Persekutuan Labuan.	Land	Leasehold	8.0 acre	Operation site		Cost Amortization Balance (nbv)	**4,145,000.00** **2,911,323.11** **1,233,676.89**	99 years from 1984 to 2082
		Building		270 sq.m					
MARTIMEX SDN. BHD.	P.T. no 2705, Mukim Ulu Kinta, Daerah Ulu Kinta, Perak	Land	Leasehold	23274 s.f	Operation site		Cost Amortization Balance (nbv)	**350,000.00** **247,762.50** **102,237.50**	60 years from 1976 to 2036

VENDOR	LOCATION	DESCRIPTION	TENURE	AREA	EXISTING USE	APPROXIMATE AGE (YEARS)		COST (NBV) (RM)	Remarks (Amortization)
CHONG HAN TING	Lot 37, Kg. Sungai Bedaun, Settlement scheme, Labuan, WP Labuan	Land	Leasehold	3.0 acre	Operation site		Cost Amortization Balance (nbv)	**80,000.00** **56,631.33** **23,368.67**	99 years from 1984 to 2082
	Lot No. 469, mukim Batu Burok, Kuala Trengganu, Trengganu	Land	Leasehold	8712 s.f	Operation site		Cost Amortization Balance (nbv)	**350,000.00** **231,388.83** **118,611.17**	99 years 1975 - 2074
	Lot PTD 1474, HS (D) 3432, Mukim Jemaluang, Daerah Mersing, Johor	Land	Leasehold	1237 sq.m	Operation site		Cost Amortization Balance (nbv)	**41,320.00** **10,502.17** **30,817.83**	60 years 2001-2061

Note :

Leasehold Land - Kg. Sg Bedaun as at 31/12/98	4,000,000.00
Additional cost - Premium on the Conversion of land	145,000.00
Total	4,145,000.00

Descriptions	Cost (RM)	Acc. Depn (RM)	NBV (RM)
Freehold Land	11,154,123.00	-	11,154,123.00
Leasehold Land	7,508,320.00	5,274,608.86	2,233,711.14
Building	21,568,262.12	15,870,919.64	5,697,342.48
Total	**40,230,705.12**	**21,145,528.50**	**19,085,176.62**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 13th Annual General Meeting (AGM) of the Company will be held at Banquet Hall, Level 1, Centre Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Monday, 28 June 2010 at 2.30 p.m. for the purpose of transacting the following businesses:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A.**

As Ordinary Business:-

2. To re-elect the following Directors retiring in accordance with Article 94 of the Company's Articles of Association and, being eligible, they have offered themselves for re-election:-
   i) Elakumari Kantilal **Resolution 1**
   ii) Dato' Azian Mohd Noh **Resolution 2**

3. To re-elect Balasingham A Namasiwayam who retires in accordance with Article 99 of the Company's Articles of Association and, being eligible, he has offered himself for re-election. **Resolution 3**

4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:- **Resolution 4**

   "THAT Abdul Kadir Md Kassim who retires in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company."

5. To approve the Directors' fees amounting to RM381,977 for the financial year ended 31 December 2009. **Resolution 5**

6. To re-appoint Messrs KPMG as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

As Special Business:-

To consider and if thought fit, pass the following Ordinary Resolutions:-

7. Ordinary Resolution – Authority to Issue Shares Pursuant To Section 132D of the Companies Act, 1965 **Resolution 7**

   "THAT subject always to the Companies Act, 1965 and the Articles of Association of the Company, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting; and FURTHER THAT the Directors be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

8. Ordinary Resolution – Proposed New Shareholders' Mandate **Resolution 8**

"THAT, pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and its subsidiaries with its related parties as set out in Section 2.3 of the Circular to Shareholders dated 3 June 2010, provided that such transactions:-

(i) are undertaken in the ordinary course of business;

(ii) are undertaken on arm's length basis;

(iii) are undertaken on commercial terms that are not more favourable to related parties than those generally available to or from third parties and the public; and

(iv) are not, in the directors' opinion, detrimental to the minority shareholders of the Company;

THAT such approval shall continue to be in full force and effect until:-

(i) the conclusion of the next AGM of the Company following the forthcoming AGM at which such approval was given, at which time it will lapse, unless by a resolution passed at that AGM, the authority is renewed;

(ii) the expiration of the period within which the next AGM after the date it is required to be held, pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Board of Directors of the Company be and is hereby authorised to complete and do all such acts, deeds and things (including executing such documents and instruments under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) for and on behalf of the Company, to give effect to the Proposed New Shareholders' Mandate, with full power to assent to any condition, modification, variation and/or amendment deemed by them to be necessary, fit or expedient and in the best interest of the Company, or as may be required by any relevant regulatory authority."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

MISNI ARYANI MUHAMAD (LS 0009413)
Secretary

3 June 2010
Selangor Darul Ehsan

NOTICE OF ANNUAL GENERAL MEETING

Note A:-

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

Notes:-

1. A member entitled to attend and vote at the above Meeting of the Company is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument of proxy shall be in writing and signed by the appointer or by his attorney and in the case of a corporation, either under its common seal or signed by its attorney or officer on behalf of the corporation.
3. A member who holds 1,000 shares or less in the Company is entitled to appoint one (1) proxy whilst a member holding more than 1,000 shares in the Company is entitled to appoint a maximum of two (2) proxies. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of holding to be represented by each proxy is specified.
5. The instrument appointing a proxy or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office, **Mega Corporate Services Sdn Bhd at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur** not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting, or in the case of a poll not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Explanatory Note on Special Business:-

Ordinary Resolution 7

The Ordinary Resolution 7, is proposed for the purpose of granting a renewed general mandate for the issuance of shares in the Company pursuant to Section 132D of the Companies Act, 1965.

There was no issuance of shares pursuant to Section 132D of the Companies Act, 1965 under the general mandate which was obtained at the 12th AGM held on 16 June 2009 and the said mandate will expire at the conclusion of the forthcoming 13th AGM.

The Ordinary Resolution 7, if passed at the 13th AGM, will give authority to the Directors of the Company to issue and allot shares at any time without covening a general meeting, in order to avoid any delay and cost involved in convening one. The authorisation so granted, is valid from the date of the 13th AGM, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

The general mandate if renewed at the 13th AGM, will provide the Company, the flexibility to raise funds for funding future investment project(s), working capital and/or acquisition(s).

Ordinary Resolution 8

The Ordinary Resolution 8, if passed, will authorise the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and its subsidiaries with its related parties and are on an arm's length basis and on commercial terms not more favourable to the related parties than those generally available to the public and shall lapse at the conclusion of the next Annual General Meeting unless revoked or varied by a resolution passed by the shareholders of the Company at a general meeting.

Detailed information on the Proposed New Shareholders' Mandate is set out in Section 2.3 of the Circular to Shareholders dated 3 June 2010.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING
Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Directors who are standing for re-election are:-
   (a) Elakumari Kantilal
   (b) Dato' Azian Mohd Noh
   (c) Balasingham A Namasiwayam

2. Encik Abdul Kadir Md Kassim, a Director, who is over the age of seventy years, is seeking re-appointment.

3. Details of attendance of Directors at Board Meetings held during the financial year are set out on page 29.

4. The interests in the securities of the Company as at 11 May 2010 held by the director who is standing for re-election are as follows:-

	Direct No. of Ordinary Shares	%	Indirect No. of Ordinary Shares	%
Balasingham A Namasiwayam	-	-	25,000*	0.001

* Balasingham A Namasiwayam is deemed interested through his spouse.

Further details of Directors who are standing for re-election at the 13th Annual General Meeting are set out on pages 25 to 28.

IMPLEMENTATION OF ELECTRONIC DIVIDEND PAYMENT ("eDividend")

3 June 2010

Dear Shareholder,

IMPLEMENTATION OF ELECTRONIC DIVIDEND PAYMENT ("eDividend")

What is eDividend?

Electronic Dividend Payment or eDividend refers to the payment of cash dividends by a listed issuer to its shareholders by directly crediting the shareholders' cash dividend entitlements into their respective bank accounts. All listed companies are required to pay dividends to shareholders (who have provided their bank account information) via eDividend for dividends entitlements on or after 1 September 2010.

eDividend Benefits

• No More Delays	From 3-14 days via cheques to 0/1 day via eDividend to receive dividend payment.
• Assurance of Certainty	Dividends credited into bank accounts on a timely basis whether Kuala Lumpur or outstation. No more missing cheques/expired cheques. No unclaimed moneys.
• Convenience and Simplicity	No more visits to banks to deposit cheques. Can opt for one (1) bank account for all CDS accounts. Same bank account applies for future new CDS accounts.
• eNotification upon Payment	For shareholders who provide email and mobile details.
• No Cost to Shareholders	No bank charges on dividend amount. No depository administration fee for registration within grace period.

Registration of eDividend

Shareholders are given a one-year grace period from **19 April 2010 until 18 April 2011** to provide their bank account information to Bursa Malaysia Depository Sdn Bhd.

How do I provide my bank account information for eDividend?

You must complete the relevant prescribed form and submit it together with the required supporting documents to your stock broker's office where your CDS account is maintained.

What supporting documents are required?

Individual CDS Depositor	• NRIC or Passport or Authority Card or other acceptable identification documents. • Bank Statement or Bank Saving Book or details of your bank account obtained from your bank's website that has been certified by your bank or copy of the letter from your bank confirming your bank account details.
Corporate CDS Depositor	• Certified true copy of Certificate of Incorporation/Certificate of Registration. • Certified true copy of Bank Statement or Bank Saving Book or details of your bank account obtained from your bank's website that has been certified by your bank or copy of the letter from your bank confirming your bank account details.

You are encouraged to update your bank account information through your stock broker firm soonest. There will be a fee charged after the grace period.

Contact Details

For more information, kindly refer to the eDividend page at www.bursamalaysia.com

For queries, please contact Bursa Malaysia Customer Care Centre or our Share Registrar, Mega Corporate Services Sdn Bhd as follows:

Bursa Malaysia Customer Care Centre

Tel : +60-3-2732 0067
Email : edividend@bursamalaysia.com

Mega Corporate Services Sdn Bhd
Tel : +60-3-2692 4271
Fax : +60-3-2732 5399

Thank you.

Yours faithfully
Misni Aryani Muhamad (LS 0009413)
Secretary

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TIME

TIME DOTCOM BERHAD
(Company No. 413292-P)

FORM OF PROXY

No. of shares	CDS Account No.

I/We, ______________________________ Identification/Company No. ________________
(Name in block letters)

of ____
(Full Address)

being a member/members of **TIME dotCom Berhad** hereby appoint ________________________

____

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 13th Annual General Meeting of the Company to be held at Banquet Hall, Level 1, Centre Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Monday, 28 June 2010 at 2.30 p.m. and at any adjournment thereof.

You may indicate with an "X" or "✓" in the boxes provided below how you wish your votes to be cast. Please note that the filling of this form is for indicative purposes only and shall not bind the Company or in any way oblige or require the Company to ensure that your proxy shall vote in the manner as indicated by you.

Please take further note that the Company shall accept the vote cast by your proxy as a valid vote whether or not your proxy has acted in accordance with your instructions.

	For	Against
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		
Resolution 5		
Resolution 6		
Resolution 7		
Resolution 8		

Signed this ________________ day of ________________ 2010.

____
Signature/Common Seal of Appointer

NOTES :-

1. A member entitled to attend and vote at the above Meeting of the Company is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument of proxy shall be in writing and signed by the appointer or by his attorney and in the case of a corporation, either under its common seal or signed by its attorney or officer on behalf of the corporation.
3. A member who holds 1,000 shares or less in the Company is entitled to appoint one (1) proxy whilst a member holding more than 1,000 shares in the Company is entitled to appoint a maximum of two (2) proxies. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of holding to be represented by each proxy is specified.
5. The instrument appointing a proxy or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office, Mega Corporate Services Sdn Bhd at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting, or in the case of a poll not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

affix postage here

MEGA CORPORATE SERVICES SDN BHD
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

GROUP CORPORATE DIRECTORY

TIME dotCom Berhad (413292-P)
TT dotCom Sdn Bhd (52371-A)
TIME dotNet Berhad (507273-T)
Level 4, No. 14, Jalan Majistret U1/26
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor, Malaysia
Tel : +60-3-5032 6000
Fax : +60-3-5032 0183
Website : www.time.com.my

Northern Region

102M, Lengkok Kg Jawa 2
MIEL Industrial Zone
11900 Bayan Lepas
Pulau Pinang
Tel : +60-4-370 0000
Fax : +60-4-370 0001

No 12, Block D1, Jalan Todak 4
Pusat Bandar Seberang Jaya
13700 Seberang Jaya
Pulau Pinang
Tel : +60-4-370 2000
Fax : +60-4-370 2004

Southern Region

Level 4, Matang Holdings
No 83B, Jalan Langkasuka
Kawasan Perindustrian Larkin
80350 Johor Bahru
Johor
Tel : +60-7-277 1234
Fax : +60-7-277 1200

Eastern Region

No 142A, Kawasan Perindustrian Semambu
25350 Kuantan
Pahang
Tel : +60-9-556 0692
Fax : +60-9-556 0691

Sabah & Sarawak

Lot D9, Lorong Warisan Indah 3
Taman Industri Warisan Indah Inanam,
88450 Kota Kinabalu, Sabah
Tel : +60-88-433 982
Fax : +60-88-433 984

Suite 9-02 Level 9,
Menara Tun Jugah
Jalan Tunku Abdul Rahman
93100 Kuching
Sarawak
Tel : +60-82-238 600
Fax : +60-82-238 603

CONTACT CENTRE HOTLINE

For General or Product Inquiries
Tel : +60-3-5021 2122
Fax : +60-3-5032 6579
Email : customerservice@time.com.my

TIME dotCom Berhad (413292-P)
No.14, Jalan Majistret U1/26
Hicom Glenmarie Industrial Park
40150 Shah Alam, Selangor
Malaysia

www.time.com.my