



TIME dotCom Berhad

annual report 2002

more



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As one of Malaysia's preferred communications service providers, we have a bold vision of enriching and enhancing people's lives through the myriad of innovative services that we dependably provide.

More than ever, we are now strategically positioned to give you more value. In particular, More Nationwide Presence, More Global Connectivity, More Product Innovation, More Internet Services, and More Public Accessibility across the four core business divisions of our company: Fixed Line, Broadband, Internet and Payphone services.

TIME dotCom's Annual Report 2002 not only collectively communicates the optimism we have of our future but also reflects the spirit of the company – young, contemporary, dynamic and progressive.

WE WILL STAND BY OUR PROMISE TO OUR CUSTOMERS...

THAT "TIME GIVES YOU MORE."





TIME
dotCom
is ready
to give
you more



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.

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Ballroom 2 & 3, Level 2, Nikko Hotel, Jalan Ampang, 50450 Kuala Lumpur on 30 April 2003 at 10.00 a.m. for the purpose of transacting the following businesses:

**notice of annual
general meeting**

agenda

ordinary business

1. To receive the Audited Accounts for the year ended 31 December 2002 together with the Reports of the Directors and Auditors thereon. **resolution 1**
2. To re-elect the following Directors retiring in accordance with Article 94 of the Company's Articles of Association and being eligible, offered themselves for re-election:
 - i. Puan Elakumari Kantilal **resolution 2**
 - ii. Puan Salmah Sharif **resolution 3**
3. To re-elect the following Directors retiring in accordance with Article 99 of the Company's Articles of Association and being eligible, offered themselves for re-election:
 - iii. Encik Ahmad Pardas Senin **resolution 4**
 - iv. Mr Tan See Yin **resolution 5**
 - v. Dato' Abdul Rahim Abu Bakar **resolution 6**
4. To approve the Directors' remuneration of RM272,000/- for the financial year ended 31 December 2002. **resolution 7**
5. To re-appoint Messrs Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration. **resolution 8**

special business

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

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

resolution 9

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

resolution 10

by order of the board

Lee Phuay Soo
LS 0005782
Company Secretary

8 April 2003
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 notorially 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 .

notice of annual general meeting

explanatory note on special business

ordinary resolution 9

The proposed adoption of Ordinary Resolution 9 is to give flexibility to the Directors to issue and allot shares at any time without convening a general meeting, in order to avoid any delay and cost involved in convening one.

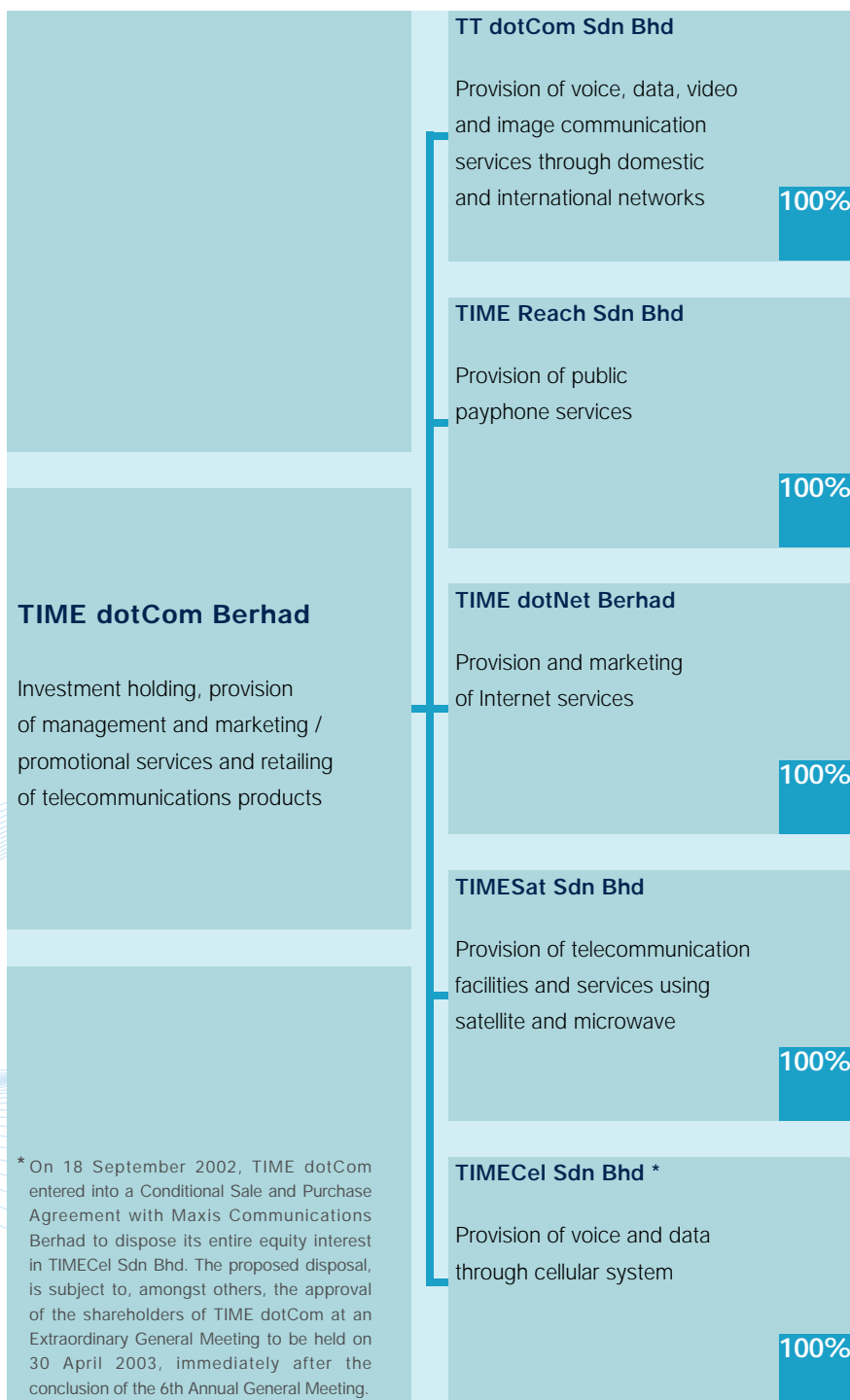
statement accompanying notice of Annual General Meeting pursuant to paragraph 8.28(2) of the listing requirements of Kuala Lumpur Stock Exchange

1. Directors who are standing for re-election are:
 - i. Puan Elakumari Kantilal
 - ii. Puan Salmah Sharif
 - iii. Encik Ahmad Pardas Senin
 - iv. Mr Tan See Yin
 - v. Dato' Abdul Rahim Abu Bakar
2. Details of attendance of Directors at Board Meetings held during the financial year are set out on page 41.
3. The Sixth Annual General Meeting of the Company will be held as follows:

Venue : Ballroom 2 & 3, Level 2, Nikko Hotel
Jalan Ampang, 50450 Kuala Lumpur

Date : Wednesday, 30 April 2003

Time : 10.00 a.m.
4. Further details of Directors who are standing for re-election at the Sixth Annual General Meeting are set out on pages 12 and 13.



board of directors

Dato' Ir. Wan Muhamad Wan Ibrahim
Chairman

Mr Tan See Yin
Managing Director

Dato' Abdul Rahim Abu Bakar

Encik Ahmad Pardas Senin

Puan Elakumari Kantilal

Puan Salmah Sharif

Encik Abdul Kadir Md Kassim

Ms Gee Siew Yoong

Encik Kamaludin Abdul Kadir

audit committee

Ms Gee Siew Yoong
Chairman

Puan Elakumari Kantilal

Encik Kamaludin Abdul Kadir

remuneration committee

Ms Gee Siew Yoong
Chairman

Puan Salmah Sharif

Encik Kamaludin Abdul Kadir

nomination committee

Encik Abdul Kadir Md Kassim
Chairman

Ms Gee Siew Yoong

Encik Kamaludin Abdul Kadir

tender board committee

Dato' Ir. Wan Muhamad Wan Ibrahim
Chairman

Encik Ahmad Pardas Senin

Puan Elakumari Kantilal

Encik Kamaludin Abdul Kadir

company secretary

Ms Lee Phuay Soo
LS 0005782

registered office

Level 1, Wisma TIME

249, Jalan Tun Razak

50400 Kuala Lumpur

T +60 3 2720 8000

F +60 3 2720 3743

share registrar

Mega Corporate Services Sdn Bhd

Level 11-2, Faber Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

T +60 3 2692 4271

F +60 3 2732 5399

principal solicitor

Messrs Rashid & Lee

auditors

Messrs Deloitte KassimChan

Level 19, Uptown 1

1, Jalan SS21/58

Damansara Uptown

47400 Selangor

principal banker

Bumiputra-Commerce Bank Berhad

stock exchange listing

Main Board of the Kuala Lumpur

Stock Exchange

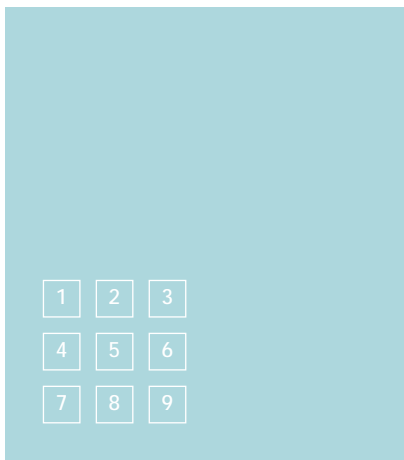
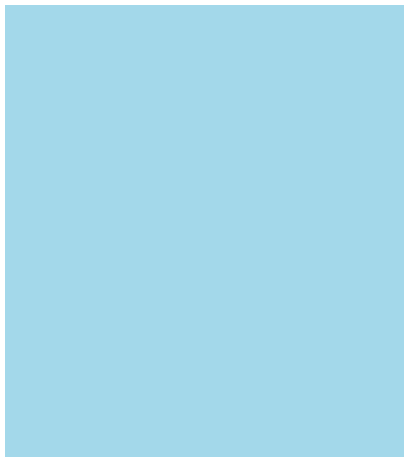
more **nationwide** presence



By upgrading our operations with new transmission equipment, by securing additional transmission points in strategic locations, and by expanding our service into new areas that are within our customer access network, our customers will benefit from greater network dependability and an even more extensive nationwide presence.

board of
directors





- 1 Dato' Ir. Wan Muhamad Wan Ibrahim
- 2 Mr Tan See Yin
- 3 Dato' Abdul Rahim Abu Bakar
- 4 Encik Ahmad Pardas Senin
- 5 Puan Elakumari Kantilal
- 6 Puan Salmah Sharif
- 7 Encik Abdul Kadir Md Kassim
- 8 Ms Gee Siew Yoong
- 9 Encik Kamaludin Abdul Kadir

Dato' Ir. Wan Muhamad Wan Ibrahim

Chairman / Non-Executive Director

Dato' Ir. Wan Muhamad Wan Ibrahim, a Malaysian aged 62, was appointed as Director of TIME dotCom Berhad on 26 July 2001 and as Chairman on 15 November 2001. He holds a Diploma in Electrical Engineering (Light Current) from Brighton College of Technology, United Kingdom. He began his career as Assistant Controller Telekom with the then Jabatan Telekom Malaysia and served in various capacities before he was appointed to the post of Director of Telekom in 1985. Upon privatisation of Jabatan Telekom Malaysia, he joined Syarikat Telekom Malaysia Berhad (now known as Telekom Malaysia Berhad) and retired in 1996 as Senior Vice President of Marketing. Thereafter, he served as the first Chief Executive Officer of TM Touch until 1999. He has over 33 years of experience in the telecommunications industry.

Dato' Wan Muhamad is the Chairman of the Tender Board Committee. He is also a director in the subsidiaries of TIME dotCom Group.

He has no securities holdings in the Company and its subsidiaries and no family relationship with any Director and/or major shareholder of the Company, and 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 46, was appointed the Managing Director of TIME dotCom Berhad on 1 April 2003. He holds a Bachelor of Accounting (Hons) from University of Malaya, Kuala Lumpur and is a member of the Malaysian Institute of Accountants. He began his career as a management consultant with Kassim Chan Management Consultants followed by PriceWaterhouse Associates. In 1990, he became the General Manager, Group Corporate Affairs of HBN Management Sdn Bhd, 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 and no family relationship with any Directors and/or major shareholders of the Company, and has not been convicted of any offences in the past 10 years.

Dato' Abdul Rahim Abu Bakar

Non-Executive Independent Director

Dato' Abdul Rahim Abu Bakar, a Malaysian aged 57, was appointed as Director of TIME dotCom Berhad on 1 April 2003. He graduated from the Brighton College of Technology, United Kingdom with B.Sc (Hon) Electrical Engineering in 1969. He is a Chartered Engineer UK (C. Eng), a Professional Engineer Malaysia (P. Eng), a member of the Institute of Electrical Engineers UK (MIEE) and the Institute of Engineers Malaysia (MIEM). He also holds the Electrical Engineer Certificate of Competency Grade 1.

Dato' Abdul Rahim began his career in 1969 with the then National Electricity Board. He was attached to the organisation for 10 years in various technical and engineering positions before he moved on to the private sector. From 1979 to 1983, he 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 was appointed as Managing Director of Petronas Gas Berhad (PGB) and later in 1999, moved on to Petroliam Nasional Berhad (Petronas) as its Vice President of Petrochemical Business. He retired from Petronas on 31 August 2002.

Dato' Abdul Rahim currently sits on the Board of a number of private companies.

He has no securities holdings in the Company and its subsidiaries and no family relationship with any Directors and/or major shareholders of the Company, and has not been convicted of any offences in the past 10 years.

Encik Ahmad Pardas Senin

Non-Executive Director

Encik Ahmad Pardas Senin, a Malaysian, aged 50, was appointed as Executive Director of TIME dotCom Berhad on 13 August 2002 and assumed the position of Chief Executive Officer on 1 September 2002. On 31 March 2003, Encik Ahmad relinquished his position as Executive Director and Chief Executive Officer, but remains a member of the Board.

He is a fellow of the Chartered Institute of Management Accountants, and a member of the Malaysian Institute of Accountants and the Institute of Internal Auditors Inc. He was with the British-American Tobacco Group from 1974 to 1991 before joining Renong in 1992 as the General Manager, Finance, a position which he held until 1994. In 1995, he was appointed the Chief Operating Officer of EPE Power Corporation Berhad and became its Managing Director from 1996 to 1998. Encik Ahmad was also the Managing Director of TT dotCom Sdn Bhd from January 1999 to May 1999 and was appointed Managing Director of Renong Berhad in June 1999. He was subsequently appointed as Group Managing Director of Renong Berhad in June 2001, a position he held until 12 August 2002.

He is currently the Executive Director of Silterra Malaysia Sdn Bhd and sits on the Boards of Crest Petroleum Berhad and a number of private companies.

Save as disclosed on page 75, he has no securities holdings in the subsidiaries and no family relationship with any Director and/or major shareholder of 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 46, 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 and no family relationship with any Director and/or major shareholder of the Company, and has not been convicted of any offences in the past 10 years.

Puan Salmah Sharif

Non-Executive Director

Puan Salmah Sharif, a Malaysian aged 42, was appointed as Director of TIME dotCom on 8 March 2001. She holds a Bachelor of Law from Universiti Teknologi MARA and was admitted as an Advocate and Solicitor at the High Court of Malaysia in 1990. She began her career as Legal Officer with the Malaysian Industrial Estates Sdn Bhd in 1987 and became the Company Secretary in 1989. She has been the Company Secretary and Legal Advisor of Khazanah Nasional Berhad since 1994.

Puan Salmah is a member of the Remuneration Committee. She is also a Director of TIME Engineering Berhad, Renong Berhad and EPE Power Corporation Berhad.

She has no securities holdings in the Company and its subsidiaries and no family relationship with any Director and/or major shareholder of the Company, and has not been convicted of any offences in the past 10 years.

Encik Abdul Kadir Md Kassim

Non-Executive Director

Encik Abdul Kadir Md Kassim, a Malaysian aged 62, was appointed as Director of TIME dotCom on 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 the Kuala Lumpur Stock Exchange, 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 Danamodal Nasional Berhad, Suria Capital Holdings Berhad, Ho Hup Construction Company Berhad and United Engineers (Malaysia) Berhad.

He has no securities holdings in the Company and its subsidiaries and no family relationship with any Director and/or major shareholder of the Company, and has not been convicted of any offences in the past 10 years.

He does not have any conflict of interest with the Company save and except for professional services rendered through his legal firm.

Ms Gee Siew Yoong

Non-Executive Independent Director

Ms Gee Siew Yoong, a Malaysian aged 54, 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 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 the Audit Committee and Remuneration Committee. She is also a Director of Crest Petroleum Berhad.

She has no securities holdings in the Company and its subsidiaries and no family relationship with any Director and/or major shareholder of the Company, and has not been convicted of any offences in the past 10 years.

Encik Kamaludin Abdul Kadir

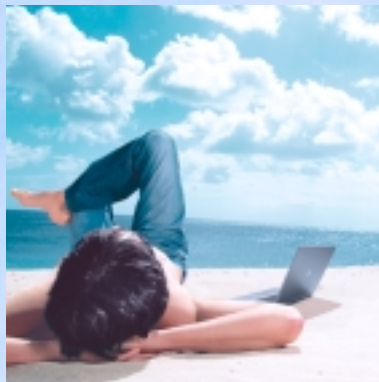
Non-Executive Independent Director

Encik Kamaludin Abdul Kadir, a Malaysian aged 60, 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, Non-Executive Director of Ericsson Academy (M) Sdn Bhd and nominee of Lembaga Tabung Angkatan Tentera on the Board of Ericsson (Malaysia) Sdn Bhd and is presently pursuing business in the ICT industry.

Encik Kamaludin is a member of the Audit Committee, Remuneration Committee, Nomination Committee and Tender Board Committee.

He has no securities holdings in the Company and its subsidiaries and no family relationship with any Director and/or major shareholder of the Company, and has not been convicted of any offences in the past 10 years.

more **global** connectivity



Our international trunk upgrades, which is a continuous exercise, and the completion of our connectivity to the Asia Pacific Cable Network 2, have allowed us to increase our transmission capacity and to realise our goal of reaching out to all the major countries of the world. Our new interconnect collaborations with world-class partners further increase our capacity for enhanced global links.





Dear Shareholders,

The year under review marked TIME dotCom Berhad's (the Group) first full year of operations as a public listed company. While maintaining the momentum of our operations throughout the year, your Board and Management took several strategic decisions during the year to set the Group on a positive new direction and to secure its long-term future.

Dato' Ir. Wan Muhamad Wan Ibrahim
Chairman



Since the completion of its listing exercise, the Group has been operating in a vastly changed and even more competitive business environment. On the international front, the year 2002 saw telecommunications companies (telcos) worldwide battling to survive, against the backdrop of deteriorating global economic conditions. Many telcos were forced to resort to massive write-offs and rationalisation of their businesses. Domestically, the regulatory regime continued to further liberalise the telecommunications industry. In the face of an increasingly crowded playing field, the Government has renewed its call to consolidate the mobile telecommunications business.

While others would perceive these developments as major challenges, we look upon them as an opportunity to take stock of our situation and determine a new destiny for the Group. A decision was made to divest our mobile operations under TIMECel Sdn Bhd (TIMECel), and to rationalise our businesses to focus on the areas of our greatest strengths, namely the fixed line, broadband and payphone operations and also Internet services. With a responsibility to our shareholders and investors clearly in mind, we believe we have placed the Group on a firmer, more productive path for future growth.

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 ending 31 December 2002.

financial performance

In 2002, the Malaysian economy registered a modest gross domestic product growth of 4.2%. This was achieved amidst an environment of low inflation and stronger economic fundamentals, supported by prudent and accommodative monetary policies.

For the financial year ended 31 December 2002, the Group posted a loss before tax of RM662 million, compared with the loss of RM44 million incurred in 2001. The widening loss in 2002 was attributed mainly to the impairment of goodwill of RM387 million in respect of the Company's interest in TIMECel, write-off of obsolete assets and inventory of RM53 million and provision for doubtful debts amounting to RM47 million. Other contributing factors included an expense of RM20 million in effecting the Voluntary Separation Scheme, together with a reduction in revenue and increase in other operating expenses.

Notwithstanding the performance, the Group remains a financially sound company, backed by solid fundamentals. The resilience of the Group is reflected in its strong balance sheet with liquid funds of RM539 million as at 31 December 2002. The remaining initial public offering (IPO) proceeds of RM252.3 million as at 31 December 2002 will be fully utilised in the coming year to expand and strengthen our fixed line business in order to deliver quality network services and performance to our customers.

Building on these fundamentals, the Group has realigned its organisation structure to concentrate on its core fixed line businesses and sustain its position as one of the premier provider of communications services. In the coming year, the Group is confident of its abilities to add value to its customers and shareholders.

dividends

In view of the financial performance, the Board of Directors does not recommend any payment of dividends for the financial year ended 31 December 2002.

a strategic realignment

The most significant corporate development during the year was the conscious decision taken by the Board to make an exit from the mobile business. The decision to dispose TIMECel was based on an objective assessment made when the opportunity arose. Even though the mobile business was the fastest growth sector for the past several years, we realised it would not be sustainable for the Group to remain in the business in the long-run owing to intense competition and the immense investment costs involved to keep pace with technology advancements.

Now looking back with the benefit of hindsight, the investments incurred in building robustness and improving the capacity of the Group's mobile network has proven fortuitous. Without the investment, the enterprise value of TIMECel would have been severely impaired since it would not be at the required level to meet the prevailing market demand and challenges.

On 18 September 2002, TIME dotCom Bhd entered into a conditional sale and purchase agreement with Maxis Communications Berhad (Maxis) for the disposal of its mobile unit, TIMECel. The due diligence exercise completed in November paved the way for a pricing agreement reached on 12 December 2002 for Maxis to acquire 1,293,884,000 ordinary shares of TIMECel for a total financial commitment of RM1.475 billion. The consideration, which was arrived at on a willing buyer willing seller basis, includes Maxis' undertaking to settle up to an amount of RM150 million in Inter-Company loans. As part of the acquisition, Maxis will acquire TIMECel's existing spectrum, network, infrastructure, customer base and associated assets. The divestment exercise is presently pending shareholders and regulatory approval and is expected to be completed within the first half of 2003. In the meantime, a Merger Integration Team comprising representatives from both parties has been set up to focus on the smooth integration of the mobile businesses.

Primed with a new business direction, what followed was a comprehensive and critical evaluation of the Group's existing operational structure. The structure was fine tuned and improved to emphasise the business aspects of engaging the market. The key elements of the new structure put in place since November 2002 reflect the Group's new focus on the fixed line business. It spells out a clear distinction and responsibilities between domestic fixed line (TT dotCom Domestic), international



carrier (TT dotCom International) and payphone (TIME Reach Sdn Bhd) businesses as a new market engagement strategy.

The new structure also engenders better business orchestration and overall planning, enabling the whole organisation to move in one accord to become a more customer-focused, market-oriented entity that is designed not just to compete but to win.

growing our businesses

Moving forward, the Group aims to be 'the Preferred Communications Service Provider'. This is to be achieved through a three-pronged strategy focusing on the structural, operational and organisational dimensions at every level of the Company's business. Structurally, the Group will focus on its areas of strengths to ensure long-term competitiveness. On the operational front, we will optimise value creation by maximising operational efficiency. The organisational aspect is the other key ingredient to grow our businesses profitably, and this will be met by developing our human capital for long-term sustainability.

Given the prevailing business landscape, there are ample opportunities for the Group to position itself as the provider of choice in the domestic fixed line, international carrier and payphone businesses. As the Group stands today, we are already the biggest fixed line service provider among the non-incumbents. Additionally, the Group is the only alternative major payphone service provider in Malaysia. More importantly, we have much inherent strength that we have yet to optimise fully and can build upon to compete successfully in the market place.

The Group's greatest strength lies in its RM3.8 billion fibre optic communications infrastructure, with over 3,600 km of land-based and 1,624 km of submarine fibre optic cables running along the major highways and coastlines of the peninsula. With our fully digital architecture, the Group has a resilient network that can deliver a full range of voice telephony and data services to meet our customers' application requirements. This major strategic and financial asset puts the Group ahead of the competitors in terms of diversity and resiliency in providing an advanced and reliable communications capability, be it locally or internationally. While capitalising on the strength of our network, we have also put into place a number of strategic priorities.

Improving network quality and coverage: Our strategy is to invest in areas where it best supports the future growth of our businesses and maximises the commercial application of new technologies. By investing in a single integrated network that can carry all types of traffic, it will mean greater efficiency, tremendous savings and flexibility for customers. The Group is set to embark on rolling out a next generation Internet Protocol (IP) network with the promise of better quality and greater efficiency. During the year, the Group's trunk network was reconfigured and upgraded with new trunk transmission equipment to ensure greater reliability against any major outage affecting connectivity.



Accelerating growth through strategic alliances: The Group has reduced the time for its products and services to reach consumers by forging strategic partnerships and business collaborations with leading-edge companies that will complement our expertise. This is an optimal way to manage innovation costs and implicit risks, while staying ahead by rolling out state-of-the-art products and services. Among major business collaborations concluded in 2002 include the signing of bilateral agreements with Hutchison Global Communications and Teleglobe.

Customer service excellence: The Group's vision is to service all customer needs to such a level of affordable excellence that it becomes the primary reason that new customers choose the Group and existing customers are retained. In our customer-driven approach, we will continue to deliver innovative products and services not only to meet but anticipate their increasingly sophisticated requirements. To improve customer satisfaction, we will adopt the best in practices of customer services models operating worldwide. The ultimate goal is to have our extensive range bearing the 'TIME' brand synonymous with quality.

Improving efficiency while reducing costs: In the coming year, the Group will strive for improved efficiency across the entire spectrum of its operations and deliver enhanced value to its customers. In doing so, our priority is not only to reduce costs but also generate cost savings through simplification or re-engineering of the business processes. An example is the introduction of a new network maintenance methodology in mid-2002, resulting in significant cost reduction without compromising on network reliability.

operational highlights

The Group operates in a very dynamic environment. Staying ahead in the business requires continual investments in upgrading networks and technology to roll out the products and services required by more demanding consumers. The year 2002 was no exception and more than RM400 million was committed during the year to add capacity and robustness to the Group's nationwide network.

Fixed line, Broadband and Internet services. The Group's fixed line, broadband and Internet services had an eventful 2002. Under the fixed network, new service areas were penetrated to cover over 435 buildings in strategic locations throughout Peninsular Malaysia and Labuan. The Group's entry into Cyberjaya, previously the exclusive domain of another telecommunications provider, was a significant breakthrough. The Group now has access to the many multinationals operating from Malaysia's first intelligent city. The year also saw the upgrading of eight service areas in the Group's customer access network as well as the international trunks to Singapore. On the international front, network connectivity to the international fibre optic network, Asia Pacific Cable Network 2 was completed.

From the regulatory perspective, the market is facing increasing liberalisation and this has in recent months seen the emergence of new fixed wireless last mile providers who are in direct competition with the Group. In the VOIP sector, a vast number of new entrants have seen a fall in international and domestic IDD pricing, resulting in reduced margins on VOIP calls. However, VOIP activities will continue to cause traditional PSTN operations to implement measures to compete with the new entrants.

In tandem with the growth in prepaid services market and in order to ascertain our competitive edge in this area, we have repositioned our highly successful prepaid calling card, TIME Kontakt, as a lifestyle calling card, thus capturing a new and younger customer segment. Catering to this growing segment, TIME Kontakt also launched a series of limited edition cards depicting popular global events. Scoring a first in the Malaysian market, an interactive multimedia-based card was launched in conjunction with the World Cup 2002.

Building on its resounding take-off, TIME GOLD has introduced new features as inducement for customers to increase usage. In the Direct Access business, the launch of innovative products such as reservation-less audio-conferencing and flexible call packages helped spur growth and revenue generation for the Group.

TIME dotNet Berhad (TIMENet) is the company's full-fledged Internet service provider. In the two years since commencing operations, TIMENet's contribution to the Group's revenue stream has shown significant growth. As at end-2002, its subscriber base has grown to more than 409,000, a 25 % increase from the previous year. With existing capacity for high speed broadband, TIMENet has virtually unlimited bandwidth to meet the increasing demands of its customers.

Public Payphone Services. TIME Reach Sdn Bhd (TIME Reach) operates an extensive network of 38,000 public payphones strategically located at buildings, shopping complexes and sidewalks throughout the country. During the year, TIME Reach continued to secure more access locations. The payphone business is steady and continues to be a significant contributor to the Group's revenue.

Mobile Services. With the completion of its network-upgrading programme, TIMECel introduced a suite of new GPRS applications in July 2002. New products launched during the year helped boost customers acquisition. The company also extended its prepaid service to East Malaysia in June 2002.

Manpower Rationalisation Programme. As part of the Group's long term strategy to be more resilient, robust and competitive in the Malaysian telecommunications industry, a manpower rationalisation programme was undertaken. As part of this, a Voluntary Separation Scheme (VSS) was implemented in September 2002, and open to all employees in the TIME dotCom Group. Through this exercise, the workforce was reduced by more than 600 employees, representing about 20% of



the Group's total staff population. In implementing the VSS, the management had organised workshops to assist employees in their decision making and provided the opportunity to undergo training and upgrade their skills.

a promising future

The telecommunications industry in Malaysia is expected to grow, supported by further deregulation and an unfulfilled and growing demand for telecommunications services.

In the near term, the Group's general fixed line telephony businesses will remain a primary source of revenue. Being a matured business, it is deemed to have a low growth potential industry-wide. Projections suggest that the Malaysian fixed line market will grow from the present five million lines to around seven million lines in 2010. Nonetheless, by capitalising on the strengths we offer by way of leading technology, innovative solutions and superior customer care, we believe there is still significant opportunities to be captured in terms of market share. Our game plan is to focus on premium branding, capacity, competitive costs and service excellence to lock in existing and new customers and generate higher profits.

Data services are set to grow at a faster pace than voice services. The past several years have seen an exponential growth in demand for data applications, driven by corporate networks, Internet access, corporate and consumer broadband services.

23



Broadband holds tremendous promise for the Group not only because of its higher growth potential but also better quality revenue stream. Our broadband fibre optic network gives us a clear advantage to be a premier enabler and provider of Internet and broadband services. Currently, the broadband adoption rate among Malaysian businesses is still low owing to costs and last mile connectivity. The proliferation of the Internet, increased adoption of ICT by businesses and government-led initiatives to bridge the digital divide will spur demand for broadband access. We have already made inroads in the growing market for Internet and broadband services. In the broadband business, we have an exciting future with significant untapped potential. To ensure we are not left out of the broadband revolution sweeping across the world, we will continue to evaluate and explore investments in new technologies, especially in the areas of Wireless Broadband Access and the Next Generation Network.

The outlook for the payphone business is positive. In spite of the proliferation of mobile communications, there is still a demand for payphone services. The Group will focus on management efficiency and location strategy to increase the yield per payphone.

The Group has begun a new chapter in its corporate history. The biggest task and challenge is to move towards being the preferred communications service provider. A new business structure and strategies have been put in place to achieve this. We have ample resources to move forward based on our existing assets and we



will adopt whatever measures are deemed necessary to ensure that shareholders' value is optimised. This will include any strategic, commercial and operational options that will lead to long-term sustainability and competitiveness of the Group. In view of the above, you can expect more from the Group in the coming year.

acknowledgements

In a year of great transition, the management and staff continued to show commitment and dedication. I commend them for their exceptional professionalism and loyalty during this trying period.

The Group has been fortunate in having a strong support group comprising our customers, bankers, business associates and analysts. My appreciation also goes 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 for their support. Our shareholders deserve special mention for their patience and understanding. To all of you, I extend my sincere gratitude and thanks.

The year saw the departure of Encik Amiruddin Abdul Aziz from the Board and Mr Robert C. Fox as the Chief Executive Officer. I take this opportunity to thank these gentlemen for their contributions and wish them every success in their future undertakings.

Encik Ahmad Pardas Senin was appointed to the Board on 13 August 2002 as Executive Director, and assumed the position of TIME dotCom Chief Executive Officer on 1 September 2002. On 31 March 2003, Encik Ahmad relinquished his position as Executive Director and Chief Executive Officer, but remains a member of the Board. I wish to record my appreciation to Encik Ahmad for his significant contribution during his tenure.

Lastly, I am pleased to welcome Mr Tan See Yin as the Managing Director and YBhg Dato' Abdul Rahim Abu Bakar as a Non-Executive Independent Director. These new members bring to the Board valuable insights and a wealth of knowledge. We look forward to benefitting from their experience.

Thank you.

Dato' Ir. Wan Muhamad Wan Ibrahim
Chairman

more **product** innovation



Today's customers have become increasingly sophisticated. By anticipating and keeping abreast of their needs with a wider selection of innovative products and services of the highest quality, and by offering a diverse range of packages and incentives that are focused on value, we are confident of growing our market share and earning an increasingly loyal following of customers.

overview

as one of the major players in the country's rapidly developing telecommunications industry, **TIME dotCom Berhad** (the Group), via its operating subsidiaries, is helping to change the way Malaysians **live, work, learn and play**.

Being the operator of the only **100% fibre optic** trunk network in Malaysia, the Group is able to deliver a suite of telecommunications products and **services unparalleled in quality**.

During the year in review ended 31 December 2002, the following services were provided by the Group's subsidiaries:

Fixed Line Services, Broadband & Internet Services: TT dotCom Sdn Bhd provides fixed line, voice and data communications and other value added services under the 'TIME' brand.

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.

Mobile Services: TIMECel Sdn Bhd provides digital mobile communication services under the 'TIMECel' brand.



In September 2002, the Board of TIME dotCom Berhad took a strategic decision to divest its entire interest in its mobile services. Following the decision to divest, it entered into a Sale and Purchase agreement with Maxis Communications Berhad on 18 September 2002. The divestment forms an integral part of the Group's long-term plan to increase the value of the Group to its shareholders. It is also in line with the Government's call for consolidation in the mobile telecommunications industry.

On 12 December 2002, TIME dotCom Berhad and Maxis Communications Berhad entered into a price agreement for the sale of TIMECel Sdn Bhd for a total consideration of RM1.475 billion comprising RM1.325 billion for the TIMECel shares and up to RM150.0 million for the repayment of the inter-company loans.

The sale is expected to be completed by mid-2003. In the meantime, merger integration teams, comprising representatives from both companies, have been established to ensure a smooth integration of the mobile businesses.

With the divestment of TIMECel, the Group will now be able to focus on its profitable fixed line, broadband, Internet and payphone services. In line with the Group's new business direction, the organisational structure has been realigned and improved upon to achieve the Group's new strategic goals and objectives. Among others, the new structure addresses the need for a clear definition of business accountability and responsibilities and facilitates better business orchestration and overall planning. It will also ensure greater operational efficiency and effectiveness particularly in the key marketing areas.

Primed with a new corporate direction, the Group is moving in concert to attain the new goals and objectives encapsulated in its new vision 'To be the Preferred Communications Service Provider'.

On the regulatory front, one of the most significant developments impacting on the fixed line business is the tariff rebalancing exercise undertaken by the Government as part of its measures to review the existing fixed-line communications services. Tariff rebalancing has been deemed one of the strategic measures to widen access to communications services through the creation of a tariff structure that will provide incentives for industry players to invest on infrastructure roll-out, particularly in the rural areas.

The Group believes it will be able to uphold its tradition of providing value for money in meeting the communications needs of its customers. The new structure will also facilitate the introduction of better value propositions to the market place, where we aim to increase our market share while benefiting customers.

fixed line, broadband and internet services products and services

The Group's product mission is "visionary leadership in broadband-enabled communications". As an organisation enabling the business continuity of its customers, the TIME dotCom Group seeks to deploy innovative and cost-effective solutions and services that are relevant to the needs of its customers.

The Group's fixed line and broadband businesses handle four major product categories, namely Direct Access, which 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; Multimedia; and Broadband and Managed Network systems.

Several new products were launched in 2002, strengthening the Group's position in the fixed line market while generating a steady revenue stream.

In the Direct Access business, significant efforts were invested in developing multiple dimensional products and services, which include innovative products such as reservation-less audio conferencing and flexible call packages. Significant work was accomplished in developing the next generation IP technologies as a means of voice transport systems. Throughout the year, efforts were also directed at increasing capacity utilisation and building out to new locations to maximise asset utilisation. New products launched during the year included TIME Conference, TIME 1800/1300, TIME Satellite Broadband and Flexi-IDD Voice services.





Under Indirect Access, TIME Kontact was repositioned as a lifestyle prepaid calling card. By capitalising on major sponsorship events, TIME Kontact has successfully captured the attention and support of a new customer segment. As part of the promotional efforts undertaken during the year, limited edition cards were produced, including the very popular 'Bollywood' series and others associated with the WWF Smackdown Tour and Anugerah Bintang Popular. TIME Kontact scored a notable first in the Malaysian market by producing and launching an interactive multimedia-based card in conjunction with the June 2002 Football World Cup.

TIME GOLD extended its success of the previous year by recording a 24% year-on-year increase in revenue as well as voice minutes. This is no mean feat in view of the significant impact of tariff rebalancing of STD and IDD calls. TIME GOLD is one of the best and top selling VOIP postpaid calling cards in the market. With a net revenue of RM30.3 million in the 2002 financial year, TIME GOLD owes much of its success to its product attributes that include superior voice quality and great savings, supported by a series of re-branding exercises, aggressive promotional campaigns and acquisition activities.

While its targeted market remains residential customers, TIME GOLD has extended its services to include small and medium-sized businesses. During the year, TIME GOLD launched several programmes as incentives for customers to increase usage. These include the Singapore Flat Rate, an industry-leading call charge package and Cherish, the first package specifically targeted at families and their friends, to be launched in the market.

The Group continued to hold its own in the broadband and multimedia area, with its BizNet and SoNet services recording encouraging growth. New and improved leading-edge features were introduced benefiting the Group's core customers in the small and medium enterprise (SME) and corporate segments. Its vast application capabilities open up an array of appealing applications for businesses of all sizes. For the individual, TIME Broadband's affordability and high connection speed is making home computing an enjoyable experience. TIME Broadband allows streaming of the latest multimedia games, music and video clips, voice chatting and other streaming media at connection speeds of up to 2Mbps. With renewed commitment to the broadband space, the Group has taken the lead with the launch of TIMEZone, a WLAN-based service made available to several areas in the Klang Valley. Through collaborative arrangement with Starbucks, TIMEZone is currently available at outlets in Plaza Mont' Kiara, Plaza Damansara, Plaza Bukit Bintang, The Weld and Amcorp Mall.

The Group's ISP, TIMENet, continued to record growth in terms of subscribers as well as usage. With the growth of content application and through the fixed wireless and wireline technology, TIMENet has positioned itself to be an industry leader in content and value added services. The year 2003 will see TIME dotCom rapidly expanding into new service areas while maintaining its superior service quality.

TIMENet aims to increase the population of the Malaysian virtual community by providing cost-effective, quality access and support services using alternative last mile technology. With the convergence of information, communication and entertainment, the Group has the infrastructure in place to please the most savvy Internet users, by providing media streaming at high connection speeds. Focusing on both corporate and individual customers, TIMENet is also offering web hosting, web designing, server co-location and other facilities management services.

In the Managed Network Services area, the Group is proud to have been selected as the only distributor for Equant's managed network service in Malaysia. Equant is a recognised industry leader for global data, IP network and integration services for multinational businesses. At the 2002 World Communications Award, Equant was accorded the accolade of being named the Best Global Carrier. The benefits of gaining access to the expertise and technology of one of the world's premier network service companies will eventually be passed on to the Malaysian marketplace. It will allow the Group to leverage its fibre trunk and metropolitan area networks to have more than 1,700 buildings directly connected.

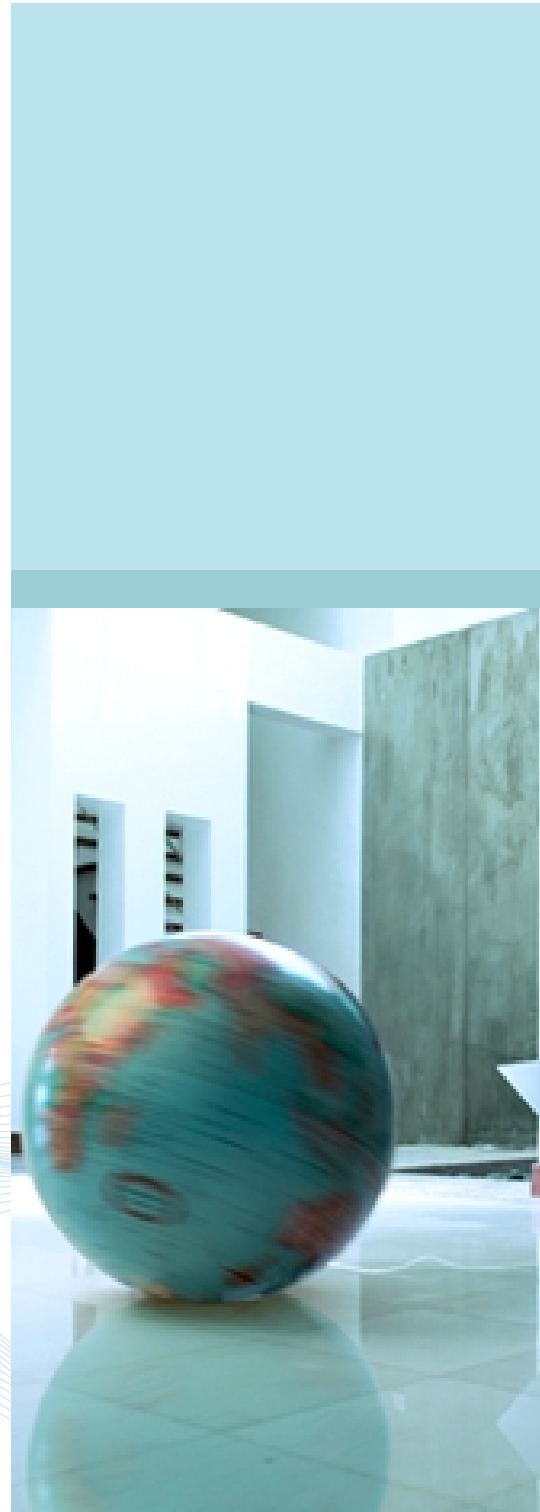
The Group has a full portfolio of products catered for the differing and multiple needs of various industries. Part of the exciting growth of its comprehensive product roadmap is its aim to be the visionary leader at developing and deploying broadband enabled solutions wherever the customer may be. Through its competitive positioning in optical, wireline and wireless broadband technologies, the Group brings to market a host of cutting edge Ethernet and IP based products that enhance the voice, video and data communications capabilities of our customers.

network operations and development

As a technology-based business organisation, the Group has identified the required network technology that needs to be deployed to ensure long-term competitiveness of the business. The strategic approach is based on the economic and industry outlook, both on the domestic and global fronts.

During the year, the Group's fixed line network was extended to an additional 435 buildings in the Klang Valley, Penang, Johor Bahru, Melaka, Pahang, Labuan and Perak. A significant breakthrough was the Group's entry into Cyberjaya, previously the exclusive domain of the incumbent telecommunications provider. Entry into Cyberjaya opens up new opportunities by way of access to the multinational corporations located in Malaysia's first intelligent city.

Eight service areas in the customer access network as well as the international trunk line to Singapore were upgraded, providing increased network resilience from any major network outage. The service areas involved were Johor Bahru, Petaling Jaya, George Town, Sri Damansara, Subang and the Pasir Gudang Free Trade Zone. The international trunk upgrades were for links to StarHub and the SingTel networks.



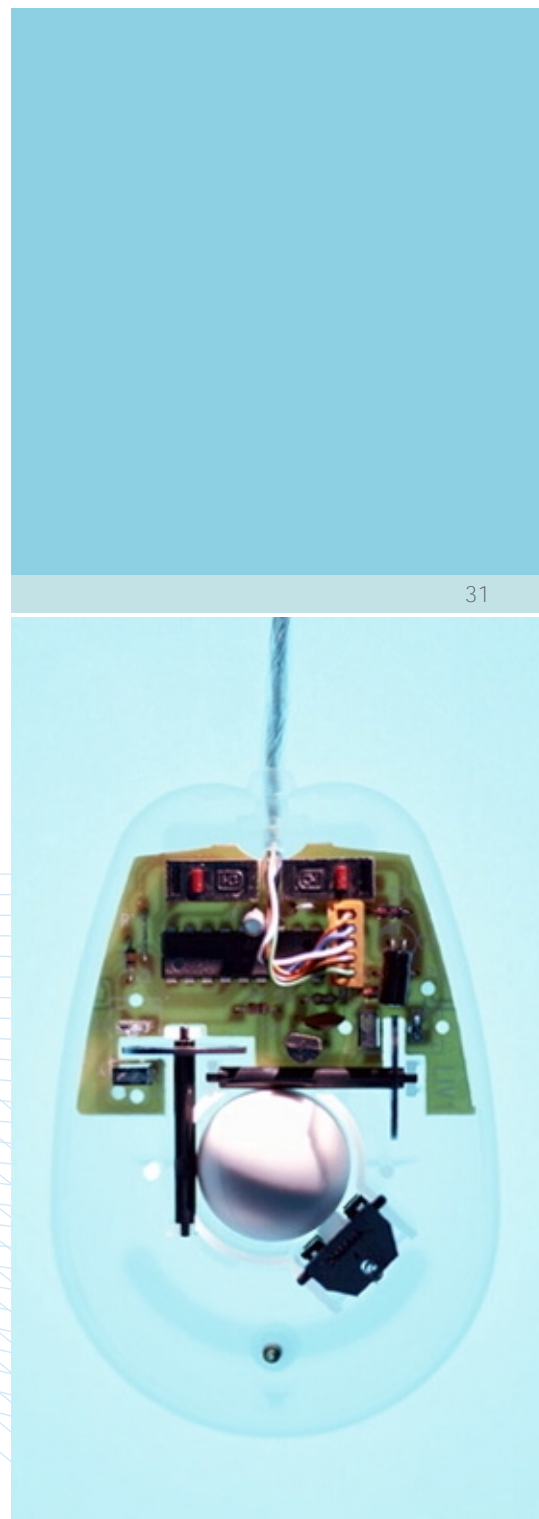


The Group's trunk network that forms the communication backbone in Peninsular Malaysia was also upgraded. The national rings at the north, south and southeastern regions were reconfigured and replaced with new trunk transmission equipment. Besides ensuring greater reliability against outages, the upgrade also provides 15% additional trunk capacity. The year also saw completion of a major upgrading exercise involving the transmission and network management equipment. The result is increased network reliability through the incorporation of the latest network supervision and control features.

The introduction of a new network maintenance methodology in mid-2002 has resulted in a significant cost reduction, without sacrificing on network reliability. The methodology will be further refined and improved upon in 2003, with the possibility of further savings.

Another development during the year was the move of the National Network Control Centre (NNCC) from Wisma TIME to the Glenmarie Telecommunications Centre in January 2002. The new centre now houses all of the Group's core network equipment under one roof, thereby ensuring faster response time while enhancing the Group's capabilities in managing technical services provided to its customers. The NNCC will be further upgraded in 2003.

The network connectivity exercise to the international fibre optic network, Asia Pacific Cable Network-2 (APCN2), which provides connectivity to most of the major countries in the region, was completed in 2002. As part of its network services enhancement programme, the Group also commissioned





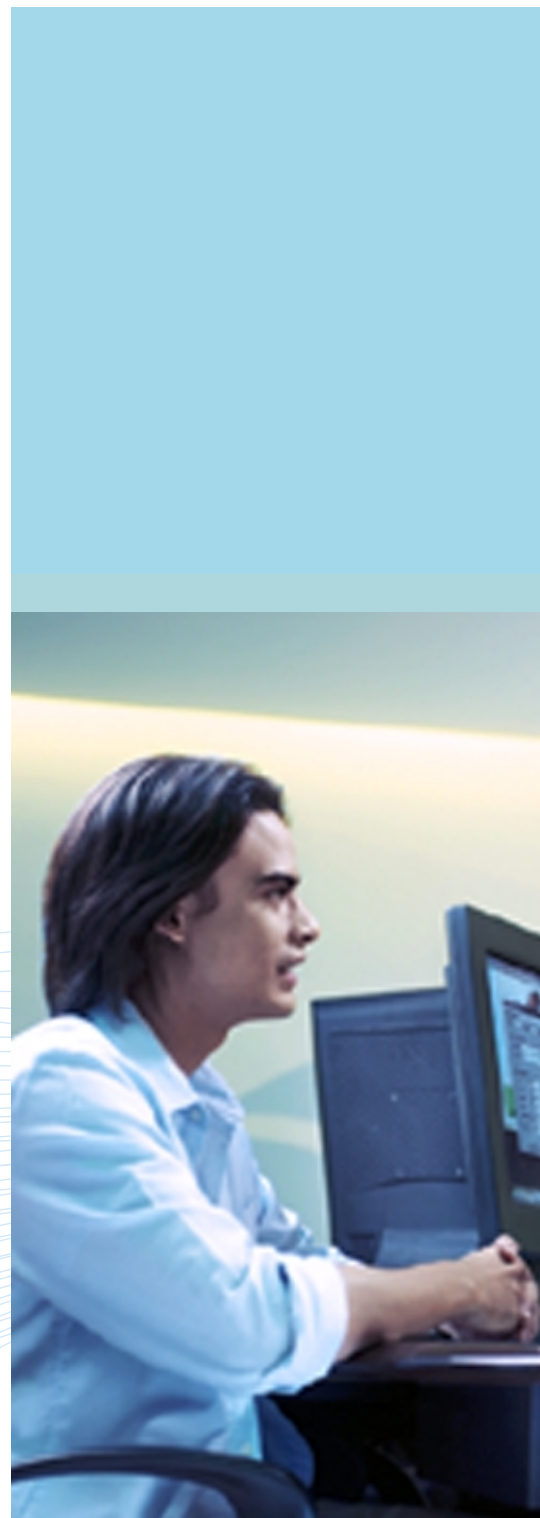
two new interconnect networks with an incumbent in Bangi and Klang. Another new interconnect network was for the incumbent's mobile unit in the Central Region.

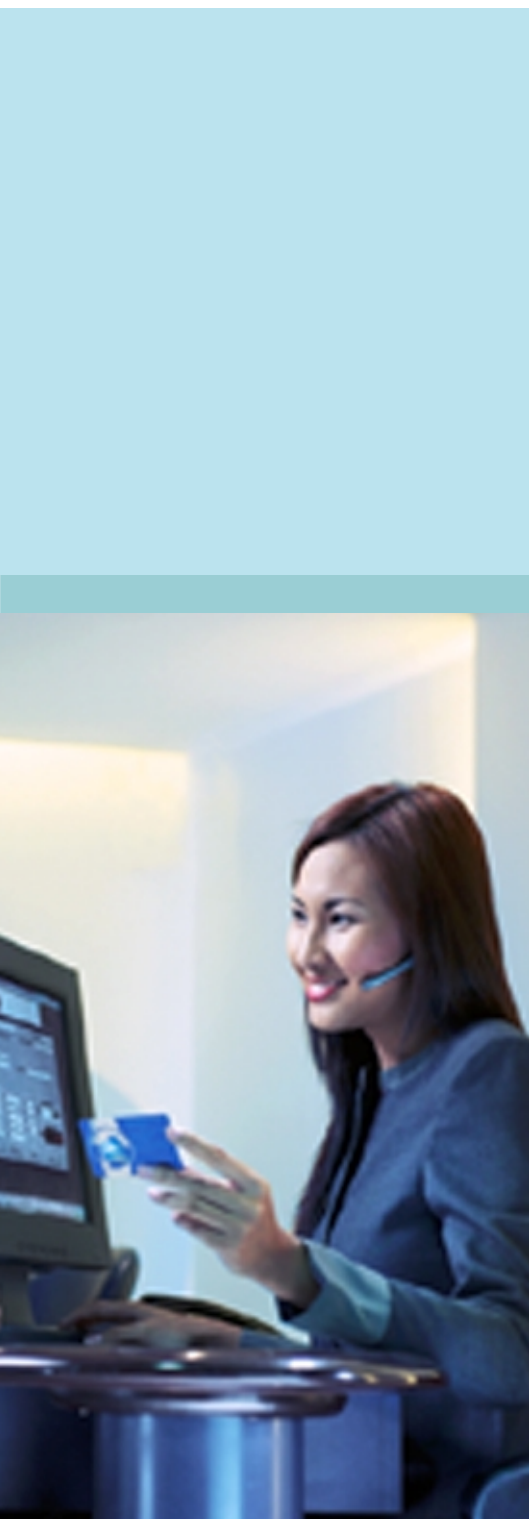
The technology roadmap for 2003 will be focused on the evolution into the Next Generation Network based on Internet Protocol (IP) at the trunk, metropolitan and customer access network layer. On the access network, the Group will be implementing point to multipoint Broadband Wireless Access and also satellite communications system for the rural areas. The Group will also improve its network utilisation through strengthening its position as a carrier's carrier.

payphone services products and services

Through TIME Reach Sdn Bhd (TRSB), the Group operates an extensive nationwide network of payphones that accept a multi-mode payment of coins, prepaid cards and major credit cards. Strategically located at major buildings, complexes and sidewalks, the Group's payphone network provides an essential public service through its accessibility and convenience of its multi-mode payment system.

The year in review was a particularly challenging one for the Group's payphone operations. Being in a very competitive environment, operations and revenue earnings were affected by a number of factors, including the Government's tariff rebalancing exercise that came into effect on 1 March 2002; the mushrooming of private payphone kiosks; the increasing usage of Voice Over Internet Protocol (VOIP) phones; competition from mobile operators; and the increasing problems of fraud and vandalism in the industry.





Notwithstanding the many challenges, TRSB continued to make headway as the payphone operator of choice in major shopping complexes and landmark buildings. In January 2002, TRSB was contracted by Malaysia Airports Berhad to install additional payphones at the Kuala Lumpur International Airport to service the needs of the newly commissioned Express Rail Station. In November 2002, TRSB was granted Right of Entry to install payphones at the Mines Shopping Fair Complex. In December 2002, the 1 Utama Shopping Complex became the latest addition to TRSB's customer base of major shopping complexes.

looking ahead

Taking stock of the challenges facing the industry, TRSB has reorganised its resources at both regional and head office levels to facilitate a higher level of supervision and meet business support requirements. The company has also developed a business plan focusing on the improvement of service levels, revenue per payphone and location management. This is being achieved through the discontinuation of magnetic card phones to be replaced by multi-payment phones.

TRSB is also re-investing in payphone equipment through new purchases or the refurbishment of existing payphones. At the same time, the payphone management system is being improved for greater efficiency in monitoring service levels and productivity. To combat the problem of fraud, TRSB will invest in anti-fraud devices. Under a rebranding exercise in line with the Group's corporate identity, TRSB's network of payphones will be given a face-lift and a more appealing appearance.

mobile services products and services

Throughout the year, the Group's mobile communications unit, TIMECel Sdn Bhd (TIMECel) channelled its efforts on increasing its subscriber base, extending its international roaming facilities, upgrading and launching new value added services. TIMECel GPRS Applications was launched on 4 July 2002 targeted at the growing business segments who need faster Internet access and ability to perform intranet applications, while enjoying the freedom of mobility. In tandem with the growing popularity of SMS-based applications, a suite of SMS-based VAS was launched, including productivity tools like address book, calendar and entertainment value-added services like ringtones and logo download, blinking SMS etc.

A series of consumer promotions were organised during the year to boost customers acquisition. As part of the promotional drive, the Get 10 package offered new customers attractive call rates and rebates on handsets. TIMECel also introduced the GR8 SMS Plan package, which includes attractive rebates on calls as well as free usage of a range of new SMS features.

Among other developments to stimulate growth in identified sectors, TIMECel introduced its prepaid service to the East Malaysian market in June 2002. The SMS-Xcite! Prepaid Starter Pack launched in August 2002 was yet another initiative targeted specifically at the student population. TIMECel was also the preferred network for PINcenter Sdn Bhd, an MSC-status company which has committed to purchase close to 200,000 TIMECel postpaid lines to facilitate the setting up of a nationwide ICT infrastructure system which is scheduled for launch in the second half of 2003.

On the international front, TIMECel has extended its international roaming facilities to now include 73 countries and 138 roaming partners.

network operations and development

The year saw the implementation of a network expansion programme to improve the capacities and capabilities of TIMECel's network. This included upgrading the call handling capability of the prepaid system. The planned network expansion works were completed during the year, increasing the total number of base station sites to more than 1,000 as at year-end.

In a bid to improve its network services, TIMECel has taken steps to optimise its GSM network to enhance its overall customer experience especially in network hot spot/blind spot areas. Its GPRS network was also optimised to improve its stability and service quality.

customer service

In today's competitive business environment, companies compete not only on the strength of the products and services offered. Oftentimes, it is the level of customer service that makes the difference in meeting the demands of the present generation of more discerning and demanding customers.

The Group has always placed a premium on customer satisfaction. In living up to our marketing tagline, 'TIME Gives You More', we ensure that the quality of our products are matched by the services we deliver. That is why we continue to invest significantly in upgrading our facilities and premises. Naturally, our efforts do not stop here. We also ensure that our people are properly trained to respond to any problem or request from our customers. The Group's expectations of its employees are very high, based on performance, personal integrity, initiative and dedication. Our goal is to service all customer needs to such a high level of excellence in their experience that it becomes the primary reason customers choose the Group.

In responding to this challenge, the Group has set up a state-of-the-art customer call centre. Bringing together people, process and technology, the call centre operates round the clock, seven days a week. As the front-line interaction between the Company and the customer, it consolidates all customer calls nationwide cutting across all sectors of the Group's businesses.



The year under review also marked the opening of the second TIME Retail Flagship in Johor Bahru in May 2002. Conscientious to the needs of our customers, the outlet serves as a one-stop centre for our customers in the Southern Region. Here they are able to not only pay their bills and activate their accounts but also sample some of our products and services which are available for the customers to preview, experience and purchase at their convenience.

The upgrade and consolidation of the call centre last year has helped customer service to remain on track to reach its key performance indicator of 95% service resolution at the customer's first contact. The technology solution components include an advanced PABX system, skills-based routing server, interactive voice response system, computer telephony integration, and a work force management system, all of which are seamlessly integrated with the Group's CRM. Central to the call centre's operations is an award winning call distribution system designed to handle large numbers of incoming calls, distributing them automatically and uniformly to the assigned customer service consultants.

Convergence billing was launched in March 2002 targeted at small and medium sized enterprises/industries (SME/SMI). This innovation allows customers to benefit from the Group's wide range of products and a complete suite of business solutions, while enjoying the convenience of a single billing and point of contact. It is an advantage that works both ways. For the Group, convergence billing gives us the capability to bill and collect revenue for multiple products under a single customer account.

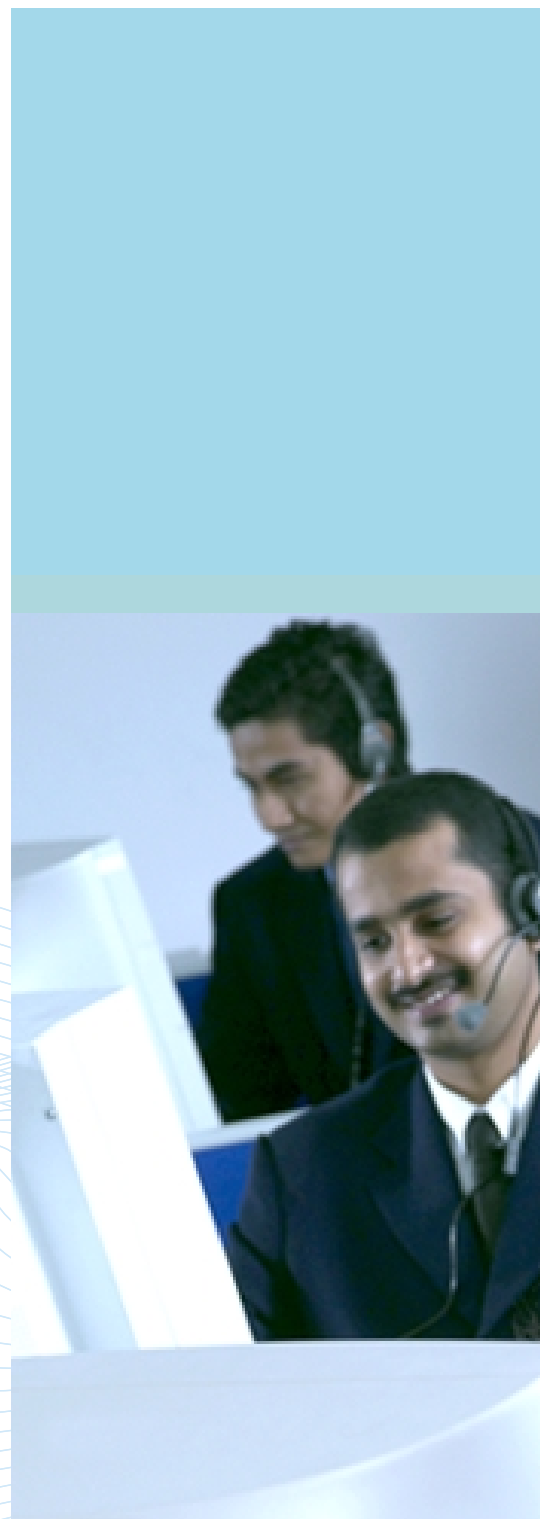
Capping an eventful year, a customer portal named 'MyTIME' was launched within the Group's corporate website, www.time.com.my. Through 'MyTIME', customers can perform various self-service applications, anywhere and at any time. Among others, customers are now able to manage multiple accounts at a touch and perform a variety of functions that include account and customer profile enquiries and modifications; checking balances and billing statements as well as making inquiries and special requests for selected services under the Value Added Services list.

Web-based applications are also used to guide customers to the range of the Group's products and services. Known as TIME Product Wizard, it allows users to log-in and gain access to the range of products and services that will best suit an individual customer's budget or needs.

human resource development

People drive the business. It has been said that an organisation can only be as good as its human resources, often considered the most important asset of any company. In the business the Group is in, ongoing revolutionary changes in the Information Communications and Technology (ICT) industry as well as the marketplace, demand a fresh orientation and higher levels of competence and skills in our human resources. It also calls for a paradigm shift in the mindset of the workforce to compete successfully in today's tough business environment.

The Group's training and human resource development programmes are designed to equip staff to meet these formidable challenges. Our training programmes cut across all levels and disciplines in the organisation. Given the high-tech nature of





our business, technology oriented programmes are given priority. Through strategic partnerships and collaborations with some of the biggest names in the global industry, our people gain access to cutting-edge technologies, knowledge that is transferred back to home ground and which will eventually be translated into the products and services rolled out. As an organisation that believes in promoting our people from within, another focus of our training effort is on the management aspects of an organisation. All employees start out being equal, with the opportunity to ascend the corporate ladder. Those with potential are given appropriate training to acquire the leadership and management skills to become the leaders of tomorrow. In this way, we ensure that both corporate and individual goals are met for mutual benefit.

As a young company, we rely greatly on team effort. We recognise the interdependence of our business within the industry as well as the organisation. One person or even one team alone cannot achieve results. It requires the total participation and commitment of all our employees, working in teams with one another in an effective and productive manner. To reinforce the team experience, the Group initiated the 'We are One TIME Team' team building event in 2002. This is by no means a one-off event. By its very nature, team building is an incremental process, the benefits of which will be realised in the coming months and years.

Even as we emphasise the importance of the team, there are circumstances beyond our control when we have to let some of our members go. Such was the case in September 2002, when the Group implemented a manpower rationalisation plan (MRP) as part of the Group's long-term strategy to be more resilient, robust and competitive in the Malaysian telecommunications industry. A Voluntary Separation Scheme (VSS) was an integral part of the MRP, and involved reducing the total workforce by more than 600 employees. The exercise followed a thorough six-month review of the Group's manpower planning audit, set against business processes to ensure optimal operating efficiency and effectiveness.

The manpower rightsizing exercise was necessary with the completion of a series of major upgrades to the Group's network, and the introduction of new technologies, e-processes and business systems. The Group aims to reduce reliance on labour intensive processes where possible, cutting down unnecessary steps and moving further into an electronic environment. As a concerned employer, the Group recognises the difficult decisions that have to be made by those affected employees. The management has gone the extra mile in putting in place measures to support employees in decision making and the opportunity to undergo training. Affected employees were also given professional advice in identifying opportunities to upgrade their skills.

The Group is in a period of transition, which is always a very challenging phase for both the management and staff. The year-end festive season provided the opportunity to organise several 'Majlis Berbuka Puasa' events at various locations throughout the country. In a convivial atmosphere, the spirit of 'One Team' was reinforced.



communications to stakeholders

The Group recognises the importance of communications as a tool to enhance its relationship with various stakeholders, both internal as well as external.

With its internal audience, this objective is achieved through TIME e-station, the company's Intranet, which provides staff with easy access to current and vital information as well as the latest development within the company through an electronic platform.

As part of the company's initiative to enhance its role as Malaysia's preferred communications service provider, TIME's brand image is consistently communicated to our various public through many channels including the highly interactive corporate website (www.time.com.my), which allows customers, shareholders and the public easy access to the Group's products and corporate information.

The Group's brand image is communicated on the basis of its existing core values, namely enhanced network, reliable product, great customer services and innovative value added services. Under the TIME branding, the Group continued to promote its products and services supported by various marketing and communication initiatives which included advertising, direct marketing, brand associations and public relations in its effort to maintain market presence and awareness amongst its stakeholders.

corporate citizenship

Even as we are directing our efforts and energy towards making the Group a force to be reckoned with in the Malaysian telecommunications industry, our obligations to society are not forgotten. In fact, this is one of the basic premises on which our business has been established: to make communication services accessible to all Malaysians. By making available affordable products and services, we are touching the lives of Malaysians from all walks of life.

Perhaps one of our greatest contributions lie in the free dial-up Internet access that we are providing, opening up a whole new world of knowledge and information to Malaysians. This is also our contribution to the national drive to foster a knowledge-based society in the country's onward march towards the aspirations of Vision 2020.

We consider it our moral obligation to contribute towards the betterment of society, sharing what we have to mould a better future for those less fortunate than ourselves. Each year, we support many charitable organisations and participate in many community projects and worthy causes.

In 2002, we also sponsored in cash and kind, several notable conferences and forums aimed at promoting Malaysia as the regional ICT hub. These included the Asia Economic Summit and the 4th MSC-IAP Business Summit.

The Group was also actively involved in the Handphone Recycling Campaign spearheaded by the Department of Environment (DOE), Ministry of Science, Technology and Environment. In conjunction with this programme, the Group collaborated with Nokia and placed recycling bins at its Headquarters and Bangsar Retail Flagship to encourage the public to take on the social responsibility to recycle used or old handphone batteries as well as mobile phones and accessories.

more **internet** services



As the Internet revolution sweeps the world, our broadband network offers a leading advantage to all individual and corporate customers. Our high speed connections offer cost-effective, quality access, whilst our customer support and value added services with leading edge features open up application capabilities that are relevant to today's needs and tomorrow's expectations.



THE BOARD OF DIRECTORS IS COMMITTED TO 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 12 to 14.

meetings

During the financial year, the Board met twenty-three (23) times, whereby due notice was given for all scheduled meetings and special meetings were convened for urgent and important matters.

Details of Directors' attendance at Board Meetings held during the financial year ended 31 December 2002 are as follows:

director	board meetings	special board meetings	total number of meetings attended
Dato' Ir. Wan Muhamad Wan Ibrahim Chairman Non-Independent, Non-Executive	13/14	9/9	22/23
Encik Ahmad Pardas Senin Executive Director / Chief Executive Officer (appointed on 13.8.2002)	4/4	3/3	7/7
Puan Elakumari Kantilal Non-Independent, Non-Executive	14/14	8/9	22/23
Puan Salmah Sharif Non-Independent, Non-Executive	13/14	8/9	21/23
Encik Abdul Kadir Md Kassim Non-Independent, Non-Executive	10/14	9/9	19/23
Ms Gee Siew Yoong Independent, Non-Executive	12/14	8/9	20/23
Encik Kamaludin Abdul Kadir Independent, Non-Executive	14/14	9/9	23/23
Encik Abdul Wahid Omar Non-Independent, Non-Executive (retired on 24.5.2002)	5/6	5/5	10/11
Encik Amiruddin Abdul Aziz Non-Independent, Non-Executive (resigned on 11.12.2002)	5/5	3/3	8/8

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 fulfil 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 seven (7) members; comprising one (1) non-independent non-executive Chairman, two (2)

independent non-executive Directors, one (1) Executive Director and three (3) non-independent non-executive Directors.

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

There is a clear division of responsibility between the Chairman and the Chief Executive Officer (i.e. also an Executive Director) to ensure that there is a balance of power and authority. The Chief Executive Officer has the principal responsibility of implementing the Board's policies and decisions, overseeing the operations and in business development.

Although all Directors have an equal responsibility for the Group's operations, the role of these independent non-executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined with due regard to risk management. 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

Prior to each Board meeting, a full set of Board papers and the agenda is sent to all Directors. Senior management and key operational managers are informed of the guidelines concerning the contents, presentation and delivery of papers to the Board of Directors for each Board meeting.

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.

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 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 Code endorses a formal procedure for appointments to the Board and Board Committees, with a Nomination Committee to make recommendations to the Board and assessing Directors on an on-going basis. The Code, however, states that this procedure may be performed by the Board as a whole, although as a matter of good practice, it recommends that this responsibility be delegated to a committee.

The Nomination Committee comprises three (3) non-executive Directors, details are as follows:

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

appointment process

The Committee held four (4) 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. In addition, the Nomination Committee assesses the effectiveness of the Board, the committees of the Board and the contribution of each individual Director.

The Board, through the Nomination Committee, reviews annually its required mix of skills, expertise, attributes and core competencies of its Directors and succession plans for members of the Board. The Committees also 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 Kuala Lumpur Stock Exchange.

The Directors are encouraged to attend continuous education programme and 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 all directors are subject to retirement by rotation at an interval of at least once every three (3) years.

b. directors' remuneration remuneration committee

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

The Remuneration Committee comprises three (3) non-executive Directors, details are as follows:

- | | |
|-------------------------------|-----------------------------------------|
| • Ms Gee Siew Yoong | Independent, Non-Executive Director |
| Chairman | |
| • Puan Salmah Sharif | Non-Independent, Non-Executive Director |
| • Encik Kamaludin Abdul Kadir | Independent, Non-Executive Director |

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

The shareholders at the Annual General Meeting would approve the aggregate annual Directors' fees for all Directors.

details of directors' remuneration

The aggregate remuneration of the Directors for the financial year ended 31 December 2002 are categorised into the appropriate components as follows:

remuneration	non-executive directors RM'000
Fees	272
Other Emoluments	197
Benefits in kind	6

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

range of remuneration	non-executive directors
RM50,000 and below	2
RM50,001 to RM100,000	5
RM100,001 to RM150,000	1

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 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.

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 108 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 53 to 54 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 50 to 52 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 48 to 49 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, except as detailed below:

- A Board Charter/Terms of Reference for the Board, that sets forth the position description for the Board and the limits of Management's responsibilities, is in the process and would be adopted by the Board in due course.
- The Board is looking into the current composition of the Board to ensure that at least one third of its members are Independent Non-Executive Directors in order to comply with the Code. However, the Company is currently in compliance with paragraph 15.02 of the Listing Requirements which requires that at least two Directors or one-third of the Board of the Company, whichever is the higher, are independent Directors.
- The Board has agreed to disclose Directors remuneration only by bands as required by the Listing Requirements.

1. The status of the utilisation of proceeds raised from an Initial Public Offering as at 28 February 2003 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	317.6	180.8
To defray expenses relating to the listing exercise	60.0	48.8	11.2
Total	558.4	366.4	192.0

The amount utilised under the telecommunications business was for network expansion.

2. On 15 June 2002, TIME dotCom had announced to the Kuala Lumpur Stock Exchange that the financial estimates, forecasts and projections for the years ending 31 December 2002 onwards as set out in section 1.13 (page 13) and Section 16.1 (pages 174-175) of its Prospectus dated 22 January 2001 are no longer reflective of the business environment in which the company now operates.

3. Recurrent related party transactions of a revenue or trading nature

name of company	related party	interested related party / relationship	nature of transaction	RM
TIME dotCom (*TdC*)	TIME Engineering Berhad (*TEB*)	Khazanah Nasional Berhad (*Khazanah*) Renong Berhad (*Renong*), United Engineers (Malaysia) Berhad (*UEM*), Syarikat Danasaham Sdn Bhd (*Danasaham*) Refer to Note 1	Tenancy for office space at Wisma TIME	1,497,552
TdC and its unlisted subsidiaries	BIB Insurance Brokers Sdn Bhd (*BIB*)	TEB, Khazanah, Renong, Hatibudi Nominees Tempatan Sdn Bhd (*Hatibudi*), UEM and Danasaham Refer to Note 2	- Provision of insurance brokerage services	370,000
			- Directors' and Officers' Liability and Company Reimbursement Liability Insurance	49,661
TT dotCom Sdn Bhd (*TT dotCom*)	Projek Penyelenggaraan Lebuhraya Berhad (*PROPEL*)	TEB, Khazanah, Renong, UEM and Danasaham Refer to Note 3	Provision of maintenance and support services for Terrestrial Plant within PLUS, Linkedua and ELITE Right of Way (Package 1)	1,284,698
TT dotCom Sdn Bhd and TIMECel Sdn Bhd	Kinta Kellas Plc (*KK*)	TEB, Khazanah, Renong, UEM and Danasaham Refer to Note 3	Provision of project management services	8,916,276
				12,118,187

Note :

1. TEB is a major shareholder of TdC by virtue of its 45% equity interest in TdC, is also a major shareholder of Renong by virtue of its 14.82% equity interest in Renong. Renong in turn, has an equity interest of 46.8% in TEB.
2. Hatibudi, a wholly-owned subsidiary of Renong, has an equity interest of 30% in BIB.
3. Khazanah, who is a major shareholder of TdC by virtue of its 30% equity interest, has 100% equity interest in Danasaham, which in turn holds 100% equity interest in UEM. UEM in turn, has an equity interest of 56.2% in Propel, 62.37% in KK and 46.4% in PLUS.

4. material contract

wayleave and right of use agreement between Projek Lebuhraya Utara-Selatan ("PLUS") and TT dotCom Sdn Bhd

The Agreement grants an exclusive right by Projek Lebuhraya Utara-Selatan Berhad to TT dotCom to use the fibre optic telecommunications network and infrastructure installed along the North-South Expressway at an annual sum of RM11,907,000.00 for the calendar year 2002 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.

Under the Supplemental Agreement, TT dotCom has an option (exercisable within 30 months from 12 May 2000) to purchase from PLUS the fibre optic cable and ducts at RM180,000,000. On 11 November 2002, the option expired when PLUS decided not to grant TT dotCom's request to extend the option period.

The expiration of the option however, would not affect TT dotCom's exclusive rights to use the telecommunications facilities under the Agreement.

Please refer to Note 3 on the relationship of the interested party.

5. penalty

There were penalties on late payment of withholding tax and service tax imposed on the subsidiary companies by the Inland Revenue Board and Royal Customs Department which amounted to RM87,083 and RM124,000 respectively for the financial year ended 31 December 2002 .

6. non-audit fees

There was no non-audit fees paid to external auditors, for the financial year ended 31 December 2002.

THE BOARD OF DIRECTORS IS PLEASED TO PRESENT THE REPORT OF THE AUDIT COMMITTEE ("COMMITTEE") FOR THE YEAR ENDED 31 DECEMBER 2002.

composition

The Audit Committee presently comprises of 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 2002 are as follows:

Ms Gee Siew Yoong, Chairman	Independent Non-Executive Director
Encik Kamaludin Abdul Kadir	Independent Non-Executive Director
Puan Elakumari Kantilal	Non-Independent Non-Executive Director

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 50 to 52.

meetings

The Audit Committee convened sixteen (16) meetings during the financial year ended 31 December 2002. The details of attendance are as follows:

name	number of meetings attended
Ms Gee Siew Yoong	16/16
Encik Kamaludin Abdul Kadir	16/16
Puan Elakumari Kantilal	16/16

The Executive Director / Chief Executive Officer and the Company Secretary were present by invitation in all the meetings. External auditors, representatives of the internal auditors, Messrs KPMG as well as the Chief Financial Officer were also present during discussions that required their input and advice.

summary of activities

The Committee carried out its duties in accordance with its terms of reference during the year.

The main activities undertaken by the Committee were as follows:

- Reviewed the audited accounts for the financial year ended 31 December 2001 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 auditor's scope of work and audit plan for the Group for the financial year ended 31 December 2002. 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.
- Recommended to the Board for approval of the audit fees payable to the external auditors.
- Reviewed the internal audit department's resources requirements, programmes and plan for the financial year under review.
- Reviewed the internal audit report, which highlights the audit issues, recommendations and management's response. Discussed with management, to undertake the corrective measures to address gaps and deficiencies identified in the internal audit report.
- Recommended to the Board improvements, opportunities in risk management, internal control and governance processes. The Committee had, in July 2002, initiated a risk management framework review, assisted by the finance department and external advisers.

- Met with external auditors once during the year without the presence of any Executive Board member.
- Reviewed the Group's procedures in respect of recurrent related party transactions ("RPTs") so that the procedures were sufficient 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 KLSE, MASB and other relevant legal and regulatory requirements.

internal audit function

The internal audit function was outsourced in 2001 to TIME Engineering Berhad and HBN Management Sdn Bhd till early 2002 where an internal audit department was set up. However, in July 2002, it was outsourced to external consultants. This is to ensure that independent, regular and systematic reviews of the systems of internal controls are performed so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on page 54.

terms of reference of the audit committee

objectives

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

composition

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, a majority of whom shall be Independent Non-Executive Directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or should have 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 the appointment of Directors.

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

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

meetings

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

The Audit Committee shall aim to reach a consensus on issues discussed, failing which a poll shall be taken through a show of hands. The Chairman of the Committee should report on each meeting to the Board.

The Committee shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.

The Company Secretary shall be appointed Secretary of the Committee. Minutes of each meeting should be kept and distributed to each member of the Committee and of the Board.

The Chief Executive Officer, 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. Other Directors and employees shall attend meetings only at the Audit Committee's invitation, specific to the relevant meeting.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the committee to consider any matter the external auditor believes should be brought to the attention of the Directors.

authority

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

- 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;
- right to obtain external professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- right to convene meetings with the external auditors, at least once a year, to discuss any matters, without the presence of any executive member of the Board.

The Company Secretary shall provide the necessary support to enable members of the Audit Committee to discharge their functions effectively.

The Committee must promptly report any matter to the KLSE, if in its view such matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the KLSE Listing Requirements.

functions and duties

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

- i. To determine that established policies, procedures and guidelines, operating and internal accounting controls are adequate, functioning, effective, and are complied with in promoting efficiency and proper conduct of the Company's business.
- ii. To act as an independent and objective party in reviewing the financial information of the Company presented by Management.
- iii. To review the quarterly and year-end financial statements of the Company for recommendation to the Board for approval, focusing particularly on:

- Any changes in accounting policies and practices
 - Significant adjustments arising from the audit
 - The going concern assumption
 - Compliance with accounting standards and legal requirements
- iv. To consider the appointment of the external auditor, the audit 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 Kuala Lumpur Stock Exchange.
 - 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 Kuala Lumpur Stock Exchange.
 - xiv. To consider other topics as defined by the Board.

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 KUALA LUMPUR STOCK EXCHANGE LISTING REQUIREMENTS.

statement on
internal control

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board responsibility

The Board acknowledges its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. In pursuing these corporate objectives, the internal control system can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers not only financial controls but operational, compliance controls and risk management.

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 therefore shareholders' investment in the Group.

risk management framework

The risk management framework has been adopted by the Board and this includes the establishment of the Risk Management Steering Committee in 2002, comprising the CEO, heads of 4 business units and the CFO (as Risk Management Coordinator). The Steering Committee is assisted by the Office of the CFO in the undertaking of its functions.

Risks are managed on a day-to-day basis by the risk management teams within the operating units, divisions and departments with an oversight function provided by the CEO, Steering Committee, weekly Direct Report meetings, internal audit function and the Audit Committee.

internal Audit function

The internal audit function was outsourced in 2001 to TIME Engineering Berhad and HBN Management Sdn Bhd till early 2002 where an internal audit department was set up. However, in July 2002, it was outsourced to external consultants.

The internal audit was carried out in accordance with the audit plan approved by the Audit Committee. The internal audit function adopts a risk-based approach to provide the Audit Committee on a quarterly basis, with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance with the established policies and procedures as well as relevant statutory requirements.

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 include the following:

- An organisational structure with defined lines of responsibility and delegation of authority is in place with a Discretionary Authority Limit Table that delineates authorisation limits to ensure proper identification of accountabilities and segregation of duties.
- 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.

The Group is currently undergoing organisational restructuring and arising from this, there would be further improvement opportunities identified in streamlining systems, internal controls and the risk management framework.

more **public** accessibility



Our strategic presence in major buildings, complexes and sidewalks nationwide, along with the added convenience of our new multi-mode payment system – coins, prepaid cards and credit cards – make our payphone service much sought-after. An even greater ease of access can soon be expected as we secure additional rights of entry at key public locations.

senior management team



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- 1 Wan Roslan Wan Abbas
- 2 Safuan Basir
- 3 Mohamad Fauzi Omar
- 4 Mek Yam Jusoh
- 5 Ahmad Pardas Senin
- 6 Che Halin Mohd Hashim
- 7 Karimah Tan Abdullah
- 8 Wan Ahmad Kamal
Wan Ahmad Marzuki
- 9 Lee Phuay Soo
- 10 Angeline Kee Hui Ling
- 11 Che Razani Che Abas



Ahmad Pardas Senin

Executive Director / Chief Executive Officer (until 31 March 2003)

Mohamad Fauzi Omar

aged 45, 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. He holds a MBA from a joint programme by IMC (UK) and NOU (Can) and Associate Chartered Institute of Marketing (UK). He joined TIME dotCom Group in February 2002. He has 19 years of experience in the oil & gas as well as telecommunications industries, with over 10 years in mobile services.

Mek Yam Jusoh

aged 48, is the Senior Vice President of TT dotCom International. She holds a Bachelor of Technology in Electrical Electronics from Brunel University, UK and a MBA from Cranfield University, UK. Prior to joining TIME dotCom Group in 1993, she has held several portfolios in the telecommunications industry. Her wide experience includes functions in the Regulatory, Strategic Planning, Customer Care, Sales & Marketing for both domestic and international business in the industry.

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Che Halin Mohd Hashim

aged 47, 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. He holds a MBA from Ohio University, USA. He joined TIME dotCom Group in 1997. He has more than 20 years of experience in the banking, insurance and telecommunications industries.

Safuan Basir

aged 35, is the Vice President of Strategic Planning & Development. He graduated from Nottingham Trent University and obtained his professional certification from Emille Wolfe College of Accountancy, UK. He is a Chartered Accountant and an associate member of ACCA. He joined TIME dotCom Group in October 2001. He has been involved in the telecommunications industry for the past 10 years, with exposure in various local and regional operational and planning works.

Wan Roslan Wan Abbas

aged 40, is the Vice President of Group Human Resources & Administration. He holds a Bachelor of Science in Finance from California State University, Fresno, USA and a MBA in Finance from Golden Gate University, San Francisco, USA. He has been with the UEM-Renong Group since 1996 and has served several other subsidiaries before joining TIME dotCom in October 2002. He has more than 13 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 40, is the Vice President of Network Technology Planning and 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 2003 and is responsible for strategic technology and network planning. He has 18 years of experience in the ICT industry.

Karimah Tan Abdullah

aged 44, is the Vice President of Corporate Communications. She holds a Bachelor of Science from National University of Singapore. She was with UEM-Renong Group since 1995 prior to joining TIME dotCom Group in 2000. She has vast experience in marketing communications with several leading advertising agencies.

Che Razani Che Abas

aged 40, is the Vice President of Group Procurement. 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.

Lee Phuay Soo

aged 36, is the Company Secretary. She graduated with LLB (Hons) from University of Malaya in 1992 and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1993. She holds a MBA from University of Hull, UK. She joined TIME dotCom Group in March 2002. She has many years of legal and company secretarial experience in various industries.

Angeline Kee Hui Ling

aged 29, is the Senior Manager of Corporate Office. She holds a Bachelor of Commerce from the University of Melbourne, Australia and is a member of CPA Australia and Malaysian Institute of Accountants. She has been with the UEM-Renong Group since 1997 prior to joining the TIME dotCom Group in September 2002. She has managerial, operational and finance experience in various industries.



TT dotCom Sdn Bhd (Domestic)

from left to right • Tan Eng Suan (Network) • Azman Shah Ismail (HR & Admin) • Lawrence Cheah (Customer Services) • Karan Henrik Ponnudurai (Product Management) • Siti Hamidah Hamat • (Corporate & Government Sales) • Mohamad Fauzi Omar (Chief Operating Officer) • Hishanudin Md Hashim (Marketing) • Zulkepli Hamid (IT) • Abdul Razak Abdul Rahman (Finance) • Amerizal Djafar (Enterprise & Consumer)

TT dotCom Sdn Bhd (International)

from left to right • Yip Poi Chee (Finance) • Md Ishak Zainuddin (International Marketing) • Mek Yam Jusoh (Senior Vice President) • Marshidah Mansor (Sales) • Yahya Abu Hassan (Carrier Business)



subsidiaries' management team



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TIME dotNet Berhad

from left to right • Abdul Razak Abdul Rahman (Finance) • Tan Eng Suan (Network) • Mohamad Fauzi Omar (Senior Vice President) • Beatrice Pang (Content Services) • Wan Suhaimi Wan Abdullah (ISP Technology)

TIME Reach Sdn Bhd

from left to right • Haron Hamim @ Sahnem (Service Assurance & Deployment) • Ahmad Pakhri Ahmad Maher (Regional Office-Central 2) • Fong Teck Kiong (Regional Office-East Malaysia) • Kamarulzaman Abdul Karim (Collection Management-Coin) • Rozhan Hussein (Engineering Support) • Che Halin Mohd Hashim (Chief Operating Officer) • Mohamad Pakry Che Hussin (Regional Office-Eastern) • Sha'ari Abu Bakar (Regional Office-Southern) • Ya'akub Zainal Abidin (Regional Office-Central 1) • Irene Lu Lee Sin (Business Development) • Balasubramaniam Selvaratnam (Finance & Operation Support) • Roslen Yusoff (Regional Office-Northern)





26 january Program Sehari Bersama Pelanggan

YB Datuk Amar Leo Moggie launched the "Program Sehari Bersama Pelanggan" (SBP) in Mersing, Johor. The SBP was a series of roadshows led by the Ministry of Energy, Communications & Multimedia involving regulatory and industry members within the Ministry's purview. TIME dotCom took the opportunity to create awareness of its suite of products and services, especially TIME GOLD, TIME Kontact and TIMENet, in several locations throughout the country. This event also served to meet the company's objectives of creating awareness of TIME dotCom's products and services as well as meet its customers. Similar events were held in Jelebu (Negeri Sembilan), Kulim (Kedah), Sri Aman (Sarawak) and Besut (Terengganu) in the year 2002.

1 - 4 february TIME Together

A continuation of the programme that started in late 2001, TIME Together was conducted for staff in both Kota Kinabalu and Kuching. The gathering provided an opportunity for team building as staff not only learned about the Group's latest initiatives and business directions but also got to know each other better.

3 february - 10 march MCMC Consumer Awareness Programme (CAP)

TIME dotCom participated in the Consumer Awareness Programme (CAP) held in several places in the country. It was spearheaded by the Malaysian Communications and Multimedia Commission (MCMC) in collaboration with the telecommunications industry. TIME dotCom set up an exhibition booth at every venue to introduce its products and services to the consumers to create greater awareness of its presence in the market.

14 march - 11 april

"we are one TIME team"

TIME dotCom organised its capability development programme for its management and staff based in Klang Valley at Genting Highlands and the Sunway Convention Centre respectively. Team building projects were carried out during these events.

23 march

TIME dotNet IEP prize giving ceremony

TIMENet gave away prizes to participants of its Internet Education Programme (IEP) at TIME Retail Flagship in Bangsar. The IEP was part of TIMENet's efforts to instil the importance of the Internet amongst the younger generation in this era of Information Communication Technology.

27 march

TIMECel blood donation campaign

Playing our role as a responsible corporate citizen, a blood donation programme was held at the TIMECel office in Menara MNI.





28 march launch of TIME Business Solutions

TIME Business Solutions were launched as part of TIME dotCom's contribution in catalysing e-commerce for the Small and Medium Industries (SMI) and Small and Medium Enterprises (SME) markets in Malaysia. SMIs and SMEs are able to enjoy the enhanced features and cost effectiveness of connecting to TIME dotCom's comprehensive services and network.

6 april TIME Selfcare (IVR) launch

As part of our continuous efforts to provide the best customer experience, TIME dotCom launched TIME SelfCare via the Interactive Voice Response (IVR), an automated voice response service. TIME SelfCare is a fast and convenient way for customers to obtain information on their TIME account at the push of a few buttons.

6 april International Indian Film Awards (IIFA) 2002

TIME dotCom was one of the main sponsors of the International Indian Film Awards (IIFA) 2002 held at the Arena of Stars, Genting Highlands. In conjunction with this sponsorship, the company also launched the first ever Bollywood series for its TIME Contact Card. This series featured 18 visuals of Bollywood's finest celebrities.

14 may

signing of Service Creation Cooperation Agreement between TIMECel and Nokia

TIMECel signed with Nokia (M) Sdn Bhd a Service Creation Cooperation Agreement as a joint effort aimed at facilitating the creation and development of new and innovative services to enrich TIMECel's service offerings.



21 may

MoU signing ceremony with NTT Data Corporation

TIME dotCom signed a Memorandum of Understanding (MoU) with NTT Data Corporation to provide mobile Internet data services via its network. This service primarily rides on TIMECel's GPRS network.



22 may MoU signing ceremony with BTexact Technologies

TIME dotCom signed an agreement with BTexact Technologies, an operating division of British Telecommunications Plc to share the latter's technical knowledge and jointly develop applications for the Internet and 3G mobile networks.

23 may signing ceremony between TIME Cel & Mobileum on outreach message system

TIMECel and Mobileum Inc. signed an agreement to bring advanced roaming solutions to the market. TIMECel introduced the "Welcome SMS", an inbound and outbound roaming solution that delivers advanced services, including personalised messages from the mobile operator to its subscribers.

24 may the fifth annual general meeting

The Fifth Annual General Meeting (AGM) of TIME dotCom was held at the Nikko Hotel, Kuala Lumpur. Led by Dato' Ir. Wan Muhamad Wan Ibrahim, Chairman of the Board of Directors, the AGM was attended by the Board of Directors, Management and shareholders of TIME dotCom Berhad.

27 may launch of JB retail flagship

TIME dotCom launched its second Integrated Retail Flagship at City Square Johor Bahru, that is specially designed to set a new level in customer services. Located at the concourse area of the City Square shopping complex, TIME Retail flagship aims to provide a convergence of technology and services under one roof to meet the needs of its customers in the Southern region.



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31 may TIME open day in conjunction with WTD

In conjunction with the World Telecommunication Day (WTD) held on 17 May 2002, TIME dotCom simultaneously held its Open Day at the TIME Retail Flagships in both Bangsar and JB City Square. Various programmes and product demos were conducted which included TIMECel GPRS, TIME Conference, TIME Kontact Multimedia Card, wireless broadband and broadband buzzer contest. Exclusive TIMECel Postpaid packages were offered during this one-day affair. Free drinks were given to customers who visited the flagships. Various prizes were also given away to winners of the quizzes and games.

7 - 16 june introduction of TIMECel prepaid in East Malaysia

TIMECel introduced its prepaid service in East Malaysia. To commemorate the launch, customers were offered a host of value-added services at a special promotional price.

13 - 16 june Small & Medium Industries One-Stop Solution (SMIOSS)

In its aim to continually enhance customer satisfaction and bring innovative services to market, TIME dotCom featured its value-added services at SMIOSS 2002, organised by the SMI Association of Malaysia, at the Putra World Trade Centre (PWTC). TIME dotCom was one of the major exhibitors at this year's number one event for the Small and Medium Industries (SMI) and Small and Medium Enterprises (SME) sector in Malaysia.

30 june

TIMECel 2002 soccer fiesta

TIMECel, as the main sponsor of this carnival, celebrated one of the world's most highly-rated events of the year – the FIFA World Cup 2002. The general public, especially the football fans were hosted to an exciting time at the carnival which was held at Jalan Telawi 2 and Jalan Telawi 3 in Bangsar.

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4 july

launch of TIMECel GPRS applications

TIMECel officially launched its new, exciting GPRS applications in collaboration with several content partners. Using the GPRS as a service platform, TIMECel introduced TIMECel Wireless VPN, TIMECel CommuneNet, TIMEWAP and WebMail to name a few.



10 july signing ceremony with Baycom

TIME dotCom signed a collaborative agreement with Baycom Sdn Bhd to mark the introduction of trials of TIME Satellite Broadband Services in Malaysia.

12 july TIMENet launched the TRAVEL channel

TIMENet launched its first TRAVEL Channel by offering online booking for hotel rooms in collaboration with Flairview Travel.



10 august industry golf & bowling tournament

TIME dotCom hosted the Industry Golf & Bowling Tournament that took place at the Kuala Lumpur Golf and Country Club (KLGCC). The event provided opportunity for industry networking and camaraderie.

14 august TIME Reach signed the service agreement with Stellar International Communications Incorporated

TIME Reach signed a Service Agreement with Stellar International Communications Incorporated for the support of "Live Operator Direct Services", a Home Country Direct service through TIME payphones located at the Kuala Lumpur International Airport (KLIA).



2 september MyTIME self service web application

TIME dotCom launched the MyTIME self service web application which extends its self-service help for customers over the Internet.

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3 - 6 september ASEAN Communications and Multimedia Exhibition and Forum (ACM) 2002

The ACM, hosted by the Ministry of Energy, Communications and Multimedia, is regarded as a leading communications and multimedia exhibition in the South East Asia region. As one of the major exhibitors in this annual event held at the Mines, TIME dotCom showcased its latest communications solutions and value-added services for all market segments, from the small and medium industries to multinationals.

4 september TIME dotCom signed bilateral service agreement with Hutchison Global Communications (HGC)

TIME dotCom signed a bilateral service agreement with Hutchison Global Communications Limited (HGC), via a video conference during the ACM 2002 at the Mines, Kuala Lumpur. This agreement provides alternative solutions for TIME dotCom to support multinational companies in Malaysia to be connected to their home base countries via HGC's network.





16 september

unveiling of TIME's new marketing initiative with AirAsia

TIME dotCom chalked yet another milestone to its growing list of accolades by being the first service provider in Malaysia to tie-up with Malaysia's domestic airline, AirAsia, in its aim to position the company as an innovative and contemporary brand that offers quality services to its customers both on ground and on air. The event took place at the Kuala Lumpur International Airport (KLIA).

18 september

signing of conditional sale & purchase agreement between TIME dotCom & Maxis

TIME dotCom Berhad and Maxis Communications Berhad ("Maxis") entered into a conditional sale and purchase agreement for the acquisition of TIME dotCom's mobile unit, TIMECel Sdn Bhd.



23 september - 3 november

TIMECel Nokia Maestro Soccer Blast 2002

The TIMECel Nokia Maestro Soccer Blast 2002 was a special event where soccer teams from schools, colleges and universities could compete in a single seven-a-side soccer tournament. Officially launched by the Deputy Minister of Youth and Sports, YB Datuk Ong Tee Keat, TIMECel together with its business partners and associates played an active role to organise a sporting event that brings together students from all over Malaysia via sports.





3 october Melaka k-Economy incubator event – Prime Minister's visit

The Prime Minister visited the Melaka k-Economy Incubator Project to personally view the development stage of the state's very own ICT development programme. TIME dotCom, as the telecommunications service provider for the project, set up a booth at the Incubator site. The Chief Minister of Melaka, Exco members, Government officials and ICT companies were some of the guests who were present to receive the Prime Minister.

8 october SMI/SME broadband solutions seminar

TIME's SMI/SME Broadband Solutions were showcased at a seminar in Eastin Hotel, Petaling Jaya.

11 october - 1 november majlis doa selamat for ramadhan Al Mubarak

A Majlis Doa Selamat was held in respect of the fasting month of Ramadhan and as an occasion for all staff, who are based at several locations throughout the country, to cordially get-together.

12 october blood donation drive

TIME dotCom organised a Blood Donation Drive at Wisma TIME to show support towards helping the needy ones in community services.



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13 october

TIME Kontakt sponsored the Anugerah Bintang Popular Berita Harian 2002

TIME Kontakt was the official sponsor for the Anugerah Bintang Popular Berita Harian 2002, one of the most popular local musical events of the year. This prestigious annual event was held at the Arena of Stars, Genting Highlands. As the premier sponsor of this event, TIME dotCom together with TV3 brought the live telecast of this event to viewers at home, both on TV and the Internet.

27 october

TIME international partners golf championship

This golf friendly was held at the Kuala Lumpur Golf and Country Club (KLGCC). The event, attended by local and international partners, gave TIME dotCom the chance to interact and explore business opportunities directly and indirectly with key decision makers.



28 october

signing of contract with PINcenter sdn bhd

TIMECel signed a contract with PINcenter Sdn Bhd for the latter's purchase of close to 200,000 TIMECel postpaid subscriber lines. The purchase was to accommodate PINcenter's requirement of setting up a nationwide network of ICT infrastructure system that is capable of delivering a full suite of application services that are required by its consortium of corporate partners.



31 october

launch of TIMEZone

High-speed Wireless Internet access becomes faster, simpler and more convenient as TIME dotCom and Starbucks Coffee jointly launched TIMEZone, Wireless Broadband Hotspot service at Starbucks Coffee stores nationwide.

20 november - 3 december

majlis berbuka puasa for TIME staff

TIME dotCom held a "Majlis Berbuka Puasa" for all TIME staff at several locations throughout the country.

3 december **TIME gets environment friendly**

In tandem with TIME dotCom's effort to help protect the environment, the company placed specially designed recycling bins for old or unused handphones, handphone batteries and accesories at its headquarters and Retail Flagship in Bangsar.



15 december **hari raya open house for TIME staff**

The Board of Directors and Management of TIME dotCom joined staff and their families at TIME's Aidilfitri Open House held at the residence of its Chairman, YBhg. Dato' Ir. Wan Muhamad Wan Ibrahim.

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17 december **visit by PT Telkom Indonesia**

TIME dotCom played host to PT Telkom Indonesia during their visit to Malaysia. TIME dotCom showcased its capabilities & facilities and built rapport with its visitors who were given a tour of TIME dotCom's customer service centre at Menara AA and Network Operations Centre at Glenmarie.



19 december

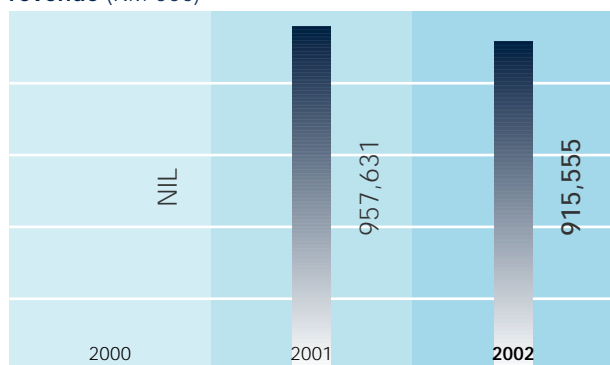
TIME hari raya open house for customers and business associates

TIME dotCom held the "Hari Raya Open House" at Sri Melayu Restaurant for its customers and business associates.

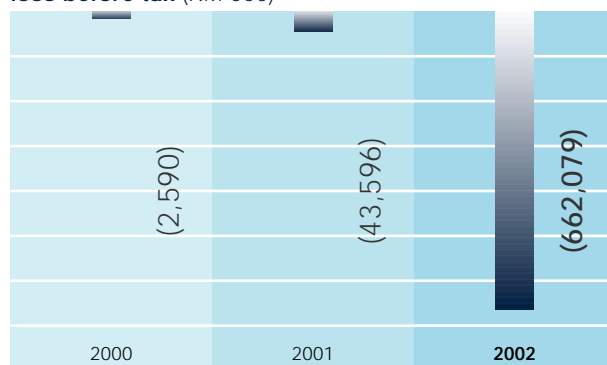
group
financial highlights

In RM'000	2000	2001	2002
Revenue	-	957,631	915,555
Loss Before Tax	(2,590)	(43,596)	(662,079)
Loss After Tax	(2,590)	(44,703)	(662,574)
Total Shareholders' Equity	5,209,687	5,692,653	5,030,079
Total Assets	5,694,342	6,049,609	5,552,880
Net Tangible Asset per Share (RM)	1.60	1.70	1.59

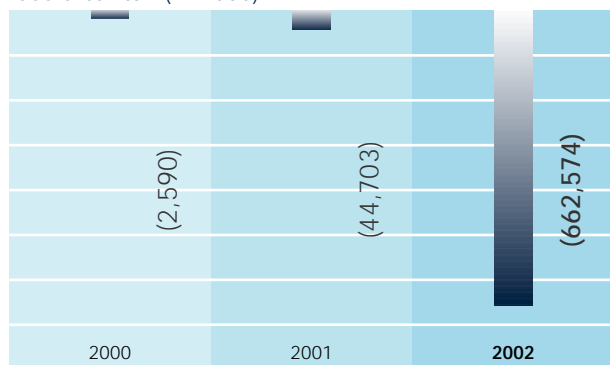
revenue (RM'000)



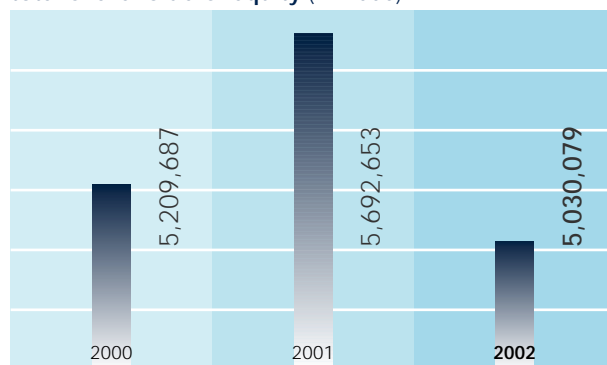
loss before tax (RM'000)



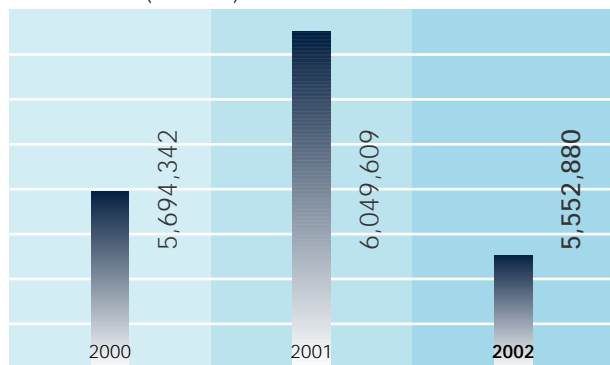
loss after tax (RM'000)



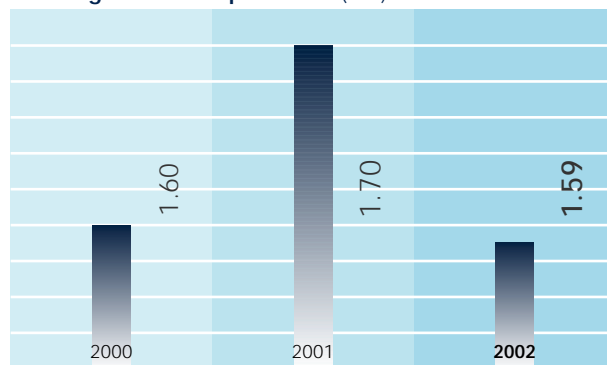
total shareholders' equity (RM'000)



total assets (RM'000)



net tangible assets per share (RM)



financial statements



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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, 2002.

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 entered into a conditional sale and purchase agreement with Maxis Communications Berhad to dispose its 100% equity interest, comprising 1,293,884,000 ordinary shares of RM1 each ("TIMECel shares"), in a wholly-owned subsidiary company, TIMECel Sdn Bhd, 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;
- ii. the Company announced a proposed capital repayment to the shareholders of the Company via a cash distribution of RM1,265,387,500 from the proceeds receivable pursuant to the disposal of TIMECel Sdn Bhd mentioned above on the basis of RM0.50 for every one 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:

In RM'000	The Group	The Company
Loss before tax	(662,079)	(536,594)
Income tax expense	(495)	–
Net loss for the year	(662,574)	(536,594)

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 impairment of goodwill and value of investment in subsidiary companies as mentioned in Notes 13 and 14 to the Financial Statements.

directors' report

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.

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.

directors' report

other financial information cont'd

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.

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:

Dato' Ir. Wan Muhamad Wan Ibrahim

Elakumari Kantilal

Salmah Sharif

Abdul Kadir Md. Kassim

Gee Siew Yoong

Kamaludin Abdul Kadir

Ahmad Pardas Senin (appointed on 13.8.2002)

Amiruddin Abdul Aziz (appointed on 25.6.2002 and resigned on 11.12.2002)

Abdul Wahid Omar (resigned on 24.5.2002)

In accordance with Article 94 of the Company's Articles of Association, Elakumari Kantilal and Salmah Sharif retire by rotation and, being eligible, offer themselves for re-election.

Ahmad Pardas Senin, who was appointed to the Board since the last Annual General Meeting, retires under Article 99 of the Company's Articles of Association at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

directors' report

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 Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1 each			
	Balance as of 1.1.2002 / date of appointment	Bought	Sold	Balance as of 31.12.2002
Shares in the Company				
Registered in the name of director				
Ahmad Pardas Senin	10,000	–	–	10,000

None of the other 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 32 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 their willingness to continue in office.

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

DATO' IR. WAN MUHAMAD WAN IBRAHIM

AHMAD PARDAS SENIN

Kuala Lumpur
28th February, 2003

report of the auditors to the members of TIME dotCom Berhad

We have audited the accompanying balance sheets as of 31st December, 2002 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, 2002 and of the results and the cash flows of the Group and the 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

28th February, 2003

income statements for the year ended 31st december, 2002

In RM'000	Note	The Group		The Company	
		2002	2001	2002	2001
Revenue	4	915,555	957,631	9,866	7,549
Cost of sales		(729,635)	(653,140)	(228)	(287)
Gross profit		185,920	304,491	9,638	7,262
Sales and marketing expenses		(112,605)	(85,301)	(11,244)	(7,135)
Administrative expenses		(121,750)	(99,540)	(15,187)	(9,908)
Information technology expenses		(40,886)	(28,607)	(1,183)	(137)
Other operating expenses		(206,508)	(97,111)	(8,037)	(5,017)
Other operating income		5,462	7,849	77	18
		(476,287)	(302,710)	(35,574)	(22,179)
(Loss)/Profit from operations	5	(290,367)	1,781	(25,936)	(14,917)
Finance costs	6	(503)	(3,987)	-	-
Income from other investments	7	15,861	19,356	12,747	16,001
Goodwill written off	13	(387,070)	(60,746)	-	-
Allowance for diminution in value of investment in subsidiary company	14	-	-	(523,405)	(62,239)
Loss before tax		(662,079)	(43,596)	(536,594)	(61,155)
Income tax expense	9	(495)	(1,107)	-	-
Net loss for the year		(662,574)	(44,703)	(536,594)	(61,155)
Basic loss per ordinary share (RM)	10	(0.26)	(0.02)		

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

balance sheets as at 31st december, 2002

In RM'000	Note	The Group		The Company	
		2002	2001	2002	2001
ASSETS					
Property, plant and equipment	11	98,211	83,652	5,299	3,406
Telecommunications network	12	3,592,990	3,485,808	–	–
Goodwill on consolidation	13	996,062	1,383,132	–	–
Investment in subsidiary companies	14	–	–	4,674,057	5,197,462
		4,687,263	4,952,592	4,679,356	5,200,868
Current Assets					
Inventories	15	9,792	19,404	129	250
Trade receivables	16	178,354	209,061	48	48
Other receivables and prepaid expenses	17	131,390	129,515	15,113	5,806
Amount owing by subsidiary companies	18	–	–	284,229	138,116
Amount owing by related parties	19	7,560	11,514	–	176
Fixed deposits with licensed banks	20	526,074	716,853	446,752	636,144
Cash and bank balances		12,447	10,670	653	2,057
		865,617	1,097,017	746,924	782,597
Current Liabilities					
Trade payables	21	284,743	160,836	133	87
Other payables and accrued expenses	22	202,174	147,842	10,788	4,820
Amount owing to subsidiary companies	18	–	–	274,186	302,357
Amount owing to related parties	19	35,147	46,337	1,566	–
Tax liabilities		737	1,941	–	–
		522,801	356,956	286,673	307,264
Net Current Assets					
		342,816	740,061	460,251	475,333
Net Assets					
		5,030,079	5,692,653	5,139,607	5,676,201
Represented by:					
Issued capital	23	2,530,775	2,530,775	2,530,775	2,530,775
Share premium	24	3,215,761	3,215,761	3,215,761	3,215,761
Accumulated loss		(716,457)	(53,883)	(606,929)	(70,335)
Shareholders' Equity					
		5,030,079	5,692,653	5,139,607	5,676,201

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

statements of changes in equity for the year ended 31st december, 2002

In RM'000	Issued capital	Share premium	Accumulated loss	Total/Net
The Group				
Balance at 1st January, 2001	2,356,093	2,862,774	(9,180)	5,209,687
Shares issued during the year	174,682	401,769	–	576,451
Share issue expense	–	(48,782)	–	(48,782)
Net loss for the year	–	–	(44,703)	(44,703)
Balance at 31st December, 2001	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
The Company				
Balance at 1st January, 2001	2,356,093	2,862,774	(9,180)	5,209,687
Shares issued during the year	174,682	401,769	–	576,451
Share issue expense	–	(48,782)	–	(48,782)
Net loss for the year	–	–	(61,155)	(61,155)
Balance at 31st December, 2001	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
The accompanying Notes form an integral part of the Financial Statements.				

cash flow statements for the year ended 31st december, 2002

In RM'000	Note	The Group 2002	2001
Cash Flows From Operating Activities			
Loss before tax		(662,079)	(43,596)
Adjustments for:			
Goodwill written off		387,070	60,746
Amortisation of telecommunications network		106,300	158,770
Allowance for doubtful debts:			
Trade receivables		73,560	53,815
Other receivables		33,790	6,370
Telecommunications network written off		35,722	1,389
Depreciation of property, plant and equipment		24,877	22,906
Allowance for inventory obsolescence		8,416	–
Impairment loss			
Telecommunications network		8,331	–
Property, plant and equipment		1,900	–
Interest expense		503	3,987
Property, plant and equipment written off		332	1
Interest income		(15,861)	(19,356)
Gain on disposal of property, plant and equipment		–	(1,220)
Operating Profit Before Working Capital Changes		2,861	243,812
(Increase)/Decrease in:			
Inventories		1,196	1,457
Receivables		(74,564)	89,624
Increase/(Decrease) in payables		167,049	(128,217)
Cash From Operations		96,542	206,676
Tax paid		(1,699)	(589)
Net Cash From Operating Activities		94,843	206,087
Cash Flows From Investing Activities			
Interest received		15,861	19,356
Purchase of property, plant and equipment		(41,668)	(26,612)
Additions to telecommunications network		(257,535)	(249,908)
Proceeds from disposal of property, plant and equipment		–	1,374
Net Cash Used In Investing Activities		(283,342)	(255,790)
Cash Flows From Financing Activities			
Interest paid		(503)	(3,987)
Proceeds from issue of shares		–	576,451
Share issue expenses		–	(48,782)
Net Cash (Used In)/From Financing Activities		(503)	523,682
Net (Decrease)/Increase In Cash And Cash Equivalents		(189,002)	473,979
Cash And Cash Equivalents At Beginning Of Year		727,523	253,544
Cash And Cash Equivalents At End Of Year	26	538,521	727,523

cash flow statements for the year ended 31st december, 2002

In RM'000	Note	The Company	
		2002	2001
Cash Flows From Operating Activities			
Loss before tax		(536,594)	(61,155)
Adjustments for:			
Allowance for diminution in value of investment in subsidiary company		523,405	62,239
Depreciation of property, plant and equipment		1,697	996
Interest income		(12,747)	(16,001)
Property, plant and equipment written off		–	1
Operating Loss Before Working Capital Changes		(24,239)	(13,920)
Increase/(Decrease) in:			
Inventories		121	(250)
Receivables		(155,244)	(125,035)
(Decrease)/Increase in payables		(20,591)	281,554
Net Cash (Used In)/From Operating Activities		(199,953)	142,349
Cash Flows Used In Investing Activities			
Interest received		12,747	16,001
Purchase of property, plant and equipment		(3,590)	(3,877)
Additions to investment in subsidiary companies		–	(44,600)
Net Cash From/(Used In) Investing Activities		9,157	(32,476)
Cash Flows From Financing Activities			
Proceeds from issue of shares		–	576,451
Share issue expenses		–	(48,782)
Net Cash From Financing Activities		–	527,669
Net (Decrease)/Increase In Cash And Cash Equivalents		(190,796)	637,542
Cash And Cash Equivalents At Beginning Of Year		638,201	659
Cash And Cash Equivalents At End Of Year	26	447,405	638,201

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 28th February, 2003.

The financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

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:

Direct	Percentage of Group's Effective Ownership		Principal Activities
	2002 %	2001 %	
TT dotCom Sdn Bhd	100	100	Provision of voice, data, video and image communication services through its established domestic and international network.
TIMECel Sdn Bhd	100	100	Provision of voice and data through the cellular system.
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.

notes to the financial statements

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 off 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. Fee 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	31.12.2002 RM	31.12.2001 RM
1 US Dollar	3.800	3.800
1 Australian Dollar	2.159	1.939

Income Tax

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. However, where timing differences would give rise to net deferred tax asset, the tax effects are recognised generally on actual realisation.

Property, Plant 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.

notes to the financial statements

Property, Plant and Equipment cont'd

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	10% – 33 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.

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.

a. Network cost *cont'd*

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.

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. The effects of this accounting change on the financial statements are disclosed in Note 31.

notes to the financial statements

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. The effects of this change in estimate on the financial statements are disclosed in Note 12.

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.

Receivables

Trade and other receivables are stated at their 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 recognised 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.

notes to the financial statements

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

In RM'000	The Group		The Company	
	2002	2001	2002	2001
Fixed line	328,031	353,355	–	–
Mobile	339,614	373,039	–	–
Payphone	221,112	219,340	–	–
Internet services	26,438	11,530	–	–
Management fee receivable from subsidiary companies	–	–	9,509	7,182
Others	360	367	357	367
	915,555	957,631	9,866	7,549

notes to the financial statements

5. (loss)/profit from operations

In RM'000	Note	The Group		The Company	
		2002	2001	2002	2001
After charging:					
Interconnect charges		336,029	261,454	–	–
Staff costs		153,905	130,848	13,280	7,844
Amortisation of telecommunications network:	12				
Current year		106,300	74,485	–	–
Increase in cumulative amortisation at beginning of year		–	84,285	–	–
		106,300	158,770	–	–
Telecommunications maintenance charges		80,133	57,668	–	–
Network and leased line charges		28,353	13,593	–	–
Allowance for doubtful receivables:					
Trade receivables		73,560	53,815	–	–
Other receivables		33,790	6,370	–	–
Telecommunications network written off		35,722	1,389	–	–
Depreciation of property, plant and equipment	11	24,877	22,906	1,697	996
Site and equipment rental		23,230	20,973	–	–
Payphone line rental		20,356	17,817	–	–
Rental of:					
Premises		13,347	16,391	1,454	1,771
Motor vehicles		580	253	270	194
Equipment		1,392	469	46	17
Fee or wayleave and right of use pertaining to telecommunications facilities		11,907	11,340	–	–
Allowance for inventory obsolescence		8,416	–	–	–
Impairment loss:					
Telecommunications network	12	8,331	–	–	–
Property, plant and equipment	11	1,900	–	–	–
Directors' remuneration	8	491	274	469	186
Property, plant and equipment written off		332	1	–	1
Audit fees		180	180	28	28
Management fee payable to related party		–	229	–	–
And crediting:					
Net realised gain on foreign exchange		1,167	437	–	11
Gain on disposal of property, plant and equipment		104	1,220	–	–
Rental income		65	208	–	–

Staff costs include salaries, bonuses, contributions to employees' provident fund, and all other staff related expenses.

notes to the financial statements

6. finance costs

In RM'000	The Group	
	2002	2001
Interest on:		
Amount owing to related parties (Note 32)	491	2,922
Hire purchase	–	25
Others	12	1,040
	503	3,987

7. income from other investments

In RM'000	The Group		The Company	
	2002	2001	2002	2001
Interest income from short-term deposits	15,861	19,356	12,747	16,001

8. directors' remuneration

In RM'000	The Group		The Company	
	2002	2001	2002	2001
Executive directors:				
The Company				
Fees	–	6	–	6
Subsidiary companies				
Fees	–	88	–	–
Non-executive directors:				
The Company				
Fees	272	147	272	147
Other Emoluments	197	33	197	33
Subsidiary companies				
Fees	22	–	–	–
	491	274	469	186

notes to the financial statements

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 RM6,500 (RM7,525 in 2001) and RM6,500 (RM374 in 2001), respectively.

Included in directors' remuneration are amounts totaling RM149,000 (RM38,000 in 2001) payable to a related party for services rendered by three non-executive directors of the Company (Note 32).

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
1,000 to 25,000	–	1
25,001 to 50,000	–	1
50,000 to 100,000	–	6

9. income tax expense

In RM'000	The Group		The Company	
	2002	2001	2002	2001
Estimated current tax payable	495	1,107	–	–

Although the Group made a loss in 2002 and 2001, 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 are no current year business losses available to offset against the interest and rental income earned.

No provision for estimated current tax payable has been made in the Company in 2002 and 2001 as there is no taxable income.

notes to the financial statements

9. income tax expense cont'd

As explained in Note 3, the tax effects of timing differences which would give rise to net deferred tax assets are recognised generally on actual realisation. As at 31st December, 2002, the estimated amount of deferred tax assets, calculated at current tax rate which is not recognised in the financial statements, is as follows:

In RM'000	Deferred Tax Assets/(Liabilities)			
	The Group 2002	2001	The Company 2002	2001
Tax effects of :				
Timing differences in respect of excess of tax capital allowances over book depreciation	(633,129)	(681,629)	(604)	(37)
Unabsorbed capital allowances	799,008	727,128	1,270	335
Unutilised tax losses	331,644	314,895	17,909	2,305
Others	58,013	39,575	–	–
Net deferred tax assets	555,536	399,969	18,575	2,603

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

10. loss per share

The basic loss per ordinary share is calculated by dividing the Group's net loss of RM662,574,000 (RM44,703,000 in 2001) by the weighted average number of ordinary shares in issue during the year of 2,530,775,000 (2,501,661,000 in 2001).

notes to the financial statements

11. property, plant and equipment

In RM'000	Land, buildings and improvements	Office equipment, furniture and fittings	Loose tools	Computer systems	Motor vehicles	Total
The Group						
Cost						
At beginning of year	53,301	51,986	28,556	83,846	20,785	238,474
Additions	1,595	987	793	37,911	382	41,668
Disposal/Write off	–	–	(20,400)	–	(187)	(20,587)
At end of year	54,896	52,973	8,949	121,757	20,980	259,555
Accumulated Depreciation						
At beginning of year	15,844	42,460	25,505	51,350	19,663	154,822
Current depreciation	1,642	4,405	1,343	16,791	696	24,877
Disposal/Write off	–	–	(20,097)	–	(158)	(20,255)
At end of year	17,486	46,865	6,751	68,141	20,201	159,444
Accumulated Impairment Loss						
At beginning of year	–	–	–	–	–	–
Charge for the year	–	–	–	1,900	–	1,900
At end of year	–	–	–	1,900	–	1,900
Net Book Value						
31st December, 2002	37,410	6,108	2,198	51,716	779	98,211
31st December, 2001	37,457	9,526	3,051	32,496	1,122	83,652
Depreciation charge for 2001	1,427	6,380	1,808	11,553	1,738	22,906

notes to the financial statements

11. property, plant and equipment cont'd

In RM'000	Improvements	Office equipment, furniture and fittings	Computer systems	Motor vehicles	Total
The Company					
Cost					
At beginning of year	2,532	1,523	663	207	4,925
Additions	804	150	2,576	60	3,590
At end of year	3,336	1,673	3,239	267	8,515
Accumulated Depreciation					
At beginning of year	506	545	299	169	1,519
Current depreciation	667	332	648	50	1,697
At end of year	1,173	877	947	219	3,216
Net Book Value					
31st December, 2002	2,163	796	2,292	48	5,299
31st December, 2001	2,026	978	364	38	3,406
Depreciation charge for 2001	506	302	133	55	996

Land, buildings and improvements comprise the following:

In RM'000	Cost	Accumulated depreciation	Net book value	
			2002	2001
The Group				
Freehold land	14,554	–	14,554	14,554
Land under long lease	90	24	66	68
Land under short lease	7,467	2,651	4,816	5,190
Land and buildings under long lease	350	29	321	326
Land and buildings under short lease	8,982	1,545	7,437	7,644
Buildings	7,707	1,428	6,279	6,433
Buildings and improvements	15,746	11,809	3,937	3,242
	54,896	17,486	37,410	37,457

notes to the financial statements

The net book value of leasehold land and buildings of the Group comprises the following:

In RM'000	The Group	
	2002	2001
Unexpired lease period		
Land under long lease		
81 – 85 years	66	68
Land under short lease		
11 – 15 years	4,816	5,190
Land and building under long lease		
71 – 75 years	321	326
Land and buildings under short lease		
31 – 35 years	4,099	1,478
36 – 40 years	–	2,756
41 – 45 years	3,338	2,782
46 – 50 years	–	628
	7,437	7,644
	12,640	13,228

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use, with cost amounting to approximately RM102,086,000 (RM107,042,000 in 2001).

notes to the financial statements

12. telecommunications network

In RM'000	Domestic and international	Mobile	Payphone	ISP infrastructure	Total	
The Group						
Cost						
At beginning of year	2,312,197	1,219,973	376,086	41,873	3,950,129	
Additions	103,976	150,399	219	2,941	257,535	
Disposals/Write off	(20,452)	(3,200)	(13,363)	–	(37,015)	
At end of year	2,395,721	1,367,172	362,942	44,814	4,170,649	
Cumulative Amortisation						
At beginning of year	109,510	85,804	268,620	387	464,321	
Current amortisation	36,925	37,462	31,267	646	106,300	
Disposals/Write off	–	–	(1,293)	–	(1,293)	
At end of year	146,435	123,266	298,594	1,033	569,328	
Accumulated Impairment Loss						
At beginning of year	–	–	–	–	–	
Current impairment loss	8,331	–	–	–	8,331	
At end of year	8,331	–	–	–	8,331	
Net Book Value						
31st December, 2002	2,240,955	1,243,906	64,348	43,781	3,592,990	
31st December, 2001	2,202,687	1,134,169	107,466	41,486	3,485,808	
In RM'000	Domestic and international	Mobile	Payphone	ISP infrastructure	Total 2002	Total 2001
Comprise as follows:						
Network cost:						
Commissioned network	2,188,109	1,173,098	362,942	44,814	3,768,963	3,611,813
Network in progress	207,612	194,074	–	–	401,686	338,316
	2,395,721	1,367,172	362,942	44,814	4,170,649	3,950,129
Less: Cumulative amortisation	(146,435)	(123,266)	(298,594)	(1,033)	(569,328)	(464,321)
Less: Impairment loss	(8,331)	–	–	–	(8,331)	–
	2,240,955	1,243,906	64,348	43,781	3,592,990	3,485,808

notes to the financial statements

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.

The effect of this change in estimate on the financial statements of the Group is an increase in the cumulative amortisation of commissioned network as of 31st December, 2000 of RM84,285,023 for its domestic and international and mobile network and is taken up in the income statement as part of amortisation of telecommunications network in 2001 (Note 5).

The amortisation of commissioned network of RM74,485,200 in 2001 have been calculated after taking into account the revised projection made by the directors (Note 5).

13. goodwill on consolidation

In RM'000	The Group	
	2002	2001
At beginning of year	1,443,878	854,278
Prior period adjustments (Note 31)	–	589,600
As restated	1,443,878	1,443,878
Less: 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)	(60,746)
At end of year	(447,816)	(60,746)
At end of year	996,062	1,383,132

notes to the financial statements

14. investment in subsidiary companies

In RM'000	The Company	
	2002	2001
Unquoted shares, at cost	5,259,701	5,259,701
Less: Allowance for diminution in value		
At beginning of year	(62,239)	–
Charge for the year	(523,405)	(62,239)
At end of year	(585,644)	(62,239)
	4,674,057	5,197,462

During the financial year, the Company entered into a conditional sale and purchase agreement with Maxis Communications Berhad to dispose its 100% equity interest, comprising 1,293,884,000 ordinary shares of RM1 each ("TIMECel shares"), in a wholly-owned subsidiary company, TIMECel Sdn Bhd, 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. As a result of the sale, the carrying amount of the investment in the said subsidiary company has been written down to its recoverable amount.

15. inventories

In RM'000	The Group		The Company	
	2002	2001	2002	2001
At cost:				
Trading merchandise	735	2,048	129	250
Spares	13,529	15,128	–	–
Phone cards	3,944	2,228	–	–
	18,208	19,404	129	250
Less: Allowance for obsolescence	(8,416)	–	–	–
Net	9,792	19,404	129	250

notes to the financial statements

16. trade receivables

In RM'000	The Group		The Company	
	2002	2001	2002	2001
Trade receivables	414,616	371,763	48	48
Less: Allowance for doubtful receivables	(236,262)	(162,702)	–	–
Net	178,354	209,061	48	48

The credit period granted on sales of products and services rendered is 30 days (30 days in 2001). An allowance has been made for estimated irrecoverable amounts from the sales of products and services rendered of RM236,262,000 (RM162,702,000 in 2001). This allowance has been determined by reference to past default experience.

17. other receivables and prepaid expenses

In RM'000	The Group		The Company	
	2002	2001	2002	2001
Other receivables	140,167	94,798	13,756	5,027
Interest receivables	29,113	30,267	–	779
Less: Allowance for doubtful receivables	(43,870)	(10,080)	–	–
	125,410	114,985	13,756	5,806
Prepaid expenses	5,980	14,530	1,357	–
	131,390	129,515	15,113	5,806

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 year between the Company and its subsidiary companies are shown in Note 32.

notes to the financial statements

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, Renong Berhad (an associated company of TEB) 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:

In RM'000	The Group		The Company	
	2002	2001	2002	2001
Amount owing by TEB	4	176	–	176
Amount owing by other related parties	7,556	11,338	–	–
	7,560	11,514	–	176

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

As at 31st December, 2002, interest payable included in amount owing to related parties of the Group amounted to RMNil (RM1,086,000 in 2001).

Significant transactions with related parties during the financial year are shown in Note 32.

20. fixed deposits with licenced banks

The average effective interest rates of the Group and the Company are 2.65% and 3.2% (2.65% and 3.2% in 2001) per annum. Fixed deposits of the Group and the Company have a maturity of 30 days to 90 days (30 days in 2001).

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 2001).

notes to the financial statements

22. other payables and accrued expenses

In RM'000	The Group		The Company	
	2002	2001	2002	2001
Other payables	60,764	46,726	1,675	2,020
Interest payables	–	744	–	–
Accrued expenses	141,410	100,372	9,113	2,800
	202,174	147,842	10,788	4,820

23. share capital

In RM'000	The Group and the Company	
	2002	2001
Authorised:		
Ordinary shares of RM1.00 each	5,000,000	5,000,000
Issued and fully paid up:		
Ordinary shares of RM1.00 each		
At beginning of year	2,530,775	2,356,093
Issued during the year	–	174,682
At end of year	2,530,775	2,530,775

In 2001, pursuant to the listing of and quotation for the Company's shares on the Kuala Lumpur Stock Exchange, the issued and fully paid up share capital of the Company was increased from RM2,356,093,000 comprising 2,356,093,000 ordinary shares of RM1.00 each to RM2,530,775,000 comprising 2,530,775,000 ordinary shares of RM1.00 each by:

- the public issue by the Company of 169,227,000 new ordinary shares of RM1.00 each at an issue price of RM3.30 per ordinary share; and
- placement by the Company of 5,455,000 new ordinary shares of RM1.00 each at a placement price of RM3.30 per ordinary share.

The resulting share premium amounting to RM401,769,000 has been credited to share premium account as shown in Note 24.

The new shares rank pari passu with the then existing shares of the Company.

notes to the financial statements

24. share premium (non-distributable)

In RM'000	The Group and the Company	
	2002	2001
At beginning of year	3,215,761	2,862,774
Arising from shares issued during the year (Note 23)	–	401,769
Share issue expenses	–	(48,782)
At end of year	3,215,761	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

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 year under review. The main risks arising from the Group's financial instruments are interest rate risk and foreign currency risk.

The Group's holdings 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 statements.

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.

notes to the financial statements

26. cash and cash equivalents

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

In RM'000	The Group		The Company	
	2002	2001	2002	2001
Fixed deposits with licensed banks	526,074	716,853	446,752	636,144
Cash and bank balances	12,447	10,670	653	2,057
	538,521	727,523	447,405	638,201

27. capital commitments

In RM'000	The Group		The Company	
	2002	2001	2002	2001
Approved and contracted for:				
Purchase and construction of telecommunications infrastructure	179,461	220,145	1,080	–
Approved but not contracted for:				
Purchase and construction of telecommunications infrastructure	35,987	21,939	–	–

28. other commitments

In RM'000	Future Minimum Lease Payments The Group		The Company	
	2002	2001	2002	2001
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	3,401	–	–
Payable within 2 – 3 years	3,380	947	–	–
Payable after 3 years	629	–	–	–
	11,753	4,348	–	–

notes to the financial statements

28. other commitments cont'd

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. Subsequent to the financial year end, 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. prior period adjustments

As explained in Note 3, in 2001, the Group changed its accounting policy on the capitalisation of borrowing costs in compliance with MASB 27, Borrowing Costs. In prior years, interest on loans obtained to finance the construction of the telecommunications network, incurred subsequent to commissioning until full repayment of such loans, were capitalised and amortised to the income statement using a prescribed formula. Following the early adoption of MASB 27, the Group changed this policy to cease the capitalisation of borrowing costs upon the commissioning of the telecommunications network.

The effects of the accounting change is a decrease in net loss for 2001 by RM7,458,000. This accounting change has been accounted for retrospectively and the effects on prior years have been taken up as prior period adjustments in the financial statements. Accordingly, the following accounts in prior years have been restated to reflect the effects of the accounting change:

In RM'000	As previously reported	Prior period adjustments	As restated
As of 31st December, 2000			
Telecommunications network	3,976,056	(589,600)	3,386,456
Goodwill on consolidation	854,278	589,600	1,443,878

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32. 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.
Teras Teknologi 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.

notes to the financial statements

32. related party transactions cont'd

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

With related parties

In RM'000	The Group		The Company	
	2002	2001	2002	2001
Name of Company				
TIME Engineering Berhad				
– Rental expense	6,964	7,642	538	794
– Interest expense	–	181	–	–
– Management fee expense	–	229	–	–
Khazanah Nasional Berhad				
– Director's remuneration for Puan Salmah Sharif	53	12	53	12
– Director's remuneration for Puan Elakumari Kantilal	74	17	74	17
United Engineers (Malaysia) Berhad				
– Director's remuneration for Encik Abdul Wahid Omar	22	9	22	9
Telekom Malaysia Berhad				
– Interconnect charges	170,678	134,602	–	–
– Interconnect revenue	65,607	58,029	–	–
– Lease line cost	9,272	4,397	–	–
– USO payment	30,090	8,738	–	–
Teras Teknologi Sdn Bhd				
– Interest expense	–	1,655	–	–
– Supply, installation, testing, commissioning, maintenance and support of Internet Services Provision infrastructure	–	16,066	–	–
Projek Lebuhraya Utara-Selatan Berhad				
– Fee for wayleave and right of use of telecommunications facilities	11,907	11,340	–	–
– Interest expense	491	1,086	–	–
Kinta Kellas, Plc				
– Project management service expense	4,987	7,007	–	–
Projek Penyelenggaraan Lebuhraya Berhad				
– Network maintenance	3,266	–	–	–

notes to the financial statements

With subsidiary companies

Name of Company	Nature	The Company	
		2002 RM'000	2001 RM'000
TT dotCom Sdn Bhd	Management fee income	4,033	3,040
TIMECel Sdn Bhd	Management fee income	3,139	2,571
TIME Reach Sdn Bhd	Management fee income	2,077	1,493
TIME dotNet Berhad	Management fee income	260	78

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.

33. significant events

During the financial year:

- i. the Company entered into a conditional sale and purchase agreement with Maxis Communications Berhad to dispose its 100% equity interest, comprising 1,293,884,000 ordinary shares of RM1 each ("TIMECel shares"), in a wholly-owned subsidiary company, TIMECel Sdn Bhd, 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;
- ii. the Company announced a proposed capital repayment to the shareholders of the Company via a cash distribution of RM1,265,387,500 from the proceeds receivable pursuant to the disposal of TIMECel Sdn Bhd mentioned above on the basis of RM0.50 for every one existing ordinary share held.

34. general information

The total number of employees of the Group and the Company at 31st December, 2002 were 2,714 and 34 (3,257 and 90 in 2001), respectively.

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

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, 2002 and of the results of their businesses 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

AHMAD PARDAS SENIN

Kuala Lumpur,
28th February, 2003

declaration by the director primarily responsible for the financial management of the company

I, **AHMAD PARDAS SENIN**, 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 **AHMAD PARDAS SENIN** at **KUALA LUMPUR** this 28th day of February, 2003.

Before me,

COMMISSIONER FOR OATHS

stockholding analysis as at 28th february, 2003

Authorised Share Capital : RM5,000,000,000/-
 Issued and Paid-Up Capital : RM2,530,775,000/-

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 1,000	398	162,795	0
1,000 to 10,000	18,605	43,163,844	1.70
10,001 to 100,000	794	21,539,372	0.90
100,001 to less than 5% of issued shares	93	303,915,198	12.00
5% and above of issued shares	6	2,161,993,791	85.40
Total	19,896	2,530,775,000	100.00

thirty (30) largest shareholders as at 28th february, 2003

Names	No. of shares	%
1. Maju Nominees (Tempatan) Sdn Bhd – <i>pledged securities accounts for TIME Engineering Berhad</i>	522,000,000	20.63
2. Khazanah Nasional Berhad	506,160,000	20.00
3. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd – <i>TIME Engineering Berhad</i>	389,081,361	15.37
4. Kumpulan Wang Amanah Pencen	273,863,540	10.82
5. Universal Trustee (Malaysia) Berhad	253,080,000	10.00
6. TIME Engineering Berhad	217,808,890	8.61
7. Employees Provident Fund Board	81,982,977	3.24
8. Indera Permai Sdn Bhd	55,359,000	2.19
9. Cimsec Nominees (Tempatan) Sdn Bhd – <i>Danaharta Urus Sdn Bhd</i>	45,160,454	1.78
10. Cimsec Nominees (Tempatan) Sdn Bhd – <i>Danaharta Managers Sdn Bhd</i>	34,887,353	1.38
11. Lembaga Tabung Angkatan Tentera	15,000,000	0.59
12. Universal Trustee (Malaysia) Berhad – <i>pledged securities accounts for TIME Engineering Berhad</i>	9,925,323	0.39
13. AMMB Nominees (Tempatan) Sdn Bhd – <i>AmTrustee Berhad for BHLB Pacific Dana Al-Ihsan</i>	7,674,000	0.30
14. AM Nominees (Tempatan) Sdn Bhd – <i>Employees Provident Fund Board</i>	6,440,000	0.25
15. CIMB Nominees (Tempatan) Sdn Bhd – <i>Commerce International Merchant Bankers Berhad</i>	5,840,159	0.23
16. AM Nominees (Tempatan) Sdn Bhd – <i>Employees Provident Fund Board</i>	2,942,000	0.12
17. Affin Bank Berhad	2,640,447	0.10

stockholding analysis as at 28th february, 2003

thirty (30) largest shareholders as at 28th february, 2003 cont'd

Names	No. of shares	%
18. Rameli Bin Musa	2,491,000	0.10
19. HSBC Nominees (Tempatan) Sdn Bhd – <i>HSBC (M) Trustee Bhd for OSK-UOB Equity Trust</i>	1,925,000	0.08
20. HSBC Nominees (Tempatan) Sdn Bhd – <i>HSBC (M) Trustee Berhad for Accumulative Growth</i>	1,786,000	0.07
21. Universal Trustee (Malaysia) Berhad – <i>BHLB Pacific Dana Al-Mizan</i>	1,634,000	0.06
22. Amanah Raya Berhad – <i>BHLB Pacific Double Growth Fund</i>	1,428,000	0.06
23. Amanah Raya Berhad – <i>Amtotal Return</i>	1,297,000	0.05
24. HSBC Nominees (Tempatan) Sdn Bhd – <i>HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak</i>	1,250,000	0.05
25. RHB Merchant Nominees (Tempatan) Sdn Bhd – <i>RHB Sakura Merchant Bankers Berhad</i>	1,223,336	0.05
26. ROHAS-EUCO Industries Berhad	1,132,000	0.04
27. UCIS Sdn Bhd	1,048,000	0.04
28. Amanah Raya Berhad – <i>Amittikal</i>	984,000	0.04
29. BHLB Trustee Berhad – <i>Pacific Progressive Fund</i>	897,000	0.04
30. K&N Kenanga Berhad – <i>IVT</i>	880,149	0.03
TOTAL	2,447,820,989	96.71

stockholding analysis as at 28th february, 2003

substantial shareholders as at 28th february, 2003

Shareholder	Direct Interest	Percentage (%)	Indirect Interest	Percentage (%)
TIME Engineering Berhad	1,138,815,574 (a)	45	–	45
Khazanah Nasional Berhad	759,240,000 (b)	30	1,138,815,574 (d)	45
Syarikat Danasaham Sdn Bhd	–	–	1,138,815,574 (e)	45
United Engineers (Malaysia) Berhad	–	–	1,138,815,574 (f)	45
Renong Berhad	–	–	1,138,815,574 (g)	45
Kumpulan Wang Amanah Pencen	274,327,540 (c)	10.84	–	–

(a) 522,000,000, 389,081,361 and 9,925,323 shares held by Maju Nominees (Tempatan) Sdn Bhd, Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd and Universal Trustee (Malaysia) Berhad

(b) 253,080,000 shares held by Universal Trustee (Malaysia) Berhad

(c) 464,000 shares held by AMMB Nominees (Tempatan) Sdn Bhd

(d) Deemed interest through Syarikat Danasaham Sdn Bhd

(e) Deemed interest through United Engineers (Malaysia) Berhad

(f) Deemed interest through Renong Berhad

(g) Deemed interest through TIME Engineering Berhad

directors' interest

Save as for Encik Ahmad Pardas Senin, whose interest in the shares of the Company is disclosed on page 75, the other Directors do not have any direct/indirect interest in the shares of the Company or its related corporation.

Dato' Ir. Wan Muhamad Wan Ibrahim, Puan Elakumari Kantilal and Puan Salmah Sharif are nominees of Khazanah Nasional Berhad, whereas Encik Ahmad Pardas Senin and Encik Abdul Kadir Md Kassim are nominees of TIME Engineering Berhad.

list of properties as at 31st december, 2002

Location	Area (sq metres)	Appr ox. 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	6	Freehold	Land and building	17,483
Lot 4465, GM 155 Mukim 1 Daerah Seberang Prai Tengah, Pulau Pinang	9,002	–	Freehold	Land	2,520
Lot P.T.D. 3930 HS(D) 6137, Mukim Tebrau Daerah Johor Bahru Jalan Riang 23 Taman Gembira Industrial Park Johor Bahru Johor Darul Takzim	10,940	5	Freehold	Land	4,946
102M, Lengkok Kampung Jawa 2, MIEL Bayan Lepas Industrial Estate Pulau Pinang	881	19	Leasehold (60 years from 1981 to 2041)	Land and a single storey building and cabin	870
Lot 142-A Semambu Industrial Estate Kuantan Pahang Darul Makmur	10,117	17	Leasehold (66 years from 1980 to 2046)	Land and a single storey building and cabin	1,816
Kampung Sungai Bedaun Daerah Labuan Wilayah Persekutuan Labuan	32,375	–	Leasehold (99 years from 1984 to 2082)	Land	2,684
No.1, Jalan Kilang 3 Jelapang Light Industrial Estate Ipoh, Perak Darul Ridzuan	2,162	–	Leasehold (60 years from 1976 to 2036)	Land	225

list of properties as at 31st december, 2002

Location	Area (sq metres)	Approx. Age (years)	Tenure	Description of Properties	Net Book Value (RM'000)
Lot 37, Kg. Sungai Bedaun Settlement Scheme Daerah Labuan Wilayah Persekutuan Labuan	12,141	–	Leasehold (99 years from 1984 to 2082)	Land	51
Lot No. 469 Mukim Batu Burok Kuala Terengganu Terengganu Darul Iman	809	–	Leasehold (99 years from 1975 to 2074)	Land	241
TIMECel Sdn Bhd					
No.127-527 Jalan 6/12 Kelana Jaya Urban Centre, Petaling Jaya Selangor Darul Ehsan	1,858	18	Freehold	Land and a 5 storey shophouse	4,260
No. 26, Jalan Perdagangan 10 Taman Universiti Skudai 83100 Johor Bahru Johor Darul Takzim	2,294	8	Freehold	Land and a 1½ storey detached light industrial factory	1,397
Lot 26A, SEDCO Likas Industrial Estate Mile 5½ Tuaran, Sabah	2,837	18	Leasehold (59 years from 1975 to 2034)	Land and a double storey office cum warehouse and a 3 storey house cum office	2,842
Lot 989, Section 66 Pending Industrial Estate Lorong Jentera 93450 Kuching, Sarawak	2,614	25	Leasehold (60 years from 1975 to 2035)	Land and a double storey building	1,734
No. 997, Solok Perusahaan 3 Prai Industrial Estate, 13600 Prai Seberang Prai, Penang	1,784	23	Leasehold (99 years from 1972 to 2071)	Land and a single storey building	924

list of properties as at 31st december, 2002

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	9	Leasehold (99 years from 1986 to 2085)	Land and 2 lots double storey shophouse	288
6765, Jalan Kampung Gajah 12200 Butterworth Pulau Pinang	156	18	Freehold	Land and a 3 storey shop/office	392
No. 125, Medan Kikik Satu Taman Inderawasih 13600 Prai, Seberang Prai Pulau Pinang	120	10	Freehold	Land and a 3 storey shop/office	296
133G & 135, Jalan Dato' Lau Pak Khuan 31400 Ipoh Garden Ipoh, Perak Darul Ridzuan	260	10	Freehold	Land and 2 lots double storey shophouse	400
No. 21, Taman Bukit Hijau Jalan Temoh 35000 Tapah Perak Darul Ridzuan	149	5	Leasehold (99 years from 1979 to 2078)	Land and a single storey shop office	73
No. 6, Jalan Simpang Kg Bengali, 34000 Taiping Perak Darul Ridzuan	130	9	Leasehold (60 years from 1988 to 2048)	Land and a double storey flatted industry building	132
No. 80, Taman Seri Langat Jalan Reko 43000 Kajang Selangor Darul Ehsan	149	11	Freehold	Land and a 3 storey shophouse	155
No. 54 & 56, Jalan Sentosa Taman Chi Liung Off Jalan Kim Chuan Pandamaran, 42000 Port Klang	279	8	Freehold	Land and 2 lots of double storey shop/office	305

list of properties as at 31st december, 2002

Location	Area (sq metres)	Approx. Age (years)	Tenure	Description of Properties	Net Book Value (RM'000)
No. 8-1, Jalan 4/4C Desa Melawati 53100 Ulu Klang Selangor Darul Ehsan	164	8	Freehold	Land and a 3 storey shophouse	401
No. 6 & 8, Jalan 8/B Seksyen 8, Shah Alam Selangor Darul Ehsan	307	8	Leasehold (99 years from 1998 to 2097)	Land and 2 lots of double storey shophouse	386
No. 5, Lorong 6B/91 Taman Shamelin Perkasa 56000 Kuala Lumpur	164	9	Leasehold (99 years from 1983 to 2082)	Land and 4 storey shop/office	403
Lot No. 11 Jalan SS 6/12 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	186	18	Freehold	Land and 4 storey terrace shophouse	368
No. 363, Taman Bukit Emas Jalan Tampin, 70450 Seremban Negeri Sembilan Darul Khusus	164	6	Freehold	Land and a 3 storey shophouse	310
324A & B Taman Melaka Raya 75000 Melaka	167	15	Leasehold (99 years from 1983 to 2082)	Land and a 3 storey shophouse	201
No. 64 & 66 Jalan Wong Ah Jang 25100 Kuantan Pahang Darul Makmur	297	9	Freehold	Land and 2 lots of 3 storey shophouse	470
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	287

115

list of properties as at 31st december, 2002

Location	Area (sq metres)	Approx. Age (years)	Tenure	Description of Properties	Net Book Value (RM'000)
TIME Reach Sdn Bhd cont'd					
No. 33 & 35, Jalan Suasa 1 Taman Sri Skudai 81300 Johor Bahru Johor Darul Takzim	327	9	Freehold	Land and 2 lots of double storey shophouse	286
No. 53, 53A & 53B Jalan Perang, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	178	7	Freehold	Land and a 3 storey shophouse	353
No. 13, Jalan Timah Hitam 83000 Batu Pahat Johor Darul Takzim	137	11	Leasehold (99 years from 1988 to 2087)	Land and a 3 storey shophouse	184
No. 1-25, Kawasan Perindustrian Batu 1, Tanjung Agas 84000 Muar, Johor Darul Takzim	143	13	Leasehold (99 years from 1981 to 2080)	Land and a double storey shophouse	90
Block BC, Lot 12, Unit 6 Lorong Ikan Juara 3 Kota Kinabalu, Sabah	107	7	Leasehold (999 years from 1902 to 2901)	Land and a 4 storey shop/house	565

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

Central Region

No. 10 & 12, Jalan Telawi 2
Bangsar Baru
59100 Kuala Lumpur
Tel : +60 3 2711 2711
Fax : +60 3 2711 2712

Southern Region

Lot No. 1-02
Level 1, 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

No. 7B, Medan Istana 3
Bandar Ipoh Raya
30000 Ipoh
Perak
Tel : +60 5 236 4475
Fax : +60 5 236 4474

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

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

9B, Jalan Melaka Raya 11
Taman Melaka Raya
75000 Melaka
Tel : +60 6 226 6703
Fax : +60 6 226 6705

Eastern Region

No. 142A, Kawasan Perindustrian
Semambu
25350 Kuantan
Pahang
Tel : +60 9 556 0692 / 0693 / 0694
Fax : +60 9 556 0691

East Malaysia

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

TIME 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

TIME Reach Regional Offices

Central Region 1 (Wilayah)

No. 5, Lorong 6B/91
Taman Shamelin Perkasa
Cheras
56100 Kuala Lumpur
Tel : +60 3 9283 5276
Fax : +60 3 9200 4552

Central Region 2 (Selangor)

No. 11, Jalan SS 6/12
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, 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
Fax : +60 9 514 4302

East Malaysia

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

TIMECel Sdn. Bhd. (73315-V)

Level 17, MNI Twins 2

11, Jalan Pinang
50450 Kuala Lumpur
Tel : +60 3 2720 0017
Fax: +60 3 2720 7117

TIMECel Branches

Central Region

Ground Floor, MNI Twins 2
No. 11, Jalan Pinang
50450 Kuala Lumpur
Tel : +60 3 2720 0017
Fax : +60 3 2720 6417

121, Jalan 2/3A
Bandar Utara Selayang
(Selayang Pasar Borong)
68100 Kuala Lumpur
Tel : +60 3 6138 1217 / 1317
Fax : +60 3 6138 3717

74, Jalan Jejaka
Taman Maluri
55100 Kuala Lumpur
Tel : +60 3 9285 0171 / 9282 0171
Fax : +60 3 9282 8171

9131, Jalan Bandar 4
off Jalan Negara, Taman Melawati
53100 Selangor
Tel : +60 3 4106 4801 / 4802
Fax : +60 3 4106 4807

30, Jalan Yong Shook Lin
46040 Petaling Jaya
Selangor
Tel : +60 3 7954 1406
Fax : +60 3 7954 1497

15, Ground Floor
Jalan USJ 10/1F
47500 Subang Jaya
Selangor
Tel : +60 3 5638 4017
Fax : +60 3 5631 9017

No. 27, Ground Floor
Lebuh Pulau Pinang
Pusat Perniagaan NBC
Batu 1½, Jalan Meru
41050 Klang
Selangor
Tel : +60 3 3345 3772
Fax : +60 3 3345 3879

Northern Region

7, Medan Istana 3
Bandar Ipoh Raya
30000 Ipoh
Perak
Tel : +60 5 236 0117
Fax : +60 5 236 0118

TIMECel Branches cont'd

Northern Region

Unit 12, Ground Floor
Belisa Row, Jalan Burmah
10350 Pulau Pinang
Tel : +60 4 226 1017
Fax : +60 4 226 7017

44, Jalan Todak 2
Seberang Jaya
13700 Seberang Perai
Pulau Pinang
Tel : +60 4 398 1171 / 2171
Fax : +60 4 398 3171

75A, Lebuhraya Darul Aman
05100 Alor Setar
Kedah
Tel : +60 4 730 0017
Fax : +60 4 734 8336

23G, Ground Floor
Jalan Kampung Baru
08000 Sg. Petani
Kedah
Tel : +60 4 420 7300
Fax : +60 4 420 7304

Southern Region

18, Ground Floor
Jalan Molek 1/10
Taman Molek
81100 Johor Bahru
Johor
Tel : +60 7 356 0017
Fax : +60 7 355 4017

Ground Floor, 10, Jalan Kundang 3
Taman Bukit Pasir
83000 Batu Pahat
Johor
Tel : +60 7 433 3017
Fax : +60 7 433 8017

No. 9, Jalan Melaka Raya 11
Taman Melaka Raya
75000 Melaka
Tel : +60 6 284 1117
Fax : +60 6 282 1117

70B, Ground Floor
Bangunan Perwanis
Jalan Tun Dr. Ismail
70200 Seremban
Negeri Sembilan
Tel : +60 6 767 6085 / 6095 / 6061
Fax : +60 6 767 6076

Eastern Region

B-22, Ground Floor
Jalan Tun Ismail 1
Sri Dagangan 2
25000 Kuantan
Pahang
Tel : +60 9 512 1417
Fax : +60 9 513 1629

East Malaysia

No. 294, Lot 2653
Central Park Commercial Centre
3rd Mile, Jalan Rock
93200 Kuching
Sarawak
Tel : +60 82 233 017
Fax : +60 82 420 017

No. 20, Ground Floor Lane 2
Jalan Tuanku Osman
96000 Sibu
Sarawak
Tel : +60 84 310 315
Fax : +60 84 329 372

Lot 265, Ground Floor
Beautiful Jade Centre
98009 Miri
Sarawak
Tel : +60 85 442 470
Fax : +60 85 442 471

Ground Floor, Shop No. 7
Block 5 Api-Api Centre
88000 Kota Kinabalu
Sabah
Tel : +60 88 249 017 / 244 017
Fax : +60 88 262 017

Note :

The TIMECel branches remain under the management of TIME dotCom Berhad until the sale of TIMECel Sdn Bhd to Maxis Communications Berhad has been finalised.

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 Sixth Annual General Meeting of the Company to be held at Ballroom 2 & 3, Level 2, Nikko Hotel, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 30 April 2003 at 10.00 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/her 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		
ordinary resolution 10		

proxy form

Signed this _____ day of _____ 2003.

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.

fold here

affix
postage
here

TIME dotCom Berhad 413292-P

Level 1, Wisma TIME
249, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

fold here

TIME dotCom Berhad
413292-P

Level 1, Wisma TIME
249 Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

T +60 3 2720 8000
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