



cover rationale

New perspectives, new opportunities.

The cover reflects our aspiration to explore new opportunities for growth. Just as an inquisitive child explores and notices little details, we continuously strive to understand our customers’ everchanging needs and exceed their expectations. Further affirmation of TIME dotCom’s resolute focus to deliver the best customer experience possible and create long-term value as the preferred communications solutions provider in Malaysia.

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TIME dotCom Berhad

We offer a complete and comprehensive range of services to both the domestic and international markets, from voice and data communications to broadband, Internet, global managed services, payphones and various multimedia solutions designed with you in mind.



corporate structure

TIME dotCom Berhad

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

100%

TT dotCom Sdn Bhd

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

100%

TIME dotNet Berhad

Provision and marketing of
Internet services

100%

TIME Reach Sdn Bhd

Provision of
public payphone services

100%

TIMESat Sdn Bhd

Provision of telecommunication facilities and
services using satellite and microwave

corporate information

Board of Directors

YBhg. Dato' Wan Muhamad Wan Ibrahim
(Chairman)

Mr Tan See Yin
(Managing Director)

YBhg. Dato' Abdul Rahim Abu Bakar

Puan Elakumari Kantilal

Encik Abdul Kadir Md Kassim

Ms Gee Siew Yoong

Encik Kamaludin Abdul Kadir

Encik Othman Abdullah

Encik Amiruddin Abdul Aziz

Puan Azian Mohd Noh
(Alternate Director to Encik Othman Abdullah)

Audit Committee

Ms Gee Siew Yoong
(Chairman)

Puan Elakumari Kantilal

YBhg. Dato' Abdul Rahim Abu Bakar

Remuneration Committee

YBhg. Dato' Abdul Rahim Abu Bakar
(Chairman)

Ms Gee Siew Yoong

Encik Othman Abdullah

Nomination Committee

Encik Abdul Kadir Md Kassim
(Chairman)

Ms Gee Siew Yoong

Encik Kamaludin Abdul Kadir

Company Secretaries

Puan Misni Aryani Muhamad (LS 02123)

Ms Goh Wei Khwan (MAICSA 7027743)

Registered Office

Level 1, Wisma TIME
249 Jalan Tun Razak
50400 Kuala Lumpur
Tel: (603) 2720 8000
Fax: (603) 2720 3743

Share Registrar

Mega Corporate Services Sdn Bhd
Level 11-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: (603) 2692 4271
Fax: (603) 2732 5399

Auditors

Messrs Deloitte KassimChan
Level 19, Uptown 1
1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan

Principal Banker

Bumiputra-Commerce Bank Berhad

Stock Exchange Listing

Main Board of the
Malaysia Securities Exchange Berhad





As network expansion is a primary driver for growth in the fixed line business, the Group continues to invest in the planning and design of new networks and rollout of new products.

profile of the board of directors



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

YBhg. Dato' Ir. Wan Muhamad Wan Ibrahim, a Malaysian aged 63, was appointed as Director of TIME dotCom 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.

YBhg. Dato' Wan Muhamad is the Chairman of the Tender Board and Technical Committee.

He has no securities holdings in the Company and its subsidiaries, family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company. He has not been convicted of any offences in the past 10 years.



Mr Tan See Yin Managing Director

Mr Tan See Yin, a Malaysian aged 47, was appointed the Managing Director of TIME dotCom 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, a company that provides corporate and administrative support services. He joined Remedi Pharmaceuticals (M) Sdn Bhd as Chief Operating Officer in 1994 and became its Managing Director in 1996. He was the Managing Director of Pharmaniaga Berhad from September 1999 until March 2003.

He has no securities holdings in the Company and its subsidiaries, family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company. He has not been convicted of any offences in the past 10 years.

profile of the board of directors

YBhg. Dato' Abdul Rahim Abu Bakar Non-Executive Independent Director

YBhg. Dato' Abdul Rahim Abu Bakar, a Malaysian aged 58, was appointed as Director of TIME dotCom on 1 April 2003. He graduated from the Brighton College of Technology, United Kingdom with B.Sc (Hons) 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 (P.Eng) and Chartered Engineer UK (C.Eng). He also holds the Electrical Engineer Certificate of Competency Grade 1.

YBhg. 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 was with Pernas 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 and later from 1991 to 1995, he moved on to MMC Engineering Services Sdn Bhd and subsequently 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 later in 1999, moved on to Petronas, Petrochemical Business as its Vice President. He retired from Petronas on 31 August 2002.

YBhg. Dato' Abdul Rahim currently sits on the Board of Westport Holdings Berhad and Bank Pembangunan & Infrastruktur Berhad.

He has no securities holdings in the Company and its subsidiaries, family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company. He has not been convicted of any offences in the past 10 years.



Puan Elakumari Kantilal Non-Executive Director

Puan Elakumari Kantilal, a Malaysian aged 47, was appointed as Director of TIME dotCom 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 with the Ministry of Finance from 1986 to 1994. She joined Khazanah Nasional Berhad in 1994 and is currently the General Manager.

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 its subsidiaries, family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company. She has not been convicted of any offences in the past 10 years.



profile of the board of directors



Encik Abdul Kadir Md Kassim Non-Executive Director

Encik Abdul Kadir Md Kassim, a Malaysian aged 63, was appointed as Director of TIME dotCom 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 a partner of Messrs Kadir, Andri Aidham & Partners and also a Committee Member of Labuan International Financial Exchange Inc., Malaysian Exchange of Securities Dealing & Automated Quotation Berhad, and a member of the Board of Governors of Yayasan Bursa Saham Kuala Lumpur.

Encik Kadir is the Chairman of the Nomination Committee. He is also a Director of Kuala Lumpur Stock Exchange Berhad, Malaysia Securities Exchange Berhad, Suria Capital Holdings Berhad, Ho Hup Construction Company Berhad, United Engineers (Malaysia) Berhad and UEM World Berhad.

He has no securities holdings in the Company and its subsidiaries, family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company. He has not been convicted of any offences in the past 10 years.



Ms Gee Siew Yoong Non-Executive Independent Director

Ms Gee Siew Yoong, a Malaysian aged 55, was appointed as Director of TIME dotCom on 22 October 2001. She is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. She started her career with Price Waterhouse in 1969 and joined Selangor Pewter as Group Financial Controller from 1981 to 1985. She was seconded to USA in 1983 and 1984 and appointed as Director and Chief Executive Officer of Seneca Crystal Inc. (a company undergoing re-organisation under Chapter XI of the US Bankruptcy Code). She later became Personal Assistant to the Executive Chairman of Lipkland Group. From 1987 to 1991, she was appointed by Bank Negara Malaysia as the Executive Director and Chief Executive of Supreme Finance (M) Berhad for the reorganisation and rescue of the Finance company. She then served Land & General Berhad from 1993 to 1997 as Group Divisional Chief, Management Development Services before joining Multi-Purpose Capital Holdings Berhad from 1997 to 1999 where she worked as a Director of Multi-Purpose Bank Berhad, Multi-Purpose Insurance Berhad and Multi-Purpose Trustee Berhad as a nominee of the holding company.

Ms Gee is the Chairman of Audit Committee and a member of the Remuneration Committee and Nomination Committee. She is also a Director of Crest Petroleum Berhad.

She has no securities holdings in the Company and its subsidiaries, family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company. She has not been convicted of any offences in the past 10 years.

profile of the board of directors

Encik Kamaludin Abdul Kadir Non-Executive Independent Director

Encik Kamaludin Abdul Kadir, a Malaysian aged 61, was appointed as Director of TIME dotCom 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 a member of the Nomination Committee, Tender Board and Technical Committee.

He has no securities holdings in the Company and its subsidiaries, family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company. He has not been convicted of any offences in the past 10 years.



Encik Othman Abdullah Non-Executive Director

Encik Othman Abdullah, a Malaysian aged 55, was appointed as Director of TIME dotCom on 11 March 2004. He is a graduate of Universiti Malaya with Bachelor of Economics and Advanced Diploma in Accounting and is a member of the Malaysian Institute of Accountants. Encik Othman began his career as an accountant in 1977 and he was a Senior Accountant in the Accountant General's Department between 1982 and 1984. He was later appointed as the Deputy General Manager (Finance) of Sabah Electricity Board in 1987.

Before assuming his current position as the Accountant General of Malaysia, he was the Director of Central Operation and Agency Services Division, Director of Branch Accounting Management Division and Deputy Accountant General (Operation) in the Accountant General's Department.

Encik Othman currently sits on the Board of Bank Muamalat Berhad, Yayasan Bursa Saham Kuala Lumpur and Rashid Hussain Berhad Bank.

He has no securities holdings in the Company and its subsidiaries, family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company. He has not been convicted of any offences in the past 10 years.



profile of the board of directors



Encik Amiruddin Abdul Aziz Non-Executive Director

Encik Amiruddin Abdul Aziz, a Malaysian aged 45, was appointed as Director of TIME dotCom on 24 March 2004. He holds a Bachelor of Business Administration from Ohio University, USA. He has been with the UEM-Renong Group since 1988 in various senior positions. He began his career with the UEM-Renong Group in PLUS as the Head of the Treasury Department. Prior to his appointment as the Chief Financial Officer of PUTRA from January 1997 to January 1999, he was the General Manager, Group Corporate Affairs in HBN Management Sdn Bhd (now known as UEM Group Management Sdn Bhd). From February 1999 to August 2000, he was the Chief Operating Officer of EPE Power Corporation Berhad. On August 2000, he was transferred to Renong Berhad (now known as UEM Land Sdn Bhd) as Chief Operating Officer, a position he held before he was appointed as the Chief Operating Officer of TIME Engineering Berhad on 18 November 2001.

Encik Amiruddin is currently the Managing Director of TIME Engineering Berhad. He also sits on the Board of EPE Power Corporation Berhad and several other non-public listed companies in the UEM Group.

He has no securities holdings in the Company and its subsidiaries, family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company. He has not been convicted of any offences in the past 10 years.



Puan Azian Mohd Noh Non-Executive Director (Alternate Director to Encik Othman Abdullah)

Puan Azian Mohd Noh, a Malaysian aged 51, was appointed as Director of TIME dotCom on 11 March 2004. She is a graduate of Universiti Malaya with Bachelor of Economics and Advanced Diploma in Accounting and Masters 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 at 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 sits on the Board of Rashid Hussain Berhad (as alternate director), Valuecap Sdn Bhd and Amanah Raya Berhad. She is also the Investment Committee member of Valuecap Sdn Bhd and Amanah Raya Berhad.

She has no securities holdings in the Company and its subsidiaries, family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company. She has not been convicted of any offences in the past 10 years.



From left to right:

Mohamed Fauzi Hj Omar

Tan See Yin

Eric Cheng Dek

Che Halin Mohd Hashim

senior management team



From left to right:

Wan Ahmad Kamal

Wan Ahmad Marzuki

Misni Aryani Muhamad

Tang Tat Chun

Che Razani Che Abas

Karimah Tan Abdullah

Wan Roslan Wan Abbas

profile of senior management team

Tan See Yin

(Refer Profile of the Board of Directors on page 6 of the Annual Report)

Mohamed Fauzi Hj Omar

Aged 46, is the Senior Vice President at TIME dotCom Group and Chief Operating Officer of TT dotCom Sdn Bhd, responsible for the entire domestic fixed-line and Internet businesses. Prior to TT dotCom Sdn Bhd, he was the Director of the Mobile Business unit, TIMECel Sdn Bhd. 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 Dip. In Science from UPM. He joined TIME dotCom Group in February 2002. He has more than 16 years experience in the telecommunications industry. Previously, he has held the positions of 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

Aged 48, is the Senior Vice President at TIME dotCom Group and Chief Operating Officer of TIME Reach Sdn Bhd, responsible for the payphone business as well as regulatory matters for TIME dotCom Group. 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 Group in 1997. He has more than 23 years of experience in the banking, insurance and telecommunications industries.

Wan Roslan Wan Abbas

Aged 41, is the Vice President of Group Human Resources & Administration. He holds a Bachelor of Science in Finance from California State University, Fresno, USA and an MBA in Finance from Golden Gate University, San Francisco, USA. He has been with UEM Group since 1996 and has served in several other subsidiaries before joining TIME dotCom in October 2002. He has more than 14 years of working experience in the Human Resources and Administration areas from various industries, including property management, oil & gas, banking and telecommunications.

Wan Ahmad Kamal Wan Ahmad Marzuki

Aged 42, is the Vice President of Network Technology Planning & Development. He holds a Bachelor of Science (Hons) in Communications Engineering from the University of Kent at Canterbury, UK. He joined TIME dotCom Group 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 19 years of experience in the ICT industry.

profile of senior management team

Karimah Tan Abdullah

Aged 45, is the 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 Group in 2000. She has 19 years of experience in marketing communications and broadcasting.

Che Razani Che Abas

Aged 41, is the Vice President of Group Procurement & Material Management. He holds a Bachelor of Science from La Trobe University Melbourne, Australia. He joined TIME dotCom Group in October 2002. Prior to this, he was attached to a multinational petrochemical company specialising in the field of supply chain management.

Eric Cheng Dek

Aged 47, is the Senior Vice President of Finance & Corporate Services. He joined TIME dotCom Group 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.

Tang Tat Chun

Aged 38, is the Vice President of Internal Audit. He joined TIME dotCom Group 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

Aged 42, is the Vice President, Legal & Company Secretary. She joined the TIME dotCom Group 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 practised 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.

subsidiaries' management team



TT dotCom Sdn Bhd

From left to right: (seated)

Mek Yam Jusoh (Wholesale & International)

Mohamed Fauzi Hj Omar (Chief Operating Officer)

Lawrence Cheah Sow Kien (Customer Services)

From left to right: (standing)

Amerizal Ganivaldi Djafar (Enterprise & Consumer)

Karan Henrik Ponnudurai (Product Management, Access)

Hishanudin Mohd Hashim (Marketing Services)

Mohd Zamri Salleh (Network Services)

Zulkepli Hj Hamid (Information Technology)

Abdul Razak Abdul Rahman (Finance)

Tan Eng Suan (Product Management, ISP)



TIME dotNet Berhad

From left to right:

Wan Suhaimi Wan Abdullah (ISP Technology)

Abdul Razak Abdul Rahman (Finance)

Mohamed Fauzi Hj Omar (Senior Vice President)

Beatrice Pang Lian Heong (Content Services)

Tan Eng Suan (Vice President)



TIME Reach Sdn Bhd

From left to right: (seated)

Khairilanwar Abd Hamid (Network & Operations Support Services)

Irene Lu Lee Sin (Revenue Management Services)

Che Halin Mohd Hashim (Chief Operating Officer)

Sha'ari Abu Bakar (Engineering & Spares Management Services)

From left to right: (standing)

Zulkifli Mohd (Human Resources & Administration Services)

Haron Hamim @ Sahnarn (Regional Manager – Central 2)

Fong Teck Kiong (Regional Manager – East Malaysia)

Ya'akub Zainal Abidin (Regional Manager – Eastern)

Kamarulzaman Abdul Karim (Regional Manager – Central 1)

Balasubramaniam Selvaratnam (Finance Services)

Roslen Yusoff (Regional Manager – Northern)

Ahmad Pakhri Ahmad Maher (Regional Manager – Southern)



All that we have set out to do is
to achieve one penultimate objective:
that of ensuring growing returns
and enhancing shareholder value.
The Group is on the right track and
our maiden profit is testimony that
we are in a business where there are
still opportunities for profitable growth.

chairman's statement

chairman's statement

Dear Shareholders,

After registering losses for the past several years, the year 2003 marked the start of a turnaround phase for TIME dotCom Berhad (Group). The year under review saw the Group recording a profit before tax of RM7.9 million, on the back of a total revenue of RM799 million. The Group's maiden profit, though modest, is nonetheless significant as it was achieved earlier than expected.

After the disposal of TIMECel Sdn Bhd (TIMECel) the Group focused its attention and energies on the fixed line and payphone businesses. Several key initiatives, both on the corporate and operational fronts, were taken during the year to reduce operating expenses, to improve the processes and in certain cases, to change the systems and processes for greater effectiveness and efficiency.

At the corporate level, the Group made extensive efforts and succeeded in securing the Wireless Broadband Access spectrum. Operationally, efforts made to reduce interconnect and payphone line rental rates have been fruitful.

On behalf of the Board of Directors, I hereby present this Annual Report and Audited Financial Statements of TIME dotCom Berhad for the financial year ended 31 December 2003.

Financial Performance

For the current financial year ended 31 December 2003, the Group's revenue declined by 12.8% from RM916 million in the corresponding period in 2002 to RM799 million mainly due to exclusion of revenue contributed by TIMECel from May 2003 onwards following its disposal to Maxis Communications Berhad (Maxis). However, if TIMECel's contribution to revenue were excluded from the 2002 and 2003 financial results, the revenue of the Group (from fixed line and payphone businesses only) would have improved by 17.7% from RM576 million to RM678 million. The improvement was due mainly to higher revenue from international interconnect and data services.

Although the revenue achieved for the year has decreased, the Group recorded a profit before tax of RM7.9 million compared with a loss before tax of RM662 million in the preceding year.

The profitability was due to lower operating expenses and the gain on disposal of TIMECel of RM27 million. The lower operating expenses were mainly due to costs incurred in 2002 for impairment of goodwill of RM387 million in respect of the Company's interest in TIMECel and payment of a voluntary separation scheme of RM20 million. The lower write off of obsolete assets and inventory of RM52 million and lower provision of doubtful debt of

chairman's statement

RM102 million also contributed to the lower operating expenses. Both the fixed line and payphone businesses have turned around from losses to profit before tax of RM10 million and RM1 million respectively.

The Group's turnaround to profitability was made possible through various initiatives undertaken group-wide to enhance revenue through improvements in operational efficiency and reduction in operating costs. The implementation of the Voluntary Separation Scheme in 2002 has reduced total employment costs.

For the year under review, the Group's fixed line business remained the major revenue contributor to the bottom-line, accounting for RM461 million or 58% of net revenue. The payphone business performed creditably in 2003, contributing RM217 million to Group revenue in spite of the lesser number of payphones.

The quality of the balance sheet demonstrates that the Group remains a financially stable entity, with sufficient cash flow to fund its future expansion programmes. The proceeds from the sale of TIMECel has further strengthened our balance sheet, with liquid funds of RM695 million as at 31 December 2003.

Dividends

The Board of Directors does not recommend any payment of dividends for the financial year ended 31 December 2003.

Corporate Developments

As reported last year, the Board made a strategic decision in 2002 to exit from the mobile business with the sale of TIMECel to Maxis. Accordingly, on 18 September 2002, the Group entered into a conditional sale and purchase agreement with Maxis for the disposal of TIMECel. The sale of TIMECel and the capital repayment exercises were duly completed on 7 May and 21 July 2003 respectively, effectively closing the chapter on the Group's mobile operations.

Regulatory Matters

Under a new regulatory regime enforced by the Malaysian Communications and Multimedia Commission (MCMC), the Government is committed to liberalising the Malaysian telecommunications industry, the objective being to promote innovation through increased competition. Accordingly, on 14 August 2003, the MCMC issued a Determination on Mandatory Standard on Access (MSA) to facilitate an orderly transition from a monopolistic to a competitive environment.



chairman's statement

The new Determination presents both a challenge and an unprecedented opportunity. Provisions in the MSA include hand-over principles and also spell out the obligations of a service provider to open access to some specified facilities and services. For the Group, it presented an opportunity to review its interconnect arrangements with other service providers, including the incumbent. The Group was able to take advantage of the far-end hand-over principles to terminate calls at lower interconnect prices. These regulatory changes have resulted in an improvement in TIME dotCom's interconnect settlement for international inbound calls to other licensed operators' networks.

In June 2003, the MCMC also issued a new Determination on the Mandatory Standards for Quality of Service aimed at enhancing the quality of service offered to customers by telecommunication service providers. The Determination lists specific areas where service providers have to meet the minimum requirements. Both TT dotCom Sdn Bhd and TIME dotNet Berhad have fully complied with the Standards.

Operational Highlights

One of the most exciting progress made on the operational front was the series of developments bringing the Group a step further in its quest to be a major player in the broadband sector.

Among the new initiatives, the Group has been developing its Next Generation Network (NGN) evolution roadmap, the objective being to evolve the current network into a full NGN Internet Protocol (IP)-based broadband network. The advantage of NGN is the ability to provide bigger bandwidth at lower costs.

In line with its mission to establish a significant presence in the Malaysian broadband market space, the Group continued to make inroads into the wired access market. An expansion exercise covering an additional 620 buildings in the Klang Valley, Penang and Johor Bahru was successfully completed in 2003. The hefty increase in subscriber base from the previous year helped boost group revenue from broadband services. The Group has plans to move forward aggressively to capture the relatively untapped customer base, positioning itself as the 'Preferred Broadband Specialist'.



chairman's statement

During the year, the Group was awarded by MCMC the licence to operate Wireless Broadband Access service on 2.600 - 2.624GHz. The use of the spectrum could boost broadband installations as it could provide an alternative last mile solution effectively. With the availability of the licence, efforts were devoted to the development of Wireless Broadband Access service, and will culminate in the launch of the service in the second quarter of 2004. Branded Webbit, or Wireless Enhanced Broadband Internet, it is the Group's latest and most innovative broadband last mile solution that delivers high speed Internet access using a state-of-the-art digital wireless network. The first phase of Webbit will be rolled out in Petaling Jaya, followed by the rest of Klang Valley and a nationwide rollout in 2005.

Strategic alliances and collaborations with leading players and innovators in the industry remain key to the Group's strategy to stay ahead of the competition and to bring the benefits of the latest communications technology to the Malaysian market. Major collaborations concluded in 2003 included the joint venture with SpeedCast (HK) Ltd, a leading satellite services provider in Asia, to offer high quality multi-functional satellite-based solutions; a collaboration with iPSTAR Company Limited (iPSTAR), a Thai-based company, for the deployment of various broadband services for

the Malaysian market; and a technology partnership with Fujitsu (Malaysia) Sdn Bhd for the introduction of Nevo, a next generation voice solution using IP-converged technology.

From the performance perspective, the year on the whole, was a satisfying one for the Group's core fixed line, broadband and payphone services. By focusing on higher paying customers, the Direct Access business was able to record higher revenues in 2003. The number of billed lines has also increased while the churn rate was reduced significantly. The Group continued to invest in the development of the networks, using both current and next generation technologies to roll out new products. In the Indirect Access market, TIME GOLD, TIME Kontact and TIME World Access continued to prove their popularity among users, generating revenue that contributed to the bottom line.

The year 2003 saw the Group's payphone business achieving a pre-tax profit against two preceding years of losses. Efforts were focused on increasing average revenue per payphone by relocating low revenue payphones to areas with better potential and by stemming revenue leakage caused by fraud and vandalism. The Group continued to install payphones in new buildings within the major cities in the country during the year under review.

chairman's statement

With the payphone business being steady and continuing to be a significant contributor to the Group's revenue, there are plans to expand the payphone business in the future.

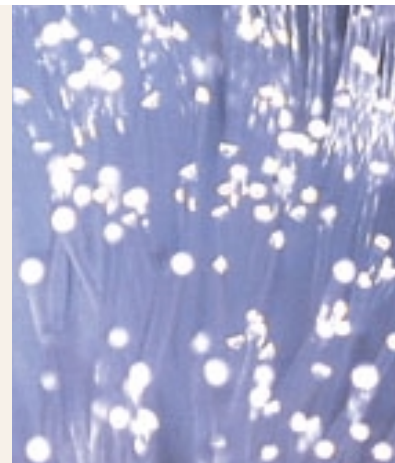
Outlook and Prospects

The extent of the Group's earnings growth has always been influenced by general economic conditions. For the coming financial year, analysts expect positive growth in the global economy, buoyed by signs of sustained growth in the world's two largest economies, the United States and Japan. The Malaysian economy is projected to achieve a stronger GDP growth of 5.5 % to 6 % for 2004. Growth is expected to be broad-based with all sectors of the economy registering higher output.

Given this scenario, I am optimistic about the prospects for the Group. We are moving forward at a good pace. We intend to capitalise on our momentum and to increase shareholder value through a three-fold strategy of serving our customers better; expanding our business; and continuing to improve our productivity and asset utilisation.

Moving forward, we will continue to focus on the broadband sector because of its vast market potential. We have already embarked on Wireless Broadband Access which provides the alternative to the last mile connectivity, giving us the advantage to provide better and quicker services and, in some cases, in areas where the current technology is not able to provide the services. In this respect, Webbit is one of the key elements in ensuring the Group's future profitability whilst enriching our brand and image. The Group is also poised to take advantage of new technologies such as next generation networks to offer cheaper bandwidth and video streaming services to end-users and to become one of the major players in the broadband and convergence services space. Strategic plans have been mapped out to penetrate the commercial and residential Internet markets.

As we grow our businesses and pursue new opportunities, we recognise that we may not have fully exploited the potential of the Group. We are striving hard to maximise the use of our resources to achieve optimum efficiencies. I believe TIME dotCom is headed for better times.



chairman's statement

Acknowledgements

Once again, on behalf of the Board, I wish to record our gratitude and appreciation to all our stakeholders.

The management and staff of TIME dotCom have demonstrated their mettle, responding to the challenges of the past year with a great sense of professionalism and commitment.

Special thanks go to our shareholders, customers, bankers, business associates and analysts for their loyalty and support.

To the Ministry of Energy, Communications and Multimedia; the Malaysian Communications and Multimedia Commission; the Kuala Lumpur Stock Exchange; Securities Commission and other regulatory authorities, I wish to extend the Board's appreciation for their cooperation throughout the year.

There were a number of changes to the Board's composition. Encik Ahmad Pardas Senin and Puan Salmah Sharif tendered their resignations in February 2004. On behalf of the Board I thank them for their contributions and wish them well in their future undertakings.

I am pleased to welcome Encik Othman Abdullah, Puan Azian Mohd Noh (alternate director to Encik Othman Abdullah) and Encik Amiruddin Abdul Aziz who were recently appointed as non-executive directors to the Board. These new members bring with them valuable insights and we look forward to benefiting from their experience.

Last but not least, I thank my fellow Board members for their unstinting support and valuable contributions. We will continue to work together to bring TIME dotCom to new heights of achievement.

Thank you.

Dato' Ir. Wan Muhamad Wan Ibrahim

Chairman







The Group's WiFi service, ZONE, underwent rapid expansion with the number of hotspot sites increasing to 70 strategic locations across the Klang Valley, Penang island and Johor Bahru.

Overview

TIME dotCom Berhad offers a complete and comprehensive suite of telecommunication services to both domestic and international markets. These services are provided through the various subsidiaries:

Fixed Line Services

TT dotCom Sdn Bhd provides fixed line, voice and data communications and other value added services under the 'TIME' brand.

Broadband & Internet Services

TIME dotNet Berhad provides dial-up and broadband Internet services to commercial and residential customers under the 'TIMENet' brand.

Payphone Services

TIME Reach Sdn Bhd provides public payphone services throughout Malaysia under the "TIME" and "Uniphone" brands.

review of operations

The Group operates in a very dynamic business environment. The convergence of the once distinct telecommunications and information technologies and liberalisation of the market amidst tougher economic conditions and increasing competition have significantly changed the operating landscape and how the game is played.

In adapting to the new environment and the realities of a vastly changed marketplace, the Group has set in motion, strategies and initiatives to improve its performance and standing in the industry. These initiatives, some of which are still works in progress, are summarised as follows:

- Investing in market research to better understand industry dynamics and proactively respond to market demands
- Reinforcing market position by delivering a spectrum of innovative products and services to meet market demands
- Investing in technology to gain operational efficiencies, increase productivity and to deliver cutting-edge products and services
- Evolving the existing network into a full next generation Internet Protocol-based broadband network to deliver more innovative, value-added products and services
- Unlocking the value and potential of the Group's fibre-optic network to deliver a new and improved range of products and services

- Placing a new emphasis on customer relationship management as the platform to build brand loyalty and reduce churn rate
- Forging strategic alliances with world-renown companies to tap their knowledge, expertise and leading edge technologies
- Addressing revenue leakage through better management of fraud, vandalism, receivables collection and other avenues to improve margins

FIXED LINE, BROADBAND AND INTERNET SERVICES

The completion of the sale of TIMECel in May 2003 has enabled the Group to channel its resources and energies more fully on the development of its profitable fixed line, broadband and Internet business. The Group's strengths in the business are by way of leading technology, innovative solutions and superior customer service. By capitalising on its strengths, the Group is making strides to capture a larger slice of the market.

The Group's fixed line and broadband businesses cover four major product lines. Direct Access deals with products that require the Group's infrastructure to be built into the customers' premises. Indirect Access covers products that do not require the building of infrastructure. The other products are Broadband and Internet; and Wholesale/International business.



review of operations



Direct Access

The Group's Direct Access business had a very satisfying year on both the financial and operational fronts. In spite of price erosions faced by the industry during the year, the Group managed to maintain its net revenue. Other performance indicators include a 9.8% increase in the number of lines. Consumer confidence in our brand name and customer satisfaction also reached a new high, manifested by a 31% improvement in the churn rate over the previous year.

Other significant improvements were also recorded on the financial front, where cost reductions on 'access' products have helped the Group return to profitability. A tight rein was kept on operating expenditures, which were reduced by 26%.

Since network expansion is a primary driver for growth in the fixed line business, the Group continued to invest in the planning and design of new networks and rollout of new products. Network planning focuses on fixed network development and implementation, deploying state-of-the-art technology to support business requirements and meet market demand. In network design, the Group deploys its highly reliable network infrastructure combined with quality and cost-effective methods to support product development and sales requirements. As a result of the Group's network expansion efforts, a total of 68 new buildings are now served by TIME Fixed Line. An additional 54 buildings received upgrades or capacity expansion during the year.

In new product development, the major achievements include enhancement to products using microwave technology. At a lower cost, the enterprise version allows flexibility in reaching customers without necessarily installing fixed lines to their premises. Under an ISDN expansion programme, domestic demand for primary rate interface lines has been met. In the Managed PABX systems, partnerships established with local partners has given the Group the ability to rent PABX systems to customers. With the installation of Very Small Aperture Terminal (VSAT) which is a satellite access solution, satellite routed data lines have enabled the Group to access customers regardless of geographical location and terrain. The launch of Nevo, a feature-rich hosted IP Centrex service, in October underlines the Group's commitment to offer customers new and innovative world-class services. Customers can now experience the flexibility of IP telephony to increase productivity and workforce mobility whilst lowering their telecommunications expenditure.

Indirect Access

The Group's Indirect Access business continued to hold its own in a very competitive market. The lucrative Voice over Internet Protocol (VOIP) business has attracted a significant number of new players, growing to more than 60 in 2003. With very low operating costs, these operators are able to offer customers attractive pricing deals which have impacted the revenue stream for Indirect Access products. Besides competition, the Group's Indirect Access products

review of operations



also had to contend with problems arising from the congestion of the incumbent's network and resultant complaints from customers. Against this background, the performances of TIME GOLD and TIME World Access were significant achievements.

For the year in review, Indirect Access products such as TIME GOLD, TIME Kontact, TIME World Access and TIME Equal Access contributed RM50 million towards the Group's net revenue. TIME GOLD turned in a very commendable performance, posting a net revenue growth of 18% over the 2002 results.

TIME World Access was another product that turned in a very satisfactory performance. Net revenue increased by 15% over 2002.

As part of a nationwide marketing and promotional blitz, innovative campaigns were initiated to raise public awareness of the TIME Kontact card series and TIME GOLD. The Group is also leveraging on TV campaigns, print media and participation at festive and national events to reach a larger audience.

TIME Kontact's rate awareness campaign was launched on 28 April 2003 following a revision of rates resulting from changes in interconnecting costs and market pressure. The two-month promotional blitz, which combined above and below-the-line

advertising, aimed to inform customers of the real savings offered through rate reductions for 44 countries.

Although launched several years ago, TIME GOLD has proven its staying power in staying abreast with the competition. Brand presence was reinforced during 2003 through advertisements in magazines and the 'GOLDEN Rates Promo', which offered highly competitive rates for calls to selected countries where our interconnect costs have been significantly improved.

Broadband & Internet

The Malaysian Communications and Multimedia Commission (MCMC) estimates that as at end December 2003, a total of 2.89 million Malaysians have access to the Internet, recording a penetration rate of 11.4%. These figures refer mainly to dial-up access subscribers, while the number of Broadband subscribers remains low, at 110,406 or a penetration rate of only 0.44% of the population. In comparison, Singapore has a 31% penetration rate of total households, while South Korea's is higher at about 75% as at end June 2003. Moving in tandem with the national aspiration to achieve industrialised nation status, the MCMC is formulating a National Broadband Plan where it envisages that half of all Malaysian households would have access to broadband technology by 2007.

review of operations

Against this backdrop, the Group's Broadband and Internet businesses hold the promise of greater growth as the market potential expands. With an expected better quality revenue stream, there is potential for greater profitability. With its broadband RM2.4 billion fibre optic infrastructure covering the major highways and coastline of Peninsular Malaysia, the Group has a distinct advantage to be a premier enabler and provider of Internet and broadband services.

In reaching out to a broad spectrum of Malaysian users, the Group provides a wide array of wired and wireless access broadband services. The range of wired access services include TIMENet Link, Fusion and the recently launched Nevo, while wireless access services will include wireless fidelity (WiFi) and wireless broadband access (WBA), one of our latest offerings.

The year 2003 saw the Group completing its planned broadband expansion exercise covering more than 620 buildings in the Klang Valley, Penang and Johor Bahru. The expansion programme helped to boost Group revenue derived from broadband services by 166% in 2003. The Group's subscriber base also increased by a hefty 92% from 2002.

Meanwhile, the Group's WiFi service, ZONE, is also on an expansionary phase. While WiFi is no substitute, it is nevertheless giving Malaysians a taste of the 3G technology to come and has fast become the

vocabulary of tech-savvy users. During the second half of 2003, the Group invested RM1.5 million to purchase WLAN and network equipment. This has facilitated the rapid expansion of ZONE hotspots to 70 sites spread across the Klang Valley, Penang island and Johor Bahru. The sites selected are strategically located in good catchment areas and public buildings such as Plaza Mont Kiara, Suria KLCC, BB Plaza, Subang Parade and Carrefour Subang. In December 2003, ZONE formally entered into a strategic partnership with Berjaya Coffee Company (M) Sdn Bhd, the franchise owner of the Starbucks Coffee chain in Malaysia, resulting in the first co-branded marketing campaign which announced that ZONE is available at selected Starbucks outlets. ZONE is currently a free-of-charge service.

Fusion, the Group's high-tech, Next Generation Network metro Ethernet service, has secured its first RM800,000 per annum contract from Motorola to supply 2 x 100Mbps Fast Ethernet. This is the Group's first project under the Fusion branding and is expected to grow in tandem with the increase for high bandwidth services.

Through TIMENet Dial Up, the Group offers the only free dial-up Internet access service in Malaysia. As more Malaysians discover the myriad advantages of going online, the subscriber base has increased by 25% from the previous year. TIMENet's ISP website, TIMENet Central, was also ranked among Malaysia's top five most popular websites. It was ranked the number one website under the telco ISP category by Alexa.com, an international and



review of operations

independent data service company. In conjunction with its third anniversary, TIMENet launched the month-long 'surf-and-refer' programme in March 2003, followed by an online contest called 'eBash', opened to all subscribers. Such contests provide a fun and creative alternative to support the national drive to encourage greater use of the Internet, especially among the younger generation.

The group-wide concerted effort to improve revenue streams continued to produce results with the Group's dedicated leased line access service, Netlink, recording a 25 % increase in revenue during 2003. In line with the Group's objective to be a total solution provider, the Managed Router Service was launched in 2003.

Among significant events during the year was the appointment of TIME dotCom as the communications service provider for the Community Communications Development Programme (CCDP) at several locations in Perak, Kedah and Perlis. CCDP is an initiative developed and sponsored by the MCMC to build capacity as well as to introduce and encourage the usage of ICT to communities that have limited access to communication networks and services.

In July 2003, the MCMC awarded three blocks of the multimedia multipoint distribution service (MMDS) spectrum to TT dotCom. The MMDS spectrum was redesignated from broadcasting to the

provision of wireless broadband service and will have a positive impact on the Group's capital expenditure and coverage plans. The use of MMDS frequency band for wireless broadband access could boost broadband installations by effectively bypassing the last mile barrier. They allow the use of new digital technology that facilitates non-line-of-sight communication that can cross any barrier, unlike existing wireless devices.

As one of the leading service providers of broadband in Malaysia, the Group is continuously striving to bring the benefits of the latest communication technology to the market. On 28 July, the Group entered into a Memorandum of Understanding (MoU) with iPSTAR Company Limited for the deployment of various broadband services via satellite throughout Malaysia, using iPSTAR technology. The Group plans to use iPSTAR technology to provide, among others, e-learning solutions.

TT dotCom has teamed up with SpeedCast (HK) Ltd, a leading satellite broadband and multimedia services provider, to offer high quality multi-functional satellite based solutions to both the local and international markets. The inherent benefit of satellite services, being geographically independent, assures almost instant nationwide coverage with a bandwidth advantage for the transmission of voice, video and data between several remote sites.



review of operations



In October 2003, the Group signed an agreement with Fujitsu (M) Sdn Bhd to mark the launch of Nevo, a new voice over data service. Nevo is the first IP telephony suite to be deployed in Southeast Asia and is targeted primarily at small and medium-sized businesses. The pilot phase for Nevo commenced in September 2003 and plans are underway to roll out Nevo on a nationwide level.

For 2004, the Group has plans to expand its broadband coverage to cater for increasing demand, mainly from small and medium sized industries and enterprises (SMEs/SMEs) and the ICT sector. The introduction of new packages is in the pipeline, with rollout expected some time from the second quarter.

With the availability of the MMDS spectrum, a more far-reaching programme is the Group's plan to expand its broadband services to areas that could not be reached previously. During the first quarter of 2004, efforts were devoted to the development and deployment of the TIME dotCom's Wireless Broadband Access (WBA) service, known as Webbit. With the introduction of Webbit, in the second quarter of 2004, broadband access can be provided wirelessly to new customers via the setting up of base stations at strategic locations. Customers need only purchase a wireless broadband access modem that carries the plug and play features, thereby circumventing the long waiting period for installation. The service rollout began in Petaling Jaya and will be followed by other areas in the Klang Valley and subsequently to Penang and Johor Bahru within a year.

With the use of the Group's Wireless Broadband Access (last mile) as the backhaul, ZONE is expected to expand further by end-2004 to an estimated 400 sites. Along with a review of service packages, ZONE will be re-offered to the market on a paid model.

Wholesale/International Business

The Group has set up a team to focus on the wholesale market for its voice, data, global managed and Internet services in line with the Government's objective to promote Malaysia as a communications hub. This comes within the purview of TT dotCom International, which offers total solutions to wholesale customers whose primary business is re-selling communications, information or entertainment services through telecommunications media. These customers comprise global telecommunication companies (telcos) with or without local presence in Malaysia as well as Tier 1 and 2 telcos with individual licenses from MCMC.

During the year in review, the Group achieved a revenue of RM226 million from its wholesale business. This figure translates into an 82% increase in revenue from 2002. The Group's wholesale business customer base has also expanded by 20%.

The communications industry in both the domestic and international arenas has been changing at unprecedented rates in the last five years. While globalisation, liberalisation, deregulation and technology change have posed challenges, they have, at the same time, created unlimited and, as yet, uncharted borderless opportunities for players.

review of operations



The Group's longer-term vision is to be a global player through partnerships in the telecommunications industry. To realise the full potential of its assets, the Group is striving to exploit global opportunities resulting from the convergence of communications, broadcasting, publishing and Internet technology. The objective is to position the Group as the 'Carrier's Carrier' in the global communications market. The Group has the resources and wherewithal to achieve this objective, and in doing so, serve its customers better.

Simultaneously, partnerships have been further strengthened with global players such as HGC, AT&T, Sprint and Teleglobe. Capitalising on the ties established, the Group is moving ahead to meet growing demand for IP-based solutions.

PAYPHONE SERVICES

Through TIME Reach Sdn Bhd (TIME Reach), the Group operates an extensive network of 34,200 payphones at strategic locations throughout the country. The year 2003 marked a turning point in the Group's payphone business. After registering pre-tax losses of RM17.9 million and RM77.7 million in 2001 and 2002 respectively, TIME Reach posted a modest pre-tax profit of RM0.9 million on the back of a turnover of RM217.1 million. The turnaround in performance is significant, considering the challenges faced during the 2003 financial year.

The 2003 financial performance was affected by the outbreak of the Severe Acute Respiratory Syndrome (SARS) in early March which somewhat affected revenue collection for the next four months. Besides grappling with stiffer competition posed by mobile and private payphone operators, TIME Reach also had to contend with the persistent problem of vandalism and fraud. The Group's payphones have become prime targets for theft and subsequent vandalism due to better cash collection. The incidences of fraudsters making free calls by manipulating the payphone sets and line tapping have also increased.

Concerted efforts were made to increase the average revenue per payphone. Amongst the strategies adopted was the relocation of low revenue payphones to areas with higher traffic. However, this could not be carried out at an optimal pace due to heavy dependence on line providers. Equal emphasis was also placed on stemming revenue leakage and reducing the cost of sales. Through negotiations, TIME Reach had successfully secured a downward revision of interconnect cost which contributed positively to the improved results for 2003.

TIME Reach continued to make headway as a payphone operator of choice in major shopping complexes and landmark buildings. In September 2003, TIME Reach was granted approval from the management of Berjaya TIMES Square to install 100 units of payphones throughout the shopping mall. A similar approval was granted by the Maju Junction Shopping Complex in October 2003.

review of operations

Going forward into 2004, the encouraging performance for 2003 has laid the foundation to further strengthen the Group's payphone business. In its ongoing improvement programme, TIME Reach is undergoing a change process, examining more cost-effective ways to manage its daily operations and further improving revenue streams. Among various options, the company is looking into the viability of acquiring more multi payment phones that will provide the opportunity for expanding the use of smart card technology introduced to the Kuala Lumpur International Airport to main shopping complexes in the Klang Valley. Equal emphasis will also be given to develop the skill set of the workforce in both technical and management skills as well as building a more effective team to tide the challenges in 2004 and beyond.

CUSTOMER SERVICE EXCELLENCE

Throughout the Group, customer service excellence is more than just a commitment. It is a passion testified through the registration to the internationally recognised ISO quality system of quality excellence. The stringent ISO 9001: 2000 certification was earned by the Customer Billing Operations Centre, Customer Call Centre and Customer Complaint Resolution Centre. ISO certification is an internationally recognised stamp of quality. It ensures consistency of quality service in line with well-defined and documented performance standards and procedures. Through a systematic and structured approach to continual improvements in the range of products and services offered, this will inevitably reduce complaints and increase productivity.

Relationship management is another key area in the group-wide effort to improve customer service. The year in review saw the Group organising a series of Quality Forums targeted at major corporate clients, the objective being to establish rapport with the respective staff. Very positive feedback was received from participants. Besides fostering better client relationships, the forums provided a useful platform for both parties to better understand one another's viewpoints in problem resolution. Through such face-to-face meetings, the Group was able to offer communications solutions that exceeded client expectations.

As we move further into the Digital Age, an increasing number of customers have elected to make payment online. To cater to this growing base, the Group has launched an additional payment option. Customers can now settle their TT dotCom Sdn Bhd and TIME dotNet Bhd bills through online payment services provided by RHB Bank and via our own e-portal (MyTIME) respectively.

An advance fraud management system was implemented during the year to improve operational efficiency and effectiveness in communications fraud detection and prevention. The automated system has improved the Group's capability to maximise revenue by reducing fraud and costs. By freeing resources otherwise needed for this task, the Group is now able to focus on quality subscribers' growth and improve services to existing legitimate customers.



review of operations

The Group's billing operations has been given a tremendous boost in the form of a RM9 million Hewlett-Packard Superdome enterprise server and Hitachi enterprise storage server. Procured and implemented in 2003, the new server delivers the performance, availability, capacity, security and manageability essential for the Group's mission-critical billing and processing operations. This is in line with the TIME dotCom's commitment to provide its customers with the best-in-class delivery system. The new server has computer processing capabilities that ensure that all bills are processed quickly and delivered on time.

NURTURING ONE 'TIME' TEAM

TIME dotCom believes in teamwork. Navigating the turbulence of the far-reaching organisational changes and restructuring of the past two years has not been easy. It is through the concerted efforts of the management and staff working together as one team that the Group has managed to pull through, though not completely unscathed. As outlined in last year's report, the Group had to part ways with some of its team members with the divestment of TIMECel Sdn Bhd and the Voluntary Separation Scheme that followed.

Those were indeed trying times, but like life itself, the corporate world has its cyclical ups and downs. As part of a Group that cares about rewarding its employees at an opportune moment, TIME dotCom employees benefited from the implementation of the Employee Equity Scheme (EES) in conjunction with the listing of UEM World Berhad on the Main Board of the Kuala Lumpur Stock Exchange. Implemented as a performance incentive, the EES enables eligible employees to own shares in UEM World, and therefore participate and relate directly to the overall performance of the UEM Group. The EES was successfully implemented by early November 2003, and UEM World was subsequently listed on 14 November 2003.

Moving forward from the restructuring exercise, part of the training calendar for 2003 focused on reviving the team spirit for staff at all levels. Attended by both senior management and staff at all levels, these programmes helped restore the sense of 'One TIME Team', mutually respecting and working together as one. This was reinforced by programmes on 'Becoming an Effective TIME Employee', designed to nurture ownership of the Group's core values.



review of operations



Other training programmes emphasised the development of both personal as well as job competencies. The core personal competencies identified involve the development of qualities such as organisation abilities, communication skills, analysing and problem solving, customer focus orientation, teamwork, staff development, leadership, achievement orientation and decision-making. The training modules covered a range of areas, including a programme on 'Grooming & Professional Etiquette' designed to bring out the professionalism among employees and emphasise the importance of grooming and etiquette to ascend the career path.

To enhance the effectiveness of employees at work, courses were designed to improve competencies in six main areas, namely, product knowledge, desktop publishing, functional skills, technical knowledge, hardware and systems. The 'ArcaDacs 100 Operations & Maintenance' programme, to cite an example, was tailored for network staff responsible for installation, operation and maintenance of the system.

No less than 1,000 staff benefited from the Group's training programmes in 2003. This worked out to an average of two training days per person for the year. Training programmes are organised and conducted by both UEM Academy and other

training specialists. The Group has put in place a programme to develop its own pool of in-house trainers through the 'Train-the-Trainers' workshop, which will be the seeding ground for our own crop of future in-house trainers.

TIME FOR CARING

Notwithstanding the tremendous demands placed on the Group as a business entity, we have invested considerable efforts and resources over the years to contribute to the betterment of the community in which we operate. Being a good corporate citizen means more than simply writing a cheque. It means earning a place in the community as a trusted and valued friend, and helping to make the difference. That is why our corporate sponsorship and community relations programmes are an important part of the Group's planning process. Much thought is given to ensure that our success is shared in a meaningful way, benefiting the needy, as a public service or in lending support to the national aspirations.

For 2003, the main thrust of the Group's corporate citizenship programmes was on educating and exposing rural communities to Information Communication Technology or ICT. The Group also considers it an obligation to support the Government's efforts to bridge the digital divide between urban and rural Malaysians.

review of operations



One of the key initiatives launched in April was the Internet Education Programme (IEP) for 50 secondary schools located outside the Klang Valley. The IEP was designed to educate students on the proper use of the Internet and its applications such as e-mails, web browsing, news group and chat. A total of 20,000 secondary school students benefited from the IEP, some of whom also signed up as TIMENet members. The Group is encouraged by the very enthusiastic response to the IEP. By providing opportunities for the younger generation to explore and learn ICT skills, we are helping to ease their passage into the Digital Age.

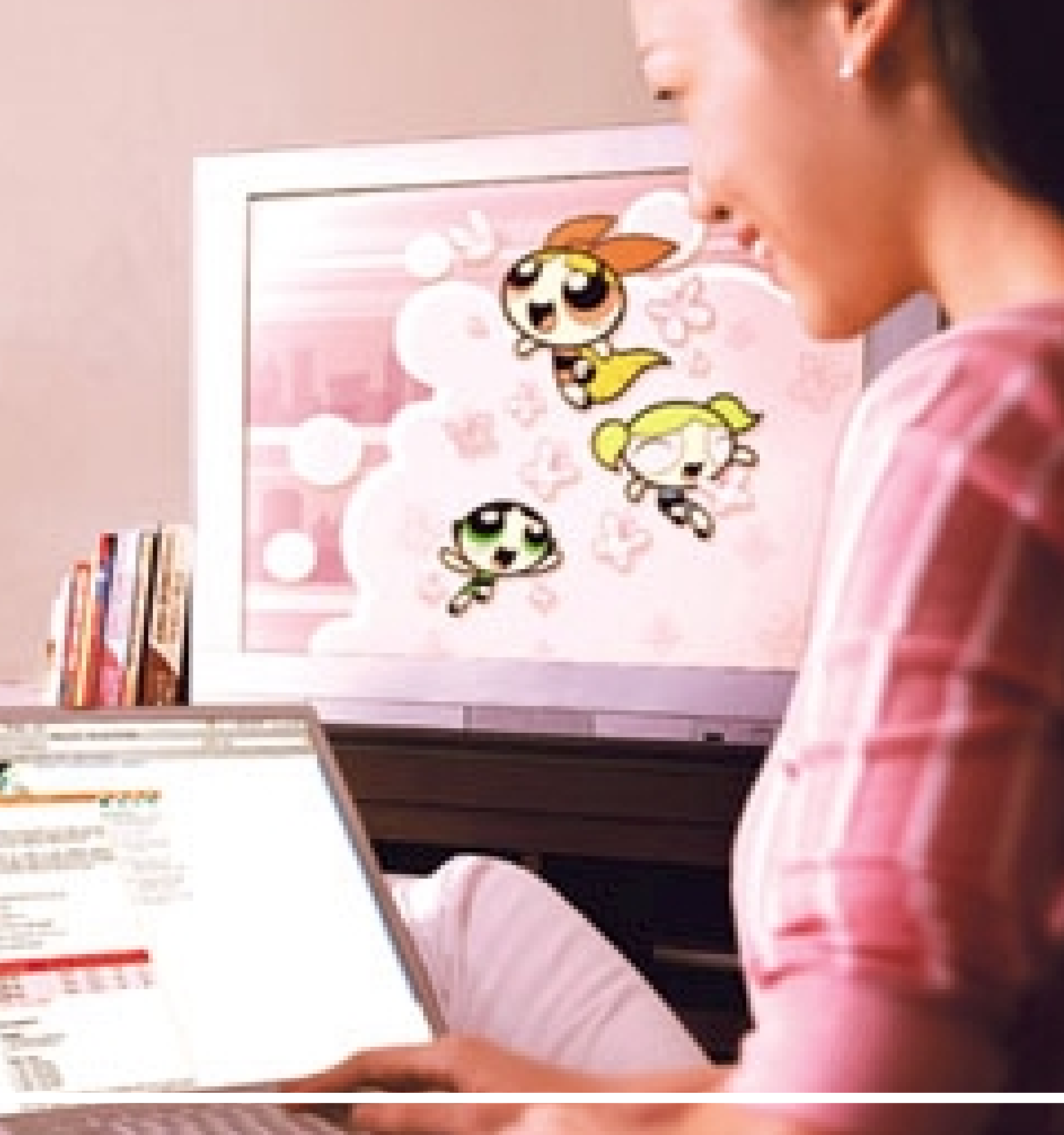
In March last year, TIME dotCom was appointed as one of the communications service providers for the Community Communications Development Programme (CCDP). The CCDP was spearheaded by the MCMC to provide communication access to communities with limited access through the setting up of Kedai.kom outlets, operated by the local community.

To date, the Group has helped set up the communications infrastructure and provided service for 13 such outlets in Perak, Kedah and Perlis. The facilities included a satellite access solution

that would provide broadband connectivity and two public payphones. The outlets were also furnished with five personal computers, one printer and relevant peripherals. However, our commitment goes beyond supplying the infrastructure for these outlets. The Group also provided training to the local community and participants in the CCDP to ensure proper use of the Kedai.kom and its facilities and helped to develop the entrepreneurial spirit of Kedai.kom operators.

As in previous years, the Group continued to lend its support to various charitable organisations and worthy causes. Notable events sponsored by the Group include the Langkawi Ironman Endurance Marathon and the Malay Mail Big Walk; contributions were made to help the less fortunate through Tabung Kemanusiaan Pembelaan Rakyat Iraq and Good Samaritan Home. The Group has also joined forces with other telcos in helping preserve the environment by participating in the "Recycling Take Back Scheme". Permanent recycling bins have been placed at our customer service centres to encourage customers to recycle their old mobile phones, batteries and accessories. Since the launch of this campaign in 2001, some 680 kilograms of recyclable parts have been collected.





With our newly launched Wireless Broadband Access service (Webbit), users can enjoy 24-hour wireless connection anytime and anywhere within the coverage area.

company events 2003



Launch of TIME NeTraveller

TIME dotNet launched its new value-added service called TIME NeTraveller at Starbucks, Bukit Bintang Plaza. This new value-added service enables subscribers to access the Internet from every major city in the world by only paying a local-call access charge.

10 January 2003



TIME dotCom Sponsors Ning Baizura's New Album

As part of its collaboration with Ning Baizura, TIME dotCom sponsored the production of Ning Baizura's new album entitled 'Selagi Ada...Ning'. The album was released and launched by Ning's recording company, Warner Music at Sheraton Imperial Hotel, Kuala Lumpur.

26 February 2003

Launch of Community Communications Development Programme (CCDP) in Perak

TIME dotCom was appointed as the communications service provider for the CCDP in Perak, which was spearheaded by the Malaysian Communications and Multimedia Commission (MCMC). 10 sites were identified and the launching at Kampung Lawin was graced by YAB Dato' Seri DiRaja Mohamad Tajol Rosli bin Tan Sri Mohd Ghazali, the Menteri Besar of Perak. Similar events were also held at selected districts in Kedah and Perlis throughout 2003.

6 March 2003



Sehari Bersama Pelanggan Programme

TIME dotCom participated in the "Sehari Bersama Pelanggan" (SBP) 2003 programme, which kicked off in Gerik, Perak. This programme was officiated by YB Datuk Amar Leo Moggie, Minister of Energy, Communications and Multimedia (MECM). YAB Dato' Seri DiRaja Mohd Tajol Rosli bin Ghazali, Menteri Besar of Perak was the guest of honour for the event. SBP was initiated to promote positive relations between the agencies under MECM's purview and the consumers especially those from rural areas. TIME dotCom set up a booth at the venue to promote TIME GOLD, TIME Kontact and TIMENet to the local communities. Similar events were held in Ranau (Sabah), Kuala Lipis (Pahang) and Jeli (Kelantan) throughout 2003.

9 March 2003

company events 2003

Seminar on TIME VPN's Managed Network Services

The TIME VPN team held two seminars specifically catered for the corporate customers. The seminars were conducted to educate and create awareness on what Virtual Private Network is all about, how it works and how it benefits the companies. The seminars were held in partnership with Equant, TIME VPN's strategic partner, at two locations, i.e. Hotel Equatorial, Kuala Lumpur and Gurney Hotel, Penang.

26-28 March 2003

Love Your Workplace Campaign - Prize Giving Ceremony

As part of the Company's effort to create a pleasant working environment, a "Love your Workplace" campaign was held throughout 2003. A Prize Giving Ceremony was held at Menara AA for winners of the best cubicle, best workstation and best floor for the first quarter of 2003. This effort was taken to encourage staff to keep their work place clean and tidy.

17 April 2003



Annual General Meeting & Extraordinary General Meeting 2003

TIME dotCom held its 6th AGM and 1st EGM on 30 April 2003 at Hotel Nikko Kuala Lumpur. An EGM was organised on the same day to seek approval from the shareholders for the disposal of the mobile unit, TIMECel Sdn Bhd.

30 April 2003

National Labour Day Gathering

In conjunction with the Labour Day celebration, TIME dotCom participated by sending eighty participants to the gathering, which was held at National Stadium, Bukit Jalil, Kuala Lumpur.

17 May 2003

Security Awareness Seminar

TIME's Fusion team organised a seminar entitled "Security Awareness" at Sheraton Imperial, Kuala Lumpur for selected corporate clients. This seminar highlighted the importance of security over the Internet and ways to prevent security breach.

22 May 2003

company events 2003



TIME dotCom's Annual Dinner 2003

The Annual Dinner for Central Region was held at Sunway Convention Center. The annual dinner was also held at the various regions, which include Northern, Southern, Eastern, Sabah and Sarawak.

23 May 2003



TIME Participates in SMI One-Stop Solution (SMIOSS)

TIME dotCom through its Enterprise and Consumer Division, participated in the annual SMIOSS Exhibition that was held at PWTC from 5 to 7 June 2003. Products and services highlighted included Internet, broadband, TIME GOLD and TIME Kontact. The objective of participating in this exhibition was to create greater awareness among the SMIs, SMEs and the general public on the product and services offered by TIME dotCom.

5-7 June 2003



TIME Media Treasure Hunt 2003

As part of our ongoing efforts to build positive media relations with members of the media, TIME dotCom organised a Treasure Hunt for the media, which flagged off at Glenmarie office and ended at Hyatt Regency Saujana, Subang. As part of the Treasure Hunt activities TIME dotCom also contributed RM10,000 cash and grocery items (from the Treasure Hunt treasures) to the Good Samaritan Home, a non-profit charitable organisation committed to serving the poor and needy children in our society.

14 June 2003

company events 2003



Friendly Golf Tournament with Yang di-Pertuan Agong

A friendly golf tournament involving corporate customers as well as relevant government agencies was held at the Kuala Lumpur Golf & Country Club. DYMM Seri Paduka Baginda Yang di-Pertuan Agong was invited as the guest of honour for this event.

29 June 2003

TIMENet – TIME 4 Fun Promo Prize Giving Ceremony

TIMENet launched the TIME 4 Fun promotion where subscribers obtained points when they surf the Internet via TIMENet. The prize giving ceremony for the winners of this promotion was held at Wisma TIME. The grand prize winner walked away with electrical shopping vouchers worth RM5,000.

30 June 2003

Signing Ceremony between TIME dotCom and Gerak Technology Sdn Bhd

A signing ceremony between TIME dotCom and Gerak Mobile Technology (GMT) was held at IOI Marriott, Putrajaya. GMT was awarded with the e-Learning pilot project, which was part of a nationwide project led by the Ministry of Education (MOE), and MDC for the provision of e-Learning solutions. GMT commissioned TIME dotCom to be its preferred partner to provide the bandwidth and network connectivity solutions to the identified network boundaries for this e-Learning pilot project.

21 July 2003



Signing Ceremony between TIME dotCom and iPSTAR Company Limited

TIME dotCom signed a Memorandum of Understanding (MoU) with iPSTAR Company Limited (iPSTAR), a subsidiary of Shin Satellite Public Company Limited of Thailand (SATTEL). The event took place at Sheraton Perdana, Langkawi. The signing marks the beginning of a partnership between TIME dotCom and iPSTAR for the deployment of various broadband services, throughout Malaysia using the iPSTAR technology.

27 July 2003

company events 2003

TIME International Partners Bowling Tournament

In our effort to foster cordial relationship with business partners, a bowling tournament was held at the Mid Valley MegaMall.

3 August 2003



Cheque Presentation for The Malay Mail Big Walk

TIME dotCom contributed RM3,000 to the Malay Mail Big Walk, to show support for activities contributing to the goodwill of the community.

8 August 2003



ICT Carnival Baling-Sik 2003

TIME dotCom took part in the carnival by setting up a booth to showcase our products and services such as TIME Kontact cards, TIME GOLD and TIMENet. The Ministry of Energy, Communications and Multimedia (MECM) and Multimedia Development Corporation (MDC) initiated this carnival. The objective was to create awareness on ICT among the local community of Baling, Sik and Sg Petani.

12 August 2003



ASEAN Communications and Multimedia Exhibition and Forum (ACM) 2003

This event was organised by the Ministry of Energy, Communications & Multimedia Malaysia at the Mines Convention Centre. As one of the major exhibitors in this event, TIME dotCom showcased our latest technologies including **nevo**, a revolutionary new voice solution and TIME Satellite services.

2-5 September 2003

company events 2003



Launch of TIME Out Café at Wisma TIME

TIME dotCom launched its brand new cafeteria, 'TIME Out Café', on the Mezzanine Floor of Wisma TIME. With a combination of an open and sophisticated yet casually comfortable ambience, TIME Out Café aims to meet the varied needs of all staff and visitors. It was officiated by Encik Mohamed Fauzi Hj Omar, Chief Operating Officer, TT dotCom.

12 September 2003

World Cyber Games 2003 (WCG 2003)

TIME dotCom participated as an exhibitor in the World Cyber Games 2003, which was held at Mid Valley Megamall Convention Centre. TIME dotCom took the opportunity to showcase TIME Broadband, TIME GOLD and TIME Kontact services.

12-14
September 2003



Safety and Health Week Campaign

A Safety and Health Week Campaign was held from 15 to 19 September 2003. This inaugural campaign was launched for Central Region mainly, Wisma TIME, Menara AA and Glenmarie. The campaign aimed to create safety awareness and inculcate safety culture amongst TIME employees.

15-19
September 2003



Signing Ceremony between TIME dotCom and Fujitsu

A signing ceremony between Fujitsu and TIME dotCom was held on 14 October 2003 at TIME Retail Outlet in Bangsar, to mark the launching of **nevo**, Malaysia's revolutionary new voice solution. Encik Mohamed Fauzi Hj Omar represented TIME dotCom while Fujitsu was represented by Desmond Chan, President/CEO.

14 October 2003

company events 2003



ITU Telecom World 2003, Geneva

TIME dotCom took part in the ITU Telecom World 2003 held in Geneva in the Malaysian Pavillion, under the banner of Malaysian Communications and Multimedia Commission. Our exhibit created awareness and promoted our products and services to the international market.

12-18 October 2003



Team Building Programmes

Part of the training calendar for 2003 focused on reviving the team spirit of staff in programmes such as holistic team building.

22-23 October 2003



Majlis Berbuka Puasa

In conjunction with the fasting month, the Employee Relations Committee organised a Majlis Berbuka Puasa for staff based in Wisma TIME and Menara AA at the lobby of Wisma TIME. Solat Maghrib, Isya' and Tarawih berjemaah were also held on this auspicious night. The Majlis Berbuka Puasa programmes were also held at regional level.

7 November 2003



Hari Raya Gathering for Corporate Customers

TIME dotCom hosted a "Hari Raya Open House" at Renaissance Hotel for its customers and business associates.

17 December 2003

corporate governance statement

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 fifteen (15) times. This included special meetings which were held when urgent and important decisions needed 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.

corporate governance statement

Details of Directors' attendance at Board Meetings held during the financial year ended 31 December 2003 are as follows:

Directors	Board Meetings	Special Board Meetings	Total Number of Meeting Attended
YBhg. Dato' Ir. Wan Muhamad Wan Ibrahim Chairman (Non-Independent, Non-Executive)	10/10	5/5	15/15
Mr Tan See Yin Managing Director (appointed on 1.4.2003)	5/5	3/3	8/8
YBhg. Dato' Abdul Rahim Abu Bakar Non-Independent, Non-Executive (appointed on 1.4.2003)	5/5	3/3	8/8
Puan Elakumari Kantilal Non-Independent, Non-Executive	10/10	5/5	15/15
Puan Salmah Sharif Non-Independent, Non-Executive (resigned on 16.2.2004)	7/10	5/5	12/15
Encik Abdul Kadir Md Kassim Non-Independent, Non-Executive	9/10	4/5	13/15
Ms Gee Siew Yoong Independent, Non-Executive	10/10	5/5	15/15
Encik Kamaludin Abdul Kadir Independent, Non-Executive	10/10	5/5	15/15
Encik Ahmad Pardas Senin Non-Independent, Non-Executive (resigned on 16.2.2004)	5/6	3/3	8/9

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.

corporate governance statement

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.

Although all Directors have an equal responsibility for the Group's operations, the role of the independent non-executive Directors is particularly important in providing objective and independent judgement to the decision making of the Board and a review on the Management's performance. 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 include, 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, details are as follows:

- Encik Abdul Kadir bin Md Kassim
Non-Independent, Non-Executive Director (Chairman)
- Ms Gee Siew Yoong
Independent, Non-Executive Director
- Encik Kamaludin Abdul Kadir
Independent, Non-Executive Director

Appointment Process

The Committee held five (5) meetings during the year, which were attended by all members. 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 the committees of the Board.

corporate governance statement

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 Malaysia Securities Exchange Berhad. The Directors have 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 four (4) non-executive Directors and a total of three (3) meetings were held during the year. The details are as follows:

	No. of meetings attended
YBhg. Dato' Abdul Rahim Abu Bakar Chairman (appointed on 31.7.2003) Independent, Non-Executive Director	1/1
Ms Gee Siew Yoong Independent, Non-Executive Director	3/3
Encik Kamaludin Abdul Kadir (resigned on 31.7.2003) Independent, Non-Executive Director	2/2
Puan Elakumari Kantilal (resigned on 6.1.2004) Non-Independent, Non-Executive Director	1/1
Puan Salmah Sharif (resigned on 16.2.2004) Non-Independent, Non-Executive Director	2/3

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.

corporate governance statement

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	–	291
Other Emoluments	351	161
Benefits in kind	32	12

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	–	4
RM50,001 to RM100,000	–	4
RM100,001 to RM150,000	1	–

Other Board Committees***Tender Board Committee***

The Tender Board Committee which comprises YBhg. Dato' Wan Muhamad Wan Ibrahim, Puan Elakumari Kantilal, Encik Kamaludin Abdul Kadir and Mr 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 seven (7) times during the year.

Technical Committee

The Technical Committee which comprises YBhg. Dato' Wan Muhamad Wan Ibrahim, Encik Kamaludin Abdul Kadir, Mr 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 twelve (12) 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 Ms Gee Siew Yoong, 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.

corporate governance statement

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 100 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 pages 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 pages 55 to 59 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.

additional compliance information

The following information is provided in compliance with the Malaysia Securities Exchange Berhad ("MSEB") Listing Requirements:-

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 Initial Public Offering ("IPO") proceeds as of 12 March 2004 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	416.1	82.3
To defray expenses relating to the listing exercise	60.0	48.8	11.2
TOTAL	558.4	464.9	93.5

On 16 June 2003, the Company announced to the Exchange that it has extended the timeframe for utilisation of its IPO proceeds balance of RM162.9 million to finance its telecommunications business from 30 June 2003 to 30 June 2004. It was the second extension of time approved by the Board of TIME dotCom. The first extension of time approved by the Board was from 31 December 2001 to 30 June 2003.

2. Recurrent Related Party Transactions of a Revenue or Trading Nature

The aggregate value of recurrent related party transactions of a revenue or trading nature entered into by the Company and its subsidiaries during the financial year ended 31 December 2003 are as follows:

Name of Company	Related Party	Interested Related Party	Nature of Transaction	RM
TIME dotCom and its unlisted subsidiaries	BIB Insurance Brokers Sdn Bhd ("BIB")	Khazanah, Danasaham, UEM TEB, Renong and Hatibudi *	Provision of insurance brokerage services for renewal of insurance policies	378,042
TIME dotCom and its unlisted subsidiaries	Messrs Kadir, Andri Aidham & Partners	Encik Abdul Kadir Md Kassim **	Provision of legal services	156,000

* BIB is an associated company of Hatibudi Nominees (Tempatan) Sdn Bhd ("Hatibudi"), a wholly-owned subsidiary of Renong Berhad ("Renong").
TIME Engineering Berhad ("TEB"), a major shareholder of the Company, is an associated company of United Engineers (Malaysia) Berhad ("UEM").

Khazanah Nasional Berhad ("Khazanah"), a major shareholder of the Company, is the ultimate holding company of Syarikat Danasaham Sdn Bhd ("Danasaham") and UEM.

** Encik Abdul Kadir Md Kassim is a director of the Company and also a partner of Messrs Kadir Andri Aidham & Partners.

3. Material Contracts Involving Directors' and Major Shareholders' Interests

Material contracts entered by the Company and/or its subsidiaries involving shareholders' interest either subsisting as at 31 December 2003 or entered since the end of the previous financial year are as follows:

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

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

additional compliance information

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

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

PLUS is an associated company of UEM. Khazanah is a major shareholder of the Company and the ultimate holding company of UEM.

b) Sale And Purchase Agreement between TIME Engineering Berhad ("TEB") and TT dotCom Sdn Bhd

The Sale and Purchase Agreement was entered on 24 March 2003 for the purchase of all that piece of ninety nine (99) years leasehold land held under PN 4414, Lot 404, Seksyen 32, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor measuring approximately 49,266.37 sq. ft upon which a single storey warehouse with double storey office annexe is erected and bearing the postal address of Lot 26, Jalan 225, 46100 Petaling Jaya, Selangor Darul Ehsan for a purchase consideration of RM5,400,000.00 which was fully satisfied in cash.

TEB is a major shareholder of the Company and an associated company of UEM. Khazanah (a major shareholder) is the ultimate holding company of UEM.

c) 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 10th 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 (a major shareholder).

d) Contract for Maintenance of Ancillary and Terrestrial Fault Restoration within PLUS, ELITE, LINKEDUA Right of Way between Projek Penyelenggaraan Lebuhraya Berhad ("PROPEL") and TT dotCom Sdn Bhd

The contract was awarded to Propel on 2 May 2003 for routine maintenance and reactive maintenance (fault restoration) of TT dotCom'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 TT dotCom's discretion.

PROPEL is a subsidiary of UEM World Berhad ("UEM World") and Khazanah (a major shareholder) is the ultimate holding company of UEM World.

4. Imposition of Sanctions/Penalties

There were penalties imposed on the Company and its subsidiary companies for the financial year ended 31 December 2003 for late payment of withholding tax to the Royal Customs Department which amounted to RM222,777.00 and late lodgement of statutory documents to the Companies Commission of Malaysia which amounted to RM450.00.

5. Non-audit Fees

Non-audit fees paid to external auditors for the financial year ended 31 December 2003 was RM21,294.00.

audit committee report

The Board of Directors is pleased to present the Report of the Audit Committee ("Committee") for the year ended 31 December 2003.

Composition

The Audit 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 2003 are as follows:

Ms. Gee Siew Yoong (Chairman)	Independent, Non-Executive Director
Encik Kamaludin Abdul Kadir (resigned on 31 July 2003)	Independent, Non-Executive Director
YBhg. Dato' Abdul Rahim Abu Bakar (appointed on 31 July 2003)	Independent, Non-Executive Director
Puan Elakumari Kantilal	Non-Independent, Non-Executive Director

The profiles of the Audit Committee members are contained in "Profile of Directors" set out on pages 6 to 10.

Terms of Reference

The Committee was established on 27 September 2000 to act as a Committee of the Board of Directors, with the terms of reference as set out on pages 57 to 59.

Meetings

The Audit Committee convened thirteen (13) meetings during the financial year ended 31 December 2003. The details of attendance are as follows:

Name	Number of meetings attended
Ms. Gee Siew Yoong	13/13
Encik Kamaludin Abdul Kadir (resigned on 31 July 2003)	8/8
YBhg. Dato' Abdul Rahim Abu Bakar (appointed on 31 July 2003)	5/5
Puan Elakumari Kantilal	13/13

The Executive Director/Chief Executive Officer (up to 31 March 2003), the Managing Director (effective 1 April 2003) and the Company Secretary were present by invitation at all the meetings. External auditors, representatives of the internal audit consultants Messrs KPMG, Head of the Internal Audit and the Chief Financial Officer were also present during discussions that required their input and advice.

audit committee report

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 2002 and the unaudited quarterly financial results of the Group with the external auditors prior to the Board of Directors' approval and subsequent announcements.
- Reviewed the external auditors' scope of work and audit plan for the Group for the financial year ended 31 December 2003. Prior to the audit, representatives from the external auditors presented their audit strategy and plan.
- Reviewed with the external auditors the results of the audit, audit report and the management letters for the financial year ended 31 December 2002.
- Recommended to the Board for approval of the audit fees payable to the external auditors. Reviewed the performance and appointment of the external auditors.
- Met with external auditors once during the year without the presence of any executive Board member.
- Reviewed the scope of work, programmes and plans of the internal audit consultants and the resources employed.
- Reviewed the internal audit reports, which highlight the audit issues, recommendations and management's responses. 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.
- Recommended to the Board the implementation of the Enterprise Risk Management ("ERM") framework to optimize the management of risks of the Group and further enhance on its existing internal controls.
- Recommended to the Board the adoption of the Internal Audit Charter for the internal audit function, as part of good corporate governance practice for the Group.
- 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 the Malaysia Securities Exchange Berhad ("MSEB"), 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.

In line with the company's corporate governance practices, the Audit Committee undertook an exercise in 2003 to review and re-evaluate the engagement of its incumbent auditors. The objective of the exercise was to promote better transparency and efficacy and it was targeted at audits commencing with the financial year ending 2004. Such exercises will be carried out periodically.

audit committee report

Internal Audit Function

The internal audit function was outsourced in July 2002 to external consultants. However, during the financial year, the Directors approved the setting up of an in-house internal audit unit to undertake the internal audit function.

It is anticipated that the Group Internal Audit Division will assume the function fully by the second quarter of 2004. The consultants, Messrs KPMG will be working with the Group Internal Audit Division during the transition on existing assignments and to ensure smooth handover of the function. The Audit Committee reviewed and approved the transition arrangement as outlined in the audit plan for 2004.

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 and Summary of Activities

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 three (3) years. All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company.

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

audit committee report

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:

- (i) To determine that established policies, procedures and guidelines, operating and internal accounting controls are adequate, functioning, effective, and are complied with in promoting efficiency and proper conduct of the Company's business.
- (ii) To act as an independent and objective party in reviewing the financial information of the Company presented by Management.
- (iii) To review the quarterly and year-end financial statements of the Company for recommendation to the Board for approval, focusing particularly on:
 - Any changes in accounting policies and practices
 - Significant adjustments arising from the audit
 - The going concern assumption
 - Compliance with accounting standards and legal requirements

audit committee report

- (iv) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- (v) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved.
- (vi) To discuss problems and reservations arising from the interim and final audits, and any other matter the auditor may wish to discuss (in the absence of Management where necessary).
- (vii) To review the external auditor's management letter, their evaluation of the systems of internal control and management's responses thereof.
- (viii) To ensure that assistance is given by the employees of the company in following the best practices in providing full and faithful disclosure of any material information, to the external auditor.
- (ix) To do the following where an internal audit function exists:
 - Review the adequacy of the scope, functions 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 the Malaysia Securities Exchange Berhad.
- (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 the Malaysia Securities Exchange Berhad.
- (xiv) To consider other topics as defined by the Board.

statement on internal control

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 of internal control that outlines the nature and scope of internal control of the Group during the year pursuant to paragraph 15.27 (b) of the Malaysia Securities Exchange Berhad'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 need for effective and efficient business operations, sound financial reporting and internal controls and compliance with relevant laws and regulations. In pursuing these objectives, the internal control system can only provide reasonable but not absolute assurance against material misstatement or loss.

On-going reviews are continuously 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, headed by the Managing Director, and comprises the Heads of the business units. The RMSC is assisted by the Chief Financial Officer, as Risk Management Coordinator, 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 an oversight function provided by the Managing Director, the RMSC, Direct Report meetings, internal audit function and the Audit Committee.

During the financial year, the Board approved the implementation of Enterprise Risk Management ("ERM") for the Group with the assistance of external expertise. ERM reinforces the existing risk management framework and, in particular, acts as a means of identifying, prioritising and managing strategic, operational, reputation, regulatory and information risks specific to the operations of the Group. ERM will lead to greater involvement by management in taking ownership of actions which will have an impact on the Group's risk profile.

As part of the exercise, risk registers were established for the Group. The risk registers will serve as a reference for line management in ensuring that the risks in their areas of operation are monitored and mitigated. New areas are introduced for assessment as the business risk profile changes.

statement on internal control

Internal Audit Function

The internal audit function was outsourced in July 2002 to external consultants. However, during the financial year, the Directors approved the setting up of an in-house internal audit unit to undertake the internal audit function.

It is anticipated that the Group Internal Audit Division will assume the function fully by the second quarter of 2004. The consultants, Messrs KPMG will be working with the Group Internal Audit Division during the transition on existing assignments and to ensure smooth handover of the function.

The internal audits conducted in the financial year were in accordance with the audit plan approved by the Audit Committee. Internal audit reports covering three (3) audit cycles were issued during the year which encompassed several operational areas, amongst others, human resource management, revenue assurance, asset management and credit management.

The internal audit function adopts a risk-based approach to provide the Audit 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 Audit 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

The current control environment and key processes include the following:

- An organisation structure, with defined lines of responsibility and delegation of authority, is in place with a Discretionary Authority Limits Table that delineates authority limits to ensure accountability and segregation of duties. The structure will continue to be fine-tuned, for it to be more effective and efficient in supporting the business operations. It is envisaged that, as a result of this effort, the current system of internal controls, accountability and risk management will be improved.
- 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.
- Procedures are in place covering the hiring, termination, appraisal and training of employees to ensure that the Group's human resource requirements are met in achieving its business objectives.
- Regular management meetings are held to discuss strategic and operational issues to ensure that targets and objectives are met.

The external auditors have reviewed this Statement on Internal Control to ensure that the Statement correctly reflects the processes which are in place to ensure the adequacy and integrity of the system of internal control.



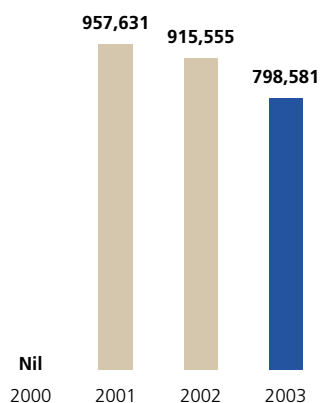


TIME Reach continued to make headway as a payphone operator of choice in key locations and landmark buildings.

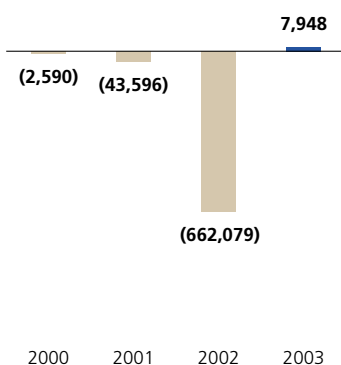
group financial highlights

In RM'000	2000	2001	2002	2003
Revenue	–	957,631	915,555	798,581
Profit/(Loss) Before Tax	(2,590)	(43,596)	(662,079)	7,948
Profit/(Loss) After Tax	(2,590)	(44,703)	(662,574)	7,794
Total Shareholders' Equity	5,209,687	5,692,653	5,030,079	3,772,486
Total Assets	5,694,342	6,049,609	5,552,880	4,030,693
Net Tangible Asset per Share (RM)	1.60	1.70	1.59	1.24

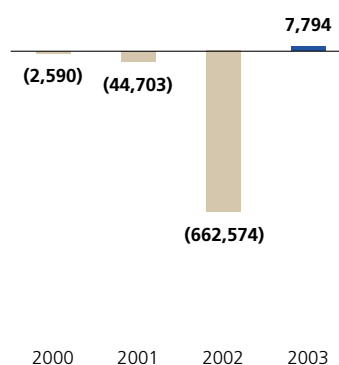
Revenue (RM'000)



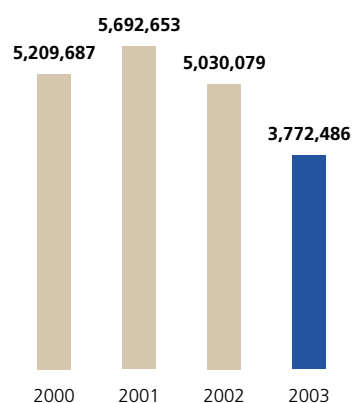
Profit/(Loss) Before Tax (RM'000)



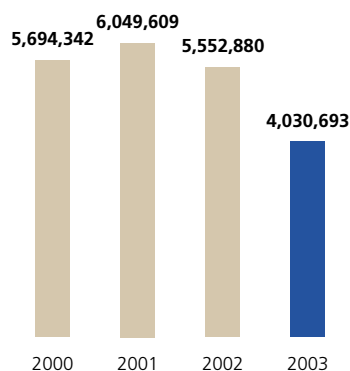
Profit/(Loss) After Tax (RM'000)



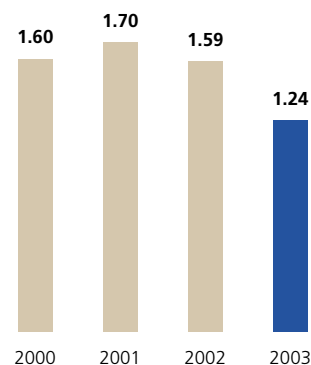
Total Shareholders' Equity (RM'000)



Total Assets (RM'000)



Net Tangible Assets Per Share (RM'000)



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financial statements



directors' report

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 31st December, 2003.

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 3 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.

Significant events

During the financial year;

- (i) the Company completed its disposal of its entire equity interest in a subsidiary company, TMECel Sdn Bhd, for a cash consideration of up to RM1,475,000,000 resulting in a gain on disposal of RM27,060,000; and
- (ii) the Company completed its capital repayment to the shareholders of the Company via a cash distribution of RM1,265,387,500 from the proceeds received pursuant to the disposal of TIMECel Sdn Bhd as mentioned above on the basis of RM0.50 for every existing ordinary share held.

Results of operations

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit/(Loss) before tax	7,948	(9,779)
Income tax expense	(154)	–
Net profit/(loss) for the year	<u>7,794</u>	<u>(9,779)</u>

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of material and unusual nature other than the gain on disposal of subsidiary company and the allowance for diminution in value of investment in subsidiary company as mentioned in the income statements.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

directors' report

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Issue of shares and debentures

The Company has not issued any new shares or debentures during the financial year.

Share options

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

Other financial information

Before the income statements and balance sheets of the Group and the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables, and had satisfied themselves that all known bad receivables had been written off and that adequate allowance had been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- (a) which would render the amount written off for bad receivables or the amount of allowance for doubtful receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

directors' report

Other financial information (cont'd)

No contingent or other liability 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 the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and the Company for the succeeding financial year.

Directors

The following directors served on the Board of the Company since the date of the last report:

YBhg. Dato' Ir. Wan Muhamad Wan Ibrahim
Puan Elakumari Kantilal
Ms Gee Siew Yoong
Encik Abdul Kadir Md. Kassim
Encik Kamaludin Abdul Kadir
YBhg. Dato' Abdul Rahim Bin Abu Bakar (appointed on 1.4.2003)
Mr Tan See Yin (appointed on 1.4.2003)
Puan Salmah Sharif (resigned on 16.2.2004)
Encik Ahmad Pardas Senin (resigned on 16.2.2004)

YBhg. Dato' Abdul Rahim Bin Abu Bakar and Mr Tan See Yin, who were appointed to the Board since the last Annual General Meeting, retired under Article 99 of the Company's Articles of Association at the Annual General Meeting ("AGM") held on 30th April, 2003 and, being eligible, were duly re-elected at the said AGM.

In accordance with the Company's Articles of Association, YBhg. Dato' Ir. Wan Muhamad Wan Ibrahim who retires by rotation under Article 94 and, being eligible, offers himself for re-election. However, Ms Gee Siew Yoong who also retires by rotation under Article 94 is not seeking re-election.

Directors' interests

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Company Act, 1965, are as follows:

	Number of ordinary shares of RM1 each		
	Balance as of 1.1.2003	Bought	Sold
			Balance as of 31.12.2003
Shares in the Company			
Registered in name of director			
Ahmad Pardas Senin	10,000	—	—
			10,000

directors' report

Directors' interests (cont'd)

None of the directors in office as at the end of the financial year held shares or had beneficial interest in the shares of the Company and of its related companies during and at the end of the financial year.

Under the Company's Articles of Association, the directors are not required to hold any shares in the Company.

Directors' benefits

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than those transactions between related parties with common directors as disclosed in Notes 19 and 31 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Auditors

The auditors, Messrs. Deloitte KassimChan, have indicated that they will not be seeking reappointment as auditors at the forthcoming Annual General Meeting of the Company.

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

DATO' IR. WAN MUHAMAD WAN IBRAHIM

TAN SEE YIN

Kuala Lumpur
18th February, 2004

report of the auditors

to the members of TIME dotCom Berhad

We have audited the accompanying balance sheets as of 31st December, 2003 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that 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 the 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 the Company as of 31st December, 2003 and of the results and the cash flows of the Group and Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company 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 as required by us for these purposes.

Our reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

DELOITTE KASSIMCHAN

AF 0080

Chartered Accountants

ROSITA TAN

1874/9/04 (J)

Partner

Petaling Jaya

18th February, 2004

income statements

for the year ended 31st December, 2003

	Note	The Group		The Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	4	798,581	915,555	8,116	9,866
Cost of sales		(611,800)	(729,635)	(7)	(228)
Gross profit		186,781	185,920	8,109	9,638
Sales and marketing expenses		(55,397)	(112,605)	(14,364)	(11,244)
Administrative expenses		(75,694)	(121,750)	(14,338)	(15,187)
Other operating expenses		(80,581)	(206,508)	(2,541)	(8,037)
Other operating income		2,378	5,462	63	77
Information technology expenses		(21,914)	(40,886)	(2,185)	(1,183)
		(231,208)	(476,287)	(33,365)	(35,574)
Loss from operations	5	(44,427)	(290,367)	(25,256)	(25,936)
Finance costs	6	(278)	(503)	–	–
Income from other investments	7	25,593	15,861	22,347	12,747
Gain on disposal of subsidiary company	14	27,060	–	–	–
Goodwill written off	13	–	(387,070)	–	–
Allowance for diminution in value of investment in subsidiary company	14	–	–	(6,870)	(523,405)
Profit/(Loss) before tax		7,948	(662,079)	(9,779)	(536,594)
Income tax expense	9	(154)	(495)	–	–
Net profit/(loss) for the year		7,794	(662,574)	(9,779)	(536,594)
Basic earnings/(loss) per ordinary share (sen)	10	0.3	(26.2)		

The accompanying Notes form an integral part of the Financial Statements.

balance sheets

as at 31st December, 2003

		The Group		The Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
ASSETS					
Property, plant and equipment	11	67,968	98,211	8,217	5,299
Telecommunications network	12	2,385,315	3,592,990	–	–
Goodwill on consolidation	13	626,275	996,062	–	–
Investment in subsidiary companies	14	–	–	3,342,186	4,674,057
		3,079,558	4,687,263	3,350,403	4,679,356
Current Assets					
Inventories	15	15,613	9,792	151	129
Trade receivables	16	173,924	178,354	57	48
Other receivables and prepaid expenses	17	62,676	131,390	3,350	15,113
Amount owing by subsidiary companies	18	–	–	260,158	284,229
Amount owing by related parties	19	4,008	7,560	289	–
Fixed deposits with licensed banks	20	685,453	526,074	532,823	446,752
Cash and bank balances		9,461	12,447	182	653
		951,135	865,617	797,010	746,924
Current Liabilities					
Trade payables	21	139,166	284,743	269	133
Other payables and accrued expenses	22	97,671	202,174	10,812	10,788
Amount owing to subsidiary companies	18	–	–	271,891	274,186
Amount owing to related parties	19	21,370	35,147	–	1,566
Tax liabilities		–	737	–	–
		258,207	522,801	282,972	286,673
Net Current Assets		692,928	342,816	514,038	460,251
Net Assets		3,772,486	5,030,079	3,864,441	5,139,607
Represented by:					
Issued capital	23	2,530,775	2,530,775	2,530,775	2,530,775
Share premium	24	1,950,374	3,215,761	1,950,374	3,215,761
Accumulated loss		(708,663)	(716,457)	(616,708)	(606,929)
Shareholders' Equity		3,772,486	5,030,079	3,864,441	5,139,607

The accompanying Notes form an integral part of the Financial Statements.

statements of changes in equity

for the year ended 31st December, 2003

	Note	Issued capital RM'000	Share premium RM'000	Accumulated loss RM'000	Total/Net RM'000
The Group					
Balance at 1st January, 2002		2,530,775	3,215,761	(53,883)	5,692,653
Net loss for the year		–	–	(662,574)	(662,574)
Balance at 31st December, 2002		2,530,775	3,215,761	(716,457)	5,030,079
Capital repayment	24	–	(1,265,387)	–	(1,265,387)
Net profit for the year		–	–	7,794	7,794
Balance at 31st December, 2003		2,530,775	1,950,374	(708,663)	3,772,486
The Company					
Balance at 1st January, 2002		2,530,775	3,215,761	(70,335)	5,676,201
Net loss for the year		–	–	(536,594)	(536,594)
Balance at 31st December, 2002		2,530,775	3,215,761	(606,929)	5,139,607
Capital repayment	24	–	(1,265,387)	–	(1,265,387)
Net loss for the year		–	–	(9,779)	(9,779)
Balance at 31st December, 2003		2,530,775	1,950,374	(616,708)	3,864,441

The accompanying Notes form an integral part of the Financial Statements.

cash flow statements

for the year ended 31st December, 2003

The Group	Note	2003 RM'000	2002 RM'000
Cash Flows From Operating Activities			
Profit/(Loss) before tax		7,948	(662,079)
Adjustments for:			
Amortisation of telecommunications network		59,642	106,300
Depreciation of property, plant and equipment		24,488	24,877
Allowance for doubtful debts:			
Trade receivables		5,168	73,560
Other receivables		149	33,790
Bad receivables written off		27	—
Telecommunications network written off		2,384	35,722
Allowance for inventory obsolescence		474	8,416
Interest expense		278	503
Property, plant and equipment written off		124	332
Gain on disposal of subsidiary company		(27,060)	—
Interest income		(25,593)	(15,861)
Impairment loss no longer required:			
Property, plant and equipment		(1,900)	—
Telecommunications network		(1,731)	—
Gain on disposal of property, plant and equipment		(933)	—
Goodwill written off		—	387,070
Impairment loss:			
Telecommunications network		—	8,331
Property, plant and equipment		—	1,900
Operating Profit Before Working Capital Changes		43,465	2,861
(Increase)/Decrease in:			
Inventories		(6,848)	1,196
Receivables		(141,634)	(74,564)
Increase/(Decrease) in payables		302,920	167,049
Cash From Operations		197,903	96,542
Tax paid		(936)	(1,699)
Net Cash From Operating Activities		196,967	94,843
Cash Flows From Investing Activities			
Disposal of subsidiary company *		1,327,578	—
Interest received		25,593	15,861
Proceeds from disposal of property, plant and equipment		942	—
Purchase of property, plant and equipment		(34,854)	(41,668)
Additions to telecommunications network		(94,168)	(257,535)
Net Cash From/(Used In) Investing Activities		1,225,091	(283,342)

cash flow statements

for the year ended 31st December, 2003

	Note	2003 RM'000	2002 RM'000
Cash Flows From Financing Activities			
Capital repayment		(1,265,387)	—
Interest paid		(278)	(503)
Net Cash Used In Financing Activities		(1,265,665)	(503)
Net Increase/(Decrease) In Cash And Cash Equivalents		156,393	(189,002)
Cash And Cash Equivalents At Beginning Of Year		538,521	727,523
Cash And Cash Equivalents At End Of Year	26	694,914	538,521

* Analysis of disposal of subsidiary company

The fair value of assets and liabilities disposed of are as follows:

	2003 RM'000
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 off	928,153
Gain on disposal	27,060
Goodwill written off	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	1,327,578

cash flow statements

for the year ended 31st December, 2003

The Company	Note	2003 RM'000	2002 RM'000
Cash Flows From Operating Activities			
Loss before tax		(9,779)	(536,594)
Adjustments for:			
Allowance for diminution in value of investment in subsidiary company		6,870	523,405
Depreciation of property, plant and equipment		2,662	1,697
Interest income		(22,347)	(12,747)
Operating Loss Before Working Capital Changes		(22,594)	(24,239)
(Increase)/Decrease in:			
Inventories		(22)	121
Receivables		36,319	(155,244)
Decrease in payables		(3,701)	(20,591)
Cash Generated From/(Used In) Operations		10,002	(199,953)
Tax paid		(782)	–
Net Cash Generated From/(Used In) Operating Activities		9,220	(199,953)
Cash Flows Used In Investing Activities			
Proceeds from disposal of subsidiary company		1,325,000	–
Interest received		22,347	12,747
Purchase of property, plant and equipment		(5,580)	(3,590)
Net Cash Generated From Investing Activities		1,341,767	9,157
Cash Flows From Financing Activities			
Capital repayment		(1,265,387)	–
Net Cash Used In Financing Activities		(1,265,387)	–
Net Increase/(Decrease) In Cash And Cash Equivalents		85,600	(190,796)
Cash And Cash Equivalents At Beginning Of Year		447,405	638,201
Cash And Cash Equivalents At End Of Year	26	533,005	447,405

The accompanying Notes form an integral part of the Financial Statements.

notes to the financial statements

1. 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 3.

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

2. Basis of preparation of financial statements

The financial statements of the Company have been approved by the Board of Directors for issuance on 18th February, 2004.

The financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2003, the Group and the Company adopted the following Malaysian Accounting Standards Board ("MASB") standards for the first time:-

MASB 25	: Income Taxes
MASB 28	: Discontinuing Operations
MASB 29	: Employee Benefits

The adoption of these MASBs have not given rise to any adjustments to the opening balances of accumulated losses of the prior year or to changes in comparatives.

3. Significant accounting policies

Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention.

Basis of Consolidation

The consolidated financial statements include the audited financial statements of the Company and of all its subsidiary companies (all incorporated in Malaysia) made up to the end of the financial year, as follows:

	Percentage of Group's Effective Ownership		Principal Activities
	2003 %	2002 %	
Direct			
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.
TIMECel Sdn Bhd	—	100	Provision of voice and data through the cellular system.

notes to the financial statements

3. Significant accounting policies (cont'd)

Basis of Consolidation (cont'd)

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant inter-company transactions and balances are eliminated on consolidation.

Revenue

Revenue of the Company consists of management fees 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.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, at the approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

The principal closing rates used in translation of foreign currency amounts are as follows:

Foreign currency	31.12.2003 RM	31.12.2002 RM
1 US Dollar	3.800	3.800
1 Australian Dollar	2.854	2.159

Income Tax

In previous financial years, the tax effects of transactions are recognised, using the "liability" method, in the year such transactions enter into the determination of net income, regardless of when they are recognised for tax purposes except when the timing differences were not expected to crystallise in the foreseeable future. However, where timing differences would result in net deferred tax assets, the tax effects were recognised generally on actual realisation.

During the current financial year, the Company changed its accounting policy for the recognition of deferred tax assets and liabilities in compliance with MASB Standard No. 25, Income Taxes.

Upon adoption of MASB 25, the tax effects of transactions are recognised, using the "balance sheet" method and all taxable and deductible temporary differences are recognised. Where such temporary differences would give rise to net deferred tax asset, the tax effects are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax benefits can be utilised.

The adoption of MASB 25, which is applied retrospectively, does not have any significant impact on the financial statements of the Group and Company.

notes to the financial statements

3. Significant accounting policies (cont'd)

Plant, Property and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

The carrying amount of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount.

Freehold land is not depreciated while leasehold land and buildings are amortised over the unexpired lives of the leases. Depreciation of other property, plant and equipment is computed on the straight-line method at rates based on the estimated useful lives of the various assets.

The annual depreciation rates are as follows:

Buildings	2%
Improvements	20%
Office equipment, furniture and fittings	5% - 50%
Loose tools	10% - 50%
Computer systems	20% - 33 $\frac{1}{3}$ %
Motor vehicles	20%

Leased Assets

Assets under leases which in substance transfer the risks and benefits of ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding lease obligations are recorded at the fair value of the leased assets which approximate the present value of the minimum lease payments, at the beginning of the respective lease terms.

Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statements over the term of the relevant lease period so far as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. All other leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

Investment in Subsidiary Companies

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Investment in subsidiary companies, which is eliminated on consolidation, 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 immediately to its recoverable amount.

notes to the financial statements

3. Significant accounting policies (cont'd)

Telecommunications Network

(a) 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 licences 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 had been granted by the Ministry to the Group in August 2001. These new licences are not technology specific but based on activity:

Effective date

Network facilities

TT dotCom Sdn Bhd	25th July, 2001 to 30th November, 2014
TIMECel Sdn Bhd	25th July, 2001 to 23rd December, 2013
TIME Reach Sdn Bhd	25th July, 2001 to 24th July, 2011
TIMESat Sdn Bhd	25th July, 2001 to 24th July, 2011

Network services

TT dotCom Sdn Bhd	25th July, 2001 to 30th November, 2014
TIMECel Sdn Bhd	25th July, 2001 to 23rd December, 2013
TIMESat Sdn Bhd	25th July, 2001 to 24th July, 2011

Application services

TT dotCom Sdn Bhd	25th July, 2001 to 30th November, 2014
TIMECel Sdn Bhd	25th July, 2001 to 23rd December, 2013
TIME Reach Sdn Bhd	25th July, 2001 to 31st March, 2005
TIMESat Sdn Bhd	25th July, 2001 to 30th October, 2006

On 11th August 2000, TIME dotNet Berhad was granted an Internet Application Service Provider Licence (class licence) for a tenure of one (1) year from 4th 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 Company. The commissioning of the network is accordingly carried out at the completion of each phase of construction. Pre-commissioning network cost is not amortised. Commissioned network cost relating to payphone licence is amortised on a straight line basis over ten years while commissioned network cost/Internet Services Provision ("ISP") infrastructure cost relating to other licences is amortised to each balance sheet date over the duration of the licence period/estimated useful lives of 14 years (for ISP infrastructure) in accordance with the following formula:

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

* Revenue is net of discounts and interconnect charges.

notes to the financial statements

3. Significant accounting policies (cont'd)

(b) Interest capitalised

(i) Pre-commissioning interest

Pre-commissioning interest on loans obtained to finance the construction of the network which require a substantial period of time to get them ready for their intended use are capitalised and included as part of pre-commissioning network cost.

(ii) Post commissioning interest

This represented interest on loans obtained to finance the construction of the commissioned phases of the network incurred subsequent to commissioning until full repayment of such loans other than that relating to the payphone licence which is charged to the income statement when incurred. In prior years, capitalised interest is amortised to each balance sheet date over the duration of the licence period in accordance with the following formula:

$$\frac{\text{Cumulative revenue* to date}}{\text{Projected total revenue* during the licence period}} \times \text{Projected total post commissioning interest to be incurred}$$

* Revenue is net of discounts and interconnect charges.

In 2001, following the early adoption of Malaysian Accounting Standards Board Standard 27 (MASB 27), Borrowing Costs, the Group changed the accounting policy to cease the capitalisation of borrowing costs upon the commissioning of the telecommunications network.

(c) Projected total revenue during the licence period

The projected total revenue during the licence period is based on directors' best estimates and is reviewed by the directors at least once every three years.

In 2001, a review was made by the directors on the projected total revenue over the licence period of its international and domestic and mobile network.

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. Where there is an indication of impairment in value of the goodwill, the carrying value of the goodwill is written down immediately to its recoverable amount.

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 distribution costs and all other estimated costs to completion.

notes to the financial statements

3. Significant accounting policies (cont'd)

Receivables

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

Provisions

Provisions are made when the Group and the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Financial Assets

The Group's principal financial assets are cash and bank balances, fixed deposits with licensed banks, trade and other receivables and amount owing by related parties.

Trade and other receivables and amount owing by related parties are stated at their nominal values as reduced by the appropriate allowances for estimated irrecoverable amounts.

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. Financial liabilities include trade and other payables and amounts owing to related companies and related parties, which are stated at their nominal values.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value.

4. Revenue

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Fixed line	440,804	328,031	—	—
Mobile	120,675	339,614	—	—
Payphone	217,074	221,112	—	—
Internet services	19,934	26,438	—	—
Management fee receivable from subsidiary companies	—	—	8,022	9,509
Others	94	360	94	357
	798,581	915,555	8,116	9,866

notes to the financial statements

5. Loss from operations

		The Group		The Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
After charging:					
Interconnect charges		379,074	336,029	—	—
Staff costs		59,974	153,905	9,593	13,280
Amortisation of telecommunications network	12	59,642	106,300	—	—
Telecommunications maintenance charges		37,881	80,133	—	—
Depreciation of property, plant and equipment	11	24,488	24,877	2,662	1,697
Payphone line rental		18,323	20,356	—	—
Network and leased line charges		12,533	28,353	—	—
Fee or wayleave and right of use pertaining to telecommunications facilities		12,502	11,907	—	—
Rental of:					
Premises		8,849	13,347	991	1,454
Equipment		900	1,392	93	46
Motor vehicles		171	580	165	270
Allowance for doubtful receivables:					
Trade receivables		5,168	73,560	—	—
Other receivables		149	33,790	—	—
Telecommunications network written off		2,384	35,722	—	—
Allowance for inventory obsolescence		474	8,416	—	—
Directors' remuneration	8	816	491	803	469
Audit fees		132	180	28	28
Property, plant and equipment written off		124	332	—	—
Bad receivables written off		27	—	—	—
Site and equipment rental		—	23,230	—	—
Impairment loss:					
Telecommunications network		—	8,331	—	—
Property, plant and equipment		—	1,900	—	—
<hr/>					
And crediting:					
Impairment loss no longer required:					
Telecommunications network		1,731	—	—	—
Property, plant and equipment		1,900	—	—	—
Gain on disposal of property, plant and equipment		933	104	—	—
Net realised gain on foreign exchange		102	1,167	—	—
Rental income		99	65	39	—

Staff costs include salaries, bonuses, contributions to employees' provident fund (EPF), and all other staff related expenses. Contributions to EPF during the financial year amounted to RM9.7 million and RM417,000 for the Group and the Company (RM13.0 million and RM936,000 in 2002) respectively.

notes to the financial statements

6. Finance costs

	The Group	
	2003 RM'000	2002 RM'000
Interest on:		
Amount owing to related parties (Note 31)	169	491
Others	109	12
	278	503

7. Income from other investments

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Interest income from short-term deposits	25,593	15,861	22,347	12,747

8. Directors' remuneration

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Executive directors:				
The Company				
Emoluments	351	—	351	—
Non-executive directors:				
The Company				
Fees	291	272	291	272
Other Emoluments	161	197	161	197
Subsidiary companies				
Fees	13	22	—	—
	816	491	803	469

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 RM44,069 (RM6,500 in 2002) and RM43,852 (RM6,500 in 2002), respectively.

Included in directors' remuneration are amounts totaling RM110,000 (RM149,000 in 2002) payable to a related party for services rendered by two (three in 2002) non-executive directors of the Company (Note 31).

notes to the financial statements

8. Directors' remuneration (cont'd)

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
25,001 to 50,000	—	4
50,001 to 100,000	—	4
100,001 to 300,000	—	—
300,001 to 400,000	1	—

9. Income tax expense

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Estimated current tax payable	154	495	—	—

The provision for estimated current tax payable made in the Group in 2003 is in respect of interest income of certain subsidiary companies received during the financial year.

Although the Group made a loss in 2002, provision for estimated current tax payable has been 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.

A reconciliation of income tax expense applicable to profit before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Profit/(Loss) before tax	7,948	(662,079)	(9,779)	(536,594)
Tax at statutory tax rate of 28%	2,225	(185,382)	(2,738)	(150,246)
Expenses not deductible for tax purposes	4,642	149,968	2,679	134,274
Utilisation of deferred tax assets not previously recognised	(6,772)	(25)	—	—
Deferred tax assets not recognised	59	35,934	59	15,972
	154	495	—	—

notes to the financial statements

9. Income tax expense (cont'd)

As explained in Note 3, the tax effects of temporary differences which would give rise to net deferred tax asset are recognised to the extent that it is probable that taxable income will be available against which the deferred tax benefits can be utilised. As at 31st December, 2003, the estimated amount of deferred tax asset, calculated at current tax rate which is not recognised in the financial statements, is as follows:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Tax effects of:				
Temporary differences in respect of excess of tax capital allowances over book depreciation	(485,287)	(633,129)	(1,122)	(604)
Unabsorbed capital allowances	542,210	799,008	2,487	1,270
Unutilised tax losses	146,803	331,644	17,269	17,909
Others	10,699	58,013	–	–
Net Deferred Tax Asset	214,425	555,536	18,634	18,575

The unabsorbed tax losses and capital allowances are subject to agreement with the Inland Revenue Board.

10. Earnings/(loss) per share

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

The basic loss per ordinary share in 2002 is calculated by dividing the Group's net loss of RM662,574,000 by the weighted average number of ordinary shares in issue during the year of 2,530,775,000.

notes to the financial statements

11. Property, plant and equipment

The Group	Land, buildings and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At beginning of year	54,896	52,973	8,949	121,757	20,980	259,555
Additions	9,891	1,742	133	22,972	116	34,854
Disposal of subsidiary company	(12,732)	(17,518)	–	(83,151)	(5,197)	(118,598)
Disposal/Write off	–	–	(16)	–	(2,111)	(2,127)
At end of year	52,055	37,197	9,066	61,578	13,788	173,684
Accumulated Depreciation						
At beginning of year	17,486	46,865	6,751	68,141	20,201	159,444
Current depreciation	11,611	2,581	794	9,120	382	24,488
Disposal of subsidiary company	(10,680)	(15,431)	–	(44,966)	(5,031)	(76,108)
Disposal/Write off	–	–	(6)	–	(2,102)	(2,108)
At end of year	18,417	34,015	7,539	32,295	13,450	105,716
Accumulated Impairment Loss						
At beginning of year	–	–	–	1,900	–	1,900
Reversal during the year	–	–	–	(1,900)	–	(1,900)
At end of year	–	–	–	–	–	–
Net Book Value						
31st December, 2003	33,638	3,182	1,527	29,283	338	67,968
31st December, 2002	37,410	6,108	2,198	51,716	779	98,211
Depreciation charge for 2002	1,642	4,405	1,343	16,791	696	24,877

notes to the financial statements

11. Property, plant and equipment (cont'd)

The Company	Improvements RM'000	Office equipment, furniture, and fittings RM'000	Computer systems RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At beginning of year	3,336	1,673	3,239	267	8,515
Additions	304	91	5,185	–	5,580
At end of year	3,640	1,764	8,424	267	14,095
Accumulated Depreciation					
At beginning of year	1,173	877	947	219	3,216
Current depreciation	728	288	1,634	12	2,662
At end of year	1,901	1,165	2,581	231	5,878
Net Book Value					
31st December, 2003	1,739	599	5,843	36	8,217
31st December, 2002	2,163	796	2,292	48	5,299
Depreciation charge for 2002	667	332	648	50	1,697

Land, buildings and improvements comprise the following:

The Group	Cost RM'000	Accumulated depreciation RM'000	Net book value 2003 RM'000	2002 RM'000
Freehold land	11,154	–	11,154	14,554
Land under long lease	90	26	64	66
Land under short lease	7,467	3,024	4,443	4,816
Land and buildings under long lease	–	–	–	321
Land and buildings under short lease	–	–	–	7,437
Buildings	7,707	1,582	6,125	6,279
Buildings and improvements	25,637	13,785	11,852	3,937
	52,055	18,417	33,638	37,410

notes to the financial statements

11. Property, plant and equipment (cont'd)

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

The Group	The Group Net book value	
	2003 RM'000	2002 RM'000
Land under long lease		
81 - 85 years	64	66
Land under short lease		
11 - 15 years	4,443	4,816
Land and building under long lease		
71 - 75 years	—	321
Land and buildings under short lease		
31 - 35 years	—	4,099
36 - 40 years	—	—
41 - 45 years	—	3,338
46 - 50 years	—	—
	—	7,437
	4,507	12,640

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use, with cost amounting to approximately RM75,672,000 (RM102,086,000 in 2002).

notes to the financial statements

12. Telecommunications network

The Group	Domestic and international RM'000	Mobile RM'000	Payphone RM'000	ISP infrastructure RM'000	Total RM'000
Cost					
At beginning of year	2,395,721	1,367,172	362,942	44,814	4,170,649
Additions	80,664	–	5,161	8,343	94,168
Disposal of subsidiary company	–	(1,367,172)	–	–	(1,367,172)
Disposals/Write off	(2,385)	–	(60,033)	–	(62,418)
At end of year	2,474,000	–	308,070	53,157	2,835,227
Cumulative Amortisation					
At beginning of year	146,435	123,266	298,594	1,033	569,328
Current amortisation	34,286	2,472	21,776	1,108	59,642
Disposal of subsidiary company	–	(125,738)	–	–	(125,738)
Disposals/Write off	–	–	(59,920)	–	(59,920)
At end of year	180,721	–	260,450	2,141	443,312
Accumulated Impairment Loss					
At beginning of year	8,331	–	–	–	8,331
Reversal during the year	(1,731)	–	–	–	(1,731)
At end of year	6,600	–	–	–	6,600
Net Book Value					
31st December, 2003	2,286,679	–	47,620	51,016	2,385,315
31st December, 2002	2,240,955	1,243,906	64,348	43,781	3,592,990
Amortisation charge for 2002	36,925	37,462	31,267	646	106,300

notes to the financial statements

12. Telecommunications network (cont'd)

	Domestic and international RM'000	Mobile RM'000	Payphone RM'000	ISP infrastructure RM'000	Total 2003 RM'000	Total 2002 RM'000
Comprise as follows:						
Network cost:						
Commissioned network	2,292,073	–	308,070	53,157	2,653,300	3,768,963
Network in progress	181,927	–	–	–	181,927	401,686
	2,474,000	–	308,070	53,157	2,835,227	4,170,649
Less: Impairment loss	(6,600)	–	–	–	(6,600)	(8,331)
Less: Cumulative amortisation	(180,721)	–	(260,450)	(2,141)	(443,312)	(569,328)
	2,286,679	–	47,620	51,016	2,385,315	3,592,990

In 2001, a review was undertaken by the directors of the Company on the projected total revenue during the licence period of the Group's telecommunications licences pertaining to its domestic and international and mobile network and consequently, revision was made to the projected total revenue during the licence period.

The projected total revenue during the licence period form the basis of amortisation of the Group's telecommunications network.

13. Goodwill on consolidation

	The Group	
	2003 RM'000	2002 RM'000
At beginning of year	996,062	1,443,878
Less:		
Amount written off in respect of disposal of subsidiary company	(369,787)	–
Amount written off in respect of impairment of value of investment in subsidiary companies		
At beginning of year	–	(60,746)
Written off during the year	–	(387,070)
At end of year	–	447,816
At end of year	626,275	996,062

notes to the financial statements

14. Investment in subsidiary companies

	The Company	
	2003	2002
	RM'000	RM'000
Unquoted shares, at cost	3,934,700	5,259,701
Less: Allowance for diminution in value		
At beginning of year	(585,644)	(62,239)
Charge for the year	(6,870)	(523,405)
At end of year	(592,514)	(585,644)
	3,342,186	4,674,057

Disposal of subsidiary company

During the financial year, 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.

The effect of the disposal of TIMECel on the financial position of the Group is disclosed in the cash flow statements.

The results of TIMECel up to the date of disposal included in the financial results of the Group for the financial year are as follows:

	2003
	Up to date of disposal
	RM'000
Revenue	121,235
Cost of sales	(92,917)
Gross profit	28,318
Other operating expenses	(55,378)
Loss for the period	(27,060)

notes to the financial statements

15. Inventories

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At cost:				
Spares	15,543	13,529	–	–
Trading merchandise	151	735	151	129
Phone cards	497	3,944	–	–
	16,191	18,208	151	129
Less: Allowance for obsolescence	(578)	(8,416)	–	–
Net	15,613	9,792	151	129

16. Trade receivables

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables	215,437	414,616	57	48
Less: Allowance for doubtful receivables	(41,513)	(236,262)	–	–
Net	173,924	178,354	57	48

The credit period granted on sales of products and services rendered is 30 days (30 days in 2002). An allowance has been made for estimated irrecoverable amounts from the sales of products and services rendered of RM41,513,000 (RM236,262,000 in 2002). This allowance has been determined by reference to past default experience.

17. Other receivables and prepaid expenses

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Other receivables	71,171	140,167	1,146	13,756
Interest receivables	30,796	29,113	1,351	–
Less: Allowance for doubtful receivables	(42,055)	(43,870)	–	–
	59,912	125,410	2,497	13,756
Prepaid expenses	2,764	5,980	853	1,357
	62,676	131,390	3,350	15,113

notes to the financial statements

18. Amount owing by/to subsidiary companies

The amount owing by/to subsidiary companies which are interest free and have no fixed repayment terms, arose mainly from intercompany advances and expenses paid on behalf.

Significant transactions during the financial year between the Company and its subsidiary companies are shown in Note 31.

19. Amount owing by/to related parties

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

Amount owing by related parties comprises:

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Amount owing by TEB	427	4	240	—
Amount owing by other related parties	3,581	7,556	49	—
	4,008	7,560	289	—

The amount owing by/to related parties, which have no fixed repayment terms, arose mainly from trade transactions and payments made on behalf.

Significant transactions with related parties during the financial year are shown in Note 31.

20. Fixed deposits with licensed banks

The average effective interest rates of the Group and the Company are 2.61% and 2.80% (2.65% and 3.2% in 2002) per annum. Fixed deposits of the Group and the Company have a maturity of 30 days to 90 days (30 days to 90 days in 2002).

21. Trade payables

The average credit period granted to the Group and to the Company for trade purchases ranges from 30 to 90 days (30 to 90 days in 2002).

notes to the financial statements

22. Other payables and accrued expenses

	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Other payables	36,045	60,764	4,996	1,675
Accrued expenses	61,626	141,410	5,816	9,113
	97,671	202,174	10,812	10,788

23. Share capital

	The Group and the Company	
	2003 RM'000	2002 RM'000
Authorised:		
Ordinary shares of RM1.00 each	5,000,000	5,000,000
Issued and fully paid up:		
Ordinary shares of RM1.00 each	2,530,775	2,530,775

24. Share premium (non-distributable)

	The Group and the Company	
	2003 RM'000	2002 RM'000
At beginning of year	3,215,761	3,215,761
Capital repayment	(1,265,387)	—
At end of year	1,950,374	3,215,761
Share premium arose from the following:		
Issue of 1,431,386,454 new ordinary shares at a premium of RM2.00 per ordinary share in 2000	2,862,773	2,862,773
Issue of 546 new ordinary shares at a premium of RM2.30 per ordinary share in 2000	1	1
Issue and placement of 174,682,000 new ordinary shares at a premium of RM2.30 per ordinary share, net of share issue expense of RM48,782,000 in 2001	352,987	352,987
	3,215,761	3,215,761
Less: Capital repayment on the basis of RM0.50 for every existing ordinary shares held pursuant to the disposal of TIMECel	(1,265,387)	—
	1,950,374	3,215,761

notes to the financial statements

25. Financial instruments

The primary purpose of financial instruments is to maintain an adequate level of liquidity for the Group's operations. There was no trading in financial instruments during the financial year under review. The main risks arising from the Group's financial instruments are interest risk and foreign currency risk.

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

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing fixed deposits. The interest rate on fixed deposits of the Group is disclosed in Note 20.

The Group has 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 is disclosed in Note 3. All foreign exchange gains or losses are taken up in the income statement.

Fair value of financial assets and financial liabilities

The carrying amount of financial assets and financial liabilities of the Group and the Company approximate their fair values because of the short maturity of these instruments.

26. Cash and cash equivalents

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

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	685,453	526,074	532,823	446,752
Cash and bank balances	9,461	12,447	182	653
	694,914	538,521	533,005	447,405

27. Capital commitments

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Approved and contracted for:				
Purchase and construction of telecommunications infrastructure	44,391	179,461	–	1,080
Approved but not contracted for:				
Purchase and construction of telecommunications infrastructure	18,113	35,987	–	–

notes to the financial statements

28. Other commitments

	Future Minimum Lease Payments			
	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 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	—	7,744	—	—
Payable within 2 - 3 years	—	3,380	—	—
Payable after 3 years	—	629	—	—
	—	11,753	—	—

On 12th May, 2000, 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 30th May, 2030 as awarded by the Government of Malaysia to PLUS ("PLUS Concession") unless renewed by the Government of Malaysia (in which event the agreement shall terminate upon the renewed terms of the PLUS Concession).

Under the PLUS Agreement, the subsidiary company has an option (exercisable within 30 months from 12th May, 2000) to purchase from PLUS the telecommunications facilities at a purchase price of RM180,000,000. On 11th November, 2002, the option to purchase the telecommunications facilities expired when PLUS decided not to grant the subsidiary company's request for an extension of time. The expiration of the option, however, will not affect the subsidiary company's exclusive right to use the telecommunications facilities and all other rights and obligations of PLUS and the subsidiary company under the concession agreement.

29. Contingent liabilities

As at 31st December, 2002, a legal action for a claim of RM10.9 million for unfair dismissal has been brought by certain former employees against one of the subsidiary companies. During the current financial year, an out-of-court settlement comprising back-wages and offer of reinstatement was reached with the former employees. There are no further claims against the subsidiary company in respect of the case.

30. Segment information

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

notes to the financial statements

31. 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
Kinta Kellas, Plc	A subsidiary company of Khazanah
Projek Penyelenggaraan Lebuhraya Berhad	A subsidiary company of Khazanah

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

With related parties

Name of Company	The Group		The Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
TIME Engineering Berhad				
– Rental expense	1,928	6,964	152	538
– Purchase of fixed assets	5,400	–	–	–
Khazanah Nasional Berhad				
– Director's remuneration	110	127	110	127
United Engineers (Malaysia) Berhad				
– Director's remuneration	–	22	–	22
Telekom Malaysia Berhad				
– Interconnect charges	129,403	170,678	–	–
– Interconnect revenue	31,750	65,607	–	–
– Lease line cost	6,622	9,272	–	–
– Universal Service Obligation payment	14,129	30,090	–	–
– Interest expense on late payment	169	–	–	–
STLR Sdn Bhd				
– Rental expense	3,469	–	651	–
Projek Lebuhraya Utara-Selatan Berhad				
– Fee for wayleave and right of use of telecommunications facilities	12,934	11,907	–	–
– Interest expense	–	491	–	–
Kinta Kellas, Plc				
– Project management service expense	–	4,987	–	–
Projek Penyelenggaraan Lebuhraya Berhad				
– Network maintenance	1,690	3,266	–	–

notes to the financial statements

31. Related party transactions (cont'd)

With subsidiary companies

Name of Company	Nature	The Company	
		2003 RM'000	2002 RM'000
TT dotCom Sdn Bhd	Management fee income	4,517	4,033
TIME Reach Sdn Bhd	Management fee income	2,066	2,077
TIME dotNet Berhad	Management fee income	233	260
TIMECel Sdn Bhd	Management fee income	–	3,139

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.

32. General information

The total number of employees of the Group and the Company at 31st December, 2003 were 1,883 and 35 (2,714 and 34 in 2002), respectively.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Malaysia Securities Exchange Berhad.

The registered office is located at Level 1, Wisma TIME, 249 Jalan Tun Razak, 50400 Kuala Lumpur.

The principal place of business is located at Wisma TIME, 249 Jalan Tun Razak, 50400 Kuala Lumpur.

statement by directors

The directors of **TIME dotCom Berhad** state that, in their opinion, the accompanying balance sheets and statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as of 31st December, 2003 and of the results and the cash flows of the Group and the Company 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
18th February, 2004

declaration by the director

primarily responsible for the financial management of the company

I, **TAN SEE YIN**, the Director primarily responsible for the financial management of **TIME dotCom Berhad**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, changes in equity and cash flows are, to my best 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 **TAN SEE YIN** at **KUALA LUMPUR** this 18th day of February, 2004.

Before me,

COMMISSIONER FOR OATHS

stockholding analysis

as at 15th March, 2004

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	76	1,409	0.00
100 to 1,000 shares	9,770	9,584,607	0.38
1,001 to 10,000 shares	8,488	34,250,253	1.35
10,001 to 100,000 shares	895	24,466,322	0.97
100,001 to less than 5% of issued shares	109	296,411,523	11.71
5% and above of issued shares	5	2,166,060,886	85.59
Total	19,343	2,530,775,000	100.00

Thirty (30) largest shareholders as at 15th March, 2004

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	82,233,708	3.25
7. CIMSEC Nominees (Tempatan) Sdn Bhd – Danaharta Urus Sdn Bhd	45,509,966	1.80
8. CIMSEC Nominees (Tempatan) Sdn Bhd – Danaharta Managers Sdn Bhd	35,159,177	1.39
9. Indera Permai Sdn Bhd	34,011,300	1.34
10. Lembaga Tabung Angkatan Tentera	15,000,000	0.60
11. AM Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (A/C 1)	12,726,100	0.50
12. PB Securities Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Indera Permai Sdn Bhd	9,970,500	0.40
13. AMMB Nominees (Tempatan) Sdn Bhd – Amtrustee Berhad for BHLB Pacific Dana Al-Ihsan	5,885,500	0.23
14. HSBC Nominees (Asing) Sdn Bhd – BOB HK for Arisaig Asean Fund Limited	5,813,100	0.23
15. Citicorp Nominees (Asing) Sdn Bhd – CBNY for DFA Emerging Markets Fund	4,945,400	0.20
16. AM Nominees (Tempatan) Sdn Bhd – Pertubuhan Keselamatan Sosial	4,798,100	0.19

stockholding analysis

as at 15th March, 2004

Thirty (30) largest shareholders as at 15th March, 2004 (Cont'd)

Names	No. of shares	%
17. AM Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (A/C 2)	4,093,400	0.16
18. Rameli Bin Musa	2,491,000	0.10
19. Citicorp Nominees (Asing) Sdn Bhd – CBNY for DFA Emerging Markets Series	1,518,000	0.06
20. Universal Trustee (Malaysia) Berhad – SBB Dana Al-Nizan	1,503,900	0.06
21. Amanah Raya Berhad – Amtotal Return	1,297,000	0.05
22. HSBC Nominees (Tempatan) Sdn Bhd – HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	1,250,000	0.05
23. Amanah Raya Nominees (Tempatan) Sdn Bhd – Affin Fund Management Sdn Bhd for Affin Bank Berhad	1,243,047	0.05
24. RHB Merchant Nominees (Tempatan) Sdn Bhd – RHB Sakura Merchant Bankers Berhad (CF)	1,223,336	0.05
25. HSBC Nominees (Tempatan) Sdn Bhd – HSBC (M) Trustee Berhad for Accumulative Growth	1,203,700	0.05
26. Southern Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for UCIS Sdn Bhd	1,000,000	0.04
27. Citicorp Nominees (Asing) Sdn Bhd – MLPFS for Arnold Tin Chee	1,000,000	0.04
28. Amanah Raya Berhad – AMITTICAL	984,000	0.04
29. Rohas-Euco Industries Berhad	932,000	0.04
30. Citicorp Nominees (Asing) Sdn Bhd – CBNY for DFA Emerging Markets Small Cap Series	889,800	0.04
TOTAL	2,442,742,920	96.55

Substantial shareholders as at 15th March, 2004

Shareholder	Direct interest	Percentage (%)	Indirect interest	Percentage (%)
TIME Engineering Berhad	1,131,987,520 (a)	44.72	–	44.72
Khazanah Nasional Berhad	760,209,826	30.00	1,131,987,520 (b)	44.72
Syarikat Danasaham Sdn Bhd	–	–	1,131,987,520 (c)	44.72
United Engineers (Malaysia) Berhad	–	–	1,131,987,520 (d)	44.72
Kumpulan Wang Amanah Pencen	273,863,540	10.82	–	–

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

(b) Deemed interest through Syarikat Danasaham Sdn Bhd.

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

(d) Deemed interest through TIME Engineering Berhad.

list of properties

as at 31st December, 2003

Location	Area (Sq metres)	Approx. Age (years)	Tenure	Description of Properties	Net Book Value (RM'000)
TT dotCom Sdn Bhd					
Lot No. 43 & 54 HICOM Glenmarie Industrial Park, Subang Selangor Darul Ehsan	8,995	7	Freehold	Land and building	17,304
Lot 4465, GM 155, Mukim 1 Daerah Seberang Prai Tengah Pulau Pinang	9,002	–	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	6	Freehold	Land	4,946
102M, Lengkok Kampung Jawa 2 MIEL Bayan Lepas Industrial Estate Pulau Pinang	881	20	Leasehold (60 years from 1981 to 2041)	Land and a single storey building and cabin	815
Lot 142-A, Semambu Industrial Estate Kuantan, Pahang Darul Makmur	10,117	18	Leasehold (66 years from 1980 to 2046)	Land and a single storey building and cabin	1,718
Kampung Sungai Bedaun Daerah Labuan, Wilayah Persekutuan Labuan	32,375	–	Leasehold (99 years from 1984 to 2082)	Land	2,477
No. 1, Jalan Kilang 3 Jelapang Light Industrial Estate, Ipoh Perak Darul Ridzuan	2,162	–	Leasehold (60 years from 1976 to 2036)	Land	207
Lot 37, Kg Sungai Bedaun Settlement Scheme, Daerah Labuan Wilayah Persekutuan Labuan	12,141	–	Leasehold (99 years from 1984 to 2082)	Land	47
Lot No. 469, Mukim Batu Burok Kuala Terengganu Terengganu Darul Iman	809	–	Leasehold (99 years from 1975 to 2074)	Land	224
Lot 26, Jalan 225, Petaling Jaya Selangor Darul Ehsan	4,577	28	Leasehold (99 years from 1973 to 2072)	Land and a single storey building	5,474

list of properties

as at 31st December, 2003

Location	Area (Sq metres)	Approx. Age (years)	Tenure	Description of Properties	Net Book Value (RM'000)
TIME Reach Sdn Bhd					
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	281
6765, Jalan Kampung Gajah 12200 Butterworth, Pulau Pinang	156	9	Freehold	Land and a 3 storey shop/office	382
No. 125, Medan Kikik Satu Taman Inderawasih, 13600 Seberang Prai Pulau Pinang	120	11	Freehold	Land and a 3 storey shop/office	289
133G & 135, Jalan Dato' Lau Pak Khuan 31400 Ipoh Garden, Ipoh Perak Darul Ridzuan	260	11	Freehold	Land and 2 lots double storey shophouse	390
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	72
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	129
No. 80, Taman Seri Langat, Jalan Reko 43000 Kajang, Selangor Darul Ehsan	149	12	Freehold	Land and a 3 storey shophouse	151
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 of double storey shop/office	298
No. 8-1, Jalan 4/4C, Desa Melawati 53100 Ulu Klang, Selangor Darul Ehsan	164	8	Freehold	Land and a 3 storey shophouse	392
No. 6 & 8, Jalan 8/B, Seksyen 8 Shah Alam, Selangor Darul Ehsan	307	9	Leasehold (99 years from 1998 to 2097)	Land and 2 lots of double storey shophouse	377
No. 5, Lorong 6B/91, Taman Shamelin Perkasa 56000 Kuala Lumpur	164	11	Leasehold (99 years from 1983 to 2082)	Land and 4 storey shop/office	393

list of properties

as at 31st December, 2003

Location	Area (Sq metres)	Approx. Age (years)	Tenure	Description of Properties	Net Book Value (RM'000)
Lot No. 11, Jalan SS6/12, Kelana Jaya 47301 Petaling Jaya, Selangor Darul Ehsan	186	13	Freehold	Land and 4 storey terrace shophouse	358
No. 363, Taman Bukit Emas Jalan Tampin, 70450 Seremban Negeri Sembilan Darul Khusus	164	8	Freehold	Land and a 3 storey shophouse	303
324A & B, Taman Melaka Raya 75000 Melaka	167	17	Leasehold (99 years from 1982 to 2082)	Land and a 3 storey shophouse	196
No. 64 & 66, Jalan Wong Ah Jang 25100 Kuantan, Pahang Darul Makmur	297	10	Freehold	Land and 2 lots of 3 storey shophouse	458
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	280
No. 33 & 35, Jalan Suasa 1 Taman Sri Skudai, 81300 Johor Bahru Johor Darul Takzim	327	11	Freehold	Land and 2 lots of double storey shophouse	278
No. 53, 53A & 53B Jalan Perang Taman Pelangi, 80400 Johor Bahru Johor Darul Takzim	178	9	Freehold	Land and 3 storey shophouse	344
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	179
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	87
Block BC, Lot 12, Unit 6 Lorong Ikan Juara 3, Kota Kinabalu Sabah	107	9	Leasehold (999 years from 1902 to 2901)	Land and a 4 storey shop/house	552

group corporate directory

TIME dotCom Berhad (413292-P)

Level 1, Wisma TIME

249 Jalan Tun Razak

50400 Kuala Lumpur

Malaysia

Tel: +60 3 2720 8000

Fax: +60 3 2720 0199

Web page: www.time.com.my

TIME Customer Interaction Centre

TIME SelfCare: 1 800 387 111 or
+60 3 2730 5287

Fax: +60 3 2720 7117

Email: customerservice@time.com.my

TIME Retail Flagships

Lot No. 1-02

Level 1, JB City Square

No. 106-108

Jalan Wong Ah Fook

80000 Johor Bahru

Johor

Tel: +60 7 278 2782

Fax: +60 7 278 2781

TT dotCom Sdn Bhd (52371-A)

Level 1, Wisma TIME

249 Jalan Tun Razak

50400 Kuala Lumpur

Tel: +60 3 2720 8000

Fax: +60 3 2720 8001

TT dotCom Regional Offices

Central Region

Lot 14, Jalan U1/26

HICOM Glenmarie

40000 Shah Alam

Selangor

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. 133 & 135

Jalan Dato Lau Pak Khuan

Ipoh Garden

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, Berchang 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 696 Block 12

MTLD, Samajaya

Free Industrial Zone

93450 Kuching

Sarawak

Tel/Fax: +60 8 236 4406

Lot 3085, Ground Floor

Wisma Eng Aik Oh

Jalan Rock, 93200 Kuching

Sarawak

Tel: +60 8 242 7992

Fax: +60 8 223 7306

Lot 5, 2nd Floor

Lazenda Shop Office Phase 3

Jalan OKK Abdullah

87008 Labuan

Wilayah Persekutuan Labuan

Tel: +60 8 743 9000

Fax: +60 8 743 9007

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

TIME Reach Sdn Bhd (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

group corporate directory

TIME Reach Regional Offices

Central Region 1 (Wilayah)

No. 5, Lorong 6B/91
Taman Shamelin Perkasa
Cheras, 56100 Kuala Lumpur
Tel: +60 3 9775 2131
Fax: +60 3 9775 2138

Central Region 2 (Selangor)

No. 11, Jalan SS6/12
47301 Kelana Jaya
Selangor
Tel: +60 3 7803 6699
Fax: +60 3 7803 0573

Northern Region

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

Southern Region

No. 6, 6-01, 6-02, Jalan Molek 1/9
Taman Molek
81100 Johor Bahru
Johor
Tel: +60 7 355 6199
Fax: +60 7 355 4424

Eastern Region

No. 64 & 66, Jalan Wong Ah Jang
25100 Kuantan
Pahang
Tel: +60 9 514 4300
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East Malaysia

Block BC Lot 6
Lorong Ikan Juara 3
Sadong Jaya, Karamunsing
88100 Kota Kinabalu, Sabah
Tel: +60 8 824 0240
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notice of annual

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Ballroom 1 & 2, Level 2, Hotel Nikko, 165 Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 12th May, 2004 at 11.00 a.m. for the purpose of transacting the following businesses:

Agenda

Ordinary Business

- | | |
|--|---------------------|
| 1. To receive the Audited Accounts for the year ended 31st December, 2003 together with the Reports of the Directors and Auditors thereon. | Resolution 1 |
| 2. To re-elect YBhg. Dato' Wan Muhamad Wan Ibrahim as Director who retires in accordance with Article 94 of the Company's Articles of Association and being eligible, offers himself for re-election. | Resolution 2 |
| 3. To accept the retirement of Ms Gee Siew Yoong as Director who retires in accordance with Article 94 of the Company's Articles of Association and is not seeking re-election. | Resolution 3 |
| 4. To re-elect the following Directors who retire in accordance with Article 99 of the Company's Articles of Association and being eligible, offer themselves for re-election: | |
| (i) Encik Othman Abdullah | Resolution 4 |
| (ii) Encik Amiruddin Abdul Aziz | Resolution 5 |
| 5. To approve the Directors' fees of RM291,000.00 for the financial year ended 31st December, 2003. | Resolution 6 |
| 6. To appoint Messrs KPMG as auditors in place of the retiring auditors, Messrs Deloitte KassimChan, to hold office until the next Annual General Meeting at a remuneration to be determined by the Directors. | Resolution 7 |

Special Business

- | | |
|--|---------------------|
| 7. To consider and if thought fit, pass the following ordinary resolution:
"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 deemed fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid up 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 hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Malaysia Securities Exchange Berhad." | Resolution 8 |
|--|---------------------|

general meeting

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

By Order of the Board

MISNI ARYANI MUHAMAD (LS 02123)

GOH WEI KHWAN (MAICSA 7027743)

Secretaries

20th April, 2004

Kuala Lumpur

Notes:

1. A member of the Company entitled to attend and vote at the Meeting may appoint one or more proxies to vote in his stead. A proxy may but need not be a member of the Company and a member of the Company may appoint any person to be his proxy. Section 149(1)(b) of the Companies Act, 1965 shall not be applicable.
2. The instrument appointing a proxy or other authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the registered office, not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, 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

Resolution pursuant to Section 132D of the Companies Act, 1965

The proposed resolution, if passed, will empower the Directors to issue shares up to a maximum of ten per centum (10%) of the total issued share capital of the Company for the time being for such purposes as the Directors consider to be in the best interest of the Company. This authority unless revoked or varied by the Company at a general meeting will expire at the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required to be held under Section 143(1) of the Companies Act, 1965.

Statement accompanying notice of annual general meeting pursuant to paragraph 8.28(2) of the listing requirements of Malaysia Securities Exchange Berhad

1. Directors who are standing for re-election are:
 - (a) YBhg. Dato' Wan Muhamad Wan Ibrahim
 - (b) Encik Othman Abdullah
 - (c) Encik Amiruddin Abdul Aziz
2. Details of attendance of Directors at Board Meetings held during the financial year are set out on page 48.
3. The Seventh Annual General Meeting of the Company will be held as follows:

Venue : Ballroom 1 & 2, Level 2, Nikko Hotel, 165 Jalan Ampang, 50450 Kuala Lumpur.

Date : Wednesday, 12th May, 2004

Time : 11.00 a.m.
4. Further details of Directors who are standing for re-election at the Seventh Annual General Meeting are set out on pages 6, 9 and 10.

17 February 2004

PRIVATE AND CONFIDENTIAL

The Board of Directors
TIME dotCom Berhad
Level 1, Wisma TIME
249 Jalan Tun Razak
50400 Kuala Lumpur

Attn: YBhg. Dato' Ir. Wan Muhamad Wan Ibrahim
Chairman

Dear YBhg. Dato'

NOTICE OF NOMINATION OF MESSRS KPMG AS AUDITORS FOR TIME DOTCOM BERHAD ("TdC" or "The Company")

We refer to the recent exercise carried out by TdC to review the engagement of external auditors on a regular basis. We are pleased to advise that we concur with the process undertaken and wish to communicate our intention to nominate the auditors recommended.

Pursuant to Section 172(11) of the Companies Act, 1965, TIME Engineering Berhad, being a shareholder of the Company, hereby give notice of our intention to nominate Messrs KPMG for appointment as auditors of TdC in place of the retiring auditors, Messrs Deloitte KassimChan and propose that the following resolution be tabled at the next Annual General Meeting:

"That Messrs KPMG be and are hereby appointed Auditors of the Company in place of retiring auditors Messrs Deloitte KassimChan to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully
for and on behalf of the

BOARD OF DIRECTORS OF TIME ENGINEERING BERHAD

A handwritten signature in black ink, appearing to read "Khalil", with a horizontal line underneath.

DATUK HAJI MOHD KHALIL DATO' HAJI MOHD NOOR
Chairman

cc Mr Quah Poh Keat
KPMG
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

No. of Ordinary Shares Held

I/We, _____
(PLEASE USE BLOCK LETTERS)

of _____

being a member/members of TIME dotCom Berhad hereby appoint _____

of _____

or failing him/her, the Chairman of meeting as my/our proxy to vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Ballroom 1 & 2, Level 2, Hotel Nikko, 165 Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 12th May, 2004 at 11.00 a.m. and at any adjournment thereof.

(Please indicate with a "X" or "✓" in the boxes provided below how you wish your vote to be casted. If you do not do so, the proxy will vote or abstain from voting at his discretion).

	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		

Signed this _____ day of _____ 2004.

Signature

Notes:-

1. A member of the Company entitled to attend and vote at the Meeting may appoint one or more proxies to vote in his stead. A proxy may but need not be a member of the Company and a member of the Company may appoint any person to be his proxy. Section 149(1)(b) of the Companies Act, 1965 shall not be applicable.
2. The instrument appointing a proxy or other authority, if any, under which it is signed or notarially certified copy of that power or authority shall be deposited at the registered office, not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, 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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postage
here

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50400 Kuala Lumpur
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