"Let's start again…"

COVER RATIONALE

Back To Basics

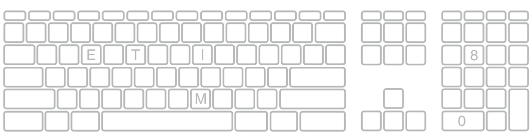
Let's start again

The combination of 'Ctrl + N' keys found on a typical computer keyboard is the key visual in our 2009 annual report cover. These keys, when pressed simultaneously, issue a command to open a new document, a new page or a new window; which allows the user to begin again on a fresh, clean sheet.

This clearly communicates TIME dotCom Berhad's single mindedness and clarity in its objective to start anew.

TIME dotCom recognises the need to *Refresh*, *Realign* and *Adapt* to current market dynamics in order to forge ahead. Our act of starting anew is a carefully calculated long–term strategy designed to make the company more competitive, to build and position TIME dotCom as Malaysia's preferred communications provider.

C O N T E N T S



OUR VISION

To be Malaysia's preferred communications solutions provider

OUR MISSION

- To contribute towards nation development through achieving the national policy objectives for the communications and multimedia industry
- To deliver supreme customer experience
- To optimise shareholders' value
- To be the employer of choice; to grow and nurture talent
- To be the partner of choice
- To be an opinion leader

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 12th Annual General Meeting (AGM) of the Company will be held at Dewan Perdana, Level 2, Convention Centre, Grand BlueWave Hotel Shah Alam, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 16 June 2009 at 9.30 a.m. for the purpose of transacting the following businesses :-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2008 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) Dato' Ir. Wan Muhamad Wan Ibrahim **Resolution 1**
   ii) Abdul Kadir Md Kassim **Resolution 2**

3. To re-elect the following Directors retiring in accordance with Article 99 of the Company's Articles of Association and, being eligible, they have offered themselves for re-election:-
   i) Afzal Abdul Rahim **Resolution 3**
   ii) Megat Hisham Hassan **Resolution 4**
   iii) Asgari Mohd Fuad Stephens **Resolution 5**

4. To approve the Directors' fees amounting to RM435,900 for the financial year ended 31 December 2008. **Resolution 6**

5. To re-appoint Messrs KPMG as Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**

As Special Business :-

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

6. Ordinary Resolution – Authority to Issue Shares Pursuant To Section 132D of the Companies Act 1965 **Resolution 8**

   "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."

7. 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

25 May 2009
Selangor Darul Ehsan

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 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 8

The proposed adoption of Ordinary Resolution 8 is to give flexibility to the Directors to issue and allot shares at any time without convening a general meeting, in order to avoid any delay and cost involved in convening one.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Directors who are standing for re-election are :-
   (a) Dato' Ir. Wan Muhamad Wan Ibrahim
   (b) Abdul Kadir Md Kassim
   (c) Afzal Abdul Rahim
   (d) Megat Hisham Hassan
   (e) Asgari Mohd Fuad Stephens

2. Details of attendance of Directors at Board Meetings held during the financial year are set out on page 35.

3. Details of the Director's interests in the securities of the Company as at 22 April 2009 are as follows:

	Direct		*Indirect*	
	No. of Ordinary Shares	%	*No. of Ordinary Shares*	%
Afzal Abdul Rahim	-	-	760,209,826 *	30.04

* *Afzal Abdul Rahim is deemed interested through Pulau Kapas Ventures Sdn. Bhd.*

Further details of Directors who are standing for re-election at the 12th Annual General Meeting are set out on pages 29 to 34.

CORPORATE INFORMATION

Board of Directors

Dato' Ir. Wan Muhamad Wan Ibrahim
Non-Independent, Non-Executive Director (Chairman)

Elakumari Kantilal
Non-Independent, Non-Executive Director

Abdul Kadir Md Kassim
Non-Independent, Non-Executive Director

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

Ronnie Kok Lai Huat
Senior Independent, Non-Executive Director

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

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

Asgari Mohd Fuad Stephens
Independent, Non-Executive Director

Audit Committee

Ronnie Kok Lai Huat *(Chairman)*
Elakumari Kantilal
Asgari Mohd Fuad Stephens

Nomination and Remuneration Committee

Abdul Kadir Md Kassim *(Chairman)*
Ronnie Kok Lai Huat

Tender Board Committee

Dato' Ir. Wan Muhamad Wan Ibrahim *(Chairman)*
Elakumari Kantilal

Stock Exchange Listing

Main Board of Bursa Malaysia Securities Berhad

Website

www.time.com.my

Company Secretary

Misni Aryani Muhamad (LS 0009413)

Registered Office

Level 4, No. 14, Jalan Majistret U1/26
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan, Malaysia
Tel : 603 5032 6000
Fax : 603 5032 0183

Share Registrar

Mega Corporate Services Sdn Bhd
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : 603 2692 4271
Fax : 603 2732 5399

Auditors

Messrs KPMG
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

C O R P O R A T E   P R O F I L E

TIME dotCom Berhad, Malaysia's preferred communications solutions provider, is a public company listed on the Main Board of Bursa Malaysia.

Licensed under the Malaysian Communications and Multimedia Act 1998, TIME dotCom's full suite of telecommunications licences has enabled the TIME dotCom Group to operate and offer its services, from voice and data communications to dial-up and broadband Internet provision and multimedia solutions.

TIME dotCom's fibre trunk network consists of over 3,600 km of terrestrial fibre-optic cable routes and over 1,600 km of submarine festoon fibre optic cable backup system with landing points around the perimeter of Peninsular Malaysia. The Metropolitan Area Network within the central business districts of major cities complements this trunk network.

With this infrastructure in place, TIME dotCom is ideally positioned to meet the demands of emerging technologies and services such as multimedia, broadband, managed services, application service and Internet service. Voice, data and video transmissions through fibre-optics are resilient and dependable. Data is sent through at a very fast rate and with high assurance of data integrity. Two international gateway facilities augment international telecommunications access via satellite and undersea cable routes, linking businesses and private customers to each other and to the world.

TIME dotCom's highly reliable and resilient trunk network is based on Next Generation Synchronous Digital Hierarchy technology, which has a Self-Healing Alternative Route Protection feature that ensures high system availability and minimal system downtime. The digital nature of TIME dotCom's network also ensures a high level of data transmission quality, with high data security and integrity thereby allowing minimal data loss and degradation. In addition, a Network Operations Control Centre constantly monitors all network elements 24 hours a day, 7 days a week and manages TIME dotCom's advanced network to ensure uninterrupted service and top performance.

As part of its enhancement initiatives, TIME dotCom has introduced the IP Core Network and Metro Ethernet Backbone Network (Metro-E) project that progressively transforms its existing network into an Internet Protocol (IP)-based network. As TIME dotCom's IP backbone infrastructure, Metro-E will continue to undergo capacity enhancements to facilitate new service requirements.

TIME dotCom continually develops new products that fulfil its customers' needs as well as devise new ways to effectively communicate and market these products to potential customers.

One of TIME dotCom's missions is to deliver supreme customer experience. To drive this mission, significant investments were made to establish a state-of-the-art, 24-hour call centre that consolidates calls from all customers nationwide, including those subscribing and utilising TIME dotCom's fixed line, broadband and Internet.

Through this shared resources capability, TIME dotCom is able to provide its customers with greater convenience by minimising waiting time, thus ensuring that customers' needs are fulfilled as quickly and effectively as possible. In addition, TIME dotCom's qualified and dedicated technical experts are stationed throughout the country, ready to attend to problem resolution and assist the customers in any possible way.

Superior technology combined with superior customer service is what distinguishes TIME dotCom as one of the leading Business Communications Specialist in the industry. TIME dotCom's skilled and professional Account Management teams are always ready to offer expert advice to create cost-effective solutions that meet their customers' communications needs.

Company Name
TIME dotCom Berhad

Industry
Telecommunications

Share Listing
Main Board, Bursa Malaysia (since 2001)

Location (Head Office)
14 Jalan Majistret U1/26, HICOM Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan, Malaysia

Telephone
+60-3-5032 6000

Facsimile
+60-3-5032 0183

Products & 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

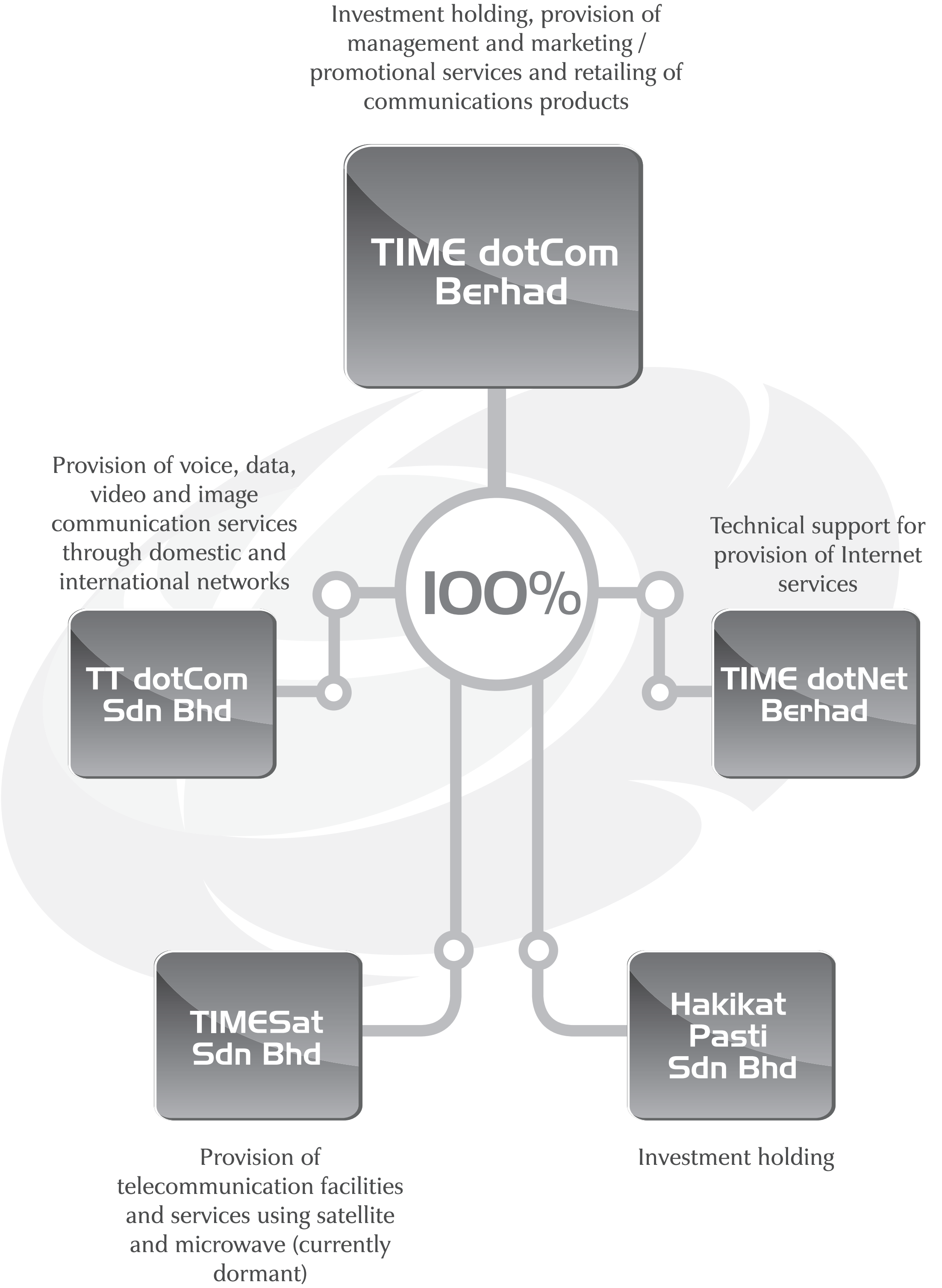
For General/Product Inquiries

Telephone
+6-03-2730 5287

Facsimile
+6-03-2720 9006

E-mail
customerservice@time.com.my

CORPORATE STRUCTURE



Note:

TIME Reach Sdn. Bhd., formerly a wholly-owned subsidiary of TIME dotCom Berhad, was disposed on 15 April 2009.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The TIME dotCom Group has faced trying times in recent years. However, it faced a year of new challenges in 2008. Over the last 12 months, the Group operated in a highly-competitive environment. Aggressive pricing strategies, last-mile issues, as well as a higher migration of users from fixed-line, to cheaper mobile or Internet-based alternatives, contributed to a drop in voice and payphone revenue by 23.3% in 2008. All of these combined to affect TIME dotCom's performance.

"But in perceiving challenges as opportunities, the Group enhanced its performance on a number of initiatives designed to achieve alignment with emerging industry trends. This together with the entry of an energetic new management team has provided glimpses in early 2009 that began to indicate the potential of the Group in scaling new heights over the medium term."

Industry Overview

According to the Malaysian Communications & Multimedia Commission (MCMC), Malaysia's overall fixed-line penetration is stagnating. While there were 4.35 million fixed line subscriptions in 2007, this number marginally reduced by 1.3% to 4.29 million fixed line subscriptions in 2008.

On the other hand, MCMC data illustrates that fixed broadband penetration rose by 29%, from 2007 with 1.01 million subscribers to 1.3 million subscribers in 2008. It is anticipated that total broadband penetration will reach 50 percent by 2010.

Overall, these two trends in 2008 i.e. a stagnating fixed-line market and increasing broadband penetration take-up, favoured the Group's decision to focus on data offerings while steering away from fixed-line and payphone telephony services, even as these services remained the Group's largest revenue generators.

Financial Performance

For the current financial year ended 31 December 2008, the Group recorded revenue at

RM286.5 million compared to RM301.1 million in the corresponding period in 2007. The decrease in revenue was largely contributed by declining payphone and fixed line revenues. While data and managed services revenue rose by 55.8%, the rise was not significant enough to offset the 23.3% loss in voice and payphone revenue from 2007 to 2008.

The Group posted a loss after tax of RM949.6 million compared to RM160.7 million in the previous year. The losses were due to assets write-off, provisions for impairment of goodwill, assets and inventories, as well as provisions for diminution in value of other investment amounting to RM1,303.8 million. At the same time, the Group revised the useful life of its telecommunications network resulting in additional depreciation charges of RM198.5 million.

The above was necessary as the Group, in its annual review of assets and business planning, concluded that there had been a change in business direction, owing to rapid changes in technology, coupled with the non-achievement of the previous strategic business plan, which has resulted in overvalued assets. As a result of the above exercise, the Group is now in a better position to begin 2009 on a clean slate. The financial performance of the Group in 2009 will now be more closely influenced by the productivity of the Group.

These losses, however were mitigated by the gain on the transfer of the 3G spectrum amounting to RM617.0 million to DiGi and the dividend income from DiGi shares of RM151.0 million. The Group also incurred finance cost of RM72.3 million in relation to loans obtained in 2007 to finance the purchase of DiGi shares.

It is anticipated that with TIME dotCom's focus in the specific areas in which it is already geared towards, a stronger showing in the Group's revenue performance can be expected over the medium to long term.

Dividends

The Board of Directors does not recommend any payment of dividends for the financial year ended 31 December 2008.

Corporate Development

Completion of TIME dotCom – DiGi Alliance

An earlier acquisition in 2007 resulted in TIME dotCom Berhad (TdC) acquiring a 6.5% shareholding in DiGi.Com Berhad (DiGi). Subsequently, on 12 May 2008, TdC transferred the Group's 3G spectrum to DiGi in consideration of the issuance of 27,500,000 new ordinary shares of RM0.10 each, which further increased the Group's holding in DiGi to 10%.

Subsequently in January 2009, the Group decided to divest 2.9% of its holdings in DiGi stocks as a means of managing the fast changing business scenario and prevalent market conditions. This effectively reduced the level of its borrowings by RM461 million and reduced its gearing from 1.08 to 0.59 times.

Furthermore, as a result of the TdC-DiGi alliance, TT dotCom Sdn. Bhd. (TTdC) was appointed DiGi's wholesale supplier for 3 years, resulting in a minimum of RM12.5 million in fixed bandwidth revenue each year.

Sale of Payphone Business

On 1 December 2008, TIME dotCom Berhad entered into a Share Sale Agreement with PayComm Sdn. Bhd. to dispose the company's entire equity interest in TIME Reach Sdn. Bhd. (TRSB) for a cash consideration of RM8.3 million.

The sale of TRSB, completed on 15 April 2009, was in line with the Group's aim to focus on relatively more profitable operations that have greater growth potential. Additionally, the Group's decision to proceed with the sale was further validated given that the revenue contribution of TRSB declined by 15 percent on average over the last four years.

Operational Highlights

With the departure of Dato' Baharum Salleh as Managing Director in early 2008, an Executive Committee (EXCO) comprising Board members was set up to facilitate the decision-making process relating to the Group's operations. The EXCO oversaw decisions between February 2008 and February 2009, in anticipation of new management leadership.

To continue providing service offerings that are reliable and competitive, the Group undertook investments, upgrades and maintenances on its network infrastructure. In 2009, plans were formulated to expand the Group's IP Core and Metro-E network to widen service coverage. The deployment of Dense Wavelength Division Multiplexing has also been identified as a means of increasing TIME dotCom's trunk network capacity, and in turn, ensure superior connectivity.

2008 has also been a year TIME dotCom customers registered higher satisfaction in terms of personalised service. In order to retain customer loyalty, many initiatives were taken to improve service and sustain customer satisfaction. After 6 consecutive years of attaining and retaining ISO 9000:2001 certification, TIME dotCom now strives to achieve even higher standards in quality for its Customer Service Division.

Outlook and Prospects

Regardless of industry or sector, 2009 is expected to be more challenging. The ongoing global recession has resulted in a projected growth rate of only 3.5 percent for Malaysia – a forecast that was revised downward by analysts and various financial institutions.

In spite of weak market sentiment, TIME dotCom is encouraged by the consistent growth in data and broadband demand within the country, coinciding with the Group's present wireline data focus in the wholesale, corporate & government, and enterprise market segments.

Contemporary broadband penetration trends in Malaysia underlines the significant potential of TIME dotCom's broadband business in competing with other major industry players. Indeed it is the Group's adaptability in meeting emerging trends and technologies that position the Group as a flexible alternative to larger incumbent players.

Ultimately, the Board believes that TIME dotCom will remain relevant in the industry. Towards this end, the Group has embarked on an internal drive to refresh and re-energise its corporate culture whilst boosting productivity and innovation. All of these bode well for the future of TIME dotCom in the medium to long term.

Change of Board Members

There were several changes in TIME dotCom's Board composition with Dato' Baharum Salleh resigning as Managing Director, and Amiruddin Abdul Aziz (Non-Independent, Non-Executive Director) ceasing to be Nominee Director for TIME Engineering Berhad. Very recently, YBhg. Dato' Shaik Daud Md Ismail and Kamaludin Abdul Kadir, who were both Independent Non-Executive Directors, tendered their resignations. On behalf of the Board, I would like to thank them all for their contributions and wish them well in their future undertakings.

On the other hand, I am pleased to welcome Afzal Abdul Rahim as the Group's new Executive Director and CEO. Afzal is also as a shareholder of the Group and this I believe, exemplifies his belief in the potential of TIME dotCom.

I would also like to welcome Megat Hisham Hassan as the Group's Executive Director and COO, as well as Asgari Mohd Fuad Stephens as the Group's new Independent Non-Executive Director. I look forward to their involvement and am confident that with their experience and expertise, they will indeed make positive contributions in moving forward.

Acknowledgement

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

Our thanks also goes to shareholders and customers for their continuous support; to the former Ministry of Energy, Water and Communications, the MCMC and all government and regulatory authorities for their guidance; and to our bankers, business partners and

associates for their continued commitment and cooperation.

Finally, I would also like to thank my fellow Directors, Board members, as well as the management team and all staff for their continued professionalism and dedication. I look forward to their continued support in turning TIME dotCom into a successful telecommunications player.

Dato' Ir. Wan Muhamad Wan Ibrahim
Chairman

C E O ' s M E S S A G E

2008 and the years past have been a period of transition through which the TIME dotCom Group continuously sought new business directions to overcome internal and external challenges.

In looking ahead at 2009 and beyond, TIME dotCom's newly appointed CEO, Afzal Abdul Rahim talks about taking the Group forward beginning with a concerted effort to take the company from red to black.

1. What kind of year was 2008 for the Group?

2008 was a year of many challenges, where a highly competitive environment coupled with a legacy build-up of non-productive assets as well as other related items resulted in another less-than-favourable financial performance for the Group.

Therefore, building on the restructuring initiative of the Board, the focus was on returning to basics in order to deliver the company to a position of profitability.

2. What is the Group's focus in 2009 and beyond?

In 2009, the focus is on hitting our annual targets by concentrating our attention on improving revenue and cutting costs. Building on this and moving beyond 2009, the Group will embark on a transformation towards building a leading wireline telco that focuses on data in the wholesale, corporate and enterprise segments.

3. How will the workforce play a part in the Group's turnaround bid?

The workforce is fundamental in turning the Group around. Without a competent and committed group of people, we will simply not succeed.

Understanding this, the new management began by communicating the Group's difficult business situation to the people at TIME, drilling down the importance of everyone buying-in and playing a part to build revenues while cutting costs. KPIs were realigned to these two primary objectives thereby setting the stage for a workforce-led company turnaround.

Simultaneously, we have consistently sought to adjust our internal expectations towards reducing, or indeed eliminating, all costs that are not directly related to our 2009 targets including above-the-line advertising and certain capital expenditure items. Our move from Wisma TIME in the centre of KL to our own premises in Glenmarie in early 2009 was one such example of this adjustment, saving the Group RM3.5 million annually in the process.

Additionally, with the Group's exit from the 3G and payphone arenas, we build specific areas of expertise in order to more properly reflect the operational requirements of the Group moving forward.

4. What are the major initiatives under the Turnaround Plan for the coming years?

While the details of the Business Turnaround Plan are being finalised, a set of Turnaround Initiatives or objectives were developed. These objectives will in-turn prioritise, inform and design divisional initiatives and special cross-divisional projects that will be implemented over the course of 2009. We intend to target initiatives and projects on our core areas ranging from developing stringent and true performance measurements to restoring engineering pedigree and pride. These initiatives and projects will be complemented by drives to provide clarity of business direction as well as on identifying and nurturing talent among others.

The plan is expected to take effect once the company returns to profitability in 2010 and will run over 3 years to the end of 2012. Implementing the plan is where most of our attention and energy will turn to.

5. What are some of the key challenges for the Group moving forward?

The economic and financial crisis that has and is affecting everyone to some degree will continue to be a concern. Even if the Group is not directly affected, the effect this crisis has on most key industries and our various stakeholders will undoubtedly mean that we will feel it in some manner, the question is when and how much.

The Group is also likely to come under further pressure as operators fight over cost-centric customers in an increasingly competitive market. Price wars are likely to continue to affect revenue targets of all industry players.

6. How will the Group overcome these challenges?

As with the success of our turnaround plan, our ability in overcoming these challenges lies with the people at TIME. To make our people more productive and more responsive to the market, a new organisation structure is already in the process of being put in place. Leadership will be prioritised and developed to steer the workforce towards being far more pro-active in achieving our 2009 objectives as well as in addressing the challenges stated above.

Furthermore, we are also removing barriers, both within the company and between the company and the industry, thereby transforming TIME's culture into one that focuses on inter-divisional synergies and on instituting industry best practices.

7. What is the outlook for the Group in 2009 and beyond?

Given the external challenges and the internal focus on turnaround, the Group maintains a realistic conservative outlook on our financial performance for the immediate future.

What the numbers will not immediately capture is the implementation of our medium term business turnaround plan which has already begun in earnest. With an infusion of energy and targeted initiatives within the company, the beginnings of a Group-wide transformation can clearly be seen. The results of positive changes will be the solid bedrock upon which we will build the business over the next 3 years and consequently, restore TIME dotCom to its rightful place as a leading telco player.

8. How will TIME dotCom continue to support the communities and national development?

Even as we train the focus of all employees on achieving our 2009 targets, we are nonetheless developing a workable set of CSR initiatives that begin with our workforce and expand to tie in with national aspirations in bridging the digital divide in Malaysia.

9. Any words for investors and shareholders expecting a speedy recovery?

Having been affected by poor performance and a continuous decline for many years now, the Group is fully cognizant about the scale of what needs to be done. To reiterate some of my earlier points, our focus moving forward is on implementation towards achieving our 2009 targets while simultaneously instituting changes that will not only return the company to basic profitability but transform it.

In terms of a timeline, given the deep set nature of the problems, we are looking to quite simply return to the black by the end of 2009. In parallel, we will dive deep into the company's fundamental problems and embark on a 3 year journey of structural and systemic transformation.

We are mindful of shareholders' and investors' expectations and impatience given the history of the Group over the last few years. I would only ask that you clearly appreciate the dire nature of the company in late 2008, and understand that we have set a simple clear objective for the immediate future, an objective that we have every intention of achieving. Beyond this, the Group-wide transformation will be a medium term initiative that will show results at the end of a 3 year period.

Acknowledgement

Our journey ahead to turn the Group around will require the commitment and support of all our key stakeholders. The Board of Directors, shareholders, management, staff, customers and business partners all have roles to play.

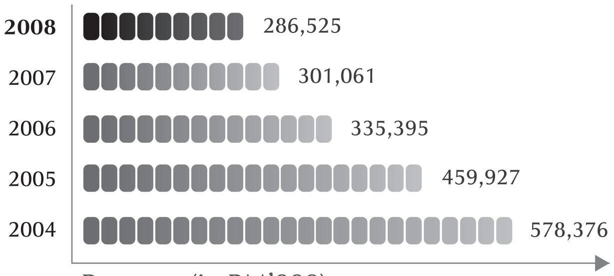
On behalf of the management team, I would like to take this opportunity to record our sincere appreciation and gratitude to our stakeholders for continuing to believe in the Group.

Most importantly, I must thank the staff of TIME dotCom for supporting the management team. As we steer the Group back to profitability, we all will, together, embark on a journey that will be a great test of our commitment, capability and team spirit. In this, we must, and will, persevere.

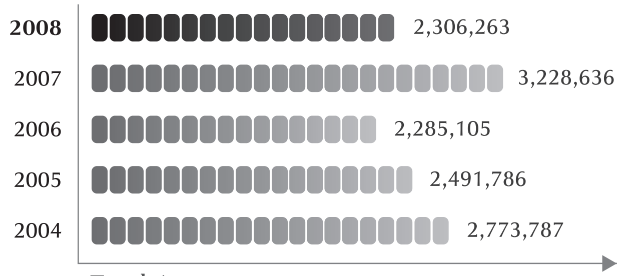
Afzal Abdul Rahim
Chief Executive Officer

GROUP FINANCIAL HIGHLIGHTS

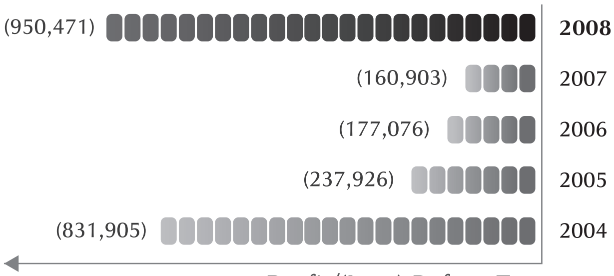
(In RM'000)	2004	2005	2006	2007	**2008**
Revenue	578,376	459,927	335,395	301,061	**286,525**
Profit/(Loss) Before Tax	(831,905)	(237,926)	(177,076)	(160,903)	**(950,471)**
Profit/(Loss) After Tax	(833,241)	(238,898)	(177,782)	(160,673)	**(949,630)**
Total Shareholder's Equity	2,559,629	2,320,731	2,142,949	1,982,276	**1,032,646**
Total Assets	2,773,787	2,491,786	2,285,105	3,228,636	**2,306,263**
Loans and Borrowings				1,087,809	**1,119,310**
Net Tangible Asset per Share (RM)	0.76	0.68	0.61	0.55	**0.41**
Net Assets per Share (RM)	1.01	0.92	0.85	0.78	**0.41**



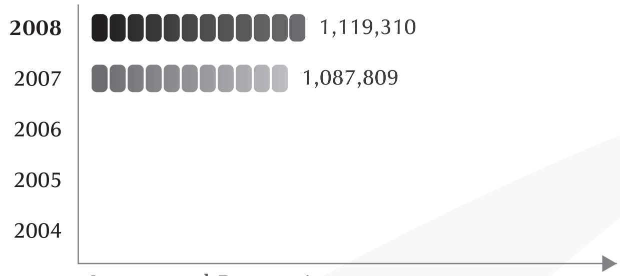
Revenue (in RM'000)



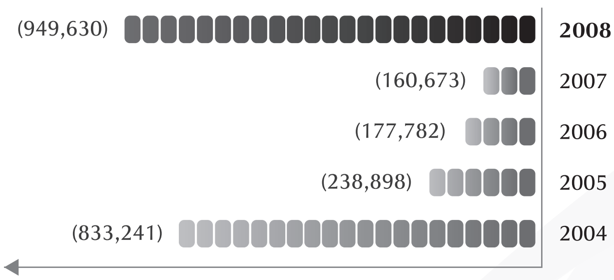
Total Assets



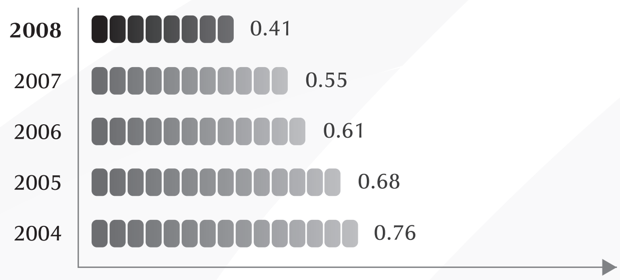
Profit/(Loss) Before Tax



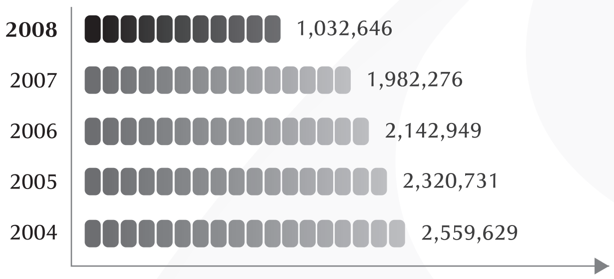
Loans and Borrowings



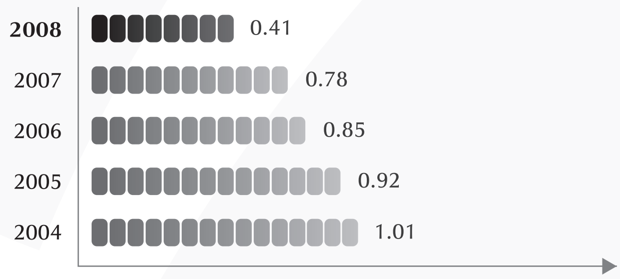
Profit/(Loss) After Tax



Net Tangible Asset per Share (RM)



Total Shareholder's Equity



Net Assets per Share (RM)

REVIEW OF OPERATIONS

Operating in an increasingly competitive telecommunications and ICT industry, TIME dotCom's aspirations as a preferred service and solutions provider was severely tested for the year in review as downtrend for traditional fixed-line voice services and intense competition continued to be evident within the industry.

Despite the challenges, the Group has conceived and implemented several initiatives to prepare itself for a brighter future by focusing on holistic solutions to serve customer communications needs as well as emphasising quality and reliability of its services. Broadly, the initiatives carried out during the year were:

- Increased focus on wholesale, corporate & government as well as enterprise customers to secure higher-margin sales
- Development of new products and features to create differentiation from competitors
- Upgrading reach and reliability of network infrastructure to better support the Group's service offerings over a wider area
- Maximising utilisation of the Group's IP capabilities to fulfill technological needs of increasingly sophisticated customers
- Forging meaningful partnership to widen Group's service offerings and territorial reach
- Seeking new level of customer service to cultivate client loyalty
- Putting emphasis on human capital development to better support operational functions

TIME DOTCOM'S BUSINESS OVERVIEW

TIME dotCom offers a comprehensive suite of telecommunications and ICT solutions to a wide range of customers. Services provided by the Group include:

- Voice
- Data
- Broadband & Internet
- Wholesale & International
- Managed Services
- Payphone

Following a Product Renaming, Regrouping and Rebranding exercise in 2008, the Group's offerings were realigned into seven categories: Voice, Data, Internet, Multimedia & Content, Managed Services, Wholesale and Facility Centre. These will be reflected accordingly in the upcoming financial years.

EXTERNAL DEVELOPMENTS

VOICE

TIME dotCom provides a broad portfolio of voice solutions comprising both Voice-over-Internet Protocol (VoIP) and non-VoIP services. The Group's voice services are offered as a standalone service or as components of larger end-to-end solutions for individual and corporate customers.

For the financial year ended 31 December 2008, voice continued to be the Group's core revenue generator, contributing approximately 36.3 percent to the company's overall income. Although substantial, voice revenue in 2008 represented a drop of about 19.6 percent over the revenue contribution registered in 2007.

The decline in voice business was due mainly to decreased consumption and price erosion stemming from intense competition and continuous migration of users to cheaper mobile and Internet-based communications provided by mobile and other VoIP operators.

To arrest the decline in voice usage, the Group has planned to implement a series of initiatives in 2009, such as the introduction of newer and more attractive voice packages, the holding of seminars and marketing campaigns to foster loyalty amongst existing customers as well as continuous improvements in internal processes and service quality to help sustain the Group's voice customer base and rejuvenate the usage of voice services.

DATA

In data services, TIME dotCom provides a wide range of offerings ranging from the supply of bandwidth through leased lines, satellite-based data solutions, metro local area networks and international private leased circuit services.

For the year in review, TIME dotCom's data revenue increased by a robust 43 percent compared to the previous financial year. The performance was established despite the challenges of heavy competition and price erosion. In all, data's earning accounted for around 26.4 percent of the Group's total revenue, up by 8.8 percent compared to the previous financial year.

Notably, leased line remained the Group's key data offerings and the major revenue contributor for the data services segment. Collectively, revenue generated from TIME dotCom's Ethernet leased line and Channellised leased line grew by a healthy 74.6 percent from previous year's performance.

For 2009 and beyond, TIME dotCom hopes to build on the strong momentum to achieve even better growth for its data business. In addition to rolling out more attractive packages in the upcoming year, the Group will continue to leverage on its extensive fiber presence in high-value commercial buildings to provide reliable high-speed data services, especially for corporate and government clienteles.

BROADBAND & INTERNET

TIME dotCom has times and again stated its aspiration to become a key broadband player within the Nation. To date, the Group's broadband and Internet offerings covers wired and wireless broadband and Internet services, which are offered to residential and business customers.

In 2008, revenue generated from the Group's broadband and Internet services experienced a slight decline of approximately 4.4 percent compared to 2007. One of the key contributing factors was revenue erosion from the consumer segment, caused by intense competition from new and existing wireless and mobile broadband operators. However, a steady growth of broadband clienteles from the enterprise segment has helped cushioned the impact on the bottom-line.

With the anticipated boon in the industry driven by the National Broadband Plan, the Group continued to put in the necessary infrastructure to allow it to meet the future growth of broadband services. During the year, the Group completed its IP-based last-mile solution and enhanced its Next Generation Network (NGN) switching, paving way for even more reliable and flexible services to its customers.

In addition, the implementation of Broadband Remote Access Servers (BRAS) also improved management of the Group's broadband subscribers; whilst a partnership with IP Star to set up a satellite broadband platform has considerably widened the broadband coverage of TIME dotCom.

With the broadband and Internet access market getting increasingly congested and competitive, the Group has made plans to maintain its presence in the sector by continuously improving its broadband product offerings. In 2009, a new broadband package with heavy emphasis on quality of service and higher bandwidth is expected to be launched for the enterprise market; whilst a new satellite broadband service is also in the pipeline to increase the Group's penetration rate within the underserved areas.

The Group will also focus on offering high-speed and secured Internet connectivity bandwidth for the corporate and government segments; in order to significantly drive up revenue for its broadband and Internet business.

WHOLESALE & INTERNATIONAL

In wholesale & international services, TIME dotCom provides network access for local and international telecommunications providers that require presence in Malaysia, as well as bulk voice and data services that operators can resell to their customers to complement their own network services capabilities.

In 2008, the Group performed admirably for its wholesale & international business riding on the strong uptrend in data revenue. Specifically, revenues for wholesale data bulk carriage and wholesale international bandwidth grew by approximately 19.5 percent and 46.9 percent respectively compared to the previous financial year. However, these were offset by revenue and margin declines in the wholesale voice business due to price erosion and regulatory impacts.

Overall, the acquisition of new sales and retention of customers in the wholesale & international business were boosted by the introduction of new data services during the year. The new offerings were made possible by TIME dotCom's Metro-E network, which now serves more than 250 high-density commercial buildings and allows for faster deployment of Ethernet LAN extensions between on-net buildings, scalable bandwidth on demand, easier network and system integration of new users, as well as the unification of multiple applications across a single network, just to name a few.

Moving forward, the Group is well positioned to take advantage of its Metro-E network to introduce new next-generation IP services to its wholesale & international clienteles, specifically application service providers, international telecommunications players and corporate customers. Much focus will be placed on resource optimisation and process improvements to ensure the Group's ability to consistently deliver excellent services at competitive pricing and fulfill the vast potentials of the wholesale and international business.

MANAGED SERVICES

For the past few years, the Group has steadily increased its focus on managed services to tap into elevated demands for IP-based offerings such as IP VPN especially amongst the corporate & government sector. Overall, significant revenue performance and milestones achieved within 2008 continued to reflect the potential of this new direction.

For the year in review, revenue generated from managed services grew by a healthy 144.3 percent compared to the previous year. Amongst the repertoire of offerings under managed services, IP VPN and managed connectivity were the largest revenue generators, contributing close to 74.5 percent of total revenue generated.

An encouraging number of IP VPN projects were secured or implemented within the year.

The clients included established entities such as Universiti Islam Antarabangsa, the MCMC, Malaysia Marine and Heavy Engineering (MMHE), Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), Unisys and Symphony BCSIS and Ambank, just to name a few.

To support the Group's forays in managed services, further investment in TIME dotCom's network infrastructure are expected to be made in 2009. This is to provide an even more solid base from which the Group can deliver an increased range of managed services to its customers.

PAYPHONE

Through subsidiary TRSB, the Group is principally engaged in the operations and maintenance of 29,380 units of payphone located in high population areas throughout the Nation.

During the year in review, TRSB registered a revenue of RM58.7 million compared to RM82.8 million in 2007. Attractive promotions and cheaper packages offered by mobile operators, coupled with wider mobile coverage and changes in communications lifestyle, were the major factors causing the revenue decline. New payphone players, such as ALIYA, CCI and Call Ways, also ate into the market share and significantly increased competition for the Group's payphone endeavours.

Even though TRSB managed to reduce the interconnect cost, cost of sales and operational expenditures; its revenue performance has been steadily declining over the years. With the Group's strategic intent to focus on the wholesale, corporate & government and enterprise markets, TRSB was identified for divestment to Paycomm Sdn. Bhd. at a value of RM8.3 million on 1 December 2008. The sale agreement was approved on 15 April 2009; thus ending the Group's direct participation in the payphone arena.

CORPORATE & GOVERNMENT BUSINESS

In the past few years, TIME dotCom has gradually evolved from a traditional telephony service provider to an entity dealing with holistic telecommunications and ICT solutions. Along with this metamorphosis, corporate and government clienteles have become a major focus for the Group's sales and marketing endeavours.

In 2008, TIME dotCom's Major Corporate & Government Division was at full force. Supported by the upgrades made to the Group's network infrastructure which allowed the Group to deliver innovative, high-quality services that meet specific business needs; the Division experienced significant growth in its revenue, specifically in data and managed services largely as a result of increased demand for IP VPN.

ENTERPRISE BUSINESS

With the Group's continuous focus on serving business clienteles, the enterprise sector is another area of great potential for TIME dotCom's array of voice and data offerings.

In 2008, the Group undertook several initiatives in order to increase its competitiveness amongst the enterprise market. These included the appointment of dedicated account managers to handle TIME dotCom's top 100 enterprise customers, as well as the engagement of professional distributors to serve other enterprise clienteles and prospects. Meantime, broadband has been identified as an offering with great potential amongst SMEs and SMIs, and will become a key area of focus moving forward.

INTERNAL DEVELOPMENTS

NETWORK

TIME dotCom's comprehensive network forms the backbone to which the Group is able to offer its vast array of service offerings. To ensure its service offerings are supported by reliable world-class infrastructure, TIME dotCom continued to undertake investments, upgrades and quality maintenance on its network infrastructure.

Some of the significant maintenance and upgrade initiatives implemented in 2008 were:

- Expansion of the Metro-E network within key business districts in Klang Valley, Penang and Kuantan
- Implementation of MNP platform to support MCMC's directive
- Increase in transmission capacity of STM-64 for Northern and Southern Trunk
- Implementation of full IP-based last-mile solution using MSAN and IP DSLAM
- Enhancement of NGN switching to enable IP-based voice services over Metro-E or Digital Subscriber Line broadband network
- Implementation of BRAS to improve management of broadband subscribers
- Widening of broadband coverage through the setting up of satellite broadband platform in a partnership with IP Star
- Addition of 52 new Ready-for-Service buildings to TIME dotCom's network

Moving forward, plans are already underway to further expand the Group's IP Core and Metro-E network in order to widen service coverage. The deployment of Dense Wavelength Division Multiplexing has also been identified to increase TIME dotCom's trunk network capacity and meet increasingly sophisticated customer demands. Meantime, efforts to reduce network operational expenditure, optimise existing network infrastructure, and generally allow the Group to deliver improved performance will all be pursued in 2009 and beyond.

In addition, milestones achieved in providing exceptional service quality in 2008 included:

- Reduction in number of customer complaints and line cancellation due to network service quality
- Minimisation in number of fault recurrences on network
- Improvement to the Group's Mean Time to Recovery by restructuring internal resources and adopting better troubleshooting skills
- Replacement of aging mechanical and electrical parts at important nodes nationwide to avoid any possibility of equipment breakdown that can cause service interruption

On 27th October 2008, the MCMC rescinded TT dotCom Sdn. Bhd. (TTdC)'s designation as universal service provider for 14 districts in Sabah over compliance issues on the approved universal service plan. The Group then made necessary efforts to comply with MCMC's directive and to ensure a smooth hand over to the new designated universal service provider, hence avoiding the unavailability of service to the affected areas.

For the upcoming year, efforts will be very much focused on reducing overall network operating expenditure and optimising existing network infrastructure. Initiatives in the pipeline also include revisiting scopes of outsourced work to reduce cost and maximise internal resources; developing internal competencies to decrease reliance on third-party vendors; as well as the review of expenditure in crucial and potential failing areas.

CUSTOMER SERVICE

In order to create differentiation and cultivate customer loyalty for the TIME dotCom brand, the Group believes managing customers' needs and providing unrivalled customer experience are just as important as offering innovative products, competitive pricing, wide network coverage and reliable services.

In 2008, the Group implemented several initiatives in a bid to enhance its customer service, including the holding of periodic meetings with customers to ascertain possible gaps in meeting clients' needs and expectations. There were also significant improvements in service support for the Group's Service Operations Centre, allowing for faster and better services to TIME Priority Plus customers who subscribe to TIME dotCom's broad range of products.

Internally, several in-house events were conducted to improve TIME dotCom's customer service processes based on staff feedbacks. These were the 4th "Annual Mystery Shopping" event, where selected employees acted as anonymous customers to the Group's call centre to judge the level of professionalism by customer service personnel; as well as the 3rd "TIME Ambassador" programme, where senior management, managers, executives and sales personnel were scheduled to sit in at the call centre and listen to feedbacks from call-in customers.

A significant initiative during the year was the decision to attain Six Sigma quality for TIME dotCom's Customer Service Division, following six consecutive years of maintaining the Division's operational standards through the ISO 9000:2001 Certification. The initiative is expected to elevate the Group's customer service experience to a new level upon full completion; once again underlining TIME dotCom's seriousness in providing unrivalled services for its clienteles.

HUMAN CAPITAL DEVELOPMENT

TIME dotCom recognises that the people represent its biggest assets in a knowledge era. As such, the development of human capital as well as the continuous energisation of the workforce remained very much vital agendas in the Group's operations within 2008.

Through its People Division, the Group rolled out a total of 324 general training courses to keep its workforce updated and relevant in key areas of its business operations. Technical courses provided to staff were primarily focused on IP based network, which is in line with the organization's corporate strategy. Technical training courses conducted were to ensure organisation-wide familiarity with all relevant company matters and issues. Greater emphasis was also put into discovering potential leaders within the organization and towards realizing this objective, leadership courses were planned and delivered to managers so they could mete out their responsibilities effectively and thus improve operational efficiency.

In employee relations, the Group implemented several initiatives throughout the year to foster closer ties amongst its workforce and inculcate a culture of teamwork. Amongst the events held were an annual dinner and a sports meet for all companies under the UEM Group, as well as various festive open house events for Group employees. Reflecting the caring side of TIME dotCom, the Group also initiated periodic donation drives to help employees who were in need of financial assistance.

WORKPLACE HEALTH & SAFETY

As a people-centric organisation, TIME dotCom has always placed great emphasis on creating a work environment that is physically safe and secure, backed by a workplace culture that is conducive to a balanced, healthy lifestyle for staff.

In 2008, the Group arrived at a new landmark for workplace safety when it successfully underwent a stringent audit process to attain the updated OHSAS 18001:2007 certification. The certification was endorsed by Bureau Veritas Certification's auditor on 2 July 2008 and shall be valid for the next three years.

In compliance with objectives set out by OHSAS, the Group conducted a number of safety training courses on fire-fighting and rescue, first-aid and cardiopulmonary resuscitation techniques, as well as usage of fire control panel and alarm system. The courses were mandatory for the Group's designated emergency rescue team, safety marshals, first-aid personnel and safety committee members.

In addition, a fire drill was jointly carried out with the Fire & Rescue Department and the traffic police to familiarise employees on the evacuation procedure in the event of a fire or emergency. Over 350 employees took part in the exercise successfully, which was carried out in both Wisma TIME and Menara AA.

Meantime, the Group continued to roll out its "Wellness & Health" campaign with an aim to inculcate healthy lifestyles for its employees. During the year, a number of health talks, blood donation drives and free medical check-ups were conducted together with medical corporations and authorities, all of which drew good response from the workforce.

To ensure healthy communications between management, staff and departments, periodic "Appreciation Day" events were held to update stakeholders on progress concerning group strategies and key projects. High performers and contributors were also acknowledged on these events to keep the workforce motivated and passionate about their roles and duties.

INFORMATION TECHNOLOGY

For the year in review, TIME dotCom's Information Technology Division focused on a number of key projects which were aimed at supporting and fulfilling operational and business objectives.

Operation-wise, Information Technology initiated a Mediation System Upgrade Project which enhanced the Group's billing efficiency. The Division also undertook several cost-cutting measures to minimise IT spending in line with the Group's overall efforts to reduce operating expenditure. Significantly, a major relocation of IT infrastructure was carried out to support the moving of head office from Wisma TIME to Glenmarie, which was successfully completed in the beginning of 2009.

In business, IT support was extended to the Group's MAMPU network infrastructure project; whilst an International Masterlist Switch Routing System was implemented to support present and future growths of the wholesale & international business.

CORPORATE SOCIAL RESPONSIBILITY

As a good corporate citizen, TIME dotCom continuously look for ways to improve its Corporate Social Responsibility (CSR) efforts in order to assist the needy and give back to the communities to which it has a presence. In 2008, the Group's CSR programmes broadly covered two key focus areas, namely: the community and the environment.

TIME for Community

Taking its community efforts to the online world, TIME dotCom initiated a "We Web Wisely" (WWW) campaign to promote prudent use of the Internet especially amongst children from 6 to 14 years old. The campaign was heavily focused at industry tradeshows, including the World Telecommunications and Information Society Day 2008 celebration as well as the official launching of Johor ICT Day, in order to inspire and encourage industry players to initiate and implement campaigns of similar nature.

Another gesture of significant note was a meaningful contribution of RM2,000.00 made to Rumah Titian Kaseh (RTK); a charitable organisation for single mothers, abused wives, orphans and abandoned children, which enabled the launching of a campaign to secure RTK's very own premise for operation.

Education was also very much in focus with donations made to the Multimedia University for an innovative programme involving the exchange of ICT researchers and engineers; as well as to Sekolah Menengah Kebangsaan Jalan Reko, Kajang for basic upgrades and maintenance facilities.

TIME dotCom's caring workforce also participated in several internal donation drives in 2008; such as the collection of RM3,000.00 for MERCY Malaysia's Gaza Fund and RM1,500.00 was collected to provide some measure of relief to flood victims from the east coast of Malaysia.

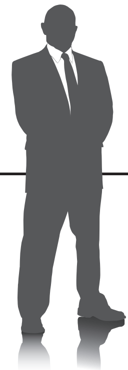
In addition to that, many other community-based CSR efforts were also successfully initiated and executed. These included the "Holiday Blast with TIME" event, which was organised to entertain and develop social skills amongst children from 3 different shelter homes; and the 'Shopping Raya with TIME' event, where children from RTK were treated to an exciting festive shopping spree. The events were implemented together in collaboration with other like-minded volunteers as well as through creative arrangements with supporting organisations, allowing the Group to do its part to help the less fortunate whilst ensuring cost was minimised through the reduction of additional expenditures.

TIME for Environment

To show its support for a greener earth, TIME dotCom has committed itself to making a difference. Realizing that this begins at its very own premises, an internal recycling programme was initiated, providing staff with ready access points to recycle used batteries and other recyclable materials at the Group's offices.

In addition, efforts were also taken to drastically reduce the use of polystyrene and other environmentally-unfriendly materials at TIME dotCom's in-house cafeteria. This was done through an innovative rebate programme which encouraged employees to use their own utensils in exchange for discounts on food prices.

PROFILE OF THE BOARD OF DIRECTORS



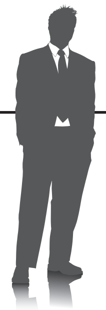
Dato' Ir. Wan Muhamad Wan Ibrahim
Non-Independent, Non-Executive Director (Chairman)

Dato' Ir. Wan Muhamad Wan Ibrahim, Malaysian, aged 67, was appointed to the Board of TIME dotCom Berhad on 26 July 2001 and as Chairman on 15 November 2001. He is also the Chairman of the Tender Board Committee.

Dato' Ir. Wan Muhamad holds a Diploma in Electrical Engineering (Light Current) from Brighton College of Technology, United Kingdom. He began his career as Assistant Controller Telekom with the then Jabatan Telekom Malaysia and served in various capacities before he was appointed to the post of Director of Telekom in 1985. Upon privatisation of Jabatan Telekom Malaysia, he joined Syarikat Telekom Malaysia Berhad (now known as Telekom Malaysia Berhad) and retired in 1996 as Senior Vice President of Marketing. Thereafter, he served as the first Chief Executive Officer of TM Touch until 1999. He has over 33 years of experience in the telecommunications industry.

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.



Afzal Abdul Rahim

Non-Independent, Executive Director (Chief Executive Officer)

Afzal Abdul Rahim, Malaysian, aged 31, was appointed as Director & Chief Executive Officer of TIME dotCom Berhad on 7 October 2008. He holds a Bachelors Degree in Mechanical Engineering with Electronics, specialising in Acoustic Wave Theory from the University of Sussex, United Kingdom.

He served as the Chief Executive Officer of The AIMS Asia Group and Global Transit International prior to joining TIME dotCom and founded the Malaysia Internet Exchange (MyIX) 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.

Elakumari Kantilal

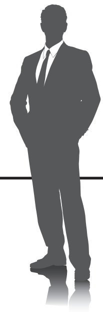
Non-Independent, Non-Executive Director

Elakumari Kantilal, Malaysian, aged 52, was appointed to the Board of TIME dotCom Berhad on 8 March 2001. She is also a member of the Audit Committee and 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 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.



Abdul Kadir Md Kassim

Non-Independent, Non-Executive Director

Abdul Kadir Md Kassim, Malaysian, aged 68, was appointed to the Board of TIME dotCom Berhad on 22 October 2001. He is a member of the Board Nomination and Remuneration Committee.

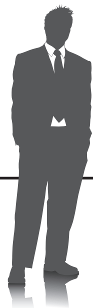
Kadir holds a Bachelor of Laws Degree from the University of Singapore. He served in the Ministry of Foreign Affairs and the Judicial and Legal Service between 1966 and 1973 and has been in private practice since then. Currently, he is the managing partner and practising at Messrs Kadir, Andri & Partners.

Kadir was a member of the Malaysian Securities Commission from its inception in February 1993 to February 1998. He was a committee member of Kuala Lumpur Stock Exchange from March 1998 to April 2004 and until April 2008, was a member of the Listing Committee of Bursa Malaysia. He was also a director of Danamodal Nasional Berhad, a special purpose company established by Bank Negara Malaysia to facilitate the recapitalisation of financial institutions following the Asian financial crisis. Kadir chaired the Islamic Capital Market Working Group of the Securities Commission. Kadir still serves as Chairman of The Committee of Labuan International Financial Exchange and on the Investment Panel of Tabung Haji.

Kadir serves in various public listed companies. He is a director of Petroliam Nasional Berhad (PETRONAS), Suria Capital Holdings Berhad, Proton Holdings Berhad, UEM Group Berhad, UEM Land Holdings Berhad, Sino Hua-An International Berhad and sits on the board of a few private companies, which are linked to the Government of Malaysia.

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.



Megat Hisham Hassan

Non-Independent, Executive Director (Chief Operating Officer)

Megat Hisham Hassan, Malaysian, aged 46, was appointed to the post of Chief Operating Officer of TIME dotCom Berhad on 24 November 2008 and as Executive Director on 18 March 2009.

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

Megat holds a BSEE in Electrical Engineering from the Southern Illinois University 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.

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 56, was appointed to the Board of TIME dotCom Berhad on 29 March 2006. She is a graduate of Universiti Malaya with Bachelor of Economics (Honors) Accounts and has a Master in Business Administration from Universiti Kebangsaan Malaysia. 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 Ministry of Public Enterprise between 1980 to 1982. She has held several senior positions at the Accountant General's Office 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 Malakoff Corp Berhad, Valuecap Sdn. Bhd. and 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 Directors 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

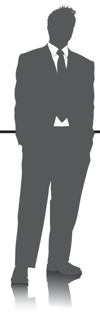
Senior Independent, Non-Executive Director

Ronnie Kok Lai Huat, Malaysian, aged 54, was appointed to the Board of TIME dotCom Berhad on 31 January 2008. He is the Chairman of the Audit Committee and a member of the Board 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 dotCom Berhad, 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 Directors 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.



Asgari Mohd Fuad Stephens

Independent, Non-Executive Director

Asgari Mohd Fuad Stephens, Malaysian, aged 48, was appointed to the Board of TIME dotCom Berhad on 19 May 2009. He is a member of the Audit Committee.

Asgari holds a Bachelor of Commerce (Hons) from Melbourne University, Australia and a Masters of Business Administration from Cranfield University, United Kingdom. He has extensive experience in both public and private equity investing in Malaysia. Between 1988 to 1995, he worked in various capacities in Usaha Tegas, part of the Tanjong Group. In 1995, he co-founded and started Kumpulan Sentiasa Cemerlang, an investment advisory and fund management group. Between 1998 to 1999, Asgari was involved with the National Economic Action Council (NEAC) where he was advising the council on issues relating to the finance industry. In September 1999, he founded Intelligent Capital Sdn. Bhd., a venture capital firm where he was principal until recently.

Asgari also sits on the Boards of Jaycorp Berhad (formerly known as Yeo Aik Resources Berhad) and Pan Global Insurance Berhad.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Directors 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 fourteen (14) times during the financial year ended 31 December 2008. Details of the Directors' attendance are as follows:-

	Date of Appointment/ Resignation during the year	*Attendance*	*Percentage of Attendance*
Dato' Ir. Wan Muhamad Wan Ibrahim	-	13/14	93%
Dato' Shaik Daud Md Ismail*	-	10/14	71%
Elakumari Kantilal	-	13/14	93%
Abdul Kadir Md Kassim	-	9/14	64%
Kamaludin Abdul Kadir**	-	14/14	100%
Amiruddin Abdul Aziz	Resigned with effect from 31 December 2008	13/14	93%
Dato' Azian Mohd Noh	-	7/14	50%
Dato' Baharum Salleh	Resigned with effect from 31 January 2008	2/14	7%
Ronnie Kok Lai Huat	-	11/14	79%
Afzal Abdul Rahim	Appointed with effect from 7 October 2008	3/14	21%

* Resigned with effect from 6 May 2009
** Resigned with effect from 8 May 2009

PROFILE OF SENIOR MANAGEMENT

Afzal Abdul Rahim
Chief Executive Officer

Afzal Abdul Rahim, 31, holds a Bachelors Degree in Mechanical Engineering with Electronics, specialising in Acoustic Wave Theory from the University of Sussex, UK. Before joining TIME dotCom in October 2008, he served as the CEO of The AIMS Asia Group and Global Transit International. He is also the chairman of Communications and Multimedia Licensee Association and founder of the Malaysia Internet Exchange.

Megat Hisham Hassan
Chief Operating Officer

Megat Hisham Hassan, 46, holds a BSEE from the Southern Illinois University and an MBA from UNITEN. He joined TIME dotCom in November 2008. Megat brings with him extensive experience from over 20 years in the telecommunications industry, in a career that started with Jabatan Telekom in 1985. He has since served in various capacities in Uniphone, Celcom Transmission, Fibercomm, Tenaga Nasional and Global Transit. He is also a member of the Board of Engineers of Malaysia, the Institute of Electrical and Electronics Inc. Communication Society.

Arjun T. Arasu
Chief Marketing Officer

Arjun, 35, joined TIME dotCom 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 dotCom, Arjun was attached to DiGi Telecommunications.

Faizatul Akmar Abu Bakar
Chief Financial Officer

Faizatul, 42, joined TIME dotCom 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 dotCom. In December 2008, she was appointed as the Chief Financial Officer of TIME dotCom Berhad.

Abdul Rahman Mohamed Hussain

Head, Sales

Abdul Rahman, 55, joined TIME dotCom Berhad in February 2009. He has more than 21 years sales experience in Malaysia as well as internationally. Prior to joining TIME dotCom Berhad, he was attached to Equant Malaysia Sdn. Bhd., Asia Global Crossing and BT.

Fong Swee Hock

Head, Group Internal Audit

Fong, 39, joined TIME dotCom in 2007. He holds a Masters Degree in Business Administration from the Charles Sturt University, Australia, and professional degrees from the Association of Certified Chartered Accountants (ACCA), the Malaysian Institute of Certified Public Accountants (MICPA) and a Chartered Member of Malaysian Institute of Accountants. Fong has a total of 15 years experience in audit including internal & external audit, risk management & change management.

Misni Aryani Muhamad

Head, Legal & Secretarial

Misni, 48, joined TIME dotCom in 2003. She obtained her LL.B (Hons) form the Intenational 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 dotCom, she has held positions as in-house Counsel & Company Secretary in two major Main Board public-listed companies.

Ravin Ponniah

Head, Business Turnaround Division

Ravin, 33, joined TIME dotCom in 2009. He has degrees in Architecture, Planning & Development Economics from the Universities of Cambridge and London. He is a registered Professional Architect and has worked in companies in London and KL. In 2004, Ravin joined the Prime Minister's Office, where he worked as Special Officer to the Prime Minister in the Policy & Communications Division.

Muhd Ramizu Abdul Wahab

Head, People

Ramizu, 40, joined TIME dotCom in June 2007. He holds a Masters Degree in Business Administration from University of Bath, UK and a Bachelors Degree in Agribusiness from Universiti Putra Malaysia. Before joining TIME dotCom, Ramizu spent 10 years in Sime Darby Berhad covering the broad spectrum of Human Resources fields.

Abdulhadi Wahid

Head, Corporate Affairs

Abdulhadi, 48, joined TIME dotCom 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.

CORPORATE EVENTS 2008

24 Jan 08	TIME - DiGi Signing Ceremony at Ritz Carlton Hotel, Kuala Lumpur. TIME dotCom Berhad (TdC) and DiGi.Com Berhad (DiGi) signed a Definitive Agreement to strengthen its respective core businesses.
20 Feb 08	TIME dotCom participated in the Sehari Bersama Pelanggan organised by Kementerian Tenaga, Air & Komunikasi (KTAK) at Kluang, Johor.
25 Mar 08	TIME dotCom's Extraordinary General Meeting (EGM) at Flamingo Hotel, Kuala Lumpur.
9 May 08	TIME dotCom's Annual General Meeting at Kuala Lumpur Golf & Country Club (KLGCC).
17 May 08	TIME dotCom organised bowling tournament with the regulators and media in an event called 'TIME 2 Bowl' at U-Bowl, 1 Utama Shopping Centre to commemorate the World Telecommunication and Information Society (WTIS) Day 2008 with the theme "Connecting Persons with Disabilities: ICT Opportunities for All".
27 May 08	TIME dotCom participated in the World Telecommunication and Information Society (WTIS) Day 2008 celebration for the Eastern Region, held at the KB Mall in Kota Bharu, Kelantan.
5 Jun 08	TIME dotCom organised TIME Appreciation Day for staff, held at Sime Darby Convention Centre to understand tasks performed by different divisions and to recognize employee's contributions and achievements.
18 Jun 08	Bus trip to CommunicAsia Expo 2008 at Singapore. CommunicAsia, which held annually, is the region's premier Information and Communications Technology event.
3 Jul 08	Tripartite signing of Memorandum of Collaboration (MOC) between TIME dotCom & UEM Land & TM to provide infrastructure at Nusajaya.
11 Jul 08	TIME dotCom participated in the ICT Day organised by Malaysian Communications and Multimedia Commission (MCMC) at Bentong, Pahang.
16 Aug 08	In conjunction with national school holidays, CSR event called "Holiday Blast with TIME" was organised with orphans from 3 homes. TIME dotCom organised its We Web Wisely (WWW) campaign, telematch and colouring contest.
22-24 Aug 08	IWB Technology & Solutions Seminar was organised at Pulai Springs Resort, Johor Bahru. It is a market awareness programme coupled with a customer loyalty programme for IWB customers.
13 Sep 08	Orphans and single mothers were treated to new baju raya at Mydin Wholesale Hypermarket USJ, Subang Jaya in an event called "Shopping Raya bersama TIME".
21 Nov 08	TIME dotCom participated in the Sehari Bersama Pelanggan programme organised by Kementerian Tenaga, Air & Komunikasi (KTAK) at Jasin, Melaka.

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. This is in line with the objective of the GLC Transformation Initiative to Enhance Board Effectiveness as laid down in the Green Book produced by Putrajaya Committee on GLC High Performance for all GLCs.

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 29 to 34.

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;
- 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 nine (9) Board members in 2008, comprising one (1) Non-Independent Non-Executive Chairman ("Chairman"), three (3) Independent Non-Executive Directors, one (1) Non-Independent Executive Director and four (4) Non-Independent Non-Executive Directors.

However, after the year end, a new Non-Independent Executive Director was appointed to the Board while two (2) Independent Non-Executive Directors resigned from the Board. The Company has since appointed one (1) new Independent Non-Executive Director and expects to appoint another Independent Director within the timeframe stipulated in paragraph 15.02 of the Listing Requirements, which requires that at least two (2) Directors or one third of the Board of the Company, whichever is higher, are independent directors. The Board's size and composition will also be in line with the GLC guidelines and appropriate for its purposes.

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. It also fairly reflects the interests of the minority shareholders of the Group.

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.

With the new appointment, the size and composition of the Board will be at an optimum and 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 14 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 2008 are as follows:

Date of Board Meeting	*Directors' Attendance*			*Total No. of Attendance/ Total Board Members*
	Independent	*Non-Independent*	*Managing Director*	
11 January 2008	1	4	1	6/8
25 January 2008	1	5	1	7/8
11 February 2008	3	4	-	7/8
26 February 2008	3	4	-	7/8
25 March 2008	3	3	-	6/8
21 May 2008	3	5	-	8/8
17 June 2008	3	4	-	7/8
10 July 2008	2	4	-	6/8
23 July 2008	3	3	-	6/8
28 August 2008	3	5	-	8/8
15 September 2008	3	4	-	7/8
7 October 2008	2	4	1	7/9
27 November 2008	2	3	1	6/9
18 December 2008	3	3	1	7/9

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 regular 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:

- Annual business plan;
- Quarterly performance reports of the Group;
- Management monthly reports;
- Major operational and financial 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.

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 seminars and briefings attended by the Directors during the financial year include Directors' Duties and Liabilities - Beyond Compliance and Directors' Performance Evaluation – Building A High Performance Board.

Re-election of retiring Directors

In accordance with the Company's Articles of Association and the Bursa Malaysia Listing Requirements, one-third 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 GLC 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 15.10 of the Bursa Malaysia Listing Requirements requires an Audit Committee to be established. The Company's Audit Committee comprises three (3) Non-Executive Directors headed by an Independent Non-Executive Director. Further details of its composition, roles and activities during the financial year are set out in pages 52 to 57.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprised four (4) members and all of them are Non-Executive Directors. Among them, three (3) are Independent Directors and one (1) is a Non-Independent Director. The Nomination and Remuneration Committee held a total of eight (8) meetings during the past year. The details are as follows:

		No. of meetings attended
Abdul Kadir Md Kassim (Chairman)	Non-Independent, Non-Executive Director	8/8
Kamaludin Abdul Kadir *	Independent, Non-Executive Director	8/8
Dato' Shaik Daud Md Ismail **	Independent, Non-Executive Director	7/8
Ronnie Kok Lai Huat ***	Independent, Non-Executive Director	7/8

* Resigned as director with effect from 8 May 2009
** Resigned as director with effect from 6 May 2009
*** Appointed as director with effect from 31 January 2008

Throughout the year 2008, the Nomination and Remuneration Committee conducted meetings to discharge the following duties:

- Recommended to the Board the appointment of an Independent Non-Executive Director.

- Made recommendations to the Board with respect to the Directors who shall retire at the Company's 11th Annual General Meeting.

- Reviewed the required mix of skills, experience and other qualities of Non-Executive Directors, Gap Analysis, compliance with the Green Book-Enhancing Board Effectiveness and the results of the Board Assessment Survey Forms.

- Reviewed the position of Chief Technical Officer, extension of contract for Human Capital and Organisational Development and application of Mutual Separation Scheme from Senior Manager.

- Reviewed the positions of Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Marketing Officer and Head of Sales.

- Reviewed and recommended the revision and streamlining of benefits and conditions of service to align to general market practice and new job grading.

- Reviewed and recommended the 2007 Bonus and 2008 Annual Increment, Promotion and Upgrading.

- Reviewed the Sales Commission Scheme.

- Assessed, recommended and coordinated training programme to Board members from time to time.

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.

Details of the Directors' remuneration (including benefits-in-kind) for each Director during the financial year ended 31 December 2008 are as follows:

Name of Directors	*Fixed Fees (RM)*	*Allowances (RM)*	*Benefits-in-Kind (RM)*	*Salary (RM)*	*Other Expenses (RM)*	*Total Amount (RM)*
Dato' Ir. Wan Muhamad Wan Ibrahim	102,000 [1]	157,750	15,981	-	28,371	304,102
Elakumari Kantilal	54,000 [2]	15,500	-	-	600	70,100
Abdul Kadir Md Kassim	39,600	17,000	-	-	300	56,900
Dato' Azian Mohd Noh	39,600	7,000	-	-	-	46,600
Amiruddin Abdul Aziz	39,600	13,000	-	-	-	52,600
Ronnie Kok Lai Huat	49,500 [3]	17,500	-	-	300	67,300
Kamaludin Abdul Kadir	39,600	18,000	-	-	300	57,900
Dato' Shaik Daud Md Ismail	72,000 [4]	16,500	-	-	1,700	90,200
Afzal Abdul Rahim	-	-	8,138	98,225	-	106,363

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' Ir. Wan Muhamad Wan Ibrahim (Chairman), Elakumari Kantilal and Kamaludin Abdul Kadir. The Board has delegated the authority to it 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.

1. *Inclusive of the fees paid for sitting as a 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*

Executive Committee

The Executive Committee (EXCO) which comprised Dato' Ir Wan Muhamad Wan Ibrahim and Abdul Kadir Md Kassim was formed in October 2007. The key objective of the Executive Committee is to facilitate decisions to be made by the Board and timely response to changes affecting the Company through more frequent meetings of smaller number of appointed members of the Board who have the power to provide direction to the management of the Company. The EXCO was dissolved after the appointment of the new Chief Executive Officer.

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 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.

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. Special resolutions are proposed for different transactions and the Chairman declares the outcome of the votes cast for and against each 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 117 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 58 to 61 of the annual report provides an overview on the state of internal controls within the Group.

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 52 to 57 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 52 to 57 of the annual report.

Compliance statement

The Company has complied with all the best practices of corporate governance set out in Part 2 of the Code throughout the financial year.

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 2008 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 ("TT dotCom") dated 12 May 2000

The Agreement grants an exclusive right to TT dotCom 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 on 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).

TT dotCom 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 TT dotCom'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

A penalty was imposed by Malaysian Communications and Multimedia Commission on the Company's wholly-owned subsidiary for the financial year ended 31 December 2008 which amounted to RM5.1 million for non-compliance with the conditions of 3G Spectrum assignment.

3. Non-audit fees

The non-audit fees paid to external auditors for the financial year ended 31 December 2008 was RM34,000.

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 2008.

Composition

The Committee presently comprises three (3) members, of whom two (2) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The members of the Audit Committee during the financial year ended 31 December 2008 are as follows:-

Dato' Shaik Daud Md Ismail *(Chairman)* *Resigned w.e.f 6 May 2009*	Independent, Non-Executive Director
Elakumari Kantilal	Non Independent, Non-Executive Director
Ronnie Kok Lai Huat	Independent, Non- Executive Director

Asgari Mohd Fuad Stephens, Independent, Non-Executive Director was appointed to the Audit Committee with effect from 19 May 2009.

The profiles of the Audit Committee members are contained in "Profile of Directors" set out on pages 29 to 34.

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 54 to 57.

Meetings

The Audit Committee convened five (5) meetings during the financial year ended 31 December 2008. The details of attendance are as follows: -

Name	*Number of meetings attended*
Dato' Shaik Daud Md Ismail *(Chairman)* *Resigned w.e.f 6 May 2009*	5/5
Elakumari Kantilal	5/5
Ronnie Kok Lai Huat	5/5

The Company Secretary was present by invitation at all the meetings. The external auditors, Head of Internal Audit, Chief Financial Officer and Senior Management members were also present during discussions to brief the Audit Committee on specific issues.

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

Summary of activities

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

- Reviewed the audited statutory financial statements, quarterly financial results of the Group for 2008 and discussed significant issues; prior to the Board of Directors' approval and subsequent announcement.
- 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.
- Reviewed the scope of work, programmes and plans of the Group Internal Audit Division and the resources allocated to carry out its work.
- Reviewed results of the internal audit reports, findings and recommendations and action taken on the recommendations.
- Discussed with management to undertake the corrective measures to address gaps and deficiencies identified in the internal audit reports.
- Recommended to the Board improvements in risk management, internal control and governance processes.
- Reviewed the reappointment of external auditors and the annual audit fee.
- Review the external auditors' audit plan, scope of annual audit or other examinations including:-
  - the annual audit report and accompanying reports to the management ; and
  - reports of their other examinations.
- Reviewed the Group's procedures in respect of recurrent related party transactions ("RPTs") to ensure that the RPTs were not more favourable to the related parties than those generally available to the public and not detrimental to minority shareholders.

The Audit Committee continuously engages with and monitors the services of the external auditors to ensure independence, objectivity and effectiveness before recommending their reappointment and remuneration.

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 establishing and maintaining 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 guided by its Audit Charter and reports to the Audit Committee. Its primary role is to assist the Audit 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 2008, 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 utilized effectively and efficiently. Special investigative audits were conducted upon request by Audit Committee. Group Internal Audit also coordinates the follow up reviews on the resolutions of both internal audit controls issues and selected operational issues and reports the status to the Audit Committee accordingly.

Findings and recommendations for improvements are communicated to senior management and the Audit Committee with half yearly follow up on the implementation status of action plans. 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 member of the Committee must be a member of the Malaysian Institute of Accountants or should have 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 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.

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 3 (three) 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 Managing Director, Chief Financial Officer, Head of Internal Audit 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 authorized 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 Head of Internal Audit department/

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.

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 provide 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 Executive Dashboard in relation to 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

The Board of Directors (“the Board”) is committed to maintaining 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 controls 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 internal control system 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. A member from Executive Committee (“EXCO”) is tasked to head the RMSC. 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 operating units, divisions and departments assisted by the Risk Management Secretariat with oversight function provided by the RMSC. The internal audit function and the Audit Committee provide further independent assurance.

Risk registers have been established in previous years for the Group and key risks were identified. During the financial year, the RMSC reviewed the enterprise risk profile and management's action plan on significant risks of which were subsequently presented to the Board.

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 four 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 controls comprised of the following:

- **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.

- **Board meetings** are scheduled regularly. Board papers are distributed to the members ahead of the 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.

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

- **The 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 29 May 2007.

- **Internal Audit** function reports to the Audit Committee and is guided by the Audit Charter. Findings and recommendations for improvements on internal controls 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 controls 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. External consultants are employed to review specific areas highlighting to Audit Committee any weaknesses noted.

- **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 monthly basis to ensure effectiveness and efficiency. Identified revenue leakage issues with recommendations for mitigation are circulated to the relevant departments for action.

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

- **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 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.

- **Operational and accounting manuals** are in place to guide key business processes and annually updated for application across the Group. Financial statements are prepared in compliance with Financial Reporting Standards. In addition, ISO 9001:2000 procedures for billing, activation, collections and customer service assurance are monitored to ensure compliance.

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

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

- **Quality of Service ("QoS")** 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.

- **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.

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.

FINANCIAL STATEMENTS

F I N A N C I A L   S T A T E M E N T S

TIME dotCom Berhad
(Company No. 413292-P)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2008

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

Principal activities
The principal activities of the Company are investment holding and the provision of management and marketing/promotional services and retailing of telecommunications products.

The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

Results

	Group *RM'000*	*Company* *RM'000*
Loss for the year	949,630	2,286,657

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 during the year under review.

Directors of the company

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

- Dato' Ir. Wan Muhamad Wan Ibrahim
- Dato' Shaik Daud Md. Ismail (resigned w.e.f. 6 May 2009)
- Elakumari Kantilal
- Abdul Kadir Md. Kassim
- Kamaludin Abdul Kadir (resigned w.e.f. 8 May 2009)
- Dato' Azian Mohd Noh
- Ronnie Kok Lai Huat
- Afzal Abdul Rahim (appointed w.e.f. 7 October 2008)
- Megat Hisham Hassan (appointed w.e.f. 18 March 2009)
- Dato' Baharum Salleh (resigned w.e.f. 31 January 2008)
- Amiruddin Abdul Aziz (resigned w.e.f. 31 December 2008)

Directors' interests

None of the Directors holding office as at 31 December 2008 had any interest or deemed 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 29 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, except for the impairment losses on goodwill and telecommunications network, write off of telecommunications network and gain on transfer of 3G spectrum as disclosed in the Note 22, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 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

Transfer of 3G Spectrum

On 25 January 2008, the Group through its wholly-owned subsidiary TT dotCom Sdn. Bhd. ("TTdC") entered into definitive agreement with DiGi Telecommunications Sdn. Bhd. ("DiGi Telecom") for a proposed alliance which includes proposed transfer of the third generation ("3G") spectrum and proposed joint business planning exercise ("Proposed Transfer").

The consideration was to be satisfied through the issuance of 27,500,000 new shares by DiGi.Com Berhad ("DiGi") representing 3.5% of the enlarged issued and paid-up share capital of 777.5 million DiGi Shares at an issue price of RM24.90 per DiGi shares.

On 5 March 2008, TTdC was granted conditional approval by the Malaysian Communication and Multimedia Commission ("MCMC") in relation to the transfer of the 3G spectrum assignment No. SA/01/2007 over the frequency bands of 1965MHz-1980MHz, 2155MHz-2170MHz and 2010MHz-2015MHz to DiGi Telecom.

On 18 April 2008, TTdC and DiGi Telecom entered into a service agreement ("Service Agreement"), which forms part of the conditions precedent of the Definitive Agreement dated 25 January 2008. The Service Agreement involves DiGi Telecom engaging TTdC as one of its main suppliers of international and domestic fibre leases/bandwidth for a period of three (3) years commencing from the date of completion of the Proposed Transfer ("Completion Date") with a minimum transaction value of not less than RM12.5 million for each twelve (12) month period commencing on the Completion Date. The Definitive Agreement will become unconditional upon the receipt of Bursa Malaysia Securities Berhad's approval-in-principle for the listing of and quotation for the 27,500,000 DiGi Shares, being the only remaining condition precedent to the Definitive Agreement to be fulfilled.

On 24 April 2008, the Bursa Malaysia Securities Berhad granted its approval-in-principle for the listing of and quotation for 27,500,000 new shares by DiGi to be issued in respect of the Proposed Transfer. Accordingly, the Definitive Agreement dated 25 January 2008 has become unconditional.

On 6 May 2008, TTdC and DiGi Telecom mutually agreed that completion of the Definitive Agreement between the parties dated 25 January 2008 in respect of the Proposed Transfer will take place on 7 May 2008. Further, the 27,500,000 new DiGi Shares to be issued in respect of the Proposed Transfer will be listed and quoted on 12 May 2008.

On 12 May 2008, listing of and quotation for the 27,500,000 DiGi Shares on the Main Board of Bursa Malaysia Securities Berhad was effected. With that, the Proposed Transfer 3G spectrum was completed.

Significant events during the year (continued)

Disposal of TIME Reach Sdn. Bhd.

The Company has, on 1 December 2008 entered into a 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.

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:

Dato' Ir. Wan Muhamad Wan Ibrahim

Afzal Abdul Rahim

Shah Alam, Selangor

Date: 18 March 2009

TIME dotCom Berhad
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Balance sheets at 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Assets					
Property, plant and equipment	3	30,664	35,742	81	89
Prepaid lease payment	4	2,609	5,019	-	-
Telecommunications network	5	297,471	1,274,654	-	-
Goodwill on consolidation	6	-	591,401	-	-
Investment in subsidiaries	7	-	-	565,949	2,913,132
Other investments	8	1,196,722	1,081,457	-	-
Total non-current assets		1,527,466	2,988,273	565,030	2,913,221
Inventories	9	-	6,153	-	-
Receivables, deposits and prepayments	10	135,532	92,038	448,705	408,638
Assets classified as held for sale	11	504,670	-	8,300	-
Cash and cash equivalents	12	138,595	142,172	3,757	3,711
Total current assets		778,797	240,363	460,762	412,349
Total assets		2,306,263	3,228,636	1,026,792	3,325,570
Equity					
Share capital	13	2,530,775	2,530,775	2,530,775	2,530,775
Share premium	14	1,570,758	1,570,758	1,570,758	1,570,758
Accumulated losses		(3,068,887)	(2,119,257)	(3,080,778)	(794,121)
Total equity		1,032,646	1,982,276	1,020,755	3,307,412

Balance sheets at 31 December 2008 (continued)

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Liabilities					
Loans and borrowings	15	613,410	1,087,809	-	-
Total non-current liabilities		613,410	1,087,809	-	-
Payables and accruals	16	142,171	136,604	6,037	18,158
Loans and borrowings	15	505,900	-	-	-
Deferred income	17	-	21,947	-	-
Liabilities classified as held for sale	11	12,136	-	-	-
Total current liabilities		660,207	158,551	6,037	18,158
Total liabilities		1,273,617	1,246,360	6,037	18,158
Total equity and liabilities		2,306,263	3,228,636	1,026,792	3,325,570

The notes on pages 74 to 116 are an integral part of these financial statements.

TIME dotCom Berhad
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Income statements for the year ended 31 December 2008

		Group		Company	
	Note	*2008 RM'000*	*2007 RM'000*	*2008 RM'000*	*2007 RM'000*
Revenue	18	286,525	301,061	2,885	3,040
Cost of sales	19	(488,484)	(316,657)	-	-
Gross (loss)/profit		(201,959)	(15,596)	2,885	3,040
Other income		624,242	4,095	2,087	940
Distribution expenses		(38,584)	(42,590)	(696)	(1,598)
Administrative expenses		(95,107)	(79,201)	(18,848)	(15,230)
Other expenses		(1,322,529)	(19,184)	(2,271,842)	(1,129)
Results from operating activities		(1,033,937)	(152,476)	(2,286,414)	(13,977)
Income from other investment	20	155,753	4,944	68	146
Finance costs	21	(72,287)	(13,371)	-	-
Loss before tax	22	(950,471)	(160,903)	(2,286,346)	(13,831)
Tax benefit/(expense)	23	841	230	(311)	-
Loss for the year		(949,630)	(160,673)	(2,286,657)	(13,831)
Basic loss per ordinary share (sen)	24	(37.5)	(6.3)		

The notes on pages 74 to 116 are an integral part of these financial statements.

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Statements of changes in equity for the year ended 31 December 2008

	-Non- distributable-			
	Share capital RM'000	*Share premium RM'000*	*Accumulated losses RM'000*	*Total RM'000*
Group				
At 1 January 2007	2,530,775	1,570,758	(1,958,584)	2,142,949
Loss for the year	-	-	(160,673)	(160,673)
At 31 December 2007/ 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	2,530,775	1,570,758	(3,068,887)	1,032,646
	Note 13	Note 14		
Company				
At 1 January 2007	2,530,775	1,570,758	(780,290)	3,321,243
Loss for the year	-	-	(13,831)	(13,831)
At 31 December 2007/ 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	2,530,775	1,570,758	(3,080,778)	1,020,755
	Note 13	Note 14		

The notes on pages 74 to 116 are an integral part of these financial statements.

Cash flow statements for the year ended 31 December 2008

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash flows from operating activities					
Cash receipts from customers		237,880	317,778	3,697	5,139
Cash receipts from Government		142	7,808	-	-
Lifted irrevocable bank guarantee		50,000	-	-	-
Cash payments to suppliers		(141,805)	(219,626)	(9,235)	(7,800)
Cash payments to employees and for administrative expenses		(67,887)	(65,730)	(9,963)	(11,669)
Cash received from subsidiary companies		-	-	20,000	19,422
Cash advance to subsidiary companies		-	-	(6,254)	(11,129)
Net cash used in operating activities assets held for sale		(7,853)	-	-	-
Cash generated from/(used in) operations		70,477	40,230	(1,755)	(6,037)
Tax paid		(270)	(1,005)	(45)	-
Tax refund		841	378	141	378
Net cash generated from/(used in) operating activities		71,048	39,603	(1,659)	(5,659)
Cash flows from investing activities					
Purchase of property, plant and equipment and telecommunications network	(ii)	(67,245)	(48,435)	(20)	(67)
Purchase of property, plant and equipment for USP Project	(ii)	(2,130)	(1,229)	-	-
Proceeds from disposal of property, plant and equipment		-	164	-	-
Deposit received on disposal of assets held for sale		1,657	-	1,657	-
Interest received		2,851	4,693	68	281
Net cash from investing activities assets held for sale		(8,705)	-	-	-
Net cash (used in)/generated from investing activities		(73,572)	(44,807)	1,705	214

Cash flow statements for the year ended 31 December 2008 (continued)

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Net (decrease)/increase in cash and cash equivalents		(2,524)	(5,204)	46	(5,445)
Cash and cash equivalent at 1 January		92,172	97,376	3,711	9,156
Cash and cash equivalent at 31 December	(i)	89,648	92,172	3,757	3,711

i) Cash and cash equivalents

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

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Cash and bank balances	12	1,733	4,160	299	329
Deposits placed with licensed bank	12	87,915	88,012	3,458	3,382
		89,648	92,172	3,757	3,711

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 RM77,734,000 (2007 - RM61,417,000). During the financial year, the Group paid RM69,716,000 (2007 - RM49,664,000) to suppliers of which RM23,166,000 (2007 – RM6,099,000) is in respect of payments made to suppliers for property, plant and equipment and telecommunications network acquired in the prior financial years and RM31,184,000 (2007 – RM17,852,000) will be paid after year end. Included in cash paid during the financial year was an amount of RM341,000 (2007 – RM Nil) which has been transferred to assets held for sale.

The notes on pages 74 to 116 are an integral part of these financial statements.

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 Board 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 2008 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 stated in the Note 7.

The financial statements were approved by the Board of Directors on 18 March 2009.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

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

FRSs / Interpretations	*Effective date*
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segment	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned FRSs (except for FRS 4 which is not applicable) from the annual period beginning on 1 January 2010.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the above remaining standards and IC interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities as explained in this respective accounting policy notes:

- Disposal groups held for sale

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM 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 the most significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:-

- Note 5 & 6 - measurement of the recoverable amounts of cash-generating units

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.

2. Significant accounting policies (continued)

(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.

The cost of self-constructed assets also includes 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.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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.

(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.

2. Significant accounting policies (continued)

(d) Leased assets

(ii) Operating lease (continued)

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 Energy, Communications and Multimedia.

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.

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.

2. Significant accounting policies (continued)

(e) Telecommunications network (continued)

(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 statement 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 to 20 years

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

(iv) Change in estimates

The estimates of useful lives of certain items from telecommunications network were revised in 2008 (see note 5.2).

(f) Goodwill on consolidation

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

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

2. Significant accounting policies (continued)

(f) Goodwill on consolidation (continued)

For business acquisitions beginning from 1 January 2006, 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 they may be impaired.

(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.

2. Significant accounting policies (continued)

(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.

(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.

2. Significant accounting policies (continued)

(j) Employee benefits (continued)

(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) Inventories

Inventories are valued at the lower of cost and net realisable value. The costs of spares, phone cards and trading merchandise is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling and distributions costs and the estimated costs to completion and the estimated costs necessary to make the sale.

(n) 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.

2. Significant accounting policies (continued)

(o) Impairment of assets

The carrying amounts of assets, except for inventories, non-current assets (or disposal groups) classified as held for sale and 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.

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 statement. 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.

2. Significant accounting policies (continued)

(p) Income recognition

(i) Services

Revenue of the Company consists of management fee 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, income from payphone operations 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 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.

(q) 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.

2. Significant accounting policies (continued)

(r) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement 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 & 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 2007	39,694	38,814	11,788	68,204	10,343	168,843
Additions	261	528	-	4,590	-	5,379
Disposals	-	-	-	(59)	(581)	(640)
Write off	(7,416)	(11,719)	-	(7,841)	(26)	(27,002)
At 31 December 2007/ 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	28,315	5,484	11,788	73,362	4,832	123,781

3. Property, plant and equipment (continued)

Group	*Lands, buildings & 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*
Depreciation						
At 1 January 2007	16,533	32,437	10,669	54,427	9,692	123,758
Depreciation for the year	1,682	2,869	568	8,653	322	14,094
Disposals	-	-	-	(53)	(577)	(630)
Write off	(7,294)	(11,230)	-	(7,834)	(26)	(26,384)
At 31 December 2007/ 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	10,462	4,892	11,781	61,150	4,832	93,117
Carrying amounts						
At 1 January 2007	23,161	6,377	1,119	13,777	651	45,085
At 31 December 2007/ 1 January 2008	21,618	3,547	551	9,701	325	35,742
At 31 December 2008	17,853	592	7	12,212	-	30,664

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 2007	3,021	1,802	8,282	93	13,198
Additions	63	19	-	-	82
Write off	(2,853)	(1,398)	(170)	-	(4,421)
At 31 December 2007/1 January 2008	231	423	8,112	93	8,859
Additions	-	20	-	-	20
At 31 December 2008	231	443	8,112	93	8,879
Depreciation					
At 1 January 2007	2,963	1,752	7,247	93	12,055
Depreciation for the year	47	29	1,034	-	1,110
Write off	(2,829)	(1,396)	(170)	-	(4,395)
At 31 December 2007/1 January 2008	181	385	8,111	93	8,770
Depreciation for the year	12	15	1	-	28
At 31 December 2008	193	400	8,112	93	8,798
Carrying amounts					
At 1 January 2007	58	50	1,035	-	1,143
At 31 December 2007/1 January 2008	50	38	1	-	89
At 31 December 2008	38	43	-	-	81

3. Property, plant and equipment (continued)

Land, buildings and improvements carrying amount comprise the following:

	Cost RM'000	Accumulated depreciation RM'000	Net book value 2008 RM'000	Net book value 2007 RM'000
Group				
Freehold land	11,154	-	11,154	11,154
Buildings	-	-	-	3,530
Buildings and improvements	17,161	10,462	6,699	6,934
	28,315	10,462	17,853	21,618

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 RM81,438,000 (2007 - RM77,859,000) and RM8,724,000 (2007 - RM8,724,000) respectively. Fully depreciated asset of property, plant and equipment amounted to RM21,311,000 (2007-nil) has been transferred to assets held for sale

4. Prepaid lease payment

Group	*Leasehold land* Unexpired period less than 50 years RM'000	*Leasehold land* Unexpired period more than 50 years RM'000	Total RM'000
Cost			
At 1 January 2007 / 31 December 2007 / 1 January 2008	2,892	7,489	10,381
Transfer to assets held for sale	-	(2,873)	(2,873)
At 31 December 2008	2,892	4,616	7,508
Amortisation			
At 1 January 2007	1,631	3,299	4,930
Amortisation for the year	145	287	432
At 31 December 2007 / 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	1,921	2,978	4,899

4. Prepaid lease payment (continued)

Group	*Leasehold land* — *Unexpired period less than 50 years RM'000*	*Unexpired period more than 50 years RM'000*	*Total RM'000*
Carrying amounts			
At 1 January 2007	1,261	4,190	5,451
At 31 December 2007 / 1 January 2008	1,116	3,903	5,019
At 31 December 2008	971	1,638	2,609

5. Telecommunications network

Group	*Total RM'000*
Cost	
At 1 January 2007	2,856,654
Additions	56,038
Write off	(53,207)
At 31 December 2007 / 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	1,294,245
Depreciation	
At 1 January 2007:	
Accumulated depreciation	1,454,293
Accumulated impairment loss	1,336
	1,455,629
Depreciation for the year	180,165
Write off	(51,125)
Impairment loss for the year	312
Impairment loss written off	(150)
At 31 December 2007/1 January 2008	
Accumulated depreciation	1,583,333
Accumulated impairment losses	1,498
	1,584,831

5. Telecommunications network (continued)

Group	*Total RM'000*
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	
Accumulated depreciation	738,164
Accumulated impairment losses	258,610
	996,774
Carrying amounts	
At 1 January 2007	1,401,025
At 31 December 2007 / 1 January 2008	1,274,654
At 31 December 2008	297,471

	Note	*Total 2008 RM'000*	*Total 2007 RM'000*
Network cost:			
Commissioned network		1,479,193	2,729,123
Network in progress		40,755	130,362
Commissioned network transfer to assets held for sale		(225,703)	-
		1,294,245	2,859,485
Less: Accumulated impairment losses	5.1	(258,610)	(1,498)
Less: Accumulated depreciation	5.2	(738,164)	(1,583,333)
At end of year		297,471	1,274,654

Included in telecommunications network of the Group are fully depreciated assets which are still in use, with cost amounting to RM768,388,000 (2007- RM863,421,000). Fully depreciated assets of telecommunications network with cost amounting to RM198,812,000 (2007 – RM Nil) has been transferred to assets held for sale.

5. Telecommunications network (continued)

5.1 Impairment loss

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

	Group	
	2008 *RM'000*	*2007* *RM'000*
Income statements:		
Other expenses	264,506	312

Events	*Description of cash generating units*	*Determination of recoverable amount (fair value less costs to sell / value in use)* *2008* *RM'000*	*Impairment losses charge for the year* *Group* *2008* *RM'000*	*2007* *RM'000*
Rapid changes in technology coupled with non-achievement of the strategic business plan in the past, the management revised its strategy and projections.	Voice, data, managed services and internet businesses	297,471	257,112	312
Evidence of obsolescence and physical damage and significant fall in market value	Payphone businesses	2,007	7,394	-
			264,506	312

Key assumptions used in the value in use calculations

The recoverable amount of a cash-generating unit is determined based on value in use calculations. The calculations involved pre-tax cash flow projections based on management's financial projections covering a period of 7 years. The cash flow projections were based on reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the remaining useful lives of the asset. The discount rate applied to the cash flow forecasts is 7.66%.

5. Telecommunications network (continued)

5.2 Change in estimates

During the financial year ended 31 December 2008, the Group conducted a through operational efficiency review on its telecommunications network assets useful lives. Estimates may change due to technological developments, expected level of usage, competition, market condition and other factors, which could potentially impact the estimated average useful lives and the residual values of the assets. As a result, the expected useful lives of these assets had decreased. The effect of these changes on depreciation expense, recognised in cost of sales, in current and future periods is as follows:

	2008 RM'000	*2009 RM'000*	*2010 RM'000*	*2011 RM'000*	*2012 RM'000*
Increase in depreciation expense	198,463	6,727	8,528	14,537	13,210

6. Goodwill on consolidation

	Group	
	2008 RM'000	*2007 RM'000*
TT dotCom Sdn. Bhd.	581,093	581,093
TIME dotNet Berhad	10,308	10,308
At beginning of year	591,401	591,401
Less: Impairment loss for the year	(591,401)	-
At end of year	-	591,401

In 2008, 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 2008 RM'000	Company 2007 RM'000
At cost:			
Unquoted shares		3,116,838	3,116,838
Increase in share capital in a subsidiary	7.1	100	-
Capital reduction in a subsidiary	7.2	(67,526)	-
Transfer to assets held for sale - cost	7.3	(179,727)	-
		2,869,685	3,116,838
Less: Accumulated impairment losses	7.4	(2,475,163)	(203,706)
Transfer to assets held for sale - accumulated impairment loss	7.3	171,427	-
		565,949	2,913,132

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership Interest 2008 %	Effective ownership Interest 2007 %
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	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	Technical support for provision 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

7. Investment in subsidiaries (continued)

7.1 Increase in share capital

During the financial year the Company subscribed additional 99,998 ordinary shares of RM1.00 each representing 99.99% of the issued and paid-up share capital of Hakikat Pasti Sdn. Bhd. ("Hakikat Pasti") for the cash consideration of RM99,998. With that the issued and paid up capital of Hakikat Pasti had increased to RM100,000.

7.2 Capital reduction

As approved by the High Court of Malaya to sanction the capital reduction under Section 64 of the Companies Act, 1965 on 4 December 2008, the share capital of the TIME Reach Sdn. Bhd. ("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 affected by cancelling 90,478,179 ordinary shares of RM1.00 each.

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 after year end.

7.3 Transfer to assets held for sale

During the financial year, cost of investment and accumulated impairment losses in TIME Reach Sdn. Bhd. have been classified as assets held for sale due to the pending completion of its disposal.

7.4 Accumulated impairment losses

In 2008 due to the significant reduction in net asset value of TT dotCom Sdn. Bhd. as a result of impairment loss incurred and the pending disposal of TIME Reach Sdn. Bhd., the Company conducted the annual impairment test and charged additional impairment loss of RM2,271,457,000.

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

	Company	
	2008 RM'000	*2007 RM'000*
TT dotCom Sdn. Bhd.	2,192,264	-
TIME dotNet Bhd.	42,363	-
TIME Reach Sdn. Bhd.	171,427	134,597
TIME Sat Sdn. Bhd.	69,109	69,109
	2,475,163	203,706

8. Other investments

	Note	Group 2008 RM'000	Group 2007 RM'000
Quoted shares			
At cost:			
Opening balance		1,081,457	-
Addition	8.1	684,749	1,081,457
Transfer to held for sale	8.2	(484,234)	-
		1,281,972	1,081,457
Less: Allowance for diminution in value		(85,250)	-
		1,196,722	1,081,457
At market value		1,204,450	1,246,200

8.1 Addition

The increase in other investments during the financial year was due to 27,500,000 new ordinary shares of DiGi.Com Berhad valued at RM24.90 per share received in pursuant to the transfer of the 3G Spectrum.

8.2 Transfer to assets held for sale

During the financial year, other investments of 22,500,000 DiGi shares with a carrying amount of RM484,234,000 has been classified as assets held for sale pending its disposal. The disposal was completed after year end as disclosed in Note 11.

8.3 Security

All DiGi shares are pledged as security for the loans (note 15.1).

9. Inventories

	Group	
	2008 *RM'000*	*2007* *RM'000*
At cost:		
Spares	-	9,607
Phone cards	-	50
	-	9,657
Allowance for obsolescence	-	(3,504)
	-	6,153

Inventories have been written down and net balance transferred to assets held for sale.

10. Receivables, deposits and prepayments

		Group		Company	
	Note	*2008* *RM'000*	*2007* *RM'000*	*2008* *RM'000*	*2007* *RM'000*
Trade					
Trade receivables	10.1	63,459	67,919	-	-
Less: Allowance for doubtful debts	10.2	(9,656)	(10,423)	-	-
		53,803	57,496	-	-
Non-trade					
Amount due from subsidiaries	10.3	-	-	446,598	407,042
Other receivables		74,883	29,185	45	38
Prepayments		5,100	3,638	1,897	986
Tax recoverable		1,746	1,719	165	572
		81,729	34,542	448,705	408,638
		135,532	92,038	448,705	408,638

10. Receivables, deposits and prepayments (continued)

10.1 *Trade receivables*

Included in trade receivables are amount due from companies in which a Director has significant financial interest amounting to RM1,875,000 (2007- RM2,214,000).

10.2 *Allowance for doubtful debts*

During the financial year, net allowance for doubtful debts of RM767,000 (2007 - RM3,458,000) was written back and an amount of Nil (2007 - RM43,171,000) was written off against the provision for doubtful debt.

10.3 *Amount due from subsidiaries*

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

11. Disposal group held for sale

The payphone businesses 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 is expected to complete after the financial year.

Other investment held by the Group through its subsidiary i.e. Hakikat Pasti Sdn. Bhd. ("HPSB") is also classified as held for sale pending the disposal of 22,500,000 DiGi shares with carrying amount of RM484,234,000 which has been stated at lower of cost and market value. The major classes of disposal group asset and liabilities held for sale are as follows:

11. Disposal group held for sale (continued)

	Note	Group 2008 RM'000
Assets classified as held for sale by TRSB		
Inventories	11.1	1
Property, plant and equipment	11.2	4,071
Telecommunications network	11.3	2,007
Prepaid lease payment	11.4	1,978
Receivables, deposits and prepayments	11.5	2,693
Cash and cash equivalents		9,686
		20,436
Assets classified as held for sale by HPSB		
Other investments	8.2	484,234
		504,670
Liabilities classified as held for sale by TRSB		
Payables and accruals		12,136

	Note	Company 2008 RM'000
Assets classified as held for sale		
Investment in subsidiary	7.3	179,727
Accumulated impairment losses	7.3	(171,427)
		8,300

11.1 Inventories

	Group 2008 RM'000
At cost:	
Spares	5,675
Phone cards	1
Allowance for obsolescence	(93)
	5,583
Written down	(5,582)
	1

11. Disposal group held for sale (continued)

11.2 Property, plant and equipment

Property, plant and equipment held for sale comprise the following:

	Group 2008 RM'000
Plant and equipment:	
Cost	32,399
Accumulated depreciation	(27,563)
Accumulated impairment loss	(765)
	4,071

11.3 Telecommunications network

	Group 2008 RM'000
Payphone casings and booth:	
Cost	225,703
Accumulated depreciation	(216,302)
Accumulated impairment loss	(7,394)
	2,007

11.4 Prepaid lease payment

Prepaid lease payment held for sale comprise the following:

	Group 2008 RM'000
Prepaid lease payment:	
Cost	2,873
Accumulated depreciation	(895)
	1,978

11.5 Receivables, deposits and prepayments

Receivables, deposits and prepayments are stated at cost less an allowance for doubtful debts of RM46,382,000.

12. Cash and cash equivalents

	Group		Company	
	2008 RM'000	*2007 RM'000*	*2008 RM'000*	*2007 RM'000*
Unrestricted				
Cash and bank balances	1,733	4,160	299	329
Deposits placed with licensed bank	87,915	88,012	3,458	3,382
	89,648	92,172	3,757	3,711
Restricted				
Deposits pledged with licensed bank				
• as a bank guarantee on 3G spectrum	-	50,000	-	-
• escrow account for dividends from pledged securities	48,947	-	-	-
Cash and cash equivalents as at 31 December	138,595	142,172	3,757	3,711

During the financial year, the irrevocable bank guarantee given to the Malaysian Communications and Multimedia Commissions ("MCMC") of RM50,000,000 was released following the transfer of 3G spectrum to DiGi Telecommunications Sdn Bhd.

13. Share capital

	Group and Company			
	Amount 2008 RM'000	*Number of share 2008 RM'000*	*Amount 2007 RM'000*	*Number of share 2007 RM'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

14. Share premium (non-distributable)

	Group and Company	
	2008 *RM'000*	*2007* *RM'000*
At the beginning and end of year	1,570,758	1,570,758

15. Loans and borrowings

	Group	
	2008 *RM'000*	*2007* *RM'000*
Non-current		
Secured bank loan	613,410	1,087,809
Current		
Secured bank loan	505,900	-
	1,119,310	1,087,809

15.1 Security

The bank loans are secured over all the DiGi.Com Berhad shares with a carrying amount of RM1.68 billion (see notes 8 and 11) and an escrow account was created to capture dividends from the pledged securities.

15.2 Term and debt repayment schedule

The loan is repayable by 6 instalments commencing from year 2009 to 2014. Interest is charged at 1.5% per annum plus lender's cost of funds. During the year, the interest rate has been reduced to 1.35% per annum plus lender's cost of funds with the receipt of 27,500,000 additional new DiGi shares pursuant to the transfer of 3G spectrum.

15. Loans and borrowings (continued)

15.2 Term and debt repayment schedule (continued)

	Year of Maturity	Carrying amount RM'000	Under 1 year Maturity	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
2008						
Secured bank loans						
- Ringgit Malaysia	2013	1,119,310	505,900	120,000	493,410	-
2007						
Secured bank loans						
- Ringgit Malaysia	2014	1,087,809	-	80,000	435,000	572,809

The repayment period has been reduced by 1 year due to early repayment of loan amount as disclosed in note 31.1

16. Payables and accruals

	Note	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Trade					
Trade payables	16.1	51,944	39,147	-	-
Amounts due to affiliated companies	16.2	1,394	5,935	64	-
		53,338	45,082	64	-
Non-trade					
Other payables		9,178	18,782	4,259	2,200
Accrued expenses		47,459	41,325	1,714	1,400
Accrued interest on bank loan		7,149	7,014	-	-
Unearned revenue		17,302	16,754	-	-
Deposit payables		7,745	7,647	-	-
Amount due to a subsidiary company	16.3	-	-	-	14,558
		142,171	136,604	6,037	18,158

16.1 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 2007).

16.2 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 2007).

16.3 Amount due to a subsidiary company

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

17. Deferred income

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

	Group	
	2008 *RM'000*	*2007* *RM'000*
Balance at 1 January	21,947	22,488
Received during the year	142	7,808
Amortised during the year	(6,418)	(8,349)
Provision for utilisation during the year	(15,671)	-
	-	21,947

18. Revenue

Summary of revenue by type of license:

	Group	
	2008 *RM'000*	*2007* *RM'000*
Group		
Individual License	87,981	88,255
Class License	197,230	211,971
Non license	1,314	835
	286,525	301,061
Company		
Management fee receivable from subsidiary companies	2,885	3,040

19. Cost of sales

		Group	
	Note	*2008* *RM'000*	*2007* *RM'000*
Interconnect charges		44,100	66,886
Depreciation of telecommunications network	19.1	354,665	180,165
Telecommunications maintenance charges		17,398	13,353
Payphone line rental		8,924	7,403
Network and leased line charges		16,155	20,225
Fee for wayleave and right of use pertaining to telecommunications facilities		15,957	15,197
Others		31,285	13,428
		488,484	316,657

19.1 Depreciation

Include in depreciation of telecommunications network is an amount of RM198,463,000 (2007 - Nil) being additional charges during the year due to changes in estimated useful lives.

20. Income from other investments

	Group		Company	
	2008 RM'000	*2007 RM'000*	*2008 RM'000*	*2007 RM'000*
Interest income from short-term deposits	4,724	4,944	68	146
Dividend income from quoted shares	151,029	-	-	-
	155,753	4,944	68	146

21. Finance costs

	Group	
	2008 RM'000	*2007 RM'000*
Interest on long term loan	64,202	7,014
Others	8,085	6,353
Interest on late payment	-	4
	72,287	13,371

22. Loss before tax

		Group		Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating loss is arrived at after charging:					
Personnel expenses					
Contributions to Employee Provident Fund		9,124	8,146	983	965
Salaries, allowances and others		75,717	69,015	8,487	8,457
Depreciation of property, plant and equipment	3	9,932	14,094	28	1,110
Amortisation of prepaid lease payments	4	432	432	-	-
Rental of:					
Premises		7,086	6,350	1,015	955
Equipment		519	723	130	131
Motor vehicles		67	116	4	47
Directors' remuneration	25	1,823	1,093	1,811	1,081
Auditor's remuneration		152	140	46	40
Voluntary separation scheme and other compensation cost		3,210	-	875	-
Impairment loss on telecommunications network	5	264,506	312	-	-
Impairment loss on property, plant and equipment	3	765	-	-	-
Impairment loss on goodwill	6	591,401	-	-	-
Write off telecommunications network		356,277	40	-	-
Write down inventories	11	5,582	-	-	-
Provision for diminution in value of other investment	8	85,250	-	-	-
Impairment loss on investment in subsidiaries	7.4	-	-	2,271,457	
Allowance for doubtful receivables non trade		4,515	-	-	-
and after crediting:					
Net allowance for doubtful debt no longer required		767	3,458	-	-
Net realised gain on foreign exchange		112	79	-	-
Rental income		1,717	713	1,534	573
Allowance for inventory obsolescence written back		67	774	-	-
Gain on transfer of 3G spectrum		616,985	-	-	-

23. Tax (benefit)/expense

Recognised in the income statements

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Malaysian income tax	-	468	-	-
Overprovision of income tax in prior years	(841)	(698)	-	-
Tax (benefit)/expense	(841)	(230)	311	-
Reconciliation of effective income tax expense:				
Loss before tax	(950,471)	(160,903)	(2,286,346)	(13,831)
Tax at Malaysia tax rate of 26% (2007 - 27%)	(247,122)	(43,444)	(594,450)	(3,734)
Non deductible expenses	231,424	4,749	590,576	168
Non taxable income	(160,416)	-	-	-
Deferred tax assets not recognised	206,950	(789)	2,200	(118)
Utilisation of tax losses surrendered to subsidiary company	-	-	702	535
(Over)/underprovision of deferred tax asset not recognised in prior year	(30,836)	39,952	972	3,149
(Over)/underprovision of income tax expense in prior year	(841)	(698)	311	-
Tax (benefit)/expense	(841)	(230)	311	-

Unrecognised deferred tax assets

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

	Group 2008 RM'000	Group 2007 RM'000	Company 2008 RM'000	Company 2007 RM'000
Temporary differences in respect of excess of tax capital allowances over book depreciation	(103,300)	(984,600)	100	200
Unabsorbed capital allowances	2,356,000	2,428,900	12,000	11,800
Unutilised tax losses	643,000	624,400	95,300	87,000
Deductible temporary differences	15,300	14,500	100	100
Current year tax losses surrendered to subsidiary companies	-	-	(2,700)	(2,800)
	2,911,000	2,083,200	104,800	96,300

23. Tax (benefit)/expense (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 future taxable profits will be available against which the Group can utilise the benefits there from.

24. Loss per ordinary share

The basic loss per ordinary share in 2008 is calculated by dividing the Group's net loss of RM949,630,000 (2007 - RM160,673,000) by the number of ordinary shares in issue during the year of 2,530,755,000 (2007 - 2,530,775,000).

25. Directors' remuneration

	Group		*Company*	
	2008 RM'000	*2007 RM'000*	*2008 RM'000*	*2007 RM'000*
Executive directors:				
Emoluments	98	556	98	556
Other emoluments and expenses	960	-	960	-
Non-executive directors:				
Fees	436	389	424	377
Other emoluments and expenses	329	148	329	148
	1,823	1,093	1,811	1,081

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 RM24,119 (2007 - RM59,350) and RM24,119 (2007 - RM59,350), respectively.

Included in Directors' remuneration are amounts totalling RM93,600 (2007 - RM84,600) payable to related parties for services rendered by two (2007 - 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	-	1
50,001 to 100,000	1	6
100,001 and above	1	1

26. Segment information

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

27. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		*Company*	
	2008 RM'000	*2007 RM'000*	*2008 RM'000*	*2007 RM'000*
Directors:				
Fees	436	389	424	377
Other short term benefits (including estimated monetary value of benefits-in-kind)	1,411	763	1,411	763
	1,847	1,152	1,835	1,140
Other key management personnel				
Short-term employee benefits	7,535	8,685	2,180	2,930
Other key management compensation	3,023	-	875	-
	10,558	8,685	3,055	2,930

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

28. Capital and other commitments

	Group	
	2008 RM'000	*2007 RM'000*
Telecommunications network		
Authorised but not contracted for:	4,221	23,701
Contracted but not provided for in the financial statements:	76,911	51,434

28. Capital and other commitments (continued)

Lease commitments

	Future minimum lease payments			
	Group		*Company*	
	2008 RM'000	*2007 RM'000*	*2008 RM'000*	*2007 RM'000*
Non cancellable commitments for rental of office premises, sites and right of use pertaining to telecommunications facilities				
Payable within 1 year	24,228	24,712	1,735	4,594
Payable within 2 - 3 years	40,352	47,441	845	9,199
Payable after 3 years	130,211	151,854	-	3,885
	194,791	224,007	2,580	17,678

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 30 May 2030.

29. 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.

29. Related party transactions (continued)

(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.

(iii) Affiliated companies

Affiliated companies comprise a corporate shareholder who has between 20% to 50% equity interest in the Company and include companies who are related or under significant influence of the said corporate shareholder or Director.

Transactions with key management personnel

Key management personnel compensation is disclosed in Note 27.

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

	Group		*Company*	
	2008 RM'000	*2007 RM'000*	*2008 RM'000*	*2007 RM'000*
Subsidiary companies				
Management fees received	-	-	(2,885)	(3,040)
Capital reduction (Note 7.2)	-	-	(67,526)	-
Key management personnel				
Professional fees	417	133	-	22
Directors remuneration	94	85	94	85
Affiliated companies				
Maintenance fee income	(354)	(356)	(354)	(356)
Management fees	240	291	240	291
Network maintenance	1,091	1,376	-	-
Leased line cost	5,143	4,902	-	-
Interconnect revenue	(15,173)	(20,666)	-	-
Interconnect charges	31,756	50,131	-	-
Rental expenses	4,201	3,481	1,015	955
Fee for wayleave and right of use of telecommunications facilities	15,957	15,197	-	-
Companies in which a Director has significant financial interest				
Interconnect revenue	(913)	-	-	-
Interconnect charges	80	-	-	-

29. Related party transactions (continued)

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 10 and 16 respectively.

30. Financial instruments

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and currency risk 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 comes from four major customers constituting 17% (2007 - 21%) 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.

30. Financial instruments (continued)

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 re-pricing 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, re-price.

	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				
2008	3.3	136,862	136,862	-
2007	2.7	138,012	138,012	-
Financial liabilities				
- Secured bank loan				
2008	5.8	1,119,310	505,900	613,410
2007	5.7	1,087,809	-	1,087,809
Company				
Financial assets				
- Short term deposits				
2008	3.3	3,458	3,458	-
2007	2.7	3,382	3,382	-

30. Financial instruments (continued)

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.

31. Subsequent events

31.1 Disposal of 22.5 million 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 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 Share. The disposal was effected via direct business transactions under the rules and regulations of Bursa Malaysia Securities Berhad.

<u>The sale consideration and original cost of investment</u>

The sale price of RM20.60 per DiGi Share was determined pursuant to the book-building exercise and represents a discount of 3.1% to the 5-day volume weighted average market price of DiGi Shares up to and including 14 January 2009 of RM21.25. The total cost of investment for the Disposal Shares was RM484.23 million or equivalent to RM21.52 per DiGi Share. Since it first held the Disposal Shares (i.e. the 22,500,000 DiGi Shares placed out under the disposal) in November 2007, the Group received an aggregate net dividend income of RM43.43 million (or equivalent to about RM1.93 per share) in respect of these shares.

31. Subsequent events (continued)

31.1 Disposal of 22.5 million DiGi shares (continued)

Rationale for the disposal

Given the current challenging market conditions and in line with its prudent debt management practices, the Group decided to reduce the borrowings which were taken to finance its investments in securities. The disposal enabled it to raise funds to achieve this objective. The net proceed from the disposal of RM461.0 million was utilised to repay the bank borrowings.

31.2 Collaboration Agreement with Global Transit Communication Sdn. Bhd.

On 6 February 2009 the Company with two of its wholly owned subsidiary i.e. Time dotNet Berhad and TT dotCom Sdn. Bhd. signed a Collaboration Agreement ("CA") with a company in which a Director has significant financial interest i.e. Global Transit Communications Sdn. Bhd. ("GTC") to co-operate with each other to complement and leverage on their respective core competencies in the provision of internet access and/or Internet Protocol ("IP") Transit services.

Rationale for the transaction

The collaboration allows the company to leverage and focus on its nationwide fibre optic telecommunications network, while using GTC's international IP Transit network. By focusing on deploying and managing its telecommunications infrastructure, the Group expects to make cost savings in the provision of internet related services.

The collaboration will also allow for knowledge and skills transfer between both parties to enhance competitive advantage in the area of internet services.

TIME dotCom Berhad
(Company No. 413292-P)
(Incorporated in Malaysia)
and its subsidiaries

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 68 to 116 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 as of 31 December 2008 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:

....

Dato' Ir. Wan Muhamad Wan Ibrahim

....

Afzal Abdul Rahim

Shah Alam, Selangor

Date: 18 March 2009

TIME dotCom Berhad
(Company No. 413292-P)
(Incorporated in Malaysia)
and its subsidiaries

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 68 to 116 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 Shah Alam on 18 March 2009.

....
Faizatul Akmar Abu Bakar

Before me:

PESURUHJAYA SUMPAH
B171
HJ. JAAFAR
BIN
HJ. BAHAMAN
MALAYSIA

Tingkat 2, 02-23B Kompleks PKNS,
40100 Shah Alam, Selangor Darul Ehsan.

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 2008 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 68 to 116.

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. These responsibilities include: 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 2008 and of their financial performance and cash flows for the year then ended.

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: 1825/05/09(J/PH)
Chartered Accountants

Petaling Jaya, Selangor

Date: 18 March 2009

STOCKHOLDING ANALYSIS

Stockholding Analysis as at 22 April 2009

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	:	34,749
Voting Right	:	1 vote per Ordinary Share

Size of Holdings	*No. of Shareholders*	*Total Holdings*	*%*
Less than 100	112	2,128	Negligible
100 to 1,000	7,915	7,685,674	0.30
1,001 to 10,000	17,407	91,655,559	3.62
10,001 to 100,000	8,210	276,999,395	10.95
100,001 to less than 5% of issued shares	1,102	424,475,458	16.77
5% and above of issued shares	3	1,729,956,786	68.36
Total	34,749	2,530,775,000	100

Thirty (30) Largest Shareholders as at 22 April 2009

	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)	243,565,240	9.62
4.	Employees Provident Fund Board	18,106,184	0.72
5.	Lembaga Tabung Angkatan Tentera	14,427,900	0.57
6.	Citigroup Nominees (Asing) Sdn. Bhd. -CBNY for DFA Emerging Markets Fund	10,417,500	0.41
7.	Public Invest Nominees (Tempatan) Sdn. Bhd. -Pledged securities account for Indera Permai (M) Sdn. Bhd.	9,970,500	0.39

Thirty (30) Largest Shareholders as at 22 April 2009 (continued)

	Names	*No. of Shares*	*%*
8.	Indera Permai Sdn. Bhd.	7,159,600	0.28
9.	Lim Khueng Ngi	4,000,000	0.16
10.	Lim Si Pin	4,000,000	0.16
11.	Chan Ket Kai	3,902,200	0.15
12.	Hor Yin Kin	3,657,600	0.14
13.	SJ Sec Nominees (Tempatan) Sdn. Bhd. -Pledged securities account for Ng Wang @ Ng Chiang Chin (SJ8)	3,650,000	0.14
14.	Cimsec Nominees (Tempatan) Sdn. Bhd. -CIMB for Indera Permai Sdn. Bhd.	3,100,000	0.12
15.	Mayban Nominees (Tempatan) Sdn. Bhd. -Pledged securities account for Lau Kwai	3,000,000	0.12
16.	HSBC Nominees (Asing) Sdn. Bhd. -Exempt AN for Credit Suisse (SG BR-TST-ASING)	2,800,000	0.11
17.	Pacific & Orient Insurance Co. Berhad	2,510,000	0.10
18.	Citigroup Nominees (Asing) Sdn. Bhd. -CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	2,402,000	0.10
19.	HSBC Nominees (Tempatan) Sdn. Bhd. -HSBC (M) Trustee Bhd for MAAKL Al-Faid (4389)	2,250,000	0.09
20.	Valuecap Sdn. Bhd.	2,184,900	0.09
21.	Khew Yit Len	2,020,000	0.08
22.	MKW Jaya Sdn. Bhd.	2,005,500	0.08
23.	Yap Sook Chin	2,000,000	0.08
24.	Tan Chee Sing	2,000,000	0.08
25.	ECML Nominees (Asing) Sdn. Bhd. -United Forest Limited	2,000,000	0.08
26.	Mayban Nominees (Tempatan) Sdn. Bhd. -DBS Bank for Saw Guan Keat (280222)	2,000,000	0.08
27.	Cartaban Nominees (Asing) Sdn. Bhd. -SSBT Fund 2DCN for Emerging Markets Value Fund (John HNCK FDSII)	1,972,700	0.08
28.	Lee Yoon Lee	1,898,800	0.08
29.	Low Hock See	1,848,000	0.07
30.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. -Pledged securities account for Goh Tian Chuan (8026702)	1,800,000	0.07
	TOTAL	1,847,040,170	72.98

Substantial Shareholders as at 22 April 2009

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)	243,565,240	9.62	-	-

** 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 Investment Ltd. Afzal Abdul Rahim and Gan Te Shen are deemed interested through Pulau Kapas Ventures Sdn. Bhd.

Statement on Directors' Interests in Shares

The Directors, 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) Dato' Ir. Wan Muhamad Wan Ibrahim, Elakumari Kantilal and Megat Hisham Hassan being nominees of Pulau Kapas Ventures Sdn. Bhd.;

(b) Dato' Azian Mohd Noh being a nominee of Kumpulan Wang Persaraan (Diperbadankan).

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

LIST OF PROPERTIES

(as at 31 December 2008)

Location	Area (sq metres)	Approx. Age (Years)	Tenure	Description of Properties	Acquisition Date	Net Book Value (RM'000)
TT dotCom Sdn. Bhd.						
Lot No 43 & 54 HICOM Glenmarie Industrial Park Shah Alam Selangor	8,995	12	Freehold	Land & Building	09/09/1994	3,688
Lot 26 Jln 225 Petaling Jaya 46100 PJ Selangor	4,577	33	Leasehold (99 years, expiring 11/04/2072)	Land & Building	24/03/2003	4,916
Lot 4465 Mukim 1 Daerah Seberang Prai Pulau Pinang	9,004	-	Freehold	Land	-	2,520
Lot PTD 3930 Mukim Tebrau Daerah Johor Bahru Johor.	10,940	11	Freehold	Land	20/10/1995	4,946
102M Lengkok Kampung Jawa 2, Miel Industrial Estate Bayan Lepas Pulau Pinang	881	25	Leasehold (60 years, from 1981 to 2041)	Land & Building	21/12/1997	544
Lot 142-A, Semambu Industrial Estate Kuantan Pahang	10,117	23	Leasehold (66 years, from 1980 to 2046)	Land & Building	06/07/1996	1,227
Kg Sungai Bedaun Daerah Labuan Wilayah Persekutuan Labuan	32,375	-	Leasehold (99 years, from 1984 to 2082)	Land	15/02/1996	1,441
PT No 2705 Mukim Ulu Kinta Daerah Ulu Kinta Perak	2,162	-	Leasehold (60 years, from 1976 to 2036)	Land	-	120
Lot 37 Kg. Sungai Bedaun Settlement Scheme Labuan WP Labuan	12,141	-	Leasehold (99 years, from 1984 to 2082)	Land	04/06/1996	27
Lot No. 469 Mukim Batu Burok Kuala Trengganu Trengganu	809	-	Leasehold (99 years, from 1975 to 2074)	Land	26/01/1998	136
Lot PTD 1474 HS (D) 3432 Mukim Jemaluang Daerah Mersing Johor	1,237	-	Leasehold (60 years, from 2001 to 2061)	Land	26/10/1999	33

GROUP CORPORATE DIRECTORY

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

TIME Customer Support & Service

TIME SelfCare
Tel : +60 3 2730 5287
Fax : +60 3 2720 9006
Email : customerservice@time.com.my

TT dotCom Sdn. Bhd. (52371-A)
Level 4, No. 14, Jalan Majistret U1/26
Hicom Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan
Malaysia
Tel : +60 3 5032 6000
Fax : +60 3 5032 0183

TIME dotNet Berhad (507273-T)
Level 4, No. 14, Jalan Majistret U1/26
Hicom Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan
Malaysia
Tel : +60 3 5032 6000
Fax : +60 3 5032 0183
Portal : www.time.net.my

TT dotCom Regional Offices

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 Darul Takzim
Tel: +60 7 278 2782
Fax: +60 7 278 2781

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

East Malaysia

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 82 238 476
Fax: +60 82 238 472

F O R M O F P R O X Y

TIME dotCom Berhad
(Company No. 413292-P)

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 12th Annual General Meeting of the Company to be held at Dewan Perdana, Level 2, Convention Centre, Grand BlueWave Hotel Shah Alam, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 16 June 2009 at 9.30 a.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 .... 2009.

....
Signature/Common Seal of Appointer

NOTES :-

1.A member entitled to attend and vote at the above Meeting 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.

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affix postage here

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

fold here

TIME dotCom Berhad (413292-P)
14 Jalan Majistret U1/26, HICOM Glenmarie Industrial Park
40150 Shah Alam, Selangor Darul Ehsan.
www.time.com.my