

TIME dotCom Berhad  
413292-P



annual report  
2004



## Energy, Passion and Commitment.

The cover reflects our determination to expand and grow our business with energy, passion and commitment. This determination manifests itself as a wave that permeates from the Board and management throughout the organisation, reaching every level within our ranks. It is an energy that comes from a clear vision of our future and the path by which we will travel to get there in order to fulfil TIME dotCom's promise to create long-term value for its stakeholders.



annual report  
2004

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# notice of annual general meeting

TIME dotCom Berhad 413292-P

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of the Company will be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 31 May 2005 at 10.30 a.m. for the purpose of transacting the following businesses:

## AGENDA

### Ordinary Business

1. To receive the Audited Accounts for the year ended 31 December 2004 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To re-elect the following Directors retiring in accordance with Article 94 of the Company's Articles of Association and being eligible, offer themselves for re-election:-
  - i) Abdul Kadir Md Kassim **Resolution 2**
  - ii) Kamaludin Abdul Kadir **Resolution 3**
  - iii) Dato' Abdul Rahim Abu Bakar **Resolution 4**
3. To re-elect the following Directors retiring in accordance with Article 99 of the Company's Articles of Association and being eligible, offer themselves for re-election:-
  - i) Dato' Shaik Daud Md Ismail **Resolution 5**
  - ii) Mohd Salleh Mahmud **Resolution 6**
4. To approve the Directors' remuneration of RM309,000.00 for the financial year ended 31 December 2004. **Resolution 7**
5. To re-appoint Messrs KPMG as Auditors and to authorise the Directors to fix their remuneration. **Resolution 8**

### Special Business

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

6. "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." **Resolution 9**
7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965. **Resolution 10**

By Order of the Board

**MISNI ARYANI MUHAMAD** (LS 02123)

**GOH WEI KHWAN** (MAICSA 7027743)

Secretaries

5 May 2005  
Kuala Lumpur

#### 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, 50774 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 No. 9

The proposed adoption of Ordinary Resolution 9 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) Abdul Kadir Md Kassim
  - (b) Kamaludin Abdul Kadir
  - (c) Dato' Abdul Rahim Abu Bakar
  - (d) Dato' Shaik Daud Md Ismail
  - (e) Mohd Salleh Mahmud
2. Details of attendance of Directors at Board Meetings held during the financial year are set out on page 47.
3. The Eighth Annual General Meeting of the Company will be held as follows:
 

Venue : Banquet Hall, Kuala Lumpur Golf & Country Club  
           No. 10, Jalan 1/70D, Off Jalan Bukit Kiara  
           60000 Kuala Lumpur

Date : Tuesday, 31 May 2005  
       Time : 10.30 a.m.

Further details of Directors who are standing for re-election at the Eighth Annual General Meeting are set out on pages 6 to 10.

**TIME dotCom Berhad**

Investment holding, provision of management and marketing/promotional services and retailing of telecommunications products.

**TT dotCom Sdn Bhd 100%**

Provision of voice, data, video and image communication services through domestic and international networks

**TIME dotNet Berhad 100%**

Provision and marketing of Internet services

**TIME Reach Sdn Bhd 100%**

Provision of public payphone services

**TIMESat Sdn Bhd 100%**

Provision of telecommunication facilities and services using satellite and microwave

## Board of Directors

Dato' Ir. Wan Muhamad Wan Ibrahim

*Chairman*

Tan See Yin

*Managing Director*

Dato' Abdul Rahim Abu Bakar

Dato' Shaik Daud Md Ismail

Elakumari Kantilal

Abdul Kadir Md Kassim

Kamaludin Abdul Kadir

Amiruddin Abdul Aziz

Mohd Salleh Mahmud

Azian Mohd Noh

*Alternate Director to Mohd Salleh Mahmud*

## Audit Committee

Dato' Shaik Daud Md Ismail

*Chairman*

Elakumari Kantilal

Dato' Abdul Rahim Abu Bakar

## Remuneration Committee

Dato' Abdul Rahim Abu Bakar

*Chairman*

Abdul Kadir Md Kassim

Kamaludin Abdul Kadir

## Nomination Committee

Abdul Kadir Md Kassim

*Chairman*

Kamaludin Abdul Kadir

Dato' Shaik Daud Md Ismail

## Tender Board Committee

Dato' Ir. Wan Muhamad Wan Ibrahim

*Chairman*

Elakumari Kantilal

Tan See Yin

## Technical Committee

*Directors*

Kamaludin Abdul Kadir

*Chairman*

Dato' Ir. Wan Muhamad Wan Ibrahim

Tan See Yin

## Management

Eric Cheng Dek

Mohamed Fauzi Hj Omar

Che Halin Mohd Hashim

Wan Ahmad Kamal Wan Ahmad Marzuki

Che Razani Che Abas

Wan Roslan Wan Abbas

Mohd Zamri Salleh

## Company Secretaries

Misni Aryani Muhamad (LS 02123)

Goh Wei Khwan (MAICSA 7027743)

## Registered Office

Level 1, Wisma TIME

249 Jalan Tun Razak

50400 Kuala Lumpur

Tel: +60 3 2720 8000

Fax: +60 3 2720 3743

## Share Registrar

Mega Corporate Services Sdn Bhd

Level 15-2, Faber Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

Tel: +60 3 2692 4271

Fax: +60 3 2732 5399

## Auditors

Messrs KPMG

Wisma KPMG, Jalan Dungun

Damansara Heights

50490 Kuala Lumpur

## Principal Banker

Bumiputra-Commerce Bank Berhad

## Stock Exchange Listing

Main Board of Bursa Malaysia Securities Berhad

## profile of the board of directors

TIME dotCom Berhad 413292-P



### **Dato' Ir. Wan Muhamad Wan Ibrahim** **Chairman/Non-Executive Director**

Dato' Ir. Wan Muhamad Wan Ibrahim, a Malaysian aged 63, was appointed as Director of TIME dotCom Berhad on 26 July 2001 and as Chairman on 15 November 2001. He 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.

Dato' Ir. Wan Muhamad is the Chairman of the Tender Board Committee and a member of the Technical Committee.

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

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



### **Tan See Yin** **Managing Director**

Tan See Yin, a Malaysian aged 48, was appointed as the Managing Director of TIME dotCom Berhad on 1 April 2003. He holds a Bachelor of Accounting (Hons) from University of Malaya, Kuala Lumpur and is a member of the Malaysian Institute of Accountants. He began his career as a management consultant with Kassim Chan Management Consultants followed by PriceWaterhouse Associates. In 1990, he became the General Manager, Group Corporate Affairs of HBN Management Sdn Bhd (now known as UEM Group Management Sdn Bhd), a company that provides corporate and administrative support services. He joined Remedi Pharmaceuticals (M) Sdn Bhd as Chief Operating Officer in 1994 and was appointed as Managing Director in 1996. He was the Managing Director of Pharmaniaga Berhad from September 1999 until March 2003.

Mr Tan is a member of the Tender Board and Technical Committee.

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

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



**Dato' Abdul Rahim Abu Bakar**  
**Non-Executive Independent Director**

Dato' Abdul Rahim Abu Bakar, a Malaysian aged 59, was appointed as Director of TIME dotCom Berhad on 1 April 2003. He graduated from the Brighton College of Technology, United Kingdom with B.Sc (Hon) Electrical Engineering in 1969. He is a member of the Institute of Engineers Malaysia (MIEM) and the Institute of Electrical Engineers, UK (MIEE). He is associated with several professional bodies namely Professional Engineer, Malaysia (PEng) and Chartered Engineer UK (C.Eng). He also holds the Electrical Engineer Certificate of Competency Grade 1.

Dato' Abdul Rahim began his career in 1969 with the then National Electricity Board. He was attached to the organisation for 10 years in various technical and engineering positions before he moved on to the private sector. From 1979 to 1983, he served with Pemas Charter Management Sdn Bhd, a management company for the tin mining industry. Then, from late 1983 to 1991, he was attached to Malaysia Mining Corporation Berhad (MMC) in various senior positions. Later from 1991 to 1995, he moved on to MMC Engineering Services Sdn Bhd and subsequently to MMC Engineering Group Berhad as the Managing Director. In May 1995, he joined Petronas to assume the position of Managing Director of Petronas Gas Berhad (PGB) and subsequently moved on to Petronas, Petrochemical Business as its Vice President in 1999. He retired from Petronas on 31 August 2002.

Dato' Abdul Rahim is the Chairman of the Remuneration Committee and a member of the Audit Committee. He also sits on the Board of Westport Holdings Berhad and Bank Pembangunan & Infrastruktur Berhad.

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' Shaik Daud Md Ismail**  
**Non-Executive Independent Director**

Dato' Shaik Daud Md Ismail, a Malaysian aged 69, was appointed as Director of TIME dotCom Berhad on 21 June 2004. He obtained his Barrister-at-Law from Lincoln's Inn London and was called to the English Bar in December 1962. He served in the Malaysian Government Judicial and Legal services for 38 years until his retirement on 25 June 2001. His last appointment was as a Judge of the Court of Appeal.

Dato' Shaik Daud is the Chairman of the Audit Committee and a member of the Nomination Committee. He also sits on the Board of Projek Penyelenggaraan Lebuhraya Selatan Berhad and Formis (Malaysia) Berhad.

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.

## profile of the board of directors

TIME dotCom Berhad 413292-P



### **Elakumari Kantilal** **Non-Executive Director**

Elakumari Kantilal, a Malaysian aged 48, was appointed as Director of TIME dotCom Berhad on 8 March 2001. She holds a Master of Science in Finance & Accounting from University of East Anglia, United Kingdom. She started her career with the Accountant General's Office in 1981 and later served the Division on Monitoring of Government-Owned enterprises at the Ministry of Finance from 1986 to 1994. She joined Khazanah Nasional Berhad in 1994 and is currently the Director, Investments (Monitoring & Management).

Puan Elakumari is a member of the Audit Committee and Tender Board Committee. She is also a Director 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-Executive Director**

Abdul Kadir Md Kassim, a Malaysian aged 64, was appointed as Director of TIME dotCom Berhad on 22 October 2001. He holds a Bachelor of Law from University of Singapore, and served the Malaysian Administrative and Diplomatic Service and Judicial and Legal Service between 1966 and 1973, holding various positions. He is currently the Managing Partner of Messrs Kadir, Andri & Partners. He is also the Chairman of Labuan International Financial Exchange Inc. and a member of the Board of Governors of Yayasan Bursa Malaysia.

Encik Kadir is the Chairman of the Nomination Committee and a member of the Remuneration Committee. He is also a Director of United Engineers (Malaysia) Berhad, UEM World Berhad, Suria Capital Holdings Berhad, Ho Hup Construction Company Berhad and Proton Holdings Berhad.

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.



**Kamaludin Abdul Kadir**  
**Non-Executive Independent Director**

Kamaludin Abdul Kadir, a Malaysian aged 62, was appointed as Director of TIME dotCom Berhad on 24 October 2001. He holds a Bachelor of Engineering (Elect.) degree from the University of Auckland, New Zealand. He has extensive experience in the telecommunications industry and hands-on experience in ICT systems. He was also involved in major technology matters during his service with the Ministry of Defence from 1972 to 1983. He was formerly the Executive Director of Perwira Ericsson Sdn Bhd and a nominee of Lembaga Tabung Angkatan Tentera on the Board of Ericsson (Malaysia) Sdn Bhd. He is presently pursuing business in the ICT industry.

Encik Kamaludin is the Chairman of the Technical Committee, a member of the Nomination Committee and Remuneration Committee.

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.



**Amiruddin Abdul Aziz**  
**Non-Executive Director**

Amiruddin Abdul Aziz, a Malaysian aged 46, was appointed as a Director of TIME dotCom Berhad on 24 March 2004. He graduated with a Bachelor of Business Administration degree from the Ohio University, USA. He has been serving the UEM Group since 1988 in various senior positions – beginning with the Head of Treasury Department in Projek Lebuhraya Utara Selatan Berhad or PLUS. In January 1994, he was appointed the General Manager of Group Corporate Affairs in HBN Management Sdn Bhd (now known as UEM Group Management Sdn Bhd).

From January 1997 to January 1999, Encik Amiruddin was the Chief Financial Officer of Projek Usahasama Transit Ringan Automatik Sdn Bhd or PUTRA. He was later appointed the Chief Operating Officer of EPE Power Corporation Berhad (now known as Ranhill Power Berhad) from February 1999 to August 2000. At the end of his tenure with EPE, he was transferred to Renong Berhad (now known as UEM Land Sdn Bhd) as its Chief Operating Officer. Furthering his career, he was appointed Chief Operating Officer of TIME Engineering Berhad on 18 November 2001, before being appointed Managing Director in April 2003.

He currently sits on the Boards of TIME Engineering Berhad and Ranhill Power Berhad and several other private limited companies.

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.

## profile of the board of directors

TIME dotCom Berhad 413292-P



### **Mohd Salleh Mahmud** **Non-Executive Director**

Mohd Salleh Mahmud, a Malaysian aged 53, was appointed as Director of TIME dotCom Berhad on 20 April 2005. He is a graduate of Universiti Malaya with Bachelor of Economics (Accounting), Diploma in Advanced Accounting and has a Masters in Business Administration. He is also a Council member of the Malaysian Institute of Accountants. Encik Mohd Salleh started his career in 1976 as Accountant of the Foreign Investment Committee Economic Planning Unit in the Prime Minister's Department and later, as a Senior Accountant in Telecommunications Department in 1980. From 1981 to 1989, he was the Chief Accountant of Pension Division at the Public Services Department.

In 1991, Encik Mohd Salleh was appointed as Director of Pension Trust Fund of the Accountant General's Department. He was later promoted to the position of Deputy Accountant General for Operations in 1996 and subsequently, Deputy Accountant General for Corporate in April 2000.

On 21 March 2005, Encik Mohd Salleh was appointed as the Accountant General of Malaysia. He also sits on the Board of Commerce Asset-Holding Berhad.

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.



### **Azian Mohd Noh** **(Alternate Director to Mohd Salleh Mahmud)**

Azian Mohd Noh, a Malaysian aged 52, was appointed as Director of TIME dotCom Berhad on 20 April 2005. She is a graduate of Universiti Malaya with Bachelor of Economics (a Degree majoring in Accounting) and Advanced Diploma in Accounting and has a Master in Business Administration from Universiti Kebangsaan Malaysia. She is also a member of the Malaysian Institute of Accountants. Puan 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 was the Senior Accountant of Kraftangan Malaysia before her appointment as Deputy Director of Finance of SIRIM in 1985.

In 1991, she was appointed as Deputy Director of Kumpulan Wang Amanah Pencen (KWAP) and is currently the Director of KWAP.

Puan Azian also sits on the Board of Rashid Hussain Berhad (as alternate director) and is a Director of Valuecap Sdn Bhd. She is also the Investment Committee member of Valuecap Sdn Bhd and Amanah Raya 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.



From left to right:

**Che Halin Mohd Hashim**

**Tan See Yin**

**Eric Cheng Dek**

**Wan Ahmad Kamal Wan Ahmad Marzuki**

**Mohamed Fauzi Hj Omar**

## profile of senior management team

TIME dotCom Berhad 413292-P



From left to right:

**Tang Tat Chun**  
**Karimah Tan Abdullah**  
**Misni Aryani Muhamad**  
**Che Razani Che Abas**

**Tan See Yin**  
**Managing Director of TIME dotCom Berhad**

(Please refer to Profile of the Board of Directors on page 6 of the Annual Report)

**Mohamed Fauzi Hj Omar**  
**Chief Market Operations Officer of TIME dotCom Berhad**

He is responsible for the entire Market Engagement portfolio. He holds an MBA from a joint programme by IMC (UK) and NOU (Can.), an Associate of the Chartered Institute of Marketing (UK) and a Diploma in Science from UPM. He joined TIME dotCom in February 2002. He has more than 17 years experience in the telecommunications industry. Previously, he has held the positions of Director of the Mobile Business Unit, TIMECel Sdn Bhd, Regional Director of Marketing and Customer Services for Across Asia Multimedia (HK) and LIPPOTel (Ind), CEO of Celcom Technologies Sdn Bhd and Senior Vice President of Celcom (M) Sdn Bhd.

**Che Halin Mohd Hashim**  
**Chief Operating Officer of TIME Reach Sdn Bhd**

He is responsible for the payphone business. He holds a bachelor degree in Mechanical Engineering from University of Leeds, United Kingdom and an MBA from Ohio University, USA. He joined TIME dotCom in 1997. He has more than 24 years of experience in the banking, insurance and telecommunications industries.

**Eric Cheng Dek**  
**Chief Financial Officer of TIME dotCom Berhad**

He joined TIME dotCom on 23 September 2003. He qualified as a Chartered Accountant in 1982 from the Institute of Chartered Accountants in England and Wales. He is a member of the Malaysian Institute of Accountants (MIA). Prior to joining TIME dotCom, he was employed since October 1996 by Ericsson Malaysia and was the Head of Business Control and Finance (serving Ericsson Malaysia, Bangladesh, Philippines & Pakistan). Prior to joining Ericsson, he was employed by NCR (a US based computer company) for ten years and was the Finance & Administration Manager.

**Wan Ahmad Kamal Wan Ahmad Marzuki**  
**Chief Technology Officer of TIME dotCom Berhad**

He is responsible for the entire Technology portfolio. He holds a Bachelor of Science (Hons) in Communications Engineering from the University of Kent at Canterbury, UK. He joined TIME dotCom in 1994 with his last portfolio as the Senior General Manager for Technology Infrastructure and Maintenance Division. He left the Group in early 2001 and became a Business Consultant with various IT companies. He rejoined TIME dotCom in 2002 and is responsible for strategic technology and network planning. He has 20 years of experience in the ICT industry.

**Karimah Tan Abdullah**  
**Vice President of Corporate Communications**

She holds a Bachelor of Science from the National University of Singapore. She has been with UEM-Renong Group since 1995 prior to joining TIME dotCom in 2000. She has 20 years of experience in marketing communications and broadcasting.

**Che Razani Che Abas**  
**Vice President of Group Procurement & Material Management**

He holds a Bachelor of Science from La Trobe University Melbourne, Australia. He joined TIME dotCom in October 2002. Prior to this, he was attached to a multinational petrochemical company specialising in the field of supply chain management.

**Tang Tat Chun**  
**Vice President of Group Internal Audit**

He joined TIME dotCom on 15 September 2003. He holds a Bachelor of Business (Accounting) from Melbourne, Australia and he is also a member of CPA Australia and a Chartered Accountant with the Malaysian Institute of Accountants. He commenced his career with Ernst & Young (Singapore office) and prior to joining TIME dotCom, had held various positions in the internal audit units of several public listed companies involved in industries such as manufacturing, trading, property development and shipping.

**Misni Aryani Muhamad**  
**Vice President of Legal & Company Secretary**

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





TIME dotCom remains at the forefront of Fixed Line, Voice and Data communications services, providing customised solutions to cater for a wide range of industries.



The year 2004 saw TIME dotCom embracing new frontiers, moving on from the telecommunications arena towards its ultimate goal of becoming Malaysia's Broadband Specialist. It also proved to be a year of transition, in which we refocused, and laid the foundations that will allow us to embrace our new strategic aspirations.

As we close off the year under review and move into our 2005 reporting year, one can expect to see TIME dotCom harnessing this energy, carrying over the impetus into all of our core business areas with improved levels of customer service satisfaction.

## Dear Shareholders,

In the context of a rapidly changing business environment in 2004, the challenges faced by TIME dotCom Berhad were significant. Increased competition, aggressive pricing strategies and the dynamics of an ever-changing industry, have significantly eroded its performance of the previous year. Consequently, 2004 proved to be a year of mixed fortunes for TIME dotCom (Group). While results were not to expectations, nonetheless the Group has continued with the momentum established in 2003.

We remain upbeat about our forays in the Broadband arena despite setbacks in our effort to provide last-mile access through Wireless Broadband Access (WBA), and will continue to provide last-mile connectivity via both fixed line and wireless, whichever is appropriate and commercially viable and also depending on the local needs of our customers. This said, the Group continued to be in a highly advantageous position, given that we already operate on an IP network.

A number of issues have significantly impacted on TIME dotCom in 2004.

At an Extraordinary General Meeting held on 1 September 2004, shareholders agreed to a capital repayment by means of a reduction of the share premium reserves via a cash distribution of RM379,616,250 on the basis of 15 sen cash for every existing ordinary share of RM1.00 each. After taking future operating requirements and financial obligations into consideration, the Board was of the opinion that the Group had a capital base in excess of the operating and financial requirements, and that it was further in the best interest of all involved to return some of the investment to shareholders.

TIME dotCom also changed its depreciation method from revenue basis to straight-line method over the estimated useful life of its commissioned telecommunications network assets, where its assets are to be depreciated prospectively over their remaining useful lives. This is in line with standard industry best practice. In addition, the Group, acting on prudence, has changed its basis of provisioning for bad and doubtful debts to reflect the current trend on collections.

The year under review also saw the Group's payphone business, TIME Reach Sdn Bhd (TIME Reach), taking the bold step of addressing its capital situation with a capital reduction exercise. A credit of RM390.03 million was used to write off TIME Reach's entire accumulated losses (RM95.57 million as at 31 December 2003). The remaining RM294.46 million was returned to shareholders of TIME Reach in the form of the repayment of a RM271.89 million debt, and a cash distribution of RM22.57 million. Paid-up capital was thus reduced from RM487.54 million to RM97.51 million, supporting total assets of RM163.65 million. The more equitably balanced capital structure will put TIME Reach in a far more bankable position should the need arise, while at the same time easing pressure on performance ratios.

On behalf of the Board of Directors, I hereby present the Annual Report and Audited Financial Statements of TIME dotCom Berhad for the financial year ended 31 December 2004.

## Financial Performance

During the period under review, TIME dotCom posted a net revenue of RM578.4 million compared to RM798.6 million in



2003. The lower revenue registered is mainly attributed to the exclusion of TIME Cel Sdn Bhd's revenue, following its disposal in 2003, as well as lower traffic volume from TIME dotCom's domestic and international interconnect business.

The Group registered a loss before income tax of RM831.9 million compared to a profit before income tax of RM7.9 million in 2003. The loss is mainly due to higher depreciation resulting from the change in depreciation method, which accounted for RM715.2 million, as well as the additional provision for bad and doubtful debts of RM26.2 million.

The main contribution to revenue came from the Group's Fixed Line business (including Voice and Data, Indirect Access and Broadband products and services), which contributed approximately 59.1% to TIME dotCom's total revenue. The Payphone business under TIME Reach contributed approximately 37.7% of total revenue, seeing a modest but encouraging growth of approximately 0.49%. And Internet services, under TIME dotNet Berhad (TIMENet), contributed 3.2% of total revenue.

### **Dividends**

The Board of Directors does not recommend any payment of dividends for the financial year ended 31 December 2004.

### **Regulatory Matters**

The communications industry continued to be regulated by the guidelines set out by the Malaysian Communications and Multimedia Commission (MCMC) and the Ministry of Energy,



## Water and Communications.

The Group successfully completed its Access Agreements with all major Telecommunications Service Providers within the deadline of 30 April 2004 as stipulated by MCMC. The new access regime promotes effective competition and ensures equitable, non-discriminatory arrangements between service providers and users.

MCMC is also reviewing the Determination on Access List which would include Access to Network Elements (ANE). ANE is an effort under the National Broadband Plan to promote effective Broadband service rollout and is a major initiative launched by MCMC for the unbundling of the local loop. This will effectively allow other companies, including TIME dotCom, wishing to roll out copper and optical fibre local loop services, to use the incumbent's last-mile access network, which currently covers approximately 90% of Malaysia. This augurs well for the Group as it presents the opportunity to plan for business expansion particularly in Broadband services.

In December 2004, MCMC issued a new Determination on Dominant Position, which allows MCMC to direct a dominant licensee to cease any conduct which has, or may have, the effect of substantially lessening competition, and to implement appropriate remedies. This Determination helps to ensure a level playing field for non-incumbents like TIME dotCom.

## Operational Highlights

In its aspiration to become Malaysia's Broadband Specialist, TIME dotCom continued to make aggressive strides while growing its existing businesses, beginning with the introduction

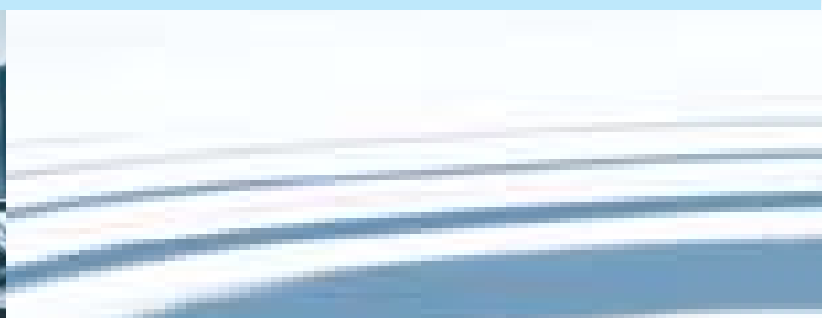
of the WBA Service – Webbit – in a commercial pilot roll out in Petaling Jaya, making the Group the first WBA service provider in Malaysia.

Significant progress was achieved in the Group's network expansion plans. Among others, it included the establishment of new Hubs in support of the growing IP services in the region, the commissioning of a Softswitch enabling the Group to provide Voice-over Internet Protocol (VoIP) services, the upgrading of its Metropolitan Access Network in the Central Region to meet increased capacity utilisation, and the establishment of new Points of Interconnect routes with other telcos in Malaysia to support increased traffic between operators.

During the year, the Group was awarded the Universal Service Provision (USP) Phase 1 project by MCMC for 14 sites in Sabah to provide payphones and residential phones to selected underserved and remote residential areas. The project commenced in September and has been successfully completed.

2004 also saw a number of strategic collaborations with international partners such as France Telecom and Japan Telecom – respected Tier 1 providers in Europe and Asia. To complement our strength and competitiveness locally, TIME dotCom formed Joint Marketing Agreements with Hutchison Global Communication and Teleglobe International as well as concluded a Full Channel Service agreement with SingTel.

From a performance perspective, the Direct Access Group saw a marginal increase in revenue, while the Payphone business improved by 0.49% from RM217.1 million in 2003 to RM218.1 million. Revenue for Indirect Access fell approximately 28% due to intense competition while revenue for the Wholesale/





International business diminished by approximately 31%, also due to thinned margins and increased competition in the Voice business, which traditionally accounts for much of its revenue.

A key strategy to TIME dotCom's future growth is innovation. Webbit as a pilot to gauge market acceptance has provided the Group with a valuable platform to evaluate and obtain further insights on the utilisation of wireless technologies to provide Broadband services.

In addition, Internet Protocol Virtual Private Network (IP VPN) has been identified as a strategic initiative going ahead. IP VPN will allow the Group to provide innovative services and ensure secured data and high network performance to meet the growing demands of customers, whose requirements are becoming more sophisticated along with an increasing array of applications.

These new developments underscore TIME dotCom's commitment to become Malaysia's leading Broadband provider. The focus on wireless technology will allow the Group to become more agile and versatile when it comes to meeting the demands of consumers, especially in areas of limited access where economic factors do not allow the deployment of fixed infrastructure. In such cases, it saves significantly on last mile costs, and the capital investment ordinarily associated with rolling out such services is thus reduced.

### **Outlook and Prospects**

It is an inevitable fact that the Group's performance will always be subjected to market dynamics and factors such as Malaysia's GDP performance. For the year under review, Malaysia's economy grew 7.1%, the strongest rate since 2000, according to

the latest economic performance report by Bank Negara Malaysia. Both the services and manufacturing sectors continued to be the main drivers of growth last year.

Going forward, the global economic expansion is expected to be sustained at a steady pace in 2005. The growth prospect for Malaysia, therefore, remains favourable in 2005 with strong consumer optimism indicated.

According to MCMC, across the telecommunications and Internet industry, the penetration rate of telephones is 73.09%, or 18,901,000 phones, as at 4th Quarter 2004. Fixed Line access appears stagnating, with a decline in Average Revenue Per Unit (ARPU). In Wholesale and International business, rates are dropping and margins thinning.

On the other hand, dial-up Internet usage is on the increase, with total number of users at 9,879,000 as at 4th Quarter 2004. And taking into account the National Broadband Plan to wire at least 10% of all Malaysians to high-speed Internet by 2008, TIME dotCom can be relatively optimistic about the future.

With this in mind, the Group will continue to move forward with four key growth strategies, namely, the strengthening of our core businesses by increasing sales, the introduction of innovative products and services, the forging of further strategic partnerships internationally, and through mergers and acquisitions that are beneficial to the Group.

## Opportunities and Challenges

TIME dotCom sees strong opportunities for growth in the Broadband arena, due mainly to vast and untapped market potential (as at 4th Quarter 2004, Broadband utilisation rate is



0.98%). As such, the Group will continue to aggressively focus on improving our wireless technologies, which in turn will allow us to reach a far wider audience with less capital investment.

The Group's primary challenge remains that of steering back into positive EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortisation). Other challenges include retaining customers and reducing churn, competing successfully against VoIP players, containing costs in order to be competitive, and identifying new technologies that will provide the most cost effective solutions.

It is clear that there is a need to increase revenue particularly in the Fixed Line and Payphone businesses. This can be done in several ways: by increasing sales in the corporate sector by focusing specifically on SMEs and SMIs and by reaching out to the retail consumers through our card services.

In the Payphone business, there is a need to continue expanding our services into strategic areas, to increase ARPU, to introduce effective call monitoring systems and implementing more effective methods of managing its operations, as well as negotiating better contract rates with the incumbent service provider for its lines.

### Acknowledgements

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

Special thanks must go to our shareholders, customers, bankers, business associates and analysts for their support; to the Ministry of Energy, Water and Communications; to the Malaysian

Communications and Multimedia Commission; to Bursa Malaysia, Securities Commission and other regulatory authorities for their continued cooperation.

I would specifically like to acknowledge the ongoing commitment of the directors and the management team and staff for their professionalism, dedication and determination in facing the challenges of 2004.

There was a change to the Board's composition with YBhg. Dato' Othman Abdullah resigning as Non-Executive Director and Ms Gee Siew Yoong resigning as Non-Executive Independent Director. On behalf of the Board, I thank them for their contribution and wish them well in their future undertakings. I am also pleased to welcome on board YBhg. Dato' Shaik Daud Md Ismail as Non-Executive Independent Director and Encik Mohd Salleh Mahmud as Non-Executive Director and look forward to benefiting from their experience.

In conclusion, 2004 saw a renewed spirit of vigour among management and staff at TIME dotCom. The momentum of the previous year continued to spur the Group on, despite a number of setbacks and disappointments. I am confident that we have emerged stronger because of this, and are better able to recognise and address the weaknesses in the Group. Having said this we will intensify our efforts, working to our strengths as we continue to improve our competitiveness and operational efficiencies.

Thank you.

**Dato' Ir. Wan Muhamad Wan Ibrahim**  
Chairman







With the technology in place, TIME dotCom is poised to become Malaysia's Broadband Specialist providing supreme customer experience via our wide range of wired and wireless Broadband services.

## Overview

The telecommunications industry is a dynamically changing industry and continues to evolve at an unprecedented pace. Every year, keener and more intense competition emerges across every telecommunications sector. The ability to adapt quickly and to compete aggressively is, therefore, key to survival, as is the critical necessity to help the customer clearly differentiate between telecommunications services.

In the face of intensified challenges, TIME dotCom (Group) continues to forge ahead as a leading player because it has been able to adapt quickly, to harness the power of innovation and maintain its position in the business. It has stayed true to its commitment of bringing the benefits of cutting-edge telecommunications products and services to as many Malaysians as possible.

2004 saw a number of strategic initiatives being undertaken that will ensure the increased competitiveness of the Group in 2005. Principally these include:

- Focusing on product development to introduce new products as well as to increase value and functionality of existing products and services in order to differentiate TIME dotCom's offerings from that of its competitors.
- Establishing strategic business relations and partnerships with recognised local and global players, in order to ride on their expertise and tap into new markets.

- Expanding TIME dotCom's network into areas with no prior network presence as well as investing to improve on the reliability and efficiency of the network.
- Exploring new technologies to deliver more innovative services, especially in the area of Broadband.
- Strengthening internal processes and implementing more cost-effective methods to manage the daily operations.
- Providing supreme customer experience to promote customer loyalty.
- Developing an effective workforce from both a technical and management point of view in order to meet the challenges ahead.

## FIXED LINE, BROADBAND AND INTERNET SERVICES

TIME dotCom's Fixed Line, Broadband and Internet businesses are made up of four major segments; namely, Direct Access which deals with products that have to be physically built into our customers' premises; Indirect Access which covers products that do not require the building in of infrastructure; Broadband and Internet; and Wholesale/International.

### Direct Access

The Group's Direct Access products cover both voice and data services. In 2004, conditions in the market for voice services became extremely competitive as Voice-over Internet Protocol





(VoIP) operators battled for market, with the largest price drops occurring in the per minute charges for IDD calls. Although this puts significant downward pressure on revenue from voice services, the Group managed to maintain its revenue for its voice business by riding on the growing demand for high quality ISDN lines and corporate 1-800 numbers, and by competing aggressively through the introduction of several bundled voice/data packages for the business market.

In the area of data services, the Group started operation of its commercial 2-way satellite service, which provided an invaluable addition to its leased line business as TIME dotCom is now able to provide coverage anywhere in Malaysia.

In addition, the Group continued its transformation towards becoming a Next Generation Network service provider through the acquisition of a Softswitch, which enables the delivery of innovative services and the reduction of operational costs. The number of direct terminations to international destinations for its voice services and international toll-free services has also increased.

#### **Indirect Access**

2004 was a very challenging year for the Group's Indirect Access products (TIME GOLD, TIME Kontakt, TIME World Access and TIME Equal Access), which faced stiff competition from VoIP operators, other local operators (OLOs) and Application Service Provider (ASP) licensees who have aggressively embarked on a series of price wars to gain market share. As a result, the unit saw an overall drop of 28% in revenue.

Despite this, TIME GOLD and TIME World Access (TWA) continued to remain competitive by implementing customer retention programmes and rate revisions. TIME GOLD maintained its status as the market leader in the non-autodialer postpaid discounted business, being well positioned as a 'discounted voice service' with enhanced value added services. TWA, which provides cost-saving solutions to small and large corporations and government agencies, introduced a flexible rate package that offered customers a choice of service plans based on volume discounts or attractive rates. With a combination of superb savings, rapid turnaround for technical support, and dedicated account managers, TWA managed to acquire several leading names in the insurance and financial industries as customers.

In the prepaid business, TIME Kontact card (TKC) faced tremendous price wars from ASPs and OLOs. As the success of TKC is critically dependent on retail distribution partners and channel strategies, a stronger alliance was forged with two key distributors to help TKC reach a wider market.

TKC's strategy was to stimulate the market with several key campaigns, beginning with two rate promotional programmes. "Just 4 U", which initially ran in the 2nd Quarter of 2004, was extended into the 3rd Quarter due to overwhelmingly positive response. This was followed in the 4th Quarter by "Festiva". The two campaigns resulted in an increase in total calling minutes.

Following the appointment of new distributors in September and October, TKC embarked on a series of tactical marketing and promotional campaigns. These include dealer campaigns such as "Dash for Cash" and "Ada Beli Ada Free" as well as consumer



campaigns such as "Gift for Purchase" which was launched in the 3rd Quarter of 2004.

The outlook for Indirect Access products in 2005 remains positive. Although the market has reached saturation point for discounted voice services, the key drivers for success lie in the quality of TIME dotCom's services which are delivered through a reliable Public Switched Telephone Network platform, as well as the Group's ability to differentiate its products and services. By leveraging on its distributors' strengths and marketing experience, TIME dotCom will be able to roll out aggressive tactical campaigns for 2005 and beyond.

### Broadband and Internet

In the category of Broadband and Internet, the Group offers a complete range of products including Fixed-line Broadband (HomeNet, BizNet and Netlink), Wireless Broadband (Webbit), WiFi (Zone), Voice Solutions (Nevo), and Internet Access (TIMENet). In line with TIME dotCom's aspiration to become the Broadband Specialist in Malaysia, every effort was made to propel the Group forward in this endeavour.

An important initiative in 2004 was the rolling out of TIME dotCom's Wireless Broadband Access (WBA) service. In April 2004, the Group forged an alliance with CommVerge Solutions (M) Sdn Bhd and Navini Networks to launch a commercial pilot WBA service under the brand name "Webbit" (Wireless Enhanced Broadband Internet) which was aimed at business and residential customers in Petaling Jaya. The pilot was intended to gauge the level of market acceptance towards WBA as well as to further understand the usage patterns of various applications.

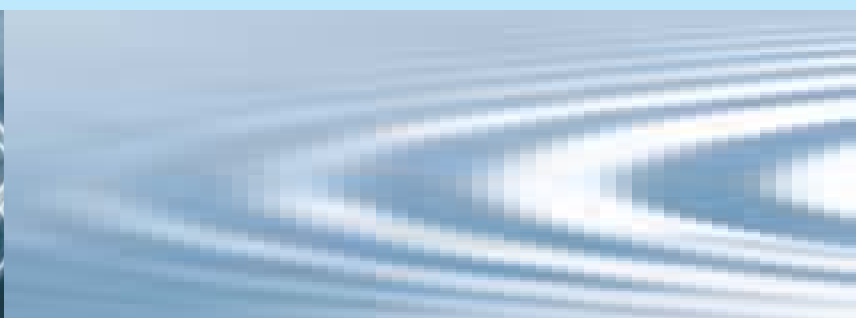
Webbit provides last mile access and the freedom to connect without constraints – no wires, no connection time and no restriction to the home or office. Within the few months it was introduced, Webbit received very positive feedback from the market but at the same time, highlighted certain limitations of existing wireless technology. To this end, TIME dotCom is actively seeking to introduce other wireless technologies for its WBA in the future.

In addition to its wireless initiative, the Group has also completed its Broadband expansion exercise for 2004 to increase the number of its Digital Subscriber Lines (DSL) Broadband nodes to more than 700 buildings in Malaysia.

In Fixed-line Broadband, the Group had, for the better part of 2004, been focusing on sourcing the right fixed wireless technology to enable the fast deployment of DSL2+ services (BizNET and HomeNET) targeted at high dwelling units such as apartments and condominiums.

For its WiFi service under the brand name ZONE, the Group adopted a business strategy that focused on rolling out Access Points in all the high usage areas. By year-end 2004, the Group had switched on more than 100 hotspots within the Klang Valley, Penang and Johor Bahru – mostly located in cafés, restaurants, colleges, hospitals and hotels – and positioned TIME dotCom as one of the country's leading hotspots providers.

Through its Internet Service Provider (ISP) unit, TIMENet Berhad, the Group offers the only free dial-up Internet access service in Malaysia. Although the subscriber growth rate has decreased with the advent of Broadband, TIMENet continued to attract a





steady stream of new and loyal users throughout 2004. This underlined TIME dotCom's efforts in promoting its Internet services as well as the potential for TIMENet as an ISP, as more Malaysians begin to discover the advantages of going online.

For the year under review, TIMENet's portal, TIMENet Central continued to make its presence felt in the ISP arena through innovative online contests, strategic web partnerships with lifestyle brands, webcasts of high profile events such as the Anugerah Industri Muzik (Malaysian Music Industry Awards) and live streamings of newsworthy events such as Universiti Sains Malaysia's 33rd Convocation. Further efforts were also placed on extending the range of features available on TIMENet Central which include the re-launching of its mobile messaging channel, as well as the introduction of mobile karaoke, java games download, wallpapers and SMS alert services.

Several initiatives were also rolled out in order to improve the efficiency and customer satisfaction for TIMENet's Internet services, which include an upgrade on its existing Intrusion Detection System to provide early detection of security breaches over a wider area of its network as well as a new content delivery system that allows for faster provision of content to TIMENet users, among others.

## **Wholesale/International Business**

In 2004, the Wholesale Business showed a decrease in revenue compared to 2003. Voice services remain the main revenue generator, accounting for close to 60% of the Wholesale Business revenue.

The voice business continued to be highly competitive, with larger traffic volumes translating to better cost structures for the Group in both the wholesale and retail segments. To increase its market share, the unit had been pursuing new opportunities in the voice arena in the areas of IP connectivity (in conjunction with regional Tier 2 providers), Global IP platforms for VoIP players and wholesale enhancement services.

Wholesale Business remained aggressive in its endeavours to position TIME dotCom as the preferred bandwidth provider for both domestic licensees and other global partners whose points-of-presence (PoPs) are located in Asia. In 2004, the Group established strong business relationships with key Managed Network Services and System Integration providers in Malaysia, such as Heitech Padu Sdn Bhd, AIMS Sdn Bhd and VADS Bhd. Globally it also brought in new international partners such as France Telecom and Japan Telecom, both of whom are respectable Tier 1 providers in Europe and Asia.

To improve its strength and competitiveness in the local market, the Group embarked on various joint marketing projects with international players such as Hutchison Global Communication and Teleglobe International, concluded the Full Channel Service with SingTel, as well as partnered Teleglobe International to establish a Tier 1 Internet Exchange Hub in Malaysia.

A key challenge during the year under review came from the area of back-end support for technical and commercial matters. The need for IP voice expertise, capacity availability and assurance guarantees in order to compete not only with OLOs, but also with foreign providers, especially the long distance carriers, has been an issue for TIME dotCom. To this end, the Group will continue

to actively seek new IP voice manpower to keep up with the number of projects. Resiliency issues have been addressed following the implementation of the Klang Valley Tip Top Project by Network Operations in December 2004, which upon completion in 2005 will greatly enhance Service Level Guarantee capabilities for the Group's data services.

## PAYPHONE SERVICES

Through TIME Reach Sdn Bhd (TIME Reach), the Group operates an extensive network of 32,000 payphones at strategic locations nationwide. For the year 2004, TIME Reach not only remained in the black but posted an improved set of results. Turnover rose marginally from RM217.07 million in 2003 to RM218.13 million in 2004, while pre-tax profit rose to RM1.44 million, an increase of 67% over the previous year. This profit, although modest, marks the second consecutive growth year for the payphone business, and confirms the sustainability of the turnaround that began in 2003.

In terms of operations, the year 2004 posed many challenges to the operations of the Group's payphone business. The main challenges came from mobile operators who were offering very aggressive call plans as well as the introduction of prepaid cards as low as RM10 and unlimited transfer of credits. In complementing the packages from prepaid mobile cards, prices of mobile handsets also became more affordable. Another major challenge for payphones came from cheap calling cards offered by ASP licensed operators and Wartels. Besides grappling with the above challenges, fraud and vandalism of increasing proportions, especially in the northern states of Malaysia and in



Labuan significantly eroded earnings. Efforts in combating fraud remained active but these were negated by new frauds.

Despite this, TIME Reach remained committed to increasing the average revenue per payphone by improving service levels, relocating low yield payphones and combating rampant vandalism. In support, an Engineering Centre was established in Petaling Jaya in July 2004, to centralise all repairs and refurbishments and to ensure consistent quality and cost savings. New monitoring software (PCI), too, was purchased to replace the obsolete software for TAMURA payphones, while DATAMART has been installed for reporting purposes. The investment of around RM5 million in these new areas is expected to contribute significantly to future results.

Other successes during the year included the commissioning of 93 new payphone units in the new wing of the 1 Utama commercial complex, and a Government contract issued to the Group by the Malaysian Communications and Multimedia Commission (MCMC) to supply telephony facilities in the rural areas in Sabah. The latter, known as the Universal Service Provision (USP) project, involved the installation of 420 payphones in 14 previously underserved areas. The USP project allowed TIME Reach to prove its strength and capability in the provision of services using its newly developed payphones working on wireless transmission and satellite backhaul.

As part of the asset rebuilding exercise, TIME Reach purchased 2,500 new multi-payment payphones in 2004. The new payphones were successfully installed in August 2004. With this new addition of multi-payment payphones, TIME Reach enjoyed the added opportunity of revenue streams from the sale of prepaid calling cards. The deployment of these new payphones

has also enabled the expansion of the smart card application from the previous coverage which was restricted to KLIA only.

Moving into 2005, the Group plans to pursue more cost-effective ways to manage the daily operations of its payphone business, and further improve its revenue streams as well as its profitability.

## NETWORK SERVICES

Network availability and performance continues to be central to TIME dotCom's business. Its primary role is to support the Group's Fixed Line, Broadband, Internet and Payphone services in delivering high quality services to the customers. In 2004, the Group concentrated on bringing its customers an expanded and exciting new range of services while it continued to improve network performance.

In the year under review, the following deployments resulted in increased reliability, enhanced coverage and improved network quality: Specifically, the commissioning of the Softswitch at the Petaling Jaya Communications Hub, which enabled the Group to offer VoIP services and other Next Generation Network services, as well as to support the USP Project in Sabah; the commissioning of 37 new sites to expand the Group's network in new areas; and the implementation of 10 Base Transceiver Station sites in Phase 1 of the launch of Webbit which covers selected areas in Petaling Jaya.

Other significant network initiatives include:

- The commissioning of the new National Ring 4, Southern Trunk, in providing abundant bandwidth for domestic and





international bandwidth demand; and the New Northern Hub established to support growing demand for existing and new IP services in the region.

- Deployment of the Group's Multiprotocol Label Switching IP backbone network in Central Region, Pulau Pinang and Johor Bahru to provide Broadband and other IP related services to customers.
- Increasing the Internet international gateways and establishing PoPs in US and Hong Kong, doubling the gateway capacity.
- Implementation of the Tip Top Resiliency Project that will provide both physical and electronic resiliency to the top 60 customers and benefit other customers using the same transmission routes, as well as provide the Group with the opportunity to secure new customers.
- Maintained network backbone availability at 99.99% and end-to-end service availability at 99.9%. Average monthly faults per 100 improved from 0.32 to 0.29.
- Re-organisation of Network Operations to provide more focus on meeting customers' expectation in both activation and assurance perspectives.

## CUSTOMER SERVICE EXCELLENCE

TIME dotCom believes that providing superior customer experience can create a sustainable competitive advantage in

this highly competitive and dynamic industry. With this in mind, the Group conducts regular customer satisfaction surveys and continues to seek out new approaches that will help it deliver supreme customer experience. 2004 proved to be an exemplary year for TIME dotCom's Customer Interaction Centre as it won three excellence awards in the Contact Centre and Customer Relationship Management of Malaysia (CCAM) annual award competition. The CCAM awards won were:

- 1st Runner Up in the Best Call Centre managing below 50 seats category
- 2 awards for Best Call Centre Agent below 50 seats category

Another key achievement in 2004 was the successful completion of the ISO 9000:2001 certification in Surveillance and Compliance Audits by the Group's Customer Service Assurance and Customer Billing Assurance departments respectively. These achievements further demonstrated the Group's commitment to providing supreme customer experience.

In its continuous efforts to provide customers with more options and greater convenience in paying their bills, customers are now able to settle their bills over-the-counter at all Public Bank branches nationwide in addition to being able to pay at all Pos Malaysia counters. As an added convenience and to improve on its internal efficiencies, TIME dotCom's bill format was redesigned to enable the consolidation of multiple services and accounts and the realignment of billing dates. And to keep abreast of the dynamism of the regulatory and competitive environment of the wholesale market, a new billing system for wholesale transactions was purchased and installed.



In order to ensure continuous improvement to its internal processes, the Group also conducted an extensive Mystery Caller Programme assisted by external specialists to improve internal processes at the customer interface front as well as extending to the back-end support functions.

The Group's customer contact centre offers 24x7 customer service capability. As the centre has the potential to expand to include the provision of services to non-TIME dotCom customers, there are now plans to offer outsourcing contact centre services so as to turn the contact centre into a profit centre in its own right.

## HARNESSING INTERNAL RESOURCES

In line with TIME dotCom's strategies, the Human Resources (HR) division was tasked with improving organisational capability and further increasing the return on investment by managing existing talent through a Talent Pool programme, as well as developing a performance-oriented culture among staff.

### Talent Pool Programme

In 2004 the HR division started a major initiative that addresses the risk that the Group may not have sufficient talent skilled enough to move into higher positions in the next few years. Known as the Talent Pool programme, its objectives are to ensure that executives with growth potential will be ready when needed to occupy senior or key positions vertically or horizontally. The programme aims to grow as well as to retain talents.

The programme is supported by an internal policy of promotions that states that if there is an available internal candidate ready, willing and able to be promoted, then that internal candidate will take precedence over any external candidate. As at the end of December 2004, the programme has identified 46 talents.

### Performance-linked Initiatives

Balanced Scorecard was first introduced in 2003 as a performance tracking mechanism for heads of company. In 2004 it was further rolled out to include the senior management team.

Essentially the Balanced Scorecard translates the corporate strategies into measurable parameters. It is also a communication tool for communicating the strategies to all employees.

In 2005, the Balanced Scorecard will be further cascaded down to divisional and departmental heads in line with the recent move initiated by the Government to promote a culture of high performance in Government-linked Corporations.

HR has taken an important initiative and refocused their resources in the effort to further strengthen the existing Performance Management System that is already in place by incorporating the corporate strategies as part of their individual Key Performance Indicators. The objective of this initiative is to:

- Ensure all staff are focused on key business priorities;
- Attract and retain outstanding professional talent by rewarding them with performance-linked compensation; and



- Measure performance objectively and ensure realignment of performance against the corporate strategies at the early stage.

## CORPORATE SOCIAL RESPONSIBILITIES

TIME dotCom recognises that being a good corporate citizen is about earning a place in the community as a trusted and valued friend. Corporate Social Responsibility (CSR) programmes are therefore an important part of the Group's planning process. In 2004, the Group continued its proactive participation in various community-related programmes.

### Community Communications Development Programme

Following the success of the Community Communications Development Programme (CCDP) in 2003, an initiative spearheaded by MCMC to provide communications access to communities with limited access through the setting up of Kedai.kom outlets, the Group's main thrust for its CSR programmes in 2004 was on further strengthening the effectiveness of these outlets.

With the aim to help the Kedai.kom operators manage their facilities better as well as promote their entrepreneurial spirit, TIME dotCom and MCMC launched an enhancement programme for operators in July 2004, providing trainings on PC assembly and maintenance, e-business as well as financial management. Following this initiative, a total of 20 enhancement programmes for the local communities were subsequently held to create

awareness and educate rural participants on the benefits of Information Communications Technology (ICT) and the Internet.

In addition, TIME dotCom, MCMC and Maxis Communications jointly organised a Kedai.kom competition which included a Website Design competition and a Cyberhunt challenge for users of the Kedai.koms. These initiatives helped reinforce the CCDP by encouraging rural users to embrace ICT in a fun and informative manner.

### Sehari Bersama Pelanggan Programme

Throughout 2004, the Group also actively participated in the Sehari Bersama Pelanggan Programme at various locations in Malaysia including Pontian and Tampin. The objective of the programme was to promote positive relations between the service providers under the Ministry of Energy, Water and Communications' purview and the consumers, especially those from rural areas.

### Tsunami Relief Fund

At the end of 2004, TIME dotCom, under the umbrella of the UEM Group, responded quickly to the 26 December 2004 Tsunami disaster that affected most countries in Asia by donating substantially to the Tsunami Relief Fund. Employees throughout the Group took the initiative further by donating cash and other in-kind contributions on an individual level from the end of 2004 to early 2005.



### Other Contributions

As in previous years, the Group continued to give its support to various charitable organisations and worthy causes. A significant milestone was achieved in August 2004 when the Customer Service Division combined innovation with business objectives to launch its Annual Customer Satisfaction Survey, promising RM5 contribution to HOSPIS Malaysia for every questionnaire received. The initiative received overwhelming response from TIME dotCom's customers and business associates and eventually contributed a total of RM6,500.

Other notable events sponsored by TIME dotCom include the Sin Chew Charity Jogathon 2004, the 3rd HOSPIS Malaysia Charity Treasure Hunt and the MERCY Malaysia Fund Raising Dinner. Contributions to the less fortunate were also made through Pusat Titian Kaseh, a non-profit Children's Home.



## company events 2004

TIME dotCom Berhad 413292-P

19 February 2004



### Prize Giving Ceremony for Internet Education Programme

To mark the successful completion of TIME dotCom's 2003 Internet Education Programme (IEP), a certificate presentation and prize-giving ceremony was held at the Hilton Hotel, Petaling Jaya. All participants were given certificates, while winners of the IEP competition walked away with prizes amounting to approximately RM3,200.

28 February & 24 July 2004



### Sehari Bersama Pelanggan

TIME dotCom participated in the Sehari Bersama Pelanggan Programme which took place in Pontian, Johor and Tampin, Negeri Sembilan. The objective of the programme was to promote positive relations between the service providers under the Ministry of Energy, Water and Communications' purview and consumers from rural areas. The Group took the opportunity to showcase TIME GOLD, TIME Kontact and TIMENet.

26 April 2004



### Workplace Health Programme 2004

TIME dotCom kick-started its Workplace Health Programme 2004 with an official launching by Tan See Yin, Managing Director of TIME dotCom at the TIME Out Café, Wisma TIME. The programme was held from April to December 2004 with the objective of educating employees on ways to lead a healthier lifestyle.

30 April 2004



### Launch of Webbit

TIME dotCom became the first Wireless Broadband Access service provider with the launch of *Webbit* at the Hilton Hotel, Petaling Jaya. YB Datuk Seri Dr. Lim Keng Yaik, Minister of Energy, Water and Communications, was the guest of honour during the launch. In addition, two signing ceremonies – one between TIME dotCom and technology partners, CommVerge Solutions (M) Sdn Bhd and Navini Networks, and the other with distributors, Mye Broadband and Compugates – were also held. The event received overwhelming interest from the public and the media.

28 - 29 February 2004



#### TIME Sports Event 2004

TIME dotCom held its first-ever sports event at the Matsushita Sports Centre, Shah Alam. Over 1000 participants from all regions of Malaysia participated in the two-day event, which was officiated by Tan See Yin, Managing Director of TIME dotCom.

24 March 2004



#### Soft Launch of TIME Convergence Centre

TIME Convergence Centre (TCC) was formally introduced to TIME dotCom's staff and customers with a soft launch involving the Group's senior management members at Wisma TIME. TCC was set up to provide a one-stop centre to comprehensively showcase TIME dotCom's products and services and provide better customer service to visitors of Wisma TIME.

6 May 2004



#### TIME dotCom Sponsors *Audition* Programme

TIME dotCom held a signing ceremony with NTV7 at Mandarin Oriental Hotel, Kuala Lumpur to mark its sponsorship of *Audition*, an eleven-week reality television talent search programme hosted by NTV7. TIMENet Central provided day-by-day webcasts of *Audition* to promote the programme as well as to increase its exposure among the audience.

12 May 2004



#### TIME dotCom's 7th Annual General Meeting

TIME dotCom held its 7th Annual General Meeting (AGM) for its shareholders at the Nikko Hotel Kuala Lumpur. A press conference, presided by the Chairman, Managing Director and Chief Financial Officer was also held after the AGM.

## company events 2004

TIME dotCom Berhad 413292-P

17 - 19 May 2004



### Participation in Infocomtech Expo & Seminar

Spearheaded by the Malaysian Communications and Multimedia Commission, TIME dotCom participated in the Infocomtech Expo & Seminar at the International Convention Centre in Brunei under the umbrella of the Malaysian Pavilion. The Group took this opportunity to engage Telekom Brunei Berhad's Chairman and senior management team to explore possible areas of cooperation.

8 June 2004



### Launching Ceremony of Kedai.kom Competition

The Malaysian Communications and Multimedia Commission, TIME dotCom and Maxis Communications jointly organised a launch ceremony at Dewan Bangunan Perak Darul Ridzuan, Ipoh to mark the beginning of the Website Design competition and the Cyberhunt challenge for users of the Kedai.koms. A Prize-Giving Ceremony was later held on 14 October 2004 to officially conclude the competition.

18 - 20 June 2004



### Science and Mathematics Education Expo

TIME dotCom participated in the Science and Mathematics Education Expo at Putra World Trade Centre, Kuala Lumpur under the TIME Engineering Berhad group banner, where the technology behind *Webbit* and details of TIME dotCom's fibre-optic trunk network were displayed.

26 June 2004



### Karnival ICT Baling-Sik, Kedah 2004

TIME dotCom participated in an Information Communications Technology (ICT) Carnival, organised by the Ministry of Energy, Water and Communications at Sekolah Menengah Kebangsaan Kuala Ketil, Baling-Sik Kedah. The Group took the opportunity to showcase its products and services during the event.

10 - 12 June 2004



#### SMIOSS Exhibition 2004

TIME dotCom took part as the Silver Sponsor for the SMI One-Stop Solution (SMIOSS) Exhibition 2004, which was held at Putra World Trade Centre, Kuala Lumpur. In line with the event's objective of providing business opportunities in the region, the Group took the opportunity to promote several of its products and services to visiting SMIs and SMEs.

16 - 18 June 2004



#### Southern Blitz Promotion

TIME dotCom conducted a roadshow in Johor Bahru to further increase awareness of its products and services as well as to increase revenue growth and expand customer base in the southern region of Malaysia. Products including TIME Broadband, TIME Tone and TIME GOLD, among others, were showcased at Plaza Pelangi, City Plaza and Menara Landmark.

12 - 14 July 2004



#### Community Communications Development Programme 2004

Working in collaboration with the Malaysian Communications and Multimedia Commission, TIME dotCom launched an enhancement training programme at Teluk Rubiah Beach and Golf Resort, Perak for the 13 Kedai.kom operators from Perak, Kedah and Perlis. A series of training programmes were also held for the respective communities of the Kedai.koms.

3 August 2004



#### Cheque Presentation to Hospis Malaysia

Following TIME dotCom's pledge to donate RM5 for every answered questionnaire during the annual Customer Satisfaction Survey to Hospis Malaysia, a cheque presentation ceremony was held to hand over the donation to Hospis Malaysia at the Hospis Malaysia Centre, Kuala Lumpur.

# company events 2004

TIME dotCom Berhad 413292-P

26 - 29 August 2004



## Invest Malaysia 2004

TIME dotCom and other public listed companies under the UEM Group took part in the Invest Malaysia 2004 Exhibition organised by Bursa Malaysia at Putra World Trade Centre, Kuala Lumpur.

1 September 2004 - 2005



## Universal Service Provision Project

TIME dotCom was awarded the Universal Service Provision (USP) Phase 1 project by the Malaysian Communications and Multimedia Commission to provide payphones and residential phones to 14 selected underserved areas in Sabah. The project commenced in September and has been successfully completed in early 2005.

11 - 12 September 2004



## TIME dotCom - COBRA 10's International Rugby Tournament

TIME dotCom was the Title Sponsor for the Combined Old Boys Rugby Association's (COBRA) 35th Invitational Rugby Tournament named *TIME-COBRA 10s*. The event took place at the Stadium MPPJ, Kelana Jaya and was webcasted live on TIMENet Central.

9 November 2004



## Cheque Presentation to Pusat Titian Kaseh

In conjunction with the Hari Raya celebration and in line with its ongoing community efforts, TIME dotCom contributed RM8,000 cash and grocery items worth RM2,000 to Pusat Titian Kaseh, a non-profit charitable children's home committed to serving the poor and needy children in our society.

1 September 2004



#### Extraordinary General Meeting

TIME dotCom held its Extraordinary General Meeting (EGM) at Kuala Lumpur Golf and Country Club. The objective of the EGM was to obtain shareholders' approval for the proposed capital repayment of RM379,616,250 on the basis of 15 sen cash for every share of RM1.00 each.

2 - 5 September 2004



#### ACM 2004

TIME dotCom showcased its latest range of Broadband services and solutions at the Asean Communications & Multimedia Expo & Forum (ACM) 2004. The exhibition was held at Mines Resort City, Kuala Lumpur and featured the latest technology, solutions and services from more than 300 companies representing 28 countries.

7 December 2004



#### Hari Raya Open House 2004

TIME dotCom organised a Hari Raya Open House for its customers and business associates at Sunway Lagoon Resort Hotel, Bandar Sunway. The event reflected the Group's appreciation to its customers and business associates. Guests who attended the event include YB Datuk Dr Jamaluddin Jarjis, Minister of Science, Technology and Innovation Malaysia.

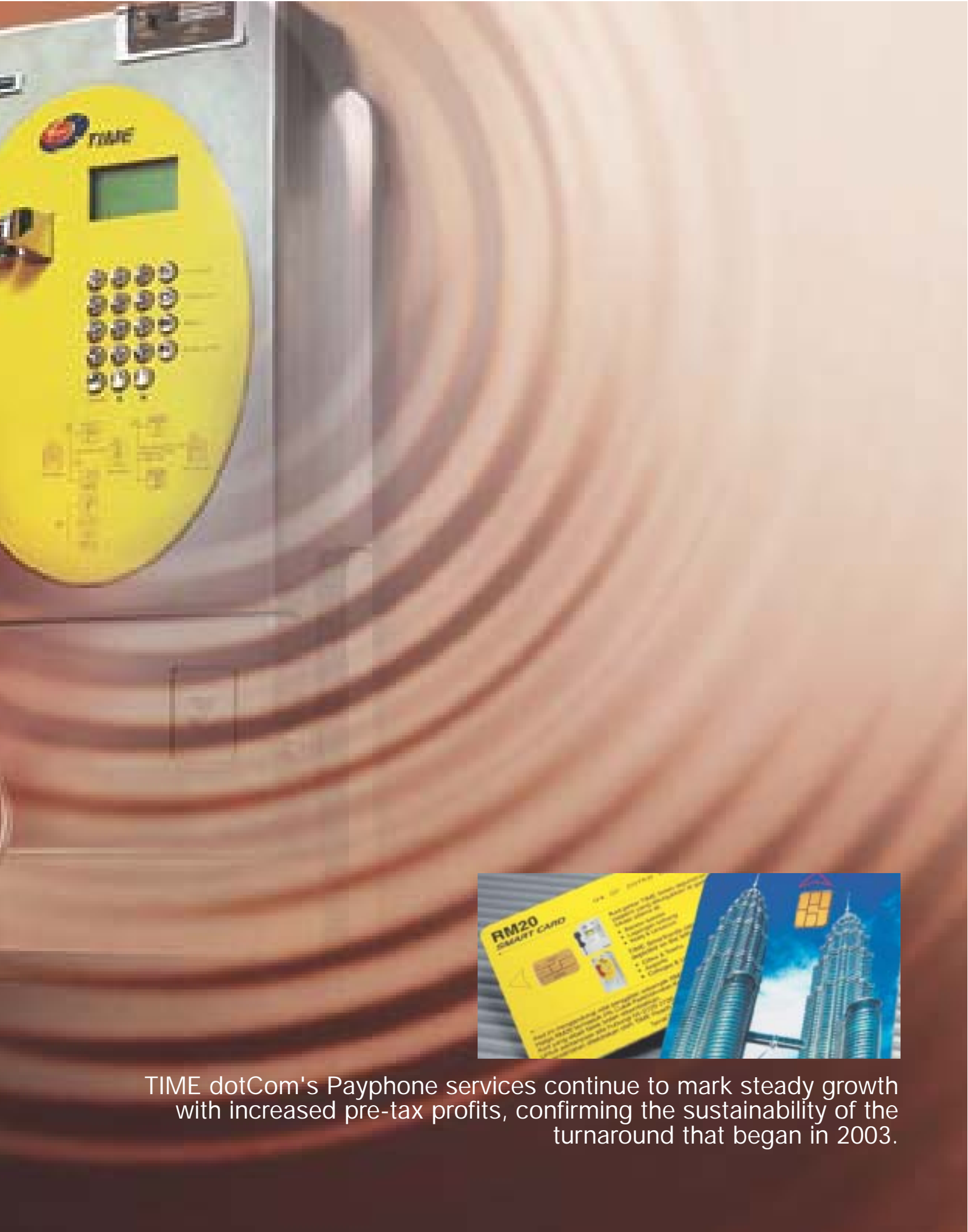
30 December 2004 - 3 January 2005



#### Tsunami Relief Fund Donation Drive

TIME dotCom's staff, under the umbrella of the UEM Group, responded quickly to the Tsunami disaster by donating cash and other in kind contributions in a group-wide exercise to help victims of the 26 December 2004 Tsunami disaster.





TIME dotCom's Payphone services continue to mark steady growth with increased pre-tax profits, confirming the sustainability of the turnaround that began in 2003.

The Board of Directors remains committed in ensuring the highest standards of corporate governance in the Group and strives to continually improve on the Group's governance process and structures as articulated in the Principles and Best Practices promulgated in the Malaysian Code of Corporate Governance (the "Code").

The Board views corporate governance as synonymous with four key concepts; namely transparency, integrity and accountability as well as corporate performance.

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 6 to 10.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters. The schedule ensures that the Governance of the Group is in its hands.

#### Meetings

During the financial year, the Board met eleven (11) times. This included special meetings which were held when urgent and important decisions need to be taken between scheduled meetings.

For all the meetings, due notice were given and the Board receives documents on matters requiring its consideration prior to and in advance of each meeting. All proceedings of the meetings are properly minuted.

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 2004 are as follows:

Directors	Board Meetings	Special Board Meetings	Total number of meetings attended
Dato' Ir. Wan Muhamad Wan Ibrahim <i>Chairman</i> Non-Independent Non-Executive Director	6/7	4/4	10/11
Tan See Yin <i>Managing Director</i>	7/7	4/4	11/11
Dato' Abdul Rahim Abu Bakar Independent Non-Executive Director	6/7	4/4	10/11
Dato' Shaik Daud Md Ismail Independent Non-Executive Director (appointed on 21-6-2004)	3/3	2/3	5/6
Dato' Othman Abdullah Non-Independent Non-Executive Director (resigned on 21-3-2005)	2/5	3/4	5/9
Azian Mohd Noh <i>Alternate Director to Dato' Othman Abdullah</i>	2/5	1/4	3/9
Elakumari Kantilal Non-Independent Non-Executive Director	7/7	4/4	11/11
Abdul Kadir Md Kassim Non-Independent Non-Executive Director	7/7	4/4	11/11
Kamaludin Abdul Kadir Independent Non-Executive Director	7/7	4/4	11/11
Amiruddin Abdul Aziz Non-Independent Non-Executive Director (appointed on 24-3-2004)	5/5	2/4	7/9
Gee Siew Yoong Independent Non-Executive Director (retired and did not seek for re-election at the AGM held on 12-5-2004)	3/3	1/1	4/4
Salmah Sharif Non-Independent Non-Executive Director (resigned on 16-2-2004)	1/1	-	1/1
Dato' Ahmad Pardas Senin Non-Independent Non-Executive Director (resigned on 16-2-2004)	0/1	-	0/1

The Board of Directors delegates certain responsibilities to the Board Committees. All committees have written terms of reference and operating procedures, and the Board receives reports of their proceedings and deliberations.

The Independent Non-Executive Directors fulfill an independent, pivotal role in corporate accountability, hence their membership within the Audit, Remuneration and Nomination Committees. The details of meetings and activities of these committees are discussed in the following paragraphs.

## Board Balance

As at the date of this statement, the Board consists of nine (9) members; comprising one (1) Non-Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, one (1) Managing Director, and four (4) Non-Independent Non-Executive Directors.

This complies with 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 composition of the Board reflects a balance of Executive and Non-Executive Directors with a mix of legal, financial, technical and business experience that is relevant and vital to the direction of the Group. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Managing Director has the principal responsibility of implementing the Board's policies and decisions, overseeing the operations and business development.

All Directors have an equal responsibility for the Group's operations and performance. However, Independent Non-Executive Directors' role is relevant in Related Party Transactions in providing objective and independent judgement to the decision making of the Board. The decisions are arrived at after taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts its business.

The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders in the Company.

## 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 expects to receive timely advice on all matters about the Group and Company.

The Board papers includes, amongst others, the following details:

- Annual business plan;
- Quarterly performance reports of the Group;
- 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 of the quality 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 level of authority delegated to the management by the Board.

The Board, whether as a full Board or its members in their individual capacity, has access to independent professional advice at the Company's expense. Every Director has also unhindered access to the advice and services of the Company Secretary. The Company Secretary can only be removed and appointed by the Board as a whole.

## Appointments to the Board

### Nomination Committee

The Nomination Committee comprises three (3) Non-Executive Directors and a total of two (2) meetings were held during the year. The details are as follows:

		No. of meetings attended
Abdul Kadir Md Kassim <i>Chairman</i>	Non-Independent Non-Executive Director	2/2
Kamaludin Abdul Kadir	Independent Non-Executive Director	2/2
Dato' Shaik Daud Md Ismail (appointed on 21-6-2004)	Independent Non-Executive Director	0/0
Gee Siew Yoong (ceased as a Committee member on 12-5-2004)	Independent Non-Executive Director	2/2

### Appointment Process

The Nomination Committee recommends to the Board suitable candidates for appointment as Directors and to fill vacant seats on committees of the Board after which the Company Secretary ensures that all appointments are properly made and all legal and regulatory compliance are met. The Nomination Committee also assesses the effectiveness of the Board and committees of the Board.

The Board, through the Nomination Committee, reviews annually its required mix of skills, expertise, attributes and core competencies of its Directors and keeps under review the Board structure, size and composition.

### Directors' Training

In the process of appointing new Directors, the Nomination Committee will ensure that there is an orientation programme for new Directors with respect to the business and management of the Group, including site visits to the business offices to facilitate their understanding of the Company.

All Directors have attended the Mandatory Accreditation Programme prescribed by the Bursa Malaysia Securities Berhad. During the year, the Directors also attended Directors Continuous Education Programme and various other seminars to keep abreast with relevant changes in laws and regulations, and the business environment.

### Directors' Re-election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the first Annual General Meeting after their appointment. The Articles also provide that 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.

**B. Directors' Remuneration****Remuneration Committee**

The remuneration framework for Non-Executive Directors was recommended by the Remuneration Committee and approved by the Board. The remuneration is structured so as to ensure that the Group attracts and retains Directors of calibre, skills and experience needed to lead and control the Group effectively.

The Remuneration Committee comprises three (3) Non-Executive Directors and a total of five (5) meetings were held during the year. The details are as follows:

		No. of meetings attended
Dato' Abdul Rahim Abu Bakar <i>Chairman</i>	Independent Non-Executive Director	5/5
Abdul Kadir Md Kassim (appointed on 24-5-2004)	Non-Independent Non-Executive Director	3/3
Kamaludin Abdul Kadir (appointed on 24-5-2004)	Independent Non-Executive Director	3/3
Azian Mohd Noh <i>Alternate Director to Dato' Othman Abdullah</i> (ceased as a Committee member on 9-6-2004)	Non-Independent Non-Executive Director	1/1
Gee Siew Yoong (ceased as a Committee member on 12-5-2004)	Independent Non-Executive Director	2/2
Salmah Sharif (ceased as a Committee member on 16-2-2004)	Non-Independent Non-Executive Director	1/1

The Committee is also responsible for recommending to the Board the policy framework on terms of employment of and on all elements of the remuneration of members of the top management of the Company. The Remuneration Committee is also charged with the responsibility to recommend the annual bonus and salary increment of the members of the top management of the Company and to review and recommend the remuneration of the Non-Executive Directors to the Board.

Directors' remuneration will be a matter to be decided by the Board as a whole, save for Directors' fees, with the Directors concerned abstaining from deliberations and voting on decisions in respect of their remuneration.

**Details of Directors' Remuneration**

The aggregate remuneration of the Directors categorised into the appropriate components is as follows:

Remuneration	Executive Director RM'000	Non-Executive Directors RM'000
Fees	-	309
Other Emoluments	635	175
Benefits in kind	44	15

The number of Directors of the Company whose total remuneration fell within the respective range are as follows:

Range of Remuneration	Executive Director	Non-Executive Directors
RM50,000 and below	-	8
RM50,001 to RM100,000	-	3
Above RM100,000	1	1

### Other Board Committees

#### *Tender Board Committee*

The Tender Board Committee which comprises Dato' Ir. Wan Muhamad Wan Ibrahim (*Chairman*), Elakumari Kantilal and Tan See Yin was established on 8 May 2001 to ensure that the procurement process complies with relevant policies and requirements. The principle functions and responsibilities of the Tender Board are to consider, evaluate, approve or recommend to the Board, transactions involving acquisition/disposal of fixed assets, trade or stock purchases 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. The Committee met six (6) times during the year.

#### *Technical Committee*

The Technical Committee which comprises Kamaludin Abdul Kadir (*Chairman*), Dato' Ir. Wan Muhamad Wan Ibrahim, Tan See Yin and other senior management was established on 14 March 2003 to evaluate and review operational or technology proposals in support of the Company's business plan and policy. The Committee reviews the technology roadmap and strategy of the Company and facilitate recommendation to be put forward to the Tender Board Committee or Board of Directors on matters relating to technology policies, technical implementation and operational matters. The Committee met eleven (11) times during the year.

## C. Shareholders

### Dialogue between the Group and Investors

The Group recognises the importance of being accountable to its investors as well as the need for transparent and effective communications. Information of the Group's business activities and financial performance is disseminated through press releases, quarterly reports, annual report and the Annual General Meeting. In addition, the Company's website at <http://www.time.com.my> provides a broad range of information to stakeholders.

The Company also has dialogues with investment analysts with the intention of giving investors a clear and complete picture of the Company's performance and position.

The Board has identified Dato' Abdul Rahim Abu Bakar, as the Senior Independent Non-Executive Director, to whom minority shareholders' concerns may be conveyed.

### The Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with all shareholders who are given sufficient opportunity to enquire about the Group's activities and prospects as well as communicate their expectations and concerns. Board members and the Group's external auditors are available to respond to shareholders' questions during the Annual General Meeting.

Each item of special business included in the Notice of Annual General Meeting will be 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 shareholders, the Board aims to present a clear and balanced assessment of the Group's position and prospects. The Statement by Directors pursuant to section 169 of the Companies Act, 1965 is set out on page 69 of the Financial Statements section of the annual report.

### **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.

### **Internal Control**

The Statement on Internal Control furnished on pages 60 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 page 57 to 59 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 page 56 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. After further review, the Board is of the view that the Company does not need to adopt a Board Charter. The Malaysian Code of Corporate Governance, Listing Requirements, Articles of Association and the DAL would serve as a guide for the Directors and management to carry out their roles and responsibilities.

The Board has agreed to disclose Directors remuneration only by bands as required by the Listing Requirements.

The following information is provided to comply with the Listing Requirements of Bursa Malaysia Securities Berhad:

## 1. Status of Utilisation of Proceeds Raised from Initial Public Offering ("IPO") Pursuant to the Prospectus Dated 22 January 2001

The status of utilisation of IPO proceeds as of 31 March 2005 are as follows:

Purpose for which proceeds were raised	Amount raised RM million	Amount utilised to-date RM million	Remaining Balance RM million
To finance its telecommunications business	498.4	475.6	22.8
To defray expenses relating to the listing exercise	60.0	48.8	11.2
<b>TOTAL</b>	<b>558.4</b>	<b>524.4</b>	<b>34.0</b>

On 24 May 2004, the Board of Directors extended the timeframe for utilisation of the Company's IPO proceeds balance from 30 June 2004 to 30 June 2005. It was the third extension of time approved by the Board since 31 December 2001.

## 2. Material Contracts Involving Directors' and Major Shareholders' Interest

Material contracts entered by the Company and/or its subsidiaries involving shareholders' interest either subsisting as at 31 December 2004 or entered since the end of the previous financial year are as follows:

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

The Agreement grants an exclusive right to TTdC to use the fibre optic telecommunications network and infrastructure installed by PLUS for an annual sum of RM10,800,000.00 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 RM4,240,000.00 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).

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

PLUS Expressways Berhad is the holding company of PLUS and an associated company of UEM World Berhad ("UEM World"). United Engineers (Malaysia) Berhad ("UEM"), a wholly-owned subsidiary of Khazanah Nasional Berhad ("Khazanah") is a major shareholder of UEM World.

Khazanah is a major shareholder of TIME dotCom Berhad.

## **b) Tenancy Agreement between STLR Sdn Bhd ("STLR") and TIME dotCom Berhad for the Rental of Wisma TIME**

The tenancy agreement was entered on 1 April 2003 for the rental of Ground floor to 10<sup>th</sup> floor, together with the rooftop and forty five (45) parking bays in the basement levels of Wisma TIME situated at No. 249, Jalan Tun Razak, 50400 Kuala Lumpur measuring approximately 157,687 sq. ft in area at a rental rate of RM2.40 per sq. ft for a tenancy period of three (3) years commencing on 1 April 2003 and ending on 31 March 2006.

STLR is a wholly-owned subsidiary of Khazanah.

## **c) Contract for Maintenance of Ancillary and Terrestrial Fault Restoration within PLUS, ELITE, LINKEDUA Right of Way between Projek Penyelenggaraan Lebuhraya Berhad ("PROPEL") and TTdC**

The contract was awarded to Propel on 2 May 2003 for routine maintenance and reactive maintenance (fault restoration) of TTdC's fibre optic cables and transmission system along the PLUS, ELITE and LINKEDUA expressways for a period of two (2) years commencing from 1 May 2003 to 30 April 2005 at a contract sum of RM1,550,004.00 per year with a further extension of one (1) year term at TTdC's discretion.

UEM World is the holding company of PROPEL and associate company of UEM. Khazanah is the holding company of UEM.

## **3. Imposition of Sanctions/Penalties**

There were no penalties imposed on the Company and its subsidiary companies for the financial year ended 31 December 2004.

## **4. Non-audit Fees**

The non-audit fees paid to external auditors for the financial year ended 31 December 2004 was RM167,733.00.

The Board of Directors is pleased to present the Report of the Audit Committee ("Committee") for the year ended 31 December 2004.

## 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 2004 are as follows:

Dato' Shaik Daud Md Ismail <i>Chairman</i> (appointed on 21-6-2004)	Independent Non-Executive Director
Dato' Abdul Rahim Abu Bakar	Independent Non-Executive Director
Elakumari Kantilal	Non Independent Non-Executive Director
Gee Siew Yoong (ceased as Audit Committee Chairman on 12-5-2004)	Independent Non-Executive Director

The profiles of the Audit Committee members are contained in "Profile of Directors" set out on pages 7 to 8.

## 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 page 57 to 59.

## Meetings

The Audit Committee convened seven (7) meetings during the financial year ended 31 December 2004. The details of attendance are as follows:

Name	Number of meetings attended
Dato' Shaik Daud Md Ismail <i>Chairman</i> (appointed on 21-6-2004)	2/2
Dato' Abdul Rahim Abu Bakar	7/7
Elakumari Kantilal	7/7
Gee Siew Yoong (ceased as Audit Committee Chairman on 12-5-2004)	5/5

The Managing Director and the Company Secretary were present by invitation at all the meetings. External auditors, representatives of the internal audit consultants Messrs KPMG, Head of Internal Audit and the Chief Financial Officer were also present during discussions that required their input and advice.

## 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 financial statements for the financial year ended 31 December 2003 and the unaudited quarterly financial results of the Group with the external auditors prior to the Board of Directors' approval and subsequent announcements.
- Pursuant to the review, re-evaluation and selection exercise of the external auditors carried out by the Committee in 2003, the Committee subsequently recommended to the Board for Messrs KPMG to be appointed as auditors of the Company for the financial year 2004. Such exercises will be carried out periodically in line with good corporate governance practices.
- Reviewed the scope of work, programmes and plans of the Group Internal Audit Division and the resources allocated to carry out its work.
- Reviewed the scope of work and audit plan of the internal audit consultants for Cycle 5 2004.
- Reviewed the internal audit reports issued, which covered the areas of human resource management, credit management, product management, revenue assurance, related party transactions and branch operations.
- Discussed with management to undertake the corrective measures to address gaps and deficiencies identified in the internal audit reports.
- Recommended to the Board improvements, opportunities in risk management, internal control and governance processes.
- Met with the external auditors once during the year without the presence of any executive Board member.
- Reviewed the Audit Committee Report and the Statement on Internal Control for 2003 before being tabled to the Board.
- 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.
- Reviewed the Group's compliance with the Listing Requirements of Bursa Malaysia, Malaysian Accounting Standards Board ("MASB") and other relevant legal and regulatory requirements.

The Audit Committee continuously engages with and monitors the services of the external auditors to ensure independence, objectivity and effectiveness of the existing auditors.

## Internal Audit Function

The Group Internal Audit Division assumed the internal audit function from the external consultants in the second quarter of 2004.

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.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on pages 60 to 61.

## 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 Non-Executive Directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or should have three (3) years working experience and passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967 or is a member of one of the Associations of Accountants specified in Part II of the 1st Schedule of the Act.

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Non-Executive Director.

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 Chief Executive Officer/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 authorised by the Board to investigate any activity within its terms of reference. It shall have:

- the authority to investigate any matter within its terms of reference;
- the resources which are required to perform its duties;
- full and unrestricted access to information;
- direct communication with the external auditor and 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:

- 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.
- To act as an independent and objective party in reviewing the financial information of the Company presented by management.
- 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
- To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- 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.
- 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 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 on internal control

TIME dotCom Berhad 413292-P

The Board of Directors 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 year pursuant to paragraph 15.27(b) of Bursa Malaysia's Listing Requirements.

## Board Responsibility

The Board acknowledges its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity in achieving the Group's corporate objectives. 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. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the corporate objectives and therefore, the internal control system can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has in place an on-going 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, and this process is reviewed by the Board and accords with the Internal Control Guidance.

On-going reviews are carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets and shareholders' interests in the Group.

## Risk Management Framework

The risk management framework has been adopted and this includes the establishment of the Risk Management Steering Committee ("RMSC") in 2002. The RMSC is currently headed by the Managing Director, and comprises the Chief Financial Officer, Chief Technology Officer, Chief Market Operations Officer and Chief Operating Officer, Payphone Operations. The office of the Chief Financial Officer, as Risk Management Coordinator, acts as the secretariat 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. Under the existing risk management framework, risks are managed on a day-to-day basis by the operating units, divisions and departments with oversight function provided by the Managing Director and the RMSC. The internal audit function and the Audit Committee provide further independent assurance.

Following the enterprise risk management exercise, risk registers were established for the Group and key risks were identified. During the financial year, an update of the enterprise risk profile was performed with the assistance of external expertise. The updated enterprise risk profile and management's action plan on significant risk factors were presented and approved by the Board. The Board was further updated on the status of the management action plan in mitigating these risk factors on a regular basis.

The Group has upgraded its risk management software, an application which assists operating units in monitoring their respective risk registers and the corresponding action plans in managing and mitigating the risk factors. The software is a web-based application which is accessible by management online, thus allowing them to review the risk profile and the status of management action plans.

In conjunction with this, designated risk coordinators were identified for the operating units and trained to support in the risk management responsibilities. Their main responsibilities are to maintain the risk registers for their operating units and follow up on action plans to manage and mitigate the risk factors. The risk coordinators meet on a quarterly basis to discuss developments pertaining to the enterprise risk and update the registers accordingly.

## Internal Audit Function

The Group Internal Audit Division assumed the internal audit function from the external consultants in the second quarter of 2004.

The internal audit function is guided by the Audit Charter and reports to the Audit Committee ("Committee"). Its primary role is to assist the Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's system of internal control.

The internal audits conducted in the financial year were in accordance with the audit plan approved by the Committee. The audits conducted by the external consultants and the Group Internal Audit Division during the year encompassed the activities in the areas of human resource management, credit management, product management, revenue assurance, related party transactions and branch operations.

The internal audit function adopts a risk-based approach to provide the Committee with independent and objective reports on the state of internal control of the Group and the extent of compliance with the established policies and procedures as well as relevant statutory requirements. In addition, implementation of management action plans which seek to mitigate weaknesses identified, is monitored on an ongoing basis to further strengthen the internal controls within the Group.

The Committee reviews the reports from internal audit and from management, before reporting and making recommendations to the Board in strengthening the risk management, internal control and governance systems. The Committee presents its findings to the Board regularly, and at least on a quarterly basis, as appropriate.

### 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, enhanced 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 comprise the following:

- The Discretionary Authority Limits Table that delineates authority limits to ensure accountability and segregation of duties. The Discretionary Authority Limits Table continues to be fine-tuned for it to be more effective and efficient in supporting the business operations.
- Audit Committee composition, comprising a majority of Independent Non-Executive Directors, was maintained throughout the financial year. The members of the Committee bring with them 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. They also met with the external auditors without any management presence.
- Revenue Assurance function was established with its key objectives being to ensure that the system of internal control is strengthened from end to end to prevent revenue leakage, ensure product profitability by monitoring product performance and strengthen collection procedures and credit policies.
- Anti-fraud and credit management functions are in place to ensure that subscriber usage patterns are continuously monitored and credit procedures are adhered to. Customer acceptance and credit management procedures have been strengthened to improve quality of debts and collections.
- 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 gauge the Group's achievement against its annual targets.
- Operational and accounting manuals are in place to guide key business processes and regularly updated for application across the Group. In addition, ISO 9001:2000 procedures are regularly monitored to ensure compliance.
- Procedures for hiring, termination, appraisal and training of employees are in place to ensure that the Group's human resource requirements are met in achieving its business objectives.
- Policies and procedures are continuously updated during the financial year and deposited in a central repository to enable all employees to gain easy access for their reference.
- Quality of Service ("QoS") processes are in place to ensure compliance with Mandatory Standards for QoS issued by the regulator. During the year, the Group achieved the QoS standards required based on an audit carried out by the regulator.
- Management meetings are held regularly to discuss strategic and operational issues to ensure that targets and objectives are met.

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Group for the year ended 31 December 2004 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system on internal controls.



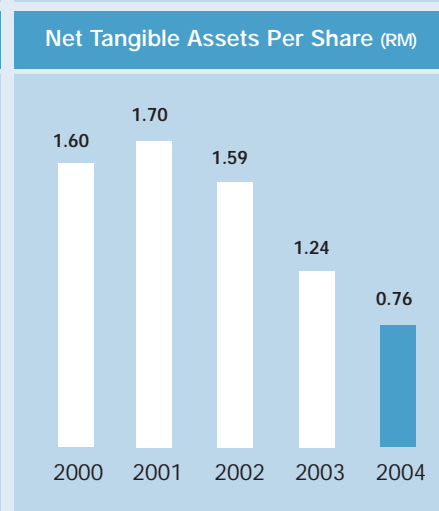
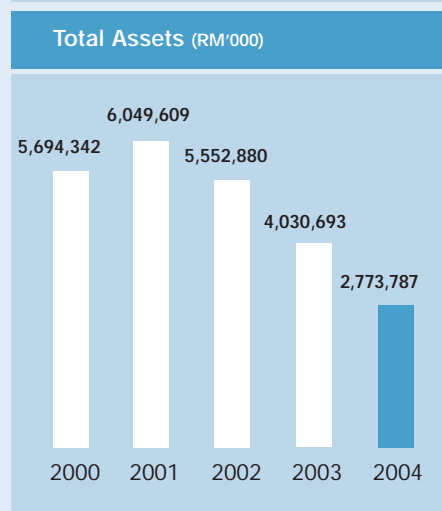
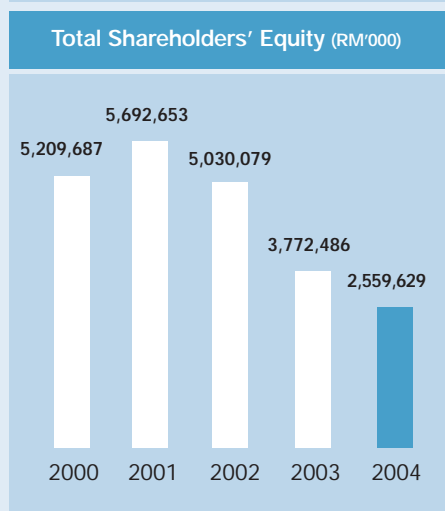
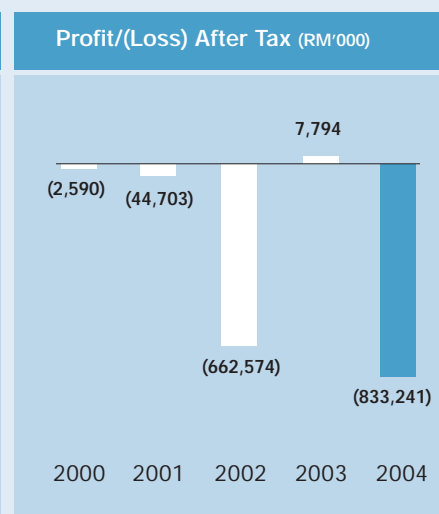
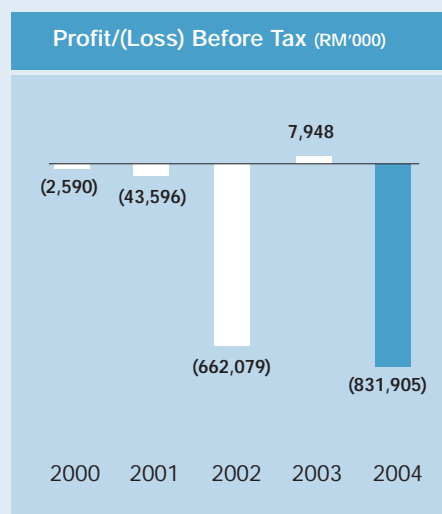
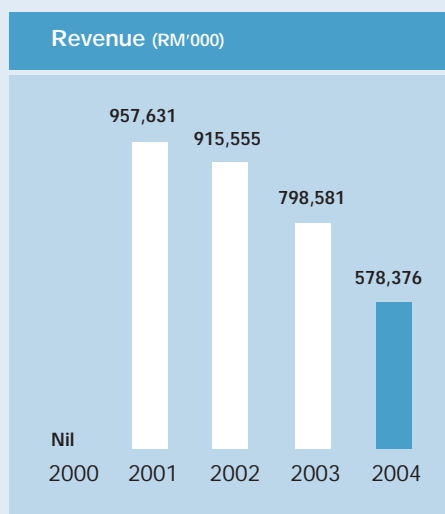


Moving forward, TIME dotCom's strategy in Indirect Access services is to remain competitive by differentiating our products on a value-added basis, leveraging the marketing expertise of our distribution channels and rolling out aggressive tactical marketing campaigns.

# group financial highlights

TIME dotCom Berhad 413292-P

In RM'000	2000	2001	2002	2003	2004
Revenue	-	957,631	915,555	798,581	<b>578,376</b>
Profit/(Loss) Before Tax	(2,590)	(43,596)	(662,079)	7,948	<b>(831,905)</b>
Profit/(Loss) After Tax	(2,590)	(44,703)	(662,574)	7,794	<b>(833,241)</b>
Total Shareholders' Equity	5,209,687	5,692,653	5,030,079	3,772,486	<b>2,559,629</b>
Total Assets	5,694,342	6,049,609	5,552,880	4,030,693	<b>2,773,787</b>
Net Tangible Assets per Share (RM)	1.60	1.70	1.59	1.24	<b>0.76</b>



# financial statements

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# directors' report

for the year ended 31 December 2004

TIME dotCom Berhad 413292-P

The Directors of TIME dotCom Berhad hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2004.

## Principal activities

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

The principal activities of the subsidiary companies are disclosed in Note 5 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
Net loss for the year	(833,241)	(6,186)

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

## Dividends

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

## Directors of the Company

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

Dato' Ir. Wan Muhamad Wan Ibrahim  
Elakumari Kantilal  
Abdul Kadir Md. Kassim  
Kamaludin Abdul Kadir  
Dato' Abdul Rahim Bin Abu Bakar  
Tan See Yin  
Dato' Shaik Daud (appointed on 21.6.2004)  
Dato' Othman Abdullah (appointed on 11.3.2004)  
Amiruddin Abdul Aziz (appointed on 24.3.2004)  
Azian Mohd Noh (appointed as alternate Director to Dato' Othman on 11.3.2004)  
Gee Siew Yoong (retired on 12.5.2004)

None of the directors holding office as at 31 December 2004 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

### **Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or corporate shareholder) 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 except as disclosed in note 24.

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 and debentures**

There were no changes in the 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 financial year.

### **Other statutory information**

Before the financial 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.

# directors' report

for the year ended 31 December 2004

TIME dotCom Berhad 413292-P

## Other statutory information (cont'd)

In the opinion of the Directors, except for the amortisation of telecommunications network as disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2004 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.

## Auditors

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

Signed in accordance with a resolution of the Directors:



**DATO' IR. WAN MUHAMAD WAN IBRAHIM**



**TAN SEE YIN**

Kuala Lumpur,  
Date: 22 February 2005

## 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 71 to 98 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2004 and the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



**DATO' IR. WAN MUHAMAD WAN IBRAHIM**



**TAN SEE YIN**

Kuala Lumpur,  
Date: 22 February 2005

## statutory declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Tan See Yin**, the Director primarily responsible for the financial management of **TIME dotCom Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 71 to 98 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on this 22 February 2005



**TAN SEE YIN**

Before me:



18th Floor, Bangunan AmBank Group  
Letter Box No: 18D,  
55, Jalan Raja Chulan,  
50200 Kuala Lumpur.

# report of the auditors

to the members of TIME dotCom Berhad

TIME dotCom Berhad 413292-P

We have audited the financial statements set out on pages 71 to 98. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit. The financial statements of the Group and the Company as at 31 December 2003, were audited by another auditor whose report dated 18 February 2004, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Company at 31 December 2004 and the results of their operations and cash flows for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.



**KPMG**  
**Firm Number: AF 0758**  
*Chartered Accountants*



**Chan Kam Chiew**  
**Approval Number: 2055/06/06(J)**  
*Partner*

Kuala Lumpur,  
Date: 22 February 2005

# balance sheets

at 31 December 2004

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	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Property, plant and equipment</b>	2	69,662	68,019	5,407	8,217
<b>Telecommunications network</b>	3	1,676,321	2,380,146	-	-
<b>Goodwill on consolidation</b>	4	626,275	626,275	-	-
<b>Investment in subsidiary companies</b>	5	-	-	3,047,729	3,342,186
		<b>2,372,258</b>	3,074,440	<b>3,053,136</b>	3,350,403
<b>Current assets</b>					
Inventories	6	11,065	20,731	-	151
Trade and other receivables	7	131,704	240,608	330,707	263,854
Cash and cash equivalents	8	258,760	694,914	104,054	533,005
		<b>401,529</b>	956,253	<b>434,761</b>	797,010
<b>Current liabilities</b>					
Trade and other payables	9	213,643	258,207	9,258	282,972
Tax liabilities		515	-	-	-
		<b>214,158</b>	258,207	<b>9,258</b>	282,972
<b>Net current assets</b>		<b>187,371</b>	698,046	<b>425,503</b>	514,038
		<b>2,559,629</b>	3,772,486	<b>3,478,639</b>	3,864,441
<b>Financed by:</b>					
<b>Capital and reserves</b>					
Share capital	10	2,530,775	2,530,775	2,530,775	2,530,775
Share premium	11	1,570,758	1,950,374	1,570,758	1,950,374
Accumulated loss		(1,541,904)	(708,663)	(622,894)	(616,708)
<b>Shareholders' equity</b>		<b>2,559,629</b>	3,772,486	<b>3,478,639</b>	3,864,441

The financial statements were approved and authorised for issue by the Board of Directors on 22 February 2005.

# income statements

for the year ended 31 December 2004

TIME dotCom Berhad 413292-P

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Revenue</b>	12	<b>578,376</b>	798,581	<b>6,139</b>	8,116
Cost of sales		<b>(1,197,260)</b>	(611,800)	-	(7)
<b>Gross (loss)/profit</b>		<b>(618,884)</b>	186,781	<b>6,139</b>	8,109
Sales and marketing expenses		<b>(64,084)</b>	(55,397)	<b>(3,982)</b>	(14,364)
Administrative expenses		<b>(148,842)</b>	(156,275)	<b>(19,942)</b>	(16,879)
Information technology expenses		<b>(19,308)</b>	(21,914)	<b>(1,539)</b>	(2,185)
Other operating income		<b>2,926</b>	2,378	<b>370</b>	63
<b>Operating loss</b>	13	<b>(848,192)</b>	(44,427)	<b>(18,954)</b>	(25,256)
Finance costs	15	<b>(1,468)</b>	(278)	-	-
Income from other investments	16	<b>17,755</b>	25,593	<b>13,255</b>	22,347
Gain on disposal of subsidiary company	5	-	27,060	-	-
Impairment loss on investment in subsidiary company	5	-	-	-	(6,870)
<b>(Loss)/profit before tax</b>		<b>(831,905)</b>	7,948	<b>(5,699)</b>	(9,779)
Income tax expense	17	<b>(1,336)</b>	(154)	<b>(487)</b>	-
<b>Net (loss)/ profit for the year</b>		<b>(833,241)</b>	7,794	<b>(6,186)</b>	(9,779)
Basic (loss)/earnings per ordinary share (sen)	18	<b>(32.9)</b>	0.3		

The notes set out on pages 77 to 98 form an integral part of, and should be read in conjunction with, these financial statements.

# statement of changes in equity

for the year ended 31 December 2004

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	Share capital RM'000	Share premium RM'000	Accumulated loss RM'000	Total RM'000
<b>Group</b>				
<b>At 1 January 2003</b>	2,530,775	3,215,761	(716,457)	5,030,079
Capital repayment	-	(1,265,387)	-	(1,265,387)
Net profit for the year	-	-	7,794	7,794
<b>At 31 December 2003</b>	2,530,775	1,950,374	(708,663)	3,772,486
Capital repayment	-	(379,616)	-	(379,616)
Net loss for the year	-	-	(833,241)	(833,241)
<b>At 31 December 2004</b>	<b>2,530,775</b>	<b>1,570,758</b>	<b>(1,541,904)</b>	<b>2,559,629</b>
	Note 10	Note 11		
<b>Company</b>				
<b>At 1 January 2003</b>	2,530,775	3,215,761	(606,929)	5,139,607
Capital repayment	-	(1,265,387)	-	(1,265,387)
Net loss for the year	-	-	(9,779)	(9,779)
<b>At 31 December 2003</b>	2,530,775	1,950,374	(616,708)	3,864,441
Capital repayment	-	(379,616)	-	(379,616)
Net loss for the year	-	-	(6,186)	(6,186)
<b>At 31 December 2004</b>	<b>2,530,775</b>	<b>1,570,758</b>	<b>(622,894)</b>	<b>3,478,639</b>
	Note 10	Note 11		

The notes set out on pages 77 to 98 form an integral part of, and should be read in conjunction with, these financial statements.

# cash flow statement

for the year ended 31 December 2004

TIME dotCom Berhad 413292-P

		Group	
	Note	2004 RM'000	2003 RM'000
<b>The Group</b>			
<b>Cash flows from operating activities</b>			
Cash receipts from customers		554,389	895,116
Cash payments to suppliers		(437,386)	(543,061)
Cash payments to employees and for administrative expenses		(85,329)	(89,097)
Cash generated from operations		31,674	262,958
Tax paid		(1,715)	(936)
<b>Net cash generated from operating activities</b>		<b>29,959</b>	<b>262,022</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and telecommunications network	(i)	(105,790)	(194,355)
Proceeds from disposal of subsidiary company	(ii)	-	1,327,578
Proceeds from disposal of property plant and equipment		709	942
Interest received		18,584	25,593
<b>Net cash (used in)/generated from investing activities</b>		<b>(86,497)</b>	<b>1,159,758</b>
<b>Cash flows from financing activities</b>			
Capital repayment		(379,616)	(1,265,387)
<b>Net cash used in financing activities</b>		<b>(379,616)</b>	<b>(1,265,387)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>			
		<b>(436,154)</b>	<b>156,393</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>694,914</b>	<b>538,521</b>
<b>Cash and cash equivalents at end of year</b>	8	<b>258,760</b>	<b>694,914</b>

The notes set out on pages 77 to 98 form an integral part of, and should be read in conjunction with, these financial statements.

		Company	
		2004	2003
	Note	RM'000	RM'000
<b>The Company</b>			
<b>Cash flows from operating activities</b>			
Cash receipts from customers		92	94
Cash payments to suppliers		(10,479)	(41,570)
Cash payments to employees and for administrative expenses		(4,916)	(4,246)
Payment received on behalf of subsidiary company		1,958	223,087
Cash received from subsidiary company		22,566	7,921
Cash advance to subsidiary company		(71,172)	(175,284)
Cash (used in)/generated from operations		(61,951)	10,002
Tax paid		(639)	(782)
<b>Net cash (used in)/generated from operating activities</b>		<b>(62,590)</b>	<b>9,220</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		-	(5,580)
Proceeds from disposal of subsidiary company	(ii)	-	1,325,000
Interest received		13,255	22,347
<b>Net cash generated from investing activities</b>		<b>13,255</b>	<b>1,341,767</b>
<b>Cash flows from financing activities</b>			
Capital repayment		(379,616)	(1,265,387)
<b>Net cash used in financing activities</b>		<b>(379,616)</b>	<b>(1,265,387)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(428,951)</b>	<b>85,600</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>533,005</b>	<b>447,405</b>
<b>Cash and cash equivalents at end of year</b>	8	<b>104,054</b>	<b>533,005</b>

The notes set out on pages 77 to 98 form an integral part of, and should be read in conjunction with, these financial statements.

# cash flow statement

for the year ended 31 December 2004

TIME dotCom Berhad 413292-P

(i) During the financial year the Group acquired property plant and equipment and telecommunications network with an aggregate cost of RM80,917,000 (2003 – RM129,022,000). During the financial year the Group paid RM105,790,000 (2003 – RM194,355,000) to suppliers of which RM24,873,000 (2003 – RM65,333,000) is in respect of payments made to suppliers for property plant and equipment and telecommunications network acquired in the previous financial years.

(ii) Analysis of disposal of subsidiary company

The fair value of assets and liabilities of the subsidiary company disposed of were as follows:

	<b>2003 RM'000</b>
Property, plant and equipment	42,490
Telecommunications network	1,241,434
Inventories	553
Trade receivables	57,096
Other receivables and prepaid expenses	156,044
Amount owing by related parties	34
Short term deposit with licensed banks	2,500
Cash on hand and at banks	(5,078)
Trade payables	(108,966)
Other payables and accrued expenses	(173,896)
Amount owing to related companies	(64,403)
Amount owing to holding companies	(219,241)
Amount owing to related parties	(513)
Tax liabilities	99
Net assets disposed of	928,153
Gain on disposal of subsidiary	27,060
Goodwill written off (Note 4)	369,787
Net value of disposal	1,325,000
Less:	
Short term deposits with licensed banks	(2,500)
Cash on hand and at banks	5,078
Cash flow on disposal, net of cash disposed of	1,327,578

## 1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and by the Company and are consistent with those adopted in previous years except for presenting the cash flow statements on a direct basis this year.

### (a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

### (b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intra group transactions and balances are eliminated on consolidation. Unrealised profit and losses resulting from intragroup transactions are also eliminated except for unrealised losses which cannot be recovered.

### (c) Property, plant and equipment

Freehold land is stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

#### *Depreciation*

Freehold land is not amortised. Leasehold land and buildings are amortised over the unexpired lives of the leases. The straight line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	2%
Improvements	20%
Office equipment, furniture and fittings	5% – 50%
Loose tools	10% – 50%
Computer systems	10% – 33⅓%
Motor vehicles	20%

## 1. Summary of significant accounting policies (cont'd)

### (d) Intangible asset

#### *Goodwill on consolidation*

Goodwill arising on consolidation represents the excess of the purchase price over the fair value of the net tangible assets of subsidiary companies. Goodwill is stated at cost. Where there is an indication of impairment in value of the goodwill, the carrying value of the goodwill is written down to its recoverable amount.

### (e) Telecommunications network

#### *Network cost*

This comprises construction costs, materials, consultancy, borrowing and other related costs incurred in connection with the construction of the telecommunications network.

The telecommunications network is constructed under the telecommunications licensed granted by the Ministry of Energy, Communications and Multimedia ("the Ministry").

In 1998, the Communications and Multimedia Act, 1998 (which repealed the Telecommunications Act, 1950) introduced a new licensing regime for the telecommunications and broadcasting industries. The following new licences were granted by the Ministry to the Group in August 2001. These new licences are not technology specific but based on activity:

	Effective date
<b>Network facilities</b>	
TT dotCom Sdn Bhd	25 July 2001 to 30 November 2014
TIME Reach Sdn Bhd	25 July 2001 to 24 July 2011
TIMESat Sdn Bhd	25 July 2001 to 24 July 2011
<b>Network services</b>	
TT dotCom Sdn Bhd	25 July 2001 to 30 November 2014
TIMESat Sdn Bhd	25 July 2001 to 24 July 2011
<b>Application services</b>	
TT dotCom Sdn Bhd	25 July 2001 to 30 November 2014
TIME Reach Sdn Bhd	25 July 2001 to 31 March 2005
TIMESat Sdn Bhd	25 July 2001 to 30 October 2006

On 11 August 2000, TIME dotNet Berhad was granted an Internet Application Service Provider Licence (class licence) for a tenure of one (1) year from 4 August 2000, which is renewable annually.

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. Pre-commissioning network cost is not amortised.

**(e) Telecommunications network** (cont'd)

During the year, the Group changed its depreciation method of its network cost/Internet Services Provision ("ISP") infrastructure to straight line method at rates based on the estimated useful lives of the various assets. The estimated useful lives and the annual depreciation rates are as follows:

Telecommunication assets	Useful lives	Annual depreciation rate
Distribution systems	10 to 25 years	4% to 10%
Communication systems	5 to 15 years	6.7% to 20%
Support System	3 to 15 years	6.7% to 33.3%

In the previous years, the Group depreciated its network/ISP infrastructure cost over the duration of the licence period/estimated useful lives of 14 years in accordance with the following formula:

$$\frac{\text{Cumulative revenue* to date}}{\text{Projected total revenue* during the licence period/estimated useful lives}} \times \text{Commissioned network/ISP infrastructure cost}$$

\* Revenue was net of discounts and interconnect charges

The change in depreciation method is accounted for as a change in accounting estimate and resulted in an additional depreciation charge of RM715 million (included in cost of sales) in the income statement for the financial year ended 31 December 2004.

**(f) Investments**

*Investment in subsidiary companies*

Investment in subsidiary companies is stated in the Company's financial statements at cost. Where there is an indication of impairment in value of the investment, the carrying value of the investment is written down to its recoverable amount.

**(g) Trade and other receivables**

Trade and other receivables are stated at cost and reduced by the appropriate allowances for estimates of possible losses which may arise from non-collection of certain receivable accounts.

**(h) Employee benefits**

*(i) Short term employee benefits*

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

*(ii) Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

## 1. Summary of significant accounting policies (cont'd)

### (i) Liabilities

Trade and other payables are stated at cost.

### (j) Inventories

Inventories are valued at the lower of cost (determined on the moving-average method) and net realisable value. The costs of spares, phone cards and trading merchandise comprise the original purchase price plus costs of bringing these stocks to location. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distributions costs and all other estimated costs to completion.

### (k) 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.

### (l) Impairment

The carrying amount of assets, other than inventories, deferred tax assets and financial assets (other than investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, 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. The reversal is recognised in the income statement.

**(m) Income tax**

Tax on the profit or loss for the year comprises current and deferred tax. Income tax 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 expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**(n) Foreign currency***Foreign currency transactions*

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

	<b>2004 RM</b>	<b>2003 RM</b>
1 USD	<b>3.80</b>	3.80
1 AUD	<b>2.96</b>	2.85

**(o) Revenue**

Revenue of the Company consists of management fees and dividends received/receivable from subsidiary companies 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. Revenue for billings is recognised when services are rendered while revenue for payphone operations is recognised on receipt basis.

# notes to the financial statements

TIME dotCom Berhad 413292-P

## 2. Property, plant and equipment

	Lands, buildings and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Total RM'000
<b>Group</b>						
<b>Cost</b>						
At 1 January 2004	52,055	39,686	9,066	61,578	13,788	176,173
Additions	2,667	6,067	2,693	6,448	1,432	19,307
Disposals	-	-	-	(8,725)	(2,010)	(10,735)
Write off	(619)	(12,633)	-	(142)	-	(13,394)
At 31 December 2004	<b>54,103</b>	<b>33,120</b>	<b>11,759</b>	<b>59,159</b>	<b>13,210</b>	<b>171,351</b>
<b>Depreciation</b>						
At 1 January 2004	18,417	36,453	7,539	32,295	13,450	108,154
Charge for the year	2,738	2,604	1,265	10,331	394	17,332
Disposals	-	-	-	(8,723)	(2,000)	(10,723)
Write off	(346)	(12,586)	-	(142)	-	(13,074)
At 31 December 2004	<b>20,809</b>	<b>26,471</b>	<b>8,804</b>	<b>33,761</b>	<b>11,844</b>	<b>101,689</b>
<b>Net book value</b>						
At 31 December 2004	<b>33,294</b>	<b>6,649</b>	<b>2,955</b>	<b>25,398</b>	<b>1,366</b>	<b>69,662</b>
At 31 December 2003	33,638	3,233	1,527	29,283	338	68,019
Depreciation charge for the year ended 31 December 2003	11,611	2,581	794	9,120	382	24,488

	Improvements RM'000	Office equipment, furniture and fittings RM'000	Computer systems RM'000	Motor vehicles RM'000	Total RM'000
<b>Company</b>					
<b>Cost</b>					
At 1 January 2004	3,640	1,764	8,424	267	14,095
Write off	(619)	-	(142)	-	(761)
At 31 December 2004	<b>3,021</b>	<b>1,764</b>	<b>8,282</b>	<b>267</b>	<b>13,334</b>
<b>Depreciation</b>					
At 1 January 2004	1,901	1,165	2,581	231	5,878
Charge for the year	604	287	1,633	12	2,536
Write off	(346)	-	(141)	-	(487)
At 31 December 2004	<b>2,159</b>	<b>1,452</b>	<b>4,073</b>	<b>243</b>	<b>7,927</b>
<b>Net book value</b>					
At 31 December 2004	<b>862</b>	<b>312</b>	<b>4,209</b>	<b>24</b>	<b>5,407</b>
At 31 December 2003	1,739	599	5,843	36	8,217
Depreciation charge for the year ended 31 December 2003	728	288	1,634	12	2,662

Land, buildings and improvements comprise the following:

	Cost RM'000	Accumulated depreciation RM'000	Net book value 2004 RM'000	2003 RM'000
<b>Group</b>				
Freehold land	11,154	-	<b>11,154</b>	11,154
Land under long lease	90	-	<b>90</b>	64
Land under short lease	7,508	3,397	<b>4,111</b>	4,443
Buildings	7,707	1,764	<b>5,943</b>	6,125
Buildings and improvements	27,644	15,648	<b>11,996</b>	11,852
	<b>54,103</b>	<b>20,809</b>	<b>33,294</b>	<b>33,638</b>

# notes to the financial statements

TIME dotCom Berhad 413292-P

## 2. Property, plant and equipment (cont'd)

The unexpired lease period of leasehold land and buildings of the Group is as follows:

	<b>Group Net book value</b>	
	<b>2004 RM'000</b>	<b>2003 RM'000</b>
Land under long lease – 81 to 85 years	<b>90</b>	64
Land under short lease – 11 to 15 years	<b>4,111</b>	4,443
	<b>4,201</b>	4,507

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use, with cost amounting to RM35,723,000 (2003 – RM75,672,000).

## 3. Telecommunications network

	<b>Domestics and international RM'000</b>	<b>Mobile RM'000</b>	<b>Payphone RM'000</b>	<b>ISP infrastructure RM'000</b>	<b>Total RM'000</b>
<b>Group</b>					
<b>Cost</b>					
At 1 January 2004	2,474,000	-	300,463	53,157	2,827,620
Additions	47,828	-	9,367	4,415	61,610
Write off	-	-	(49,070)	(43)	(49,113)
At 31 December 2004	<b>2,521,828</b>	-	<b>260,760</b>	<b>57,529</b>	<b>2,840,117</b>
<b>Depreciation</b>					
At 1 January 2004	180,721	-	258,012	2,141	440,874
Charge for the year	724,430	-	15,567	24,193	764,190
Write off	-	-	(47,867)	(1)	(47,868)
At 31 December 2004	<b>905,151</b>	-	<b>225,712</b>	<b>26,333</b>	<b>1,157,196</b>
<b>Accumulated impairment loss</b>					
At 1 January 2004/ 31 December 2004	<b>6,600</b>	-	-	-	<b>6,600</b>
<b>Net book value</b>					
At 31 December 2004	<b>1,610,077</b>	-	<b>35,048</b>	<b>31,196</b>	<b>1,676,321</b>
At 31 December 2003	2,286,679	-	42,451	51,016	2,380,146
Amortisation charge for the year ended 31 December 2003	34,286	2,472	21,776	1,108	59,642

	<b>Domestics and international RM'000</b>	<b>Payphone RM'000</b>	<b>ISP infrastructure RM'000</b>	<b>Total 2004 RM'000</b>	<b>Total 2003 RM'000</b>
Network cost:					
Commissioned network	2,445,102	260,760	57,529	<b>2,763,391</b>	2,645,693
Network in progress	76,726	-	-	<b>76,726</b>	181,927
	2,521,828	260,760	57,529	<b>2,840,117</b>	2,827,620
Less: Impairment loss	(6,600)	-	-	<b>(6,600)</b>	(6,600)
Less: Cumulative amortisation	(905,151)	(225,712)	(26,333)	<b>(1,157,196)</b>	(440,874)
At end of year	1,610,077	35,048	31,196	<b>1,676,321</b>	2,380,146

During the financial year under review, the Group changed the depreciation method of its network cost/ISP infrastructure to the straight line method and the effects are disclosed in Note 1(e) to the financial statements.

#### 4. Goodwill on consolidation

	<b>Group</b>	
	<b>2004 RM'000</b>	<b>2003 RM'000</b>
At beginning of year	<b>626,275</b>	996,062
Less: Disposal of subsidiary company	-	(369,787)
At end of year	<b>626,275</b>	626,275

#### 5. Investments in subsidiary companies

	<b>Company</b>	
	<b>2004 RM'000</b>	<b>2003 RM'000</b>
Unquoted shares, at cost	<b>3,934,700</b>	3,934,700
Capital reduction of subsidiary	<b>(294,457)</b>	-
	<b>3,640,243</b>	3,934,700
Less: Impairment loss		
At beginning of year	<b>(592,514)</b>	(585,644)
Charge for the year	-	(6,870)
At end of year	<b>(592,514)</b>	(592,514)
	<b>3,047,729</b>	3,342,186

# notes to the financial statements

TIME dotCom Berhad 413292-P

## 5. Investments in subsidiary companies (cont'd)

Details of the subsidiary companies, which are all incorporated in Malaysia, are as follows:

Direct	Percentage of Group's effective ownership		Principal Activities
	2004 %	2003 %	
TT dotCom Sdn. Bhd.	100	100	Provision of voice, data, video and image communication services through its established domestic and international network.
TIME Reach Sdn. Bhd.	100	100	Operation and maintenance of payphone services.
TIMESat Sdn. Bhd.	100	100	Provision of telecommunication facilities and services using satellite and microwave. The company is currently dormant.
TIME dotNet Berhad	100	100	Provision and marketing of internet services to customers. This includes the provision of access to the world wide web, the organisation and aggregation of content, provision of virtual private network, on-line call center, internet telephony, on-line services, on-net advertising and virtual data storage and provision of application services.

### Disposal of subsidiary company

During the financial year 2003, the Group disposed of its 100% equity interest, comprising 1,293,884,000 ordinary shares of RM1 each in a wholly-owned subsidiary company, TIMECel Sdn Bhd ("TIMECel"), for a cash consideration of up to RM1,475,000,000 comprising RM1,325,000,000 for the TIMECel shares and up to RM150,000,000 for the repayment of inter-company loans. The disposal resulted in a gain to the Group of RM27,060,000.

## 6. Inventories

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>At cost:</b>				
Spares	13,065	20,661	-	-
Trading merchandise	151	151	151	151
Phone cards	82	497	-	-
	13,298	21,309	151	151
Less: Allowance for obsolescence	(2,233)	(578)	(151)	-
Net	11,065	20,731	-	151

## 7. Trade and other receivables

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Trade receivables	150,746	215,437	41	57
Less: Allowance for doubtful receivables	(85,399)	(41,513)	-	-
	65,347	173,924	41	57
Due from subsidiary companies	-	-	328,076	260,158
Due from related parties	-	4,008	-	289
Other receivables	61,894	58,277	-	-
Prepayments	2,361	2,764	804	1,715
Tax recoverable	2,102	1,635	1,786	1,635
	131,704	240,608	330,707	263,854

The amounts due from subsidiary companies are interest free, have no fixed repayment terms and arose mainly from intercompany advances and expenses paid on behalf.

Related parties are TIME Engineering Berhad ("TEB") (a corporate shareholder of the Company) and its subsidiaries and associated companies, and companies that are related to the Company's corporate shareholder, Khazanah Nasional Berhad.

Due from related parties comprises:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Due from TEB	-	427	-	240
Due from other related parties	-	3,581	-	49
	-	4,008	-	289

The amounts due from related parties, which have no fixed repayment terms, arose mainly from trade transactions and payments made on behalf.

# notes to the financial statements

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## 8. Cash and cash equivalents

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Short term deposits with licensed banks	246,269	685,453	103,224	532,823
Cash and bank balances	12,491	9,461	830	182
	<b>258,760</b>	<b>694,914</b>	<b>104,054</b>	<b>533,005</b>

## 9. Trade and other payables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	100,992	139,166	405	269
Other payables	13,207	36,045	2,909	4,996
Accrued expenses	74,067	61,626	5,855	5,816
Deposit payables	10,458	-	-	-
Due to subsidiary company	-	-	-	271,891
Due to related parties	14,919	21,370	89	-
	<b>213,643</b>	<b>258,207</b>	<b>9,258</b>	<b>282,972</b>

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 2003).

The amount due to subsidiary company is non-trade related, interest free and has no fixed repayment terms.

The amounts due to related parties are trade and non-trade in nature, interest free and have no fixed repayment terms.

## 10. Share capital

	Group and Company	
	2004 RM'000	2003 RM'000
<b>Authorised:</b>		
Ordinary shares of RM1.00 each	5,000,000	5,000,000
<b>Issued and fully paid up:</b>		
Ordinary shares of RM1.00 each	2,530,775	2,530,775

## 11. Share premium (non-distributable)

	Group and Company	
	2004	2003
	RM'000	RM'000
At beginning of year	1,950,374	3,215,761
Capital repayment of which:		
Capital repayment on the basis of RM0.50 for every existing ordinary shares held pursuant to the disposal of TIMECel	-	(1,265,387)
Capital repayment on the basis of RM0.15 for every existing ordinary shares held	(379,616)	-
	<b>1,570,758</b>	<b>1,950,374</b>

## 12. Revenue

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Fixed line	341,431	440,804	-	-
Mobile	-	120,675	-	-
Payphone	218,131	217,074	-	-
Internet services	18,658	19,934	-	-
Management fee receivable from subsidiary companies	-	-	6,047	8,022
Others	156	94	92	94
	<b>578,376</b>	<b>798,581</b>	<b>6,139</b>	<b>8,116</b>

# notes to the financial statements

TIME dotCom Berhad 413292-P

## 13. Loss from operations

		Group	Company		
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>After charging:</b>					
Interconnect charges		318,312	379,074	-	-
Staff costs		95,561	82,166	11,491	9,593
Amortisation of					
telecommunications network	3	764,190	59,642	-	-
Telecommunications maintenance charges		35,671	37,881	-	-
Depreciation of property, plant					
and equipment	2	17,332	24,488	2,536	2,662
Payphone line rental		13,784	18,323	-	-
Network and leased line charges		11,231	12,533	-	-
Fee for wayleave and right of use pertaining					
to telecommunications facilities		13,297	12,502	-	-
Rental of:					
Premises		7,957	8,849	1,330	991
Equipment		913	900	49	93
Motor vehicles		91	171	91	165
Allowance for doubtful receivables					
Trade receivables		43,930	5,168	-	-
Other receivables		20	149	-	-
Telecommunications network written off		1,245	2,384	-	-
Allowance for inventory obsolescence		1,655	474	151	-
Directors' remuneration		243	816	231	803
Audit fees		112	132	32	28
Property, plant and equipment written off		320	124	274	-
<b>And crediting:</b>					
Impairment loss no longer required					
Telecommunications network		-	1,731	-	-
Property, plant and equipment		-	1,900	-	-
Gain on disposal of property, plant					
and equipment		697	933	-	-
Net realised gain on foreign exchange		290	102	-	-
Rental income		125	99	69	39

**14. Employee information**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Salaries and other employee benefits	<b>86,290</b>	73,250	<b>10,502</b>	9,176
EPF contribution	<b>9,271</b>	8,916	<b>989</b>	417
	<b>95,561</b>	82,166	<b>11,491</b>	9,593

The total number of employees of the Group and Company (including Directors) at the end of the year were 1,900 and 101 (2003 – 1,883 and 35).

**15. Finance costs**

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest on:		
Due to related parties (Note 24)	-	169
Others	<b>1,468</b>	109
	<b>1,468</b>	278

**16. Income from other investments**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income from short-term deposits	<b>17,755</b>	25,593	<b>13,255</b>	22,347

**17. Income tax expense**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current tax expense	<b>1,336</b>	154	<b>487</b>	-

# notes to the financial statements

TIME dotCom Berhad 413292-P

## 17. Income tax expense (cont'd)

The provision for current tax payable made in the Group in 2004 is in respect of interest income of certain subsidiary companies received during the financial year.

In 2003 provision for current tax payable was made on interest and rental income of certain subsidiary companies received during the financial year as there were no current year business losses available to offset against the interest and rental income earned.

Reconciliation of effective income tax expense:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
(Loss)/Profit before tax	(831,905)	7,948	(5,699)	(9,779)
Tax at statutory tax rate of 28%	(232,933)	2,225	(1,596)	(2,738)
Tax effect of expenses not deductible for tax purposes	1,308	4,642	854	2,679
Utilisation of deferred tax assets not previously recognised	-	(6,772)	-	-
Deferred tax assets not recognised	232,961	59	1,229	59
Tax expense	1,336	154	487	-

No deferred tax has been recognised for the following items:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Temporary differences in respect of excess of tax capital allowances over book depreciation	(1,273,744)	(1,733,167)	(4,052)	(4,007)
Unabsorbed capital allowances	2,206,526	1,936,464	11,168	8,882
Unutilised tax losses	537,469	524,296	63,674	61,675
Deductible temporary differences	127,558	38,211	151	-
	1,597,809	765,804	70,941	66,550
Current tax rate	28%	28%	28%	28%
Net potential deferred tax asset	447,386	214,425	19,863	18,634

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 in certain subsidiaries because of the recent history of losses incurred.

## 18. (Loss)/Earnings per share

The basic loss per ordinary share in 2004 is calculated by dividing the Group's net loss of RM833,241,000 by the number of ordinary shares in issue during the year of 2,530,775,000.

The basic earnings per ordinary share in 2003 is calculated by dividing the Group's net profit of RM7,794,000 by the number of ordinary shares in issue during the year of 2,530,775,000.

## 19. Directors' remuneration

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Executive directors:				
The Company				
Emoluments	667	351	667	351
Non-executive directors:				
The Company				
Fees	285	291	285	291
Other emoluments	133	161	133	161
Subsidiary companies				
Fees	12	13	-	-
	<b>1,097</b>	<b>816</b>	<b>1,085</b>	<b>803</b>

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 RM59,034 (RM43,852 in 2003) and RM59,034 (RM43,852 in 2003), respectively.

Included in directors' remuneration are amounts totaling RM69,049 (RM110,000 in 2003) payable to a related party for services rendered by two (two in 2003) non-executive directors of the Company (Note 24).

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
5,000 to 25,000	-	1
25,001 to 50,000	-	4
50,001 to 100,000	-	4
100,001 to 300,000	-	-
300,001 to 500,000	-	-
500,001 to 700,000	1	-

## 20. 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 business. The Group's overall risk management programme seeks to minimise potential adverse effects of these risks on the financial performance of the Group. 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 performed on all customers requiring credit over a certain amount. In respect of its trade customers, the Company requires deposits as collateral. For other financial assets, the Company does not require collateral.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Company is represented by the carrying amount of each financial asset.

### *Liquidity risk*

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

### *Interest rate risk*

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

### *Foreign currency risk*

The Group has 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. The principal closing rates used in translation of foreign currency amounts are disclosed in Note 1. All foreign exchange gains and losses are taken up in the income statement. Exposure to foreign currency risk is monitored on an ongoing basis and when considered necessary, the Group will consider using effective financial instruments to hedge its foreign currency risk.

### *Effective interest rates and repricing analysis*

In respect of interest earning financial assets, the effective interest rate at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	More than 1 year RM'000
<b>2004</b>				
<b>Financial assets</b>				
Short term deposits	2.45 – 2.75	246,269	246,269	-
<b>2003</b>				
<b>Financial assets</b>				
Short term deposits	2.61 – 2.80	685,453	685,453	-
<b>Fair value</b>				

The carrying amount of financial assets and liabilities approximate fair value due to the relatively short term nature of these instruments.

## 21. Capital commitments

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
<b>Authorised but not contracted for:</b>				
Purchase and construction of telecommunications infrastructure	49,713	44,391	-	-
<b>Contracted but not provided for in the financial statements:</b>				
Purchase and construction of telecommunications infrastructure	120,611	18,113	-	-

## 22. Other commitments

	Future Minimum Lease Payments	
	2004	2003
	RM'000	RM'000
Non cancellable commitments for rental of office premises, data transmission, lease of computer equipment and computer network setting up		
Payable within 1 year	22,329	22,513
Payable within 2 – 3 years	42,197	44,253
Payable after 3 years	198,511	215,593
	<b>263,037</b>	<b>282,359</b>

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.

## 23. Segment information

As the Group is principally involved in the telecommunications industry within Malaysia, segment information has not been presented.

## 24. Related party transactions

The related parties and their relationship with the Company are as follows:

Name of related parties	Relationship
TIME Engineering Berhad ("TEB")	A corporate shareholder of the Company
Khazanah Nasional Berhad ("Khazanah")	A corporate shareholder of the Company
United Engineers (Malaysia) Berhad ("UEM")	A subsidiary company of Khazanah
Telekom Malaysia Berhad	An associated company of Khazanah
STLR Sdn Bhd	A subsidiary company of Khazanah
Projek Lebuhraya Utara-Selatan Berhad	A subsidiary company of Khazanah
Projek Penyelenggaraan Lebuhraya Berhad	A subsidiary company of Khazanah
Messrs Kadir Andri & Partners	A firm of which the Director is a member.

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>With related parties</b>				
<b>Name of company</b>				
TIME Engineering Berhad				
- Rental expense	-	1,928	-	152
- Purchase of fixed assets	-	5,400	-	-
- Maintenance fee income	276	-	276	-
Khazanah Nasional Berhad				
- Director's remuneration	46	110	46	110
Telekom Malaysia Berhad				
- Interconnect charges	134,060	129,403	-	-
- Interconnect revenue	29,643	31,750	-	-
- Leased line cost	4,463	6,622	-	-
- Universal service obligation payment	-	14,129	-	-
- Interest expense on late payment	-	169	-	-
STLR Sdn. Bhd.				
- Rental expense	4,541	3,469	867	651
Projek Lebuhraya Utara-Selatan Berhad				
- Fee for wayleave and right of use of telecommunications facilities	13,127	12,934	-	-
Projek Penyelenggaraan Lebuhraya Berhad				
- Network maintenance	156	1,690	-	-
Messrs Kadir Andri & Partners				
- Professional fees	110	-	110	-

**With subsidiary companies**

Name of Company	Nature	Company	
		2004 RM'000	2003 RM'000
TT dotCom Sdn. Bhd.	Management fee income	3,707	4,517
TIME Reach Sdn. Bhd.	Management fee income	2,156	2,066
TIME dotNet Berhad	Management fee income	184	233

The directors of 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.

**25. Comparative figures**

The following comparatives have been restated to conform with the current year's presentation.

	As at 31.12.2003 RM'000	Reclassifications RM'000	As restated 31.12.2003 RM'000
<i>Income statement</i>			
<b>Group</b>			
Administrative expenses	(75,694)	(80,581)	(156,275)
Other operating expenses	(80,581)	80,581	-
<b>Company</b>			
Administrative expenses	(14,338)	(2,541)	(16,879)
Other operating expenses	(2,541)	2,541	-
<i>Balance sheet</i>			
<i>Property, plant and equipment</i>			
<b>Group</b>			
Office equipment and computers –			
At 1 January 2004:			
Cost	37,197	2,489	39,686
Accumulated depreciation	(34,015)	(2,438)	(36,453)
Net book value	3,182	51	3,233
<i>Inventories</i>			
<b>Group</b>			
Inventories	15,613	5,118	20,731

# notes to the financial statements

TIME dotCom Berhad 413292-P

## 25. Comparative figures (cont'd)

	As at 31.12.2003 RM'000	Reclassifications RM'000	As restated 31.12.2003 RM'000
<i>Telecommunications network</i>			
<b>Group</b>			
Payphones, casings and booths –			
At 1 January 2004:			
Cost	308,070	(7,607)	300,463
Accumulated depreciation	(260,450)	2,438	(258,012)
Net book value	47,620	(5,169)	42,451
<i>Cash flow statement</i>			
<b>Group</b>			
Cash flows from financing activities			
Interest paid			
As at 31 December 2003:	(278)	278	-*
Cash flows from investing activities			
Purchase of property, plant and equipment and telecommunications network			
As at 31 December 2003:	129,022	65,333	194,355

\* The interest paid is in respect of late payment interest payable to suppliers, which is disclosed in the cash flow statement under cash payments to suppliers.

The comparative figures in the cash flow statement have also been restated as a result of the reclassifications made.

# stockholding analysis

as at 31 March 2005

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**Authorised Share Capital: RM5,000,000,000.00**

**Issued and paid-up Capital: RM2,530,775,000.00**

Size of holdings	No. of shareholders	Total holdings	%
Less than 100 shares	83	1,653	negligible
100 to 1,000 shares	9230	9,047,033	0.36
1,001 to 10,000 shares	8,353	34,334,794	1.36
10,001 to 100,000 shares	1,251	35,708,548	1.41
100,001 to less than 5% of issued shares	133	285,622,086	11.29
5% and above of issued shares	5	2,166,060,886	85.59
<b>Total</b>	<b>19,055</b>	<b>2,530,775,000</b>	<b>100.00</b>

## THIRTY (30) LARGEST SHAREHOLDERS as at 31 March 2005

Names	No. of shares	%
1. Khazanah Nasional Berhad	760,209,826	30.04
2. Maju Nominees (Tempatan) Sdn Bhd – pledged securities accounts for TIME Engineering Berhad	522,000,000	20.63
3. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd – TIME Engineering Berhad	389,081,361	15.37
4. Kumpulan Wang Amanah Pencen	273,863,540	10.82
5. TIME Engineering Berhad	220,906,159	8.73
6. Employees Provident Fund Board	81,999,184	3.24
7. Danaharta Urus Sdn Bhd	45,509,966	1.80
8. Danaharta Managers Sdn Bhd	27,567,177	1.09
9. AM Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	21,564,400	0.85
10. Indera Permai Sdn Bhd	21,001,600	0.83
11. Lembaga Tabung Angkatan Tentera	15,000,000	0.59
12. PB Securities Nominees (Tempatan) Sdn Bhd – pledged Securities Account for Indera Permai Sdn Bhd	9,970,500	0.39
13. Citicorp Nominees (Asing) Sdn Bhd – CBNY for DFA Emerging Markets Fund	8,323,000	0.33
14. Cimsec Nominees (Tempatan) Sdn Bhd – CIMB for Indera Permai Sdn Bhd	5,000,000	0.20
15. AM Nominees (Tempatan) Sdn Bhd – Pertubuhan Keselamatan Sosial	4,798,100	0.19
16. Rameli Bin Musa	2,491,000	0.10
17. HSBC Nominees (Tempatan) Sdn Bhd – HSBC (M) Trustee Bhd for OSK-UOB Kidsave Trust	1,945,600	0.08
18. HSBC Nominees (Tempatan) Sdn Bhd – HSBC (M) Trustee Bhd for OSK-UOB Equity Trust	1,888,600	0.07
19. HSBC Nominees (Tempatan) Sdn Bhd – HSBC (M) Trustee Berhad for Accumulative Growth	1,623,700	0.07

# stockholding analysis

as at 31 March 2005

TIME dotCom Berhad 413292-P

## THIRTY (30) LARGEST SHAREHOLDERS as at 31 March 2005 (cont'd)

Names	No. of shares	%
20. Citicorp Nominees (Asing) Sdn Bhd – CBNY for DFA Emerging Markets Series	1,550,000	0.06
21. HSBC Nominees (Tempatan) Sdn Bhd – HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	1,250,000	0.05
22. RHB Merchant Nominees (Tempatan) Sdn Bhd – RHB Sakura Merchant Bankers Berhad	1,223,336	0.05
23. HSBC Nominees (Asing) Sdn Bhd – AXA Global Investment Company ICVC	1,040,800	0.04
24. Citicorp Nominees (Asing) Sdn Bhd – CBNY for DFA Emerging Markets Small Cap Series	1,001,500	0.04
25. Southern Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for UCIS Sdn Bhd	1,000,000	0.04
26. Amanah Raya Berhad – Amittikal	984,000	0.04
27. Rohas-Euco Industries Berhad	932,000	0.04
28. Universal Trustee (Malaysia) Berhad – pledged securities accounts for TIME Engineering Berhad	816,228	0.32
29. HSBC Nominees (Asing) Sdn Bhd – Abu Dhabi Investment Authority	786,400	0.03
30. Cartaban Nominees (Asing) Sdn Bhd – SSBT Fund SW71 for California Public Employees Retirement System	705,100	0.28
<b>Total</b>	<b>2,426,033,377</b>	<b>96.41</b>

## SUBSTANTIAL SHAREHOLDERS as of 31 March 2005

Shareholder	Direct interest	Percentage (%)	Deemed interest	Percentage (%)
TIME Engineering Berhad	1,131,987,520 (a)	44.73	–	44.73
Khazanah Nasional Berhad	760,209,826	30	1,131,987,520 (b)	44.73
United Engineers (Malaysia) Berhad	–	–	1,131,987,520 (c)	44.73
Kumpulan Wang Amanah Pencen	274,327,540	10.84	–	–

(a) 522,000,000 and 389,081,361 shares are held by Maju Nominee (Tempatan) Sdn Bhd and Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd.

(b) Deemed interest through United Engineers (Malaysia) Berhad.

(c) Deemed interest through TIME Engineering Berhad.

## STATEMENT ON DIRECTORS' INTERESTS IN SHARES

The following Directors are deemed to have an interest in the shares of the Company by virtue of them being the representatives of the major shareholders (with at least 15% equity interest) on the Board of TIME dotCom Berhad:

(a) Dato' Ir Wan Muhamad Wan Ibrahim and Elakumari Kantilal are Khazanah Nasional Berhad's representatives.

(b) Abdul Kadir Md Kassim, Tan See Yin and Amiruddin Abdul Aziz are TIME Engineering Berhad's representatives.

# list of properties

as at 31st December 2004

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Location	Area (sq metres)	Approx. age (years)	Tenure	Description of properties	Net book value (RM'000)
<b>TT dotCom Sdn Bhd</b>					
Lot No. 43 & 54, HICOM Glenmarie Industrial Park, Subang Selangor Darul Ehsan	8,995	8	Freehold	Land and building	17,186
Lot 6359, HSM 448 Mukim 1 Daerah Seberang Prai Tengah Pulau Pinang	5,885	-	Freehold	Land	2,520
Lot PTD 3930, HS (D) 6137 Mukim Tebrau, Daerah Johor Bahru Jalan Riang 23, Taman Gembira Industrial Park, Johor Bahru Johor Darul Takzim	10,940	7	Freehold	Land and building	4,946
102M, Lengkok Kampung Jawa 2 MIEL Bayan Lepas Industrial Estate Pulau Pinang	881	21	Leasehold (60 years from 1981 to 2041)	Land and a single storey building and cabin	761
Lot 142-A, Semambu Industrial Estate, Kuantan, Pahang Darul Makmur	10,117	19	Leasehold (66 years from 1980 to 2046)	Land and a single storey building and cabin	1,619
Kampung Sungai Bedaun, Daerah Labuan, Wilayah Persekutuan Labuan	32,375	-	Leasehold (99 years from 1984 to 2082)	Land	2,270
No. 1, Jalan Kilang 3, Jelapang Light Industrial Estate, Ipoh, Perak Darul Ridzuan	2,162	-	Leasehold (60 years from 1976 to 2036)	Land	190
Lot 37, Kg. Sungai Bedaun Settlement Scheme, Daerah Labuan, Wilayah Persekutuan Labuan	12,141	-	Leasehold (99 years from 1984 to 2082)	Land	43
Lot No. 469, Mukim Batu Burok, Kuala Terengganu, Terengganu Darul Iman	809	-	Leasehold (99 years from 1975 to 2074)	Land	206
Lot 26, Jalan 225, Petaling Jaya, Selangor Darul Ehsan	4,577	29	Leasehold (99 years from 1973 to 2072)	Land and a single storey building	5,362
Lot PTD 1474, HS (D) 3432, Mukim Jemaluang, Daerah Mersing, Johor Darul Takzim	1,237	-	Leasehold (60 years from 2001 to 2061)	Land	41

# list of properties

as at 31st December 2004

TIME dotCom Berhad 413292-P

Location	Area (sq metres)	Approx. Age (years)	Tenure	Description of properties	Net book value (RM'000)
<b>TIME Reach Sdn Bhd</b>					
No. 31 & 32, Komplek Sukan Lebuhraya Sultan Abdul Halim 05400 Alor Setar, Kedah Darul Aman	260	10	Leasehold (99 years from 1986 to 2085)	Land and 2 lots double storey shophouse	274
6765, Jalan Kampung Gajah 12200 Butterworth Pulau Pinang	156	9	Freehold	Land and a 3 storey shop/office	373
No. 125, Medan Kikik Satu Taman Inderawasih 13600 Seberang Prai, Pulau Pinang	120	11	Freehold	Land and a 3 storey shop/office	282
133G & 135, Jalan Dato' Lau Pak Khuan 31400 Ipoh Garden Ipoh, Perak Darul Ridzuan	260	11	Freehold	Land and 2 lots double storey shophouse	380
No. 21, Taman Bukit Hijau Jalan Temoh, 35000 Tapah Perak Darul Ridzuan	149	8	Leasehold (99 years from 1979 to 2078)	Land and a single storey shop office building	70
No. 6, Jalan Simpang Kg Bengali, 34000 Taiping Perak Darul Ridzuan	130	11	Leasehold (60 years from 1988 to 2048)	Land and a double storey flatted industry building	125
No. 80, Jalan Langat 1 Taman Seri Langat, Jalan Reko 43000 Kajang, Selangor Darul Ehsan	149	12	Freehold	Land and a 3 storey shophouse	147
No. 54 & 56, Jalan Sentosa Taman Chi Liung Off Jalan Kim Chuan, Pandamaran 42000 Port Klang Selangor Darul Ehsan	279	9	Freehold	Land and 2 lots double storey shop/office	291
No. 8-1, Jalan 4/4C Desa Melawati, 53100 Ulu Klang Selangor Darul Ehsan	164	8	Freehold	Land and a 3 storey shophouse	383
No. 6 & 8, Jalan Liku 8/B Seksyen 8, Shah Alam Selangor Darul Ehsan	307	9	Leasehold (99 years from 1998 to 2097)	Land and 2 lots double storey shophouse	368
No. 5, Lorong 6B/91 Taman Shamelin Perkasa 56000 Kuala Lumpur	164	11	Leasehold (99 years from 1983 to 2082)	Land and a 4 storey shop/office	383

Location	Area (sq metres)	Approx. age (years)	Tenure	Description of properties	Net book value (RM'000)
Lot No. 11, Jalan SS 6/12 Kelana Jaya, 47301 Petaling Jaya Selangor Darul Ehsan	186	13	Freehold	Land and a 4 storey terrace shophouse	349
No. 363, Taman Bukit Emas Jalan Tampin, 70450 Seremban Negeri Sembilan Darul Khusus	164	8	Freehold	Land and a 3 storey shophouse	296
324A & B, Jalan Melaka Raya 1 Taman Melaka Raya 75000 Melaka	167	17	Leasehold (99 years from 1983 to 2082)	Land and a 3 storey shophouse	190
No. 64 & 66, Jalan Wong Ah Jang 25100 Kuantan Pahang Darul Makmur	297	10	Freehold	Land and 2 lots 3 storey shophouse	447
No. 6-01-02, Jalan Molek 1/9 Taman Molek, 81100 Johor Bahru Johor Darul Takzim	236	9	Freehold	Land and a 3 storey shophouse	273
No. 33 & 35, Jalan Suasa 1 Taman Sri Skudai, 81300 Johor Bahru Johor Darul Takzim	327	11	Freehold	Land and 2 lots double storey shophouse	271
No. 53, 53A & 53B Jalan Perang Taman Pelangi, 80400 Johor Bahru Johor Darul Takzim	178	9	Freehold	Land and a 3 storey shophouse	335
No. 13, Jalan Timah Hitam 83000 Batu Pahat Johor Darul Takzim	137	12	Leasehold (99 years from 1988 to 2087)	Land and a 3 storey shophouse	174
No. 1-25, Kawasan Perindustrian Batu 1, Tanjung Agas, 84000 Muar Johor Darul Takzim	143	15	Leasehold (99 years from 1981 to 2080)	Land and a double storey shophouse	85
Block BC, Lot 12, Unit 6 Lorong Ikan Juara 3 Sadong Raya, Karamunsing 88100 Kota Kinabalu Sabah	107	9	Leasehold (999 years from 1902 to 2901)	Land and a 4 storey shophouse	538

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Tel: +60 3 5032 6000  
Fax: +60 3 5032 6004

### Northern Region

Suite 12.01A, Menara PSCI  
No. 39 Jalan Sultan Ahmad Shah  
10050 Pulau Pinang  
Tel: +60 4 370 0000  
Fax: +60 4 370 0001

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

No. 133G & 135  
Jalan Dato Lau Pak Khuan  
Ipoh Garden  
31400 Ipoh  
Perak  
Tel: +60 5 236 0000  
Fax: +60 5 236 5000

### Southern Region

4th Floor, Matang Holdings  
No 83B, Jalan Langkasuka  
Kawasan Perindustrian Larkin  
80350 Johor Bahru  
Johor  
Tel: +60 7 277 1234 (Operations)  
Fax: +60 7 277 1200  
Tel: +60 7 277 1288 (Sales)  
Fax: +60 7 277 1277

A-10, Bacang Permai  
Jalan Tun Fatimah  
75350 Melaka  
Tel: +60 6 228 3000  
Fax: +60 6 228 3001

### Eastern Region

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

### East Malaysia

Lot 3085, Ground Floor  
Wisma Ng Aik Oh  
Jalan Rock  
93200 Kuching  
Sarawak  
Tel: +60 82 427 992  
Fax: +60 82 237 306

Lot 5, 2nd Floor  
Lazenda Shop Office Phase 3  
Jalan OKK Abdullah  
87008 Labuan  
Wilayah Persekutuan Labuan  
Tel: +60 87 439 000  
Fax: +60 87 439 007

**TIME Reach Headquarters (11683-W)**  
**Level 6, Menara Maxisegar**  
**Jalan Pandan Indah 4/2**  
**Pandan Indah**  
**55100 Kuala Lumpur**  
**Tel: +60 3 4295 8888**  
**Fax: +60 3 2720 3626**

**TIME dotNet Berhad (507273-T)**  
**Level 10, Wisma TIME**  
**249 Jalan Tun Razak**  
**50400 Kuala Lumpur**  
**Tel: +60 3 2720 8000**  
**Fax: +60 3 2720 4466**  
**ISP Web Portal: [www.time.net.my](http://www.time.net.my)**

#### **TIME Reach Regional Offices**

##### **Central Region 1 (Wilayah)**

Level 6, Menara Maxisegar  
 Jalan Pandan Indah 4/2  
 Pandan Indah  
 55100 Kuala Lumpur  
 Tel: +60 3 4295 8888  
 Fax: +60 3 2720 3622

##### **Southern Region**

No. 6, 6-01, 6-02  
 Jalan Molek 1/9  
 Taman Molek  
 88100 Johor Bahru  
 Johor Darul Takzim  
 Tel: +60 7 355 6199  
 Fax: +60 7 355 4424

##### **Central Region 2 (Selangor)**

Lot 26, Jalan 225  
 Seksyen 51A  
 46100 Petaling Jaya  
 Selangor Darul Ehsan  
 Tel: +60 3 7688 7100  
 Fax: +60 3 7625 6773

##### **Eastern Region**

No. 64 & 66, Jalan Dato' Wong Ah Jang  
 25100 Kuantan  
 Pahang Darul Makmur  
 Tel: +60 9 514 4300  
 Fax: +60 9 513 2491

##### **Northern Region**

No. 125, Medan Kikik Satu  
 Taman Inderawasih  
 13600 Prai, Seberang Perai  
 Pulau Pinang  
 Tel: +60 4 399 9211  
 Fax: +60 4 399 1211

##### **East Malaysia**

Block BC, Lot 6  
 Lorong Ikan Juara 3  
 Sadong Jaya, Karamunsing  
 88100 Kota Kinabalu  
 Sabah  
 Tel: +60 88 240 240  
 Fax: +60 88 248 100



# form of proxy

TIME dotCom Berhad

413292-P

No. of shares	CDS Account No.
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I/We, \_\_\_\_\_  
(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 Eighth Annual General Meeting of the Company to be held at Banquet Hall, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 31 May 2005 at 10.30 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
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Ordinary Resolution 10		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

\_\_\_\_\_  
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 notarial 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, 50774 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  
50774 Kuala Lumpur  
Malaysia

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