

## AWARDS & RECOGNITION



- On 16 February 2004, TM was awarded the KLSE Corporate Sectoral Award 2003 for Trading/Services in recognition of its exemplary corporate conduct. The award is designed specifically for public listed companies and is awarded to those companies, which have demonstrated high standards of corporate governance, disclosure and transparency together with proactive investor relations' efforts.
- TM received an award from the China Press and the Nan Yang Siang Pau for its Corporate Chinese New Year Advertisement – "Moved" in February 2004.
- On 29 March 2005, TM was awarded with the Commendation for Social Reporting in Annual Report at the ACCA Malaysia Environmental and Social Reporting Awards 2004. TM was selected out of 36 entries based on its transparency and disclosure on environmental, social as well as full sustainability information.
- TM was voted by the readers of the Reader's Digest as one of the Superbrands of 2004 (Gold). The award was received in May 2004.

- On 5 May 2004, TM received the Gold Award for being one of the telecommunications industry Superbrands of the year. The award was given by the Superbrands Malaysia Magazine based on TM's market dominance, longevity, goodwill, customer loyalty as well as overall market acceptance.
- VADS Bhd, a subsidiary of TM, was awarded a Silver Certification by Cisco Systems in recognition of its expertise in designing, implementing as well as supporting Cisco's Network Solutions.
- TM won Second Place in the Corporate Award organised by The Institute of Internal Auditors Malaysia (IIA Malaysia) on 28 September 2004. The award is in recognition of the Company's high commitment towards the 'Certified Internal Auditor Programme (CIA).





- TM's 2003 Annual Report won the Industry Excellence Award – Trading & Services for the eighth time and the Best Designed Annual Report for the second time at the National Annual Corporate Report Awards (NACRA) 2004 on 30 November 2004.



- On 21 February 2005 Kedai Telekom Pelangi, Johor Bahru, won Hadiah Utama Anugerah Kualiti YB. Menteri Tenaga, Air dan Komunikasi Tahun 2004. Awards for the Excellent Customer Service Counter were received by Celcom's Bandar Baru Klang Branch and the tmnet clickers counter in Kelana Jaya Park View, Selangor.
- On 9 Mac 2005, TM was awarded with "Asian Deals of the Year 2005" as well as Asia's Best Managed Companies 2005 by Euromoney Magazine.

- TM won four awards in the Asiamoney Annual Awards Ceremony – Malaysia's Best, held on 22 February 2005, hosted by Asiamoney, a leading capital market publication in Asia. Telekom Malaysia won the Overall Best Corporate Governance Award, Award for Most Improved Management Practices and Award for Most Improved Investor Relations. Additionally, the Company also received an award for Regional Deals of the Year for its USD500 million bond issue in September 2004.

- TM Net's Broadband service Streamyx won the Corporate Broadband Service "Reader's Choice Award 2004" on December 2004 given by Computerworld magazine.
- Celcom (Malaysia) Berhad won the Anugerah Citra Iklan Radio organised by the Dewan Bahasa & Pustaka on 7 January 2005.
- TM Net Sdn Bhd won the Best Internet Service Provider 2004 award on 10 January 2005 given by PC.com magazine.



## CORPORATE EVENTS 2004



18 January 2004

TM Kuala Lumpur Club treated its employees to a Family Day gathering in Kuala Lumpur. Some 9,000 staff and their families from all over Klang Valley attended the gathering which was aimed at enhancing relationships between management, employees and their families. The guests were entertained by well-known comedian, Salleh Yaacob and TM Cultural Unit. Present at the event with their respective families were Tan Sri Dato' Ir. Md. Radzi Mansor, Chairman of TM, Dato' Dr. Md Khir Abdul Rahman, Chief Executive of TM and Dato' Dr. Abdul Rahim Hj. Daud, Deputy Chief Executive and President of the TM Club.



18 January 2004

Women and Family Development Minister, YB. Dato' Seri Shahrizat Abdul Jalil flagged off the Blue Ride 2004 in a ceremony at Menara Telekom. Present at the ceremony was TM's Chairman Tan Sri Dato' Ir. Md. Radzi Mansor. Organised in conjunction with the Telekom Malaysia Le Tour de Langkawi 2004, the Blue Ride saw hundreds of cyclists, escorted by police outriders making their way around the city, Petaling Jaya and finishing at Menara Telekom. A Treasure Hunt was also flagged off the same morning by the Chairman of TM.

In conjunction with TM Le Tour de Langkawi 2004, Cavalcade vehicles were flagged off from Menara Kuala Lumpur. The unique and colourfully decorated vehicles are a permanent feature for the event. Other events held included a Bicycle Clinic, Chinese Acrobatic Act, Clown and Fire Eater Appearance as well as a Milo Tarik competition.

The former Minister of Energy, Communications & Multimedia, YB. Datuk Amar Leo Moggie flagged off the Stage 9 TM Le Tour de Langkawi, which started at Menara Telekom and ended in Genting Highlands. As the Title Sponsor, TM was given the honour of being one of the 'Host Venues' for Stage 9 of the race. In conjunction with the event, many interesting activities were held, including an Exhibition and Sales Carnival, Karaoke Competition, Drawing Competitions, Lucky Draws and many others.

25 January 2004



14 February 2004



Corporate Events 2004 continued

26 February 2004



15 March 2004



16 March 2004



TM registered a revenue of RM11.8 billion for the year ended 31 December 2003, a significant increase of 20 per cent from the previous year. Net operating profit of the Group climbed to RM1.39 billion for the year, representing a robust growth of 59.7 per cent.

The increase in revenue was due largely to the robust growth in mobile and data services earnings. Cellular earnings contributed 30.6 per cent to the total revenue, meeting the target envisaged by the Group. The telephony business continued to be the main source of revenue contributing 53.1 per cent of the operating revenue. TM's overseas investments also showed significant improvements, contributing approximately 26 per cent to the Group's profit after tax.

TM signed an agreement with the Melaka State Government for the purchase of a 4.52 acre tract of land, costing RM4.73 million located at the Melaka International Trade Centre (MITC), Mukim Bukit Baru. MITC has been selected as the new site for TM Melaka's Management and Business Office as it is in a strategic location and has excellent growth potential.

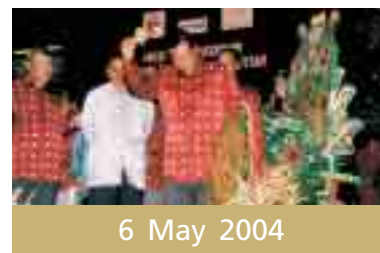
As a caring corporate organisation, TM contributed 1,000 Formula One Petronas Malaysia Grand Prix 2004 tickets, costing RM100 each to more than 1,000 selected students from 25 schools all over Perak, Pahang, Negeri Sembilan, Selangor and Wilayah Persekutuan. This is the third year that the Company is handing out the tickets to the students.

YB. Dato' Seri Dr. Lim Keng Yaik, the newly appointed Minister of Energy, Water and Communications paid his first Official Visit to TM Headquarters in Menara Telekom. He was accompanied by his deputy, YB. Dato' Shaziman Abu Mansor and other Senior Officers of the Ministry. The delegates were briefed on TM's operations by the senior management.

TM held a farewell dinner in honour of YBhg. Dato' Amar Leo Moggie, former Minister of Energy, Communications & Multimedia, who was retiring after 21 years of service. Aptly themed, "Leading the Way Our Nation Communicates", the dinner was TM's way of showing its appreciation to the industry icon who has helped shape Malaysia's telecommunications sector for the last two decades.



Corporate Events 2004 continued



A special Excellence Award Presentation Night was held in recognition of the contribution and excellent performance of TM's staff and divisions in 2003. The Company presented 95 awards to recipients who were selected based on their excellent performance, adherence to the Company's core values as well as their contributions towards making the workplace a more conducive environment.

Some 1,500 employees of TM from 14 state contingents gathered at Universiti Teknologi Malaysia Sports Complex, Skudai in Johor to participate in the Company's Sixth National Sports Championship (SUTMA), held on 5 to 8 May 2004. The bi-annual championship featured ten sporting events comprising golf, netball, hockey, bowling, sepak takraw, volleyball, badminton, ping pong, tennis and football. Themed "Sukan Peneraju Kecemerlangan", the sports meet was aimed at providing employees with the opportunity to work together and to strengthen their relationships as well as to encourage better rapport amongst employees from the different states.

In conjunction with Father's & Mother's Day celebrations, TIARANITA (Persatuan Isteri-Isteri dan Anggota Wanita TM) held a dinner reception with the theme "Semakin Hari Semakin Sayang". During the night, parents of TM were honoured and shown appreciation.

As an organisation that is focused on growing interest in Mathematics among students, TM conducted its 'Kem Matematik TM – PERSAMA 2004' project in Kedah. The main objective of the Camp is to increase Mathematics literacy among students in rural and sub-urban areas as well as inculcating them the realisation of the importance and value of Mathematics in their lives. Approximately 100 students took part in the Camp. Two other states, namely Negeri Sembilan and Terengganu, also conducted the camps in 2004.

22 May 2004



19 June 2004



Corporate Events 2004 continued



20 June 2004



21 June 2004



27 July 2004

Together with the Ministry of Energy, Water & Communications, TM launched the "Sekolah Angkat" project for Sekolah Menengah Kebangsaan Ayer Lanas (SMKAL) in Jeli, Kelantan. Under the programme, the IT facilities and telecommunications infrastructure in SMKAL were upgraded with additional new computers, a scanner, a printer, computer software as well as Internet services.

Under the "Jasamu Dikenang" programme, TM treated 340 retired employees to a dinner reception in appreciation for their service, dedication and commitment in making TM one of the leading communication companies in Malaysia. The dinner was the highlight of the three-day event consisting of tours and shopping sprees.

For the sixth time, TM was the main sponsor for the Langkawi International Dialogue (LID 2004), with sponsorship valued at RM2.0 million. LID 2004 was attended by approximately 800 participants comprising some of the world's Heads of State and Governments, senior officials, corporate and labour leaders as well as senior professionals from the academia, media and other key interest groups. TM also participated in a three-day exhibition during the LID event where it showcased the Company's innovative products and services, themed "Opening up Possibilities – Bridging the Digital Divide".

TM participated in the Bangkok International ICT Expo 2004, which was held in conjunction with the 4th ASEAN Telecommunications and Information Technology Ministers Meeting (TELMIN) in Bangkok, Thailand. Adopting the theme "Opening Up Possibilities... Connecting Communities", TM exhibited its innovative products and services through two sections – Real Techno Hub and Virtual Techno Hub – to promote its potential business ventures in the Asian region whilst showcasing the latest ICT offerings at the exhibition.

In conjunction with the Merdeka Day celebrations, TM participated in the "Perbarisan Hari Kebangsaan" in Pahang, the official host for the celebration for the year 2004. This is in line with the Company's aspiration to promote patriotism among its employees as well as Malaysians at all levels.

4 August 2004



31 August 2004



Corporate Events 2004 continued



2 September 2004

TM, together with the Government, launched a new package known as "Pakej Pesara Kerajaan" which offers residential fixed line services to Government retirees as well as army retirees aged 55 years old and above. This is one of the Company's contributions to retirees, in line with the Government's efforts to improve their quality of life, through the provision of telecommunications services.



8 September 2004

TM participated in the Small Medium Industry Exhibition (SMIDEX 2004), held from 9 to 11 September 2004. During the event, TM disseminated information on its TM Entrepreneurship Programme, an initiative by the Group to help Bumiputera entrepreneurs to be more proactive, progressive and competitive, thus supporting the Government's aspiration in cultivating a commercial and industrial Bumiputera community. The exhibition also showcased products and services by the entrepreneurs to potential customers.

TM was awarded the FIABCI Property Award of Distinction 2004 (Malaysian Chapter) under the Office Development Category for its headquarters, Menara Telekom. With a towering height of 310m, equivalent to 77 storeys, Menara Telekom is the latest landmark in the Kuala Lumpur skyline. In his speech at the Gala Dinner, Chairman, Tan Sri Dato' Ir. Md Radzi Mansor conveyed the Company's appreciation and honour in receiving such a distinguished award. The building has been recognised not only as an architectural landmark but also for its conducive work environment. Apart from TM, the building also houses several well-known tenants, namely Daimler Chrysler, Hapag-Lloyd, Unilever, Henkel Malaysia, Penerbangan Malaysia Berhad, Takaful and the IT Department of Tenaga Nasional.

TM participated in the International Conference on ICT Business 2004 in Melaka. At the conference, Group Chief Executive Officer of TM, Dato' Abdul Wahid Omar, presented a paper on IT Development in Malaysia and TM's role in supporting the progress of ICT in Melaka. TM's products and services were also exhibited. The showcase included Corporate Information Superhighway, Wireless Video Conferencing, Tele-Surveillance System as well as TM Automatic Vehicle Location.

24 September 2004



5 October 2004



Corporate Events 2004 continued



6 October 2004

TM Wholesale, one of TM's Strategic Business Units feted its customers at a dinner with the theme "A Nite With TM Wholesale's Customers". The dinner reception was hosted by its Chief Operating Officer, Dato' Dr. Idris Ibrahim. The objective of the dinner reception was to forge a closer relationship between the Company and its customers as well as promote TM Wholesale and its wholesale business principles to companies with NFP (Network Facilities Provider), NSP (Network Services Provider) and ASP (Application Services Provider) licenses in Malaysia. Also present at the dinner were Dato' Jamaludin Ibrahim, Chief Executive Officer of Maxis; Mr. Hiomitsu Honda, Chief Executive Officer of NTT MSC; and Mr. Tan See Yin, Managing Director of Time dotCom.



12 October 2004

TM's Group Chief Executive Officer, Dato' Abdul Wahid Omar was presented with the completed 3D animated "doa" from Datuk Professor Ghauth Jasmon, President of Multimedia University (MMU), at the official launching ceremony of the software held at MMU. In conjunction with the holy month of Ramadhan, TM and the Faculty of Creative Multimedia jointly produced a 3D animated series on prayers in an effort to teach young children to recite the common prayers or "doa" through a more innovative and interesting method.



13 October 2004

Group Chief Executive Officer of TM, Dato' Abdul Wahid Omar conducted a Media Briefing to unveil the strategic directions and plans of the Company. He presented TM's five broad strategies and priorities, that is Growing Cash Flow and Increasing Asset Utilisation, Capitalising on Sustainable Growth in Cellular, Focus on Data, Broadband and Value Added Services, Developing a customer and service driven culture as well as Prudent International Expansion.



TM treated members of the media to a Majlis Berbuka Puasa at its headquarters at Menara Telekom. Over 100 representatives from the local media and TM's top management were present. The event was held to strengthen TM's relationship with the media.

For the sixth consecutive year, TM sponsored the "Kempen Keselamatan Jalan Raya di Musim Perayaan dan Cuti Persekolahan", aimed at increasing public awareness on road safety. Through the campaign, the Company complemented the Malaysian police force through its INFOLINE and Toll-Free Services where the public could gain access to information on traffic offences as well as traffic mishaps.

18 October 2004



8 November 2004



Corporate Events 2004 continued

23 November 2004



TM signed a Memorandum of Understanding (MoU) with Malaysian Airlines (MAS), one the largest government-linked companies, to collaborate and synergise business arrangements towards establishing a smart business partnership. With the agreement, both parties will enjoy special rates for products and services as well as opportunities to leverage businesses through their respective channels.

26 November 2004



TM feted some 50 orphans from Asrama Anak Yatim Damai, Kuang, Selangor in conjunction with TM's Hari Raya Aidilfitri and Deepavali celebrations for its employees within the Klang Valley. During the event, each orphan received RM50 as "duit raya" while the orphanage received three computers and a printer from the Company. Some 5,000 employees attended the event which was aimed at fostering closer rapport among the management and employees of TM.

TM held a Majlis Hari Raya “Jalinan Kemesraan Aidilfitri” with its corporate customers at Menara Telekom. Present were 3,000 guests comprising corporate customers as well as top management from TM. The event was held in the sharing spirit of Aidilfitri.

TM, through its wholly-owned international investment arm, TM International (L) Ltd, reached an agreement with the Rajawali Group, the principal shareholders of PT Excelcomindo Pratama (XL), thus successfully acquiring 27.3 per cent in the Indonesia’s third largest mobile operator. The investment in XL complements TM’s existing regional mobile investments in Sri Lanka, Bangladesh and Cambodia and the combined group will have a total of 11.3 million mobile subscribers.

27 November 2004



9 December 2004



Corporate Events 2004 continued



24 December 2004

The Pahang State Government signed up for TM’s Bulk Payment System, specially designed for large organisations with multiple telephone number accounts and different dated bills. With the new system, all billings and payments, either by cheque or bank draft, will be processed on a particular date.

# FINANCIALS



## CONTENTS

Directors' Report	217
Significant Accounting Policies	224
Income Statements	234
Balance Sheets	235
Consolidated Statement of Changes in Equity	236
Company Statement of Changes in Equity	237
Cash Flow Statements	238
Notes to the Financial Statements	239
Statement by Directors	315
Statutory Declaration	315
Report of the Auditors	316
General Information	317



- The Directors have pleasure in submitting their annual report and the audited financial statements of the Group and of the Company for the year ended 31 December 2004.

### PRINCIPAL ACTIVITIES

- The principal activities of the Company during the year are the establishment, maintenance and provision of telecommunication and related services under the licence issued by the Ministry of Energy, Water and Communications. The principal activities of the subsidiaries are set out in note 41 to the financial statements. There was no significant change in the nature of these activities during the year.

### RESULTS

- The results of the operations of the Group and of the Company for the year were as follows:

	The Group RM million	The Company RM million
Profit after taxation	2,676.5	549.8
Minority interests	(63.0)	—
Profit attributable to shareholders	2,613.5	549.8

- In the opinion of the Directors, the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature.

### DIVIDENDS

- Since the end of the previous year, the dividends paid, declared or proposed on ordinary shares by the Company are as follows:

	RM million
(a) In respect of the year ended 31 December 2003, a final gross dividend of 10.0 sen per share less tax of 28% and a special gross dividend of 10.0 sen per share less tax of 28% were paid on 21 June 2004	481.2
(b) In respect of the year ended 31 December 2004, an interim tax-exempt dividend of 10.0 sen per share was paid on 18 October 2004.	336.8

**DIVIDENDS (continued)**

- (c) In respect of the year ended 31 December 2004, the Directors recommend a final tax-exempt dividend of 20.0 sen per share (2003: final gross dividend of 10.0 sen per share less tax of 28% and a special gross dividend of 10.0 sen per share less tax of 28%) subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

**EMPLOYEES' SHARE OPTION SCHEME**

6. The existing Employees' Share Option Scheme 3 (ESOS 3) was approved by the shareholders at an Extraordinary General Meeting held on 21 May 2002. On 1 August 2002, options to subscribe for 259,014,000 ordinary shares of RM1 each under ESOS 3 were granted to eligible Executives and Non-Executives of the Company and its subsidiaries at an exercise price of RM7.09 per share.

On 20 May 2004, additional options to subscribe for 48,000 ordinary shares of RM1 each were granted to eligible Non-Executives of the Company at an exercise price of RM8.02 per share.

The principal features of ESOS 3 are as disclosed in note 10(d) to the financial statements.

As at 31 December 2004, options to subscribe for 37,675,000 and 23,000 ordinary shares of RM1 each at the option price of RM7.09 per share and RM8.02 per share respectively under ESOS 3 remained unexercised. These options remain in force until 31 July 2007. These options granted do not confer any right to participate in any share issue of any other company.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings pursuant to Section 169(11) of the Companies Act, 1965, except for information of employees who were granted options of above 100,000 shares each.

Other than the Directors' options disclosed in paragraph 18 below, the list of employees of the Company and its subsidiaries who were granted more than 100,000 options each under ESOS 3 are as follows:

Name	Designation	No. of options granted	No. of options exercised
Dato' Dr. Ir. Mohamad Khir Harun	Chief, Group Business Restructuring and Coordination, TM	120,000	72,000
Dato' Dr. Idris Ibrahim	Chief Operating Officer, TM Wholesale	120,000	20,000
Mohd Yahaya Mohd Shariff	Senior Vice President, Network Services, TM Wholesale	120,000	72,000



### EMPLOYEES' SHARE OPTION SCHEME (continued)

Name	Designation	No. of options granted	No. of options exercised
Towfek Elias	Project Director, Shared Services Operation	120,000	44,000
Tan Chian Khai	Special Project Manager, TM International Sdn Bhd*	120,000	25,000
Hj. Hamis Hasan	Vice President, Finance TM Retail	120,000	25,000
Dato' Adnan Rofiee	Chief Operating Officer, TM Retail	108,000	66,000
Abdul Majid Abdullah	Vice President, Corporate Strategy & Planning, TM	108,000	66,000
Dato' Baharum Salleh	Chief Executive Officer, TM Net Sdn Bhd*	108,000	30,000
Datuk Hamzah Yacob	Chief Executive Officer, TM Facilities Sdn Bhd*	108,000	66,000

TM Telekom Malaysia Berhad

\* Employees of TM, seconded to respective subsidiaries.

### SHARE CAPITAL

- During the year, the issued and fully paid-up share capital of the Company was increased by the issuance of 131,683,000 and 25,000 ordinary shares of RM1 each at the option price of RM7.09 per share and RM8.02 per share respectively for cash under ESOS 3. These shares rank pari-passu in all respects with the existing issued ordinary shares of the Company.

### GUARANTEED NOTES

- On 22 September 2004, the Company's wholly owned subsidiary, TM Global Incorporated, a company incorporated in the Federal Territory of Labuan, under the Offshore Companies Act, 1990, issued a 10-year USD500.0 million Guaranteed Notes. The Notes carry an interest rate of 5.25% per annum payable semi-annually in arrears on 22 March and September commencing in March 2005. The Notes will mature on 22 September 2014. Proceeds from the transaction are being utilised to refinance TM's maturing debt and general working capital. The Notes are unconditional and irrevocably guaranteed by the Company.

### MOVEMENTS ON RESERVES AND PROVISIONS

9. All material transfers to or from reserves or provisions during the year have been disclosed in the financial statements.

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

10. Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to:

- (a) ascertain that actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) ensure that any current assets which were unlikely to be realised at their book value in the ordinary course of business had been written down to their expected realisable values.

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

- (a) would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent or the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
- (b) have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

12. In the interval between the end of the year and the date of this report:

- (a) no items, transactions or other events of material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group and of the Company for the year in which this report is made; and
- (b) no charge has arisen on the assets of any company in the Group which secures the liability of any other person nor has any contingent liability arisen in any company in the Group.

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



### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

14. At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company, which would render any amount stated in the financial statements misleading.

### DIRECTORS

15. The Directors in office since the date of the last report are as follows:

Directors	Alternate Directors
Tan Sri Dato' Ir. Muhammad Radzi Haji Mansor	
Dato' Abdul Wahid Omar <i>(appointed with effect from 1 July 2004)</i>	
Dato' Dr. Abdul Rahim Haji Daud	
Dato' Haji Abd. Rahim Hj. Abdul <i>(appointed with effect from 23 November 2004)</i>	Mohammad Zanudin Ahmad Rasidi <i>(appointed with effect from 23 November 2004)</i>
Dato' Azman Mokhtar <i>(appointed with effect from 1 June 2004)</i>	
YB. Datuk Nur Jazlan Tan Sri Mohamed <i>(appointed with effect from 1 June 2004)</i>	
Ir. Prabahar N. K. Singam	
Dato' Lim Kheng Guan	
Rosli Man	
Dato' Abdul Majid Haji Hussein <i>(resigned with effect from 2 October 2004)</i>	Mohammad Zanudin Ahmad Rasidi <i>(ceased with effect from 2 October 2004)</i>
Dato' Dr. Md Khir Abdul Rahman <i>(resigned with effect from 1 July 2004)</i>	
Dato' Dr. Mohd Munir Abdul Majid <i>(resigned with effect from 1 June 2004)</i>	
Tan Poh Keat <i>(resigned with effect from 1 June 2004)</i>	
Datuk Dr. Halim Shafie <i>(retired with effect from 18 May 2004)</i>	Dato' Suriah Abd Rahman <i>(ceased with effect from 18 May 2004)</i>
YB. Dato' Joseph Salang Gandum <i>(resigned with effect from 1 April 2004)</i>	
YB. Dato' Ir. Haji Mohd Zin Mohamed <i>(resigned with effect from 1 April 2004)</i>	



**DIRECTORS (continued)**

16. In accordance with Article 98(2) of the Company's Articles of Association, the following Directors are retiring from the Board at the Twentieth Annual General Meeting and being eligible, will offer themselves for re-election:

YB. Datuk Nur Jazlan Tan Sri Mohamed  
 Dato' Azman Mokhtar  
 Dato' Abdul Wahid Omar  
 Dato' Haji Abd. Rahim Hj. Abdul

17. In accordance with Article 103 of the Company's Articles of Association, Dato' Dr. Abdul Rahim Haji Daud is retiring from the Board at the Company's Twentieth Annual General Meeting and being eligible, will offer himself for re-election.

**DIRECTORS' INTEREST**

18. In accordance with the Register of Directors' Shareholdings, the Directors who held office at the end of the year and have interest in shares and options over shares in the Company and subsidiaries are as follows:

Interest in the Company	Number of ordinary shares of RM1 each			Balance at 31.12.2004
	Balance at 1.1.2004	Bought	Sold	
Tan Sri Dato' Ir. Muhammad Radzi Haji Mansor	123,500	—	—	123,500
Dato' Dr. Abdul Rahim Haji Daud	165,000	103,000*	123,000	145,000

\* Options exercised during the year

Interest in the Company	Number of options over ordinary shares of RM1 each			Balance at 31.12.2004
	Balance at 1.1.2004	Granted	Exercised	
Dato' Dr. Abdul Rahim Haji Daud	103,000	—	103,000	Nil

Interest in VADS Berhad	Number of ordinary shares of RM1 each			Balance at 31.12.2004
	Balance at 1.1.2004	Bought	Sold	
Tan Sri Dato' Ir. Muhammad Radzi Haji Mansor	11,000	—	1,000	10,000
Dato' Dr. Abdul Rahim Haji Daud	10,000	—	—	10,000
Dato' Lim Kheng Guan	10,000	—	10,000	Nil

**DIRECTORS' INTEREST (continued)**

19. In accordance with the Register of Directors' Shareholdings, none of the other Directors who held office at the end of the year have any direct or indirect interests in the shares in the Company and its related corporations during the year.

**DIRECTORS' BENEFITS**

20. Since the end of the previous year, none of the Directors have received or become entitled to receive any benefit (except for the Directors' fees, remuneration and other emoluments as disclosed in note 4 to 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 and any benefit that may be deemed to have been received by certain Director.
21. Neither during nor at the end of the year was the Company or any of its related corporations, a party to any arrangement with the object(s) of enabling the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than options granted to the Directors pursuant to ESOS 3.

**AUDITORS**

22. The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 24 February 2005.



**TAN SRI DATO' Ir. MUHAMMAD RADZI HAJI MANSOR**  
*Chairman*



**DATO' ABDUL WAHID OMAR**  
*Group Chief Executive Officer*

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements, unless otherwise stated.

## 1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the Significant Accounting Policies below.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The new applicable approved accounting standards considered in these financial statements are as follows:

- MASB 31 "Accounting for Government Grants and Disclosure of Government Assistance"
- MASB 32 "Property Development Activities"

MASB 31 and MASB 32 does not have a material impact on net profit and shareholders' equity.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results could differ from those estimates.

## 2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the year. Subsidiaries are those corporations or other entities (including special purpose entities) in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting whereby the results of the subsidiaries acquired or disposed during the year are included in the Consolidated Income Statement from the date of their acquisition up to the date of their disposal. The cost of acquisition is the amount of cash paid and the fair value of other purchase consideration at the date of acquisition given by the acquirer, together with directly attributable expenses of the acquisition. At the date of acquisition, the fair value of the subsidiary's net assets is determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over the Group's share of the fair value of identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill.

## 2. BASIS OF CONSOLIDATION (continued)

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

Inter-company transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with the Group's accounting policies.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets together with any balance of goodwill on acquisition occurring on or after 1 January 2002 and exchange differences which were not previously recognised in the Consolidated Income Statement. Goodwill occurring prior to 1 January 2002 which has been charged in full to shareholders' equity is also deducted when determining the gain or loss on disposal of a subsidiary.

## 3. ASSOCIATES

Associates are corporations or other entities in which the Group exercises significant influence but which it does not control. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies. Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising the Group's share of post acquisition results of the associates in the Consolidated Income Statement and its share of post acquisition movements within reserves in reserves of the Group. The cumulative post acquisition movements are adjusted against the cost of investment and include goodwill on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred or made payments on behalf of the associate.

Where necessary, in applying the equity method, appropriate adjustments are made to the associates' financial statements to ensure consistency with the Group's accounting policies.

#### 4. INTANGIBLE ASSETS

##### (i) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of subsidiaries and associates at the date of acquisition. Goodwill on acquisition occurring on or after 1 January 2002 in respect of a subsidiary is included in the Consolidated Balance Sheet as intangible asset or, if arising in respect of an associate, is included in the cost of investment in associates.

Capitalised goodwill is tested for impairment at least annually, or if events or circumstances occur indicating that an impairment may exist. Impairment of goodwill is charged to Consolidated Income Statement as and when it arises. Impairment of goodwill should not be reversed unless its reversal is due to the effect of a specific external event of an exceptional nature.

Goodwill on acquisitions occurred prior to 1 January 2002 was written off against reserves in the year of acquisition. Such goodwill has not been retrospectively capitalised and subjected to impairment test as it was impractical to reinstate.

##### (ii) Other Intangible Assets

The total licence fee payable with respect to acquisition of 3G Spectrum licence is capitalised and amortised over the defined period, from the effective date of commercialisation of services, subject to impairment, to the end of the assignment period on a straight line basis, not exceeding a period of 15 years. Intangible assets are not revalued.

#### 5. PROPERTY, PLANT AND EQUIPMENT

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

##### (i) Cost

Cost of telecommunication network comprises expenditure up to and including the last distribution point before customers' premises and includes contractors' charges, materials, direct labour and related overheads. The cost of other property, plant and equipment comprises their purchase cost and any incidental cost of acquisition.



## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

### (ii) Depreciation

Freehold land is not depreciated as it has an infinite life. Leasehold land is amortised in equal instalments over the periods of the respective leases. Long term leasehold land has an unexpired lease period of 50 years and above. Other property, plant and equipment are depreciated on a straight line basis to write off the cost of the assets to their residual values over their estimated useful lives.

During the year, the Company reviewed the estimated economic useful life of submarine cables. Arising from this review, the estimated useful life of submarine cables was reduced from 15 years to 10 years. In addition, Celcom (Malaysia) Berhad (Celcom), a wholly owned subsidiary had also reviewed the estimated economic useful life of specific telecommunication network equipment. Arising from this review, the estimated useful life of those equipment was reduced from 6 years to less than 1 year.

The estimated useful lives in years assigned to other property, plant and equipment are as follows:

Telecommunication network	3 – 20
Movable plant and equipment	5 – 8
Computer support systems	3 – 5
Buildings	5 – 40

Depreciation on property, plant and equipment under construction commences when the property, plant and equipment are ready for their intended use.

### (iii) Impairment

Where an indication of impairment exists, the carrying amount of property, plant and equipment are assessed and written down immediately to its recoverable amount. See Significant Accounting Policies note 7 on Impairment of Assets.

### (iv) Gains or Losses on Disposal

Gains or losses on disposal are determined by comparing the proceeds with the carrying amount of the related asset and are included in the Income Statement.

### (v) Repairs and Maintenance

Repairs and maintenance are charged to the Income Statement during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. This cost is depreciated over the remaining useful life of the related asset.

## 6. INVESTMENTS

Investments in subsidiaries and associates are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Investments in International Satellite Organisations, quoted shares within non-current assets and other unquoted shares are stated at cost. Allowance for permanent diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Such allowances for permanent diminution in value is recognised as an expense in the period in which the diminution is identified.

Investments in quoted shares within current assets are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weighted average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increase/decrease in the carrying amount of marketable securities are credited/charged to the Income Statement.

## 7. IMPAIRMENT OF ASSETS

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. The impairment loss is charged to the Income Statement.

## 8. GOVERNMENT GRANTS

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

Government grants relating to costs are recognised in the Income Statement over the financial period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to the Income Statement on the straight line basis over the estimated useful lives of the related assets.

**9. INVENTORIES**

Inventories are stated at lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value represents the estimated selling price less all estimated costs to completion. In arriving at the net realisable value, due allowance is made for all obsolete and slow moving items.

**10. TRADE RECEIVABLES**

Trade receivables are carried at anticipated realisable value. Bad debts are written off and specific allowances are made for trade receivables considered to be doubtful of collection. In addition, a general allowance based on a percentage of trade receivables is made to cover possible losses which are not specifically identified.

**11. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and bank overdrafts. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

**12. BONDS, NOTES AND DEBENTURES**

Bonds, notes and debentures, issued by the Company and special purpose entities are stated at the net proceeds received on issue. The finance costs which represent the difference between the net proceeds and the total amount of the payments of these borrowings are allocated to periods over the term of the borrowings at a constant rate on the carrying amount and are charged to the Income Statement.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the Income Statement.

**13. DIVIDENDS TO SHAREHOLDERS OF THE COMPANY**

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained profits. Upon the dividend becoming payable, it will be accounted for as liability.



#### 14. OPERATING LEASES

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on the straight line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### 15. INCOME TAXES

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary or associate on distributions of retained earnings to companies in the Group, and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unutilised tax losses can be utilised.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

#### 16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

## 17. REVENUE RECOGNITION

Operating revenue represents revenue earned from the sale of products and rendering of services net of returns, duties, sales discounts and sales taxes paid, after eliminating revenue within the Group. Operating revenue is recognised or accrued at the time of the provision of the products or services.

Dividend income from investment in subsidiaries, associates and other investments is recognised when a right to receive payment is established.

Finance income includes income from deposits with licensed banks, finance companies, other financial institutions and staff loans, is recognised on an accrual basis.

## 18. EMPLOYEE BENEFITS

### (i) Short Term Employee Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

### (ii) Contribution to Employees Provident Fund (EPF)

The Group's contributions to EPF are charged to the Income Statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

### (iii) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

### (iv) Equity Compensation Benefits

Details of the Company's Employees' Share Option Scheme are set out in note 10(d) to the financial statements. The Company does not make a charge to the Income Statement in connection with options granted over the ordinary shares of the Company. When share options are exercised, proceeds received net of any transaction costs, are credited to share capital and share premium.

## 19. FINANCE COST

Cost incurred in connection with financing the construction and installation of property, plant and equipment is capitalised until the property, plant and equipment are ready for their intended use. All other finance cost is charged to the Income Statement.

## 20. FOREIGN CURRENCY

### (i) Foreign Entities

Income Statement of foreign subsidiaries/associates are translated into Ringgit Malaysia at average exchange rates for the period and the balance sheets are translated at the closing rate of exchange prevailing at the balance sheet date. Exchange differences arising from the translation of the foreign subsidiaries/associates financial statements are reflected in the Currency Translation Differences in the shareholders' equity. On disposal of the foreign subsidiaries/associates, such translation differences are recognised in the Consolidated Income Statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries/associates are translated at the exchange rate prevailing at the date of transaction.

### (ii) Foreign Currency Transactions and Balances

Foreign currency transactions are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the Income Statement.

All other exchange gains or losses are dealt with through the Income Statement.

### (iii) Closing Rates

The principal closing rates (units of Malaysian Ringgit per foreign currency) used in translating significant balances at year end are as follows:

Foreign Currency	31.12.2004	31.12.2003	Foreign Currency	31.12.2004	31.12.2003
US Dollar	RM3.80000	RM3.80000	Sri Lanka Rupee	RM0.03640	RM0.03946
Japanese Yen	RM0.03709	RM0.03539	South African Rand	RM0.67375	RM0.56929
Guinea Franc	RM0.00136	RM0.00191	Special Drawing Rights	RM5.90140	RM5.64670
Bangladesh Taka	RM0.06369	RM0.06501	Gold Franc Currency	RM1.92793	RM1.84470

## 21. FINANCIAL INSTRUMENTS

### (i) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

**21. FINANCIAL INSTRUMENTS (continued)****(i) Description (continued)**

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

**(ii) Financial Instruments Recognised on the Balance Sheet**

The particular recognition and measurement method for financial instruments recognised on the balance sheet is disclosed in the individual significant accounting policy statements associated with each item.

**(iii) Financial Instruments Not Recognised on the Balance Sheet**

Financial derivative hedging instruments are used in the Group's risk management of foreign currency and interest rate exposures of its financial liabilities. Hedge accounting principles are applied for the accounting of the underlying exposures and their hedge instruments. These hedge instruments are not recognised in the financial statements on inception. The underlying foreign currency liabilities are translated at their respective hedged exchange rate, and differential interest receipts and payments arising from interest rate derivative instruments are accrued, so as to match the net differential with the related expenses on the hedged liabilities.

Exchange gains and losses relating to hedge instruments are recognised as a component of finance costs in the Income Statement in the same period as the exchange differences on the underlying hedged items. No amounts are recognised in respect of future periods.

**(iv) Fair Value Estimation for Disclosure Purposes**

The fair value of publicly traded financial instruments is based on quoted market prices at the balance sheet date.

In assessing the fair value of non-traded financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices are used if available or other techniques, such as estimated discounted value of future cash flows, are used to determine fair value. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The carrying values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value.

These accounting policies form an integral part of the financial statements set out on pages 234 to 314.

# INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

All amounts are in millions unless otherwise stated	Note	THE GROUP		THE COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
OPERATING REVENUE	3	13,250.9	11,796.4	7,683.6	7,943.7
OPERATING COSTS	4	(11,523.7)	(10,018.2)	(7,163.1)	(6,916.8)
OPERATING PROFIT		1,727.2	1,778.2	520.5	1,026.9
OTHER OPERATING INCOME	5	156.5	87.1	454.7	289.0
OPERATING PROFIT BEFORE FINANCE COST		1,883.7	1,865.3	975.2	1,315.9
NET FINANCE COST	6	(413.4)	(430.0)	(107.9)	(422.9)
ASSOCIATES					
– share of profits less losses		163.7	375.2	—	—
– profit on disposal		1,538.8	—	—	—
PROFIT BEFORE TAXATION		3,172.8	1,810.5	867.3	893.0
TAXATION					
– the Company and subsidiaries	7	(473.4)	(253.7)	(317.5)	(364.0)
– share of taxation of associates	7	(22.9)	(112.6)	—	—
PROFIT AFTER TAXATION		2,676.5	1,444.2	549.8	529.0
MINORITY INTERESTS		(63.0)	(53.8)	—	—
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		2,613.5	1,390.4	549.8	529.0
EARNINGS PER SHARE (sen)					
– basic	8	78.2	43.6		
– diluted	8	77.7	43.2		
DIVIDENDS PER SHARE (sen)					
– interim	9	10.0	—		
– final	9	20.0	10.0		
– special	9	—	10.0		

The above Income Statements are to be read in conjunction with the Significant Accounting Policies on pages 224 to 233 and the Notes to the Financial Statements on pages 239 to 314.

Report of the Auditors – Page 316.

# BALANCE SHEETS

AS AT 31 DECEMBER 2004

All amounts are in millions unless otherwise stated	Note	THE GROUP		THE COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
SHARE CAPITAL	10	3,382.4	3,250.7	3,382.4	3,250.7
SHARE PREMIUM RESERVES	11	3,848.5	3,046.4	3,848.5	3,046.4
		12,222.4	10,485.3	9,626.3	9,894.5
TOTAL CAPITAL AND RESERVES		19,453.3	16,782.4	16,857.2	16,191.6
MINORITY INTERESTS		287.8	245.1	—	—
Borrowings	12	9,599.9	10,830.6	3,210.1	6,432.1
Payable to subsidiaries	13	—	—	4,883.5	2,983.5
Customer deposits	15	616.7	626.9	609.2	614.9
Deferred tax liabilities	16	2,124.7	2,031.5	1,636.3	1,694.6
DEFERRED AND LONG TERM LIABILITIES		12,341.3	13,489.0	10,339.1	11,725.1
		32,082.4	30,516.5	27,196.3	27,916.7
INTANGIBLE ASSETS	17	4,072.7	4,072.7	50.0	50.0
PROPERTY, PLANT AND EQUIPMENT	18	19,739.2	21,605.9	13,208.1	14,569.4
SUBSIDIARIES	19	—	—	9,610.2	10,926.2
ASSOCIATES	20	105.7	1,499.6	1.5	1.5
INVESTMENTS	21	373.6	384.7	326.2	338.1
LONG TERM RECEIVABLES	22	632.8	668.9	632.7	668.8
DEFERRED TAX ASSETS	16	229.5	160.4	—	—
Inventories	23	195.3	203.6	126.0	103.3
Trade and other receivables	24	3,374.6	3,835.0	2,775.3	3,104.5
Short term investments	25	150.2	263.4	148.6	260.3
Cash and bank balances	26	8,801.6	3,346.1	5,440.4	852.0
CURRENT ASSETS		12,521.7	7,648.1	8,490.3	4,320.1
Trade and other payables	27	4,127.7	4,522.0	4,118.6	2,863.1
Borrowings	12	1,184.8	877.8	796.3	2.9
Taxation		280.3	124.0	207.8	91.4
CURRENT LIABILITIES		5,592.8	5,523.8	5,122.7	2,957.4
NET CURRENT ASSETS		6,928.9	2,124.3	3,367.6	1,362.7
		32,082.4	30,516.5	27,196.3	27,916.7

The above Balance Sheets are to be read in conjunction with the Significant Accounting Policies on pages 224 to 233 and the Notes to the Financial Statements on pages 239 to 314.

Report of the Auditors – Page 316.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2004

All amounts are in millions unless otherwise stated	Note	Issued and Fully Paid of RM1 each Special Share*/ Ordinary Shares	Non-distributable		Distributable	Total RM
		Share Capital RM	Share Premium RM	Currency Translation Differences RM	Retained Profits RM	
At 1 January 2004		3,250.7	3,046.4	(199.9)	10,685.2	16,782.4
Currency translation differences arising during the year		—	—	(58.4)	—	(58.4)
Net loss not recognised in the Income Statement		—	—	(58.4)	—	(58.4)
Profit for the year		—	—	—	2,613.5	2,613.5
Dividends paid for year ended – 31.12.2003	9	—	—	—	(481.2)	(481.2)
Interim dividends paid for year ended – 31.12.2004	9	—	—	—	(336.8)	(336.8)
Issue of shares – exercise of share options		131.7	802.1	—	—	933.8
<b>At 31 December 2004</b>		<b>3,382.4</b>	<b>3,848.5</b>	<b>(258.3)</b>	<b>12,480.7</b>	<b>19,453.3</b>
At 1 January 2003		3,167.0	2,536.5	(307.1)	9,523.2	14,919.6
Currency translation differences arising during the year		—	—	107.2	—	107.2
Net gain not recognised in the Income Statement		—	—	107.2	—	107.2
Profit for the year		—	—	—	1,390.4	1,390.4
Dividends paid for year ended – 31.12.2002		—	—	—	(228.4)	(228.4)
Issue of shares – exercise of share options		83.7	509.9	—	—	593.6
<b>At 31 December 2003</b>		<b>3,250.7</b>	<b>3,046.4</b>	<b>(199.9)</b>	<b>10,685.2</b>	<b>16,782.4</b>

\* Issued and fully paid shares include the Special Rights Redeemable Preference Share (Special Share) of RM1. Refer to note 10 to the financial statements for details of the terms and rights attached to Special Share.

The above Consolidated Statement of Changes in Equity are to be read in conjunction with the Significant Accounting Policies on pages 224 to 233 and the Notes to the Financial Statements on pages 239 to 314.

Report of the Auditors – Page 316.

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2004

All amounts are in millions unless otherwise stated	Note	Issued and Fully Paid of RM1 each Special Share*/ Ordinary Shares	Non- distributable	Distributable	Total RM
		Share Capital RM	Share Premium RM	Retained Profits RM	
At 1 January 2004		3,250.7	3,046.4	9,894.5	16,191.6
Profit for the year		—	—	549.8	549.8
Dividends paid for year ended – 31.12.2003	9	—	—	(481.2)	(481.2)
Interim dividends paid for year ended – 31.12.2004	9	—	—	(336.8)	(336.8)
Issue of shares – exercise of share options		131.7	802.1	—	933.8
<b>At 31 December 2004</b>		<b>3,382.4</b>	<b>3,848.5</b>	<b>9,626.3</b>	<b>16,857.2</b>
At 1 January 2003		3,167.0	2,536.5	9,593.9	15,297.4
Profit for the year		—	—	529.0	529.0
Dividends paid for year ended – 31.12.2002		—	—	(228.4)	(228.4)
Issue of shares – exercise of share options		83.7	509.9	—	593.6
At 31 December 2003		3,250.7	3,046.4	9,894.5	16,191.6

\* Issued and fully paid shares include the Special Rights Redeemable Preference Share (Special Share) of RM1. Refer to note 10 to the financial statements for details of the terms and rights attached to Special Share.

The above Company Statement of Changes in Equity are to be read in conjunction with the Significant Accounting Policies on pages 224 to 233 and the Notes to the Financial Statements on pages 239 to 314.

Report of the Auditors – Page 316.



## CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

All amounts are in millions unless otherwise stated	Note	THE GROUP		THE COMPANY	
		2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES	28	5,037.1	4,662.8	2,412.9	2,937.8
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	29	679.6	(5,618.4)	3,479.0	(5,639.4)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	30	(195.5)	2,427.3	(1,303.5)	2,415.4
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,521.2	1,471.7	4,588.4	(286.2)
EFFECT OF EXCHANGE RATE CHANGES		(9.4)	(13.4)	—	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,279.3	1,821.0	852.0	1,138.2
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	26	8,791.1	3,279.3	5,440.4	852.0

The above Cash Flow Statements are to be read in conjunction with the Significant Accounting Policies on pages 224 to 233 and the Notes to the Financial Statements on pages 239 to 314.

Report of the Auditors – Page 316.



All amounts are in millions unless otherwise stated

## 1. PRINCIPAL ACTIVITIES

The principal activities of the Company during the year are the establishment, maintenance and provision of telecommunication and related services under the licence issued by the Ministry of Energy, Water and Communications. The principal activities of the subsidiaries are set out in note 41 to the financial statements. There was no significant change in the nature of these activities during the year.

## 2. SIGNIFICANT ACQUISITION

In the previous financial year, the Group acquired the remaining equity interest in a 31.25% associate, Celcom (Malaysia) Berhad (Celcom), through a series of transactions as summarised below, making Celcom a 100% owned subsidiary.

- On 17 April 2003, the Group acquired additional equity interest of 16.68% in Celcom for RM1,684.0 million by way of share swap. This involved the disposal of the Company's 100% interest in TM Cellular Sdn Bhd to Celcom for RM1,684.0 million which was satisfied by the issuance of 635,471,698 new Celcom ordinary shares of RM1.00 each at RM2.65 per share to Telekom Enterprise Sdn Bhd (TESB), a wholly owned subsidiary of the Company. As a result, Celcom became a subsidiary of the Group with a total shareholding of 47.93%.
- On 22 April 2003, TESB acquired an additional 55,000,000 Celcom ordinary shares of RM1.00 each from open market at RM2.715 per share for a total cash consideration amounting to RM149.5 million being 2.1% equity interest.
- On 23 May 2003, the Company (via TESB) undertook a Mandatory General Offer (MGO) for the remaining 1,280,136,722 Celcom ordinary shares of RM1.00 each at RM2.75 per share (Offer Shares) not held by TESB and persons acting in concert with TESB (PAC). As at the close of the MGO on 27 June 2003, TESB and PAC held 98.54% of the issued and paid-up share capital of Celcom. During the same period, the PAC disposed its 28,616,100 Celcom ordinary shares of RM1.00 each at RM2.75 per share to TESB. Total cash consideration for the above was RM3,494.5 million.
- On 29 September 2003, the Group acquired the remaining 38,035,820 Celcom shares for RM104.7 million upon completion of compulsory acquisition.

**2. SIGNIFICANT ACQUISITION (continued)**

The effect of this acquisition on the financial results of the Group during the previous financial year was shown below. For ease of comparability, the Group's share of results of Celcom during the period it was an associate, was also disclosed.

	As an associate RM	2003 As a subsidiary RM	Total RM	2002 As an associate RM
Operating revenue	—	1,862.6	1,862.6	—
Operating costs	—	(1,614.1)	(1,614.1)	—
Operating profit	—	248.5	248.5	—
Other operating income	—	13.9	13.9	—
Operating profit before finance cost	—	262.4	262.4	—
Net finance cost	—	(67.3)	(67.3)	—
Share of results of associate	44.2	8.0	52.2	(15.6)
Profit before taxation	44.2	203.1	247.3	(15.6)
Taxation	—	(60.6)	(60.6)	—
Profit after taxation	44.2	142.5	186.7	(15.6)
Minority interests	—	(24.9)	(24.9)	—
Less: Group's share of net profit had the Group not acquired the additional 68.75% interest	(44.2)	(44.5)	(88.7)	—
Profit/(loss) attributable to shareholders	—	73.1	73.1	(15.6)

The effect of this acquisition on the Group's financial position at the previous year end was as follows:

	2003 RM
Non-current assets (including goodwill on acquisition of Celcom)	5,658.4
Current assets	1,809.6
Non-current liabilities	(1,852.4)
Current liabilities	(1,160.0)
Group's share of net assets	4,455.6
Less: Amount accounted for as an associate at 16 April 2003	(475.4)
Less: Group's share of profit had the Group not acquired the additional 68.75% interest	(44.5)
Increase in Group net assets	3,935.7



## 2. SIGNIFICANT ACQUISITION (continued)

Details of net assets acquired, goodwill and cash flow arising from the acquisition were as follows:

	At date of acquisition RM
Property, plant and equipment	3,084.8
Investment in associates	103.5
Inventories	8.7
Trade and other receivables	286.3
Short term investments	2.1
Cash and bank balances (inclusive fixed deposit pledged of RM60.7 million)	890.4
Trade and other payables	(588.0)
Current tax liabilities	(34.2)
Deferred tax liabilities	(238.3)
Customer deposits	(107.1)
Borrowings	(1,954.4)
	<hr/>
Fair value of total net assets as at 16 April 2003	1,453.8
Minority interests at 52.07%	(757.0)
Less: Amount accounted for as an associate as at 16 April 2003	(475.4)
	<hr/>
Fair value of net assets acquired as at 17 April 2003	221.4
Fair value of additional net assets acquired from 17 April to 27 June 2003 (50.61%)	735.8
Fair value of additional net assets acquired on completion of Compulsory Acquisition (1.46%)	21.2
	<hr/>
Goodwill	978.4
	<hr/>
Cost of acquisition (comprising purchase consideration and expenses directly attributable to the acquisition)	2,814.8
	<hr/>
Purchase consideration discharged by cash	3,793.2
Expenses directly attributable to the acquisition, paid by cash	3,748.7
Less: Cash and cash equivalents of subsidiary acquired	44.5
	<hr/>
Cash outflow of the Group on acquisition	(829.7)
	<hr/>
Cash advance of the Company to a subsidiary company for the acquisition	2,963.5
	<hr/>
	<hr/>
	3,793.2
	<hr/>

The fair value of the net assets acquired at 17 April 2003 was provisional as at 31 December 2003 as the fair value determination of Celcom's telecommunication plant and equipment was in progress and the taxation liabilities of Celcom had not been agreed with the appropriate tax authorities for many years. The Directors have now concluded that the fair value of the net assets acquired approximates the provisional fair value calculated as at 17 April 2003.

## 3. OPERATING REVENUE

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>Rentals</b>				
Business	710.2	727.5	704.4	726.0
Residential	825.3	854.1	823.9	849.9
Sub-total	1,535.5	1,581.6	1,528.3	1,575.9
<b>Calls/Usage</b>				
Business	2,610.8	2,652.7	2,591.0	2,825.9
Residential	1,759.3	1,888.7	1,747.0	1,873.7
Sub-total	4,370.1	4,541.4	4,338.0	4,699.6
<b>Others</b>				
Business	78.5	70.7	77.8	68.1
Residential	68.3	73.5	68.3	73.1
Sub-total	146.8	144.2	146.1	141.2
<b>Total</b>				
Business	3,399.5	3,450.9	3,373.2	3,620.0
Residential	2,652.9	2,816.3	2,639.2	2,796.7
Total fixed line	6,052.4	6,267.2	6,012.4	6,416.7
Data services	932.6	942.0	1,263.6	1,225.6
Internet and multimedia	515.4	396.5	69.5	68.7
Other telecommunication related services	576.5	334.1	309.9	193.7
<b>Total fixed line, data, Internet and multimedia and other telecommunication related services</b>	<b>8,076.9</b>	<b>7,939.8</b>	<b>7,655.4</b>	<b>7,904.7</b>
Cellular	4,949.9	3,606.3	28.2	39.0
Non-telecommunication related services	224.1	250.3	—	—
<b>TOTAL OPERATING REVENUE</b>	<b>13,250.9</b>	<b>11,796.4</b>	<b>7,683.6</b>	<b>7,943.7</b>



#### 4. OPERATING COSTS

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Allowance for bad and doubtful debts (net of bad debt recoveries)	376.6	445.8	234.4	189.2
Allowance for diminution in value of long term investments	—	—	—	10.3
Allowance for diminution in value of subsidiaries	—	—	150.5	—
Allowance/(Reversal) for diminution in value of quoted investments	76.6	(49.7)	77.1	(47.9)
Allowance for amount owing by subsidiaries	—	—	98.0	105.0
Charges and agencies commissions	95.8	74.3	120.4	114.6
Depreciation of property, plant and equipment (PPE)	3,673.0	3,551.3	2,305.3	2,490.9
Domestic and international outpayment	1,489.8	1,464.8	1,220.8	1,419.5
Impairment of PPE	633.3	99.2	220.4	—
Maintenance	604.0	473.8	334.0	286.5
Marketing, advertising and promotion	627.9	536.5	91.0	124.9
Net loss/(gain) on foreign exchange – realised	5.3	14.7	(9.3)	14.4
Net loss/(gain) on foreign exchange – unrealised	29.7	105.9	(9.4)	78.5
Rental – land and buildings	181.1	151.2	95.0	95.1
Rental – equipment	24.6	12.1	28.8	27.5
Rental – others	32.6	45.1	—	1.6
Research and development	—	—	58.3	50.0
Staff costs	1,591.2	1,411.6	1,079.6	943.4
Staff costs capitalised in PPE	(56.9)	(60.3)	(56.9)	(60.2)
Supplies and inventories	390.7	351.9	214.9	215.0
Transportation and travelling	106.9	79.9	48.5	47.7
Universal Service Provision (USP)	265.1	238.7	108.8	187.2
Universal Service Obligation (USO) – in respect of prior year	—	26.5	—	26.5
Utilities	210.7	200.5	153.2	151.1
Write down of investment in a subsidiary	—	—	3.0	9.1
Write off of PPE	60.5	5.8	60.4	4.8
Other operating costs	1,105.2	838.6	536.3	432.1
<b>TOTAL OPERATING COSTS</b>	<b>11,523.7</b>	<b>10,018.2</b>	<b>7,163.1</b>	<b>6,916.8</b>
Staff costs include:				
– Salaries, allowances, overtime and bonus	1,305.0	1,155.9	878.1	766.4
– Contribution to Employees Provident Fund (EPF)	190.0	167.3	142.7	120.6
– Other employee benefits	93.5	86.4	56.6	55.0
– Remuneration of Directors of the Company				
– fees	0.6	0.8	0.2	0.3
– salaries, allowances and bonus	1.4	1.0	1.3	0.9
– ex-gratia payment	0.2	0.1	0.2	0.1
– termination benefit	0.3	—	0.3	—
– contribution to EPF	0.2	0.1	0.2	0.1

## 4. OPERATING COSTS (continued)

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Other operating costs include:				
- Audit fees				
- PricewaterhouseCoopers Malaysia				
- current year	1.8	1.5	0.6	0.5
- in respect of prior year	0.1	—	—	—
- Others	0.3	0.4	—	—

(a) Estimated money value of benefits of Directors amounted to RM55,268 (2003: RM128,289) for the Company and RM437,743 (2003: RM401,364) for the Group.

## 5. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Dividend income from subsidiaries	—	—	121.1	107.2
Dividend income from quoted shares	5.1	5.7	4.9	5.5
Dividend income from unquoted shares	0.8	0.7	0.8	0.7
Income from subsidiaries – interest	—	—	36.6	54.3
- others	—	—	2.1	3.4
Penalty on breach of contract	21.2	6.1	31.8	6.0
Profit on disposal of long term investments	13.3	—	13.3	—
Profit on disposal of short term investments	8.6	5.3	8.6	5.3
Profit on disposal of investment in an International Satellite Organisation	—	9.7	—	9.7
Profit on disposal of a subsidiary	—	—	34.3	—
Profit on disposal of property, plant and equipment	22.3	1.5	100.7	1.3
Rental income from buildings	11.9	2.9	50.3	44.2
Rental income from vehicles	—	—	2.7	3.0
Revenue from training and related activities	13.3	8.8	14.2	9.3
Sale of scrap stores	4.6	3.2	4.6	3.1
Others	55.4	43.2	28.7	36.0
<b>TOTAL OTHER OPERATING INCOME</b>	<b>156.5</b>	<b>87.1</b>	<b>454.7</b>	<b>289.0</b>



## 6. NET FINANCE COST

THE GROUP	2004				2003			
	Foreign RM	Domestic RM	Islamic Principles RM	Total RM	Foreign RM	Domestic RM	Islamic Principles RM	Total RM
Finance cost in respect of:								
Borrowings	297.2	207.3	123.0	627.5	263.1	123.2	98.4	484.7
Convertible Bonds	—	—	—	—	32.4	—	—	32.4
Total finance cost	297.2	207.3	123.0	627.5	295.5	123.2	98.4	517.1
Finance income	(13.2)	(110.3)	(40.5)	(164.0)	(6.7)	(53.2)	(27.2)	(87.1)
Amortisation of fair value adjustment on borrowings	—	(50.1)	—	(50.1)	—	—	—	—
<b>NET FINANCE COST</b>	<b>284.0</b>	<b>46.9</b>	<b>82.5</b>	<b>413.4</b>	<b>288.8</b>	<b>70.0</b>	<b>71.2</b>	<b>430.0</b>
<b>THE COMPANY</b>								
Finance cost in respect of:								
Borrowings	282.0	217.4	34.0	533.4	253.0	148.5	33.8	435.3
Convertible Bonds	—	—	—	—	32.4	—	—	32.4
Total finance cost	282.0	217.4	34.0	533.4	285.4	148.5	33.8	467.7
Finance income	—	(67.5)	(20.4)	(87.9)	—	(28.2)	(16.6)	(44.8)
Gain on termination of finance facility	—	(337.6)	—	(337.6)	—	—	—	—
<b>NET FINANCE COST</b>	<b>282.0</b>	<b>(187.7)</b>	<b>13.6</b>	<b>107.9</b>	<b>285.4</b>	<b>120.3</b>	<b>17.2</b>	<b>422.9</b>



## 7. TAXATION

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
The taxation charge for the Group and the Company comprise:				
Malaysia				
Current year taxation	466.2	307.9	413.4	292.9
In respect of prior year	(36.9)	(93.7)	(37.6)	(89.9)
Deferred taxation – net	24.1	59.8	(58.3)	161.0
	453.4	274.0	317.5	364.0
Overseas				
Current year taxation	2.4	1.6	—	—
In respect of prior year	17.6	(4.5)	—	—
Deferred taxation – net	—	(17.4)	—	—
	20.0	(20.3)	—	—
	473.4	253.7	317.5	364.0
Share of taxation of associates	22.9	112.6	—	—
<b>TOTAL TAXATION</b>	<b>496.3</b>	<b>366.3</b>	<b>317.5</b>	<b>364.0</b>
<b>Current taxation:</b>				
Current year	491.5	422.1	413.4	292.9
Over accrual in prior years (net)	(19.3)	(98.2)	(37.6)	(89.9)
<b>Deferred taxation:</b>				
Origination and reversal of temporary differences	93.2	202.8	(58.3)	161.0
Benefit from previously unrecognised deductible temporary differences and tax losses	(69.1)	(160.4)	—	—
	496.3	366.3	317.5	364.0



## 7. TAXATION (continued)

The explanation of the relationship between taxation expense and profit before taxation is as follows:

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit Before Taxation	3,172.8	1,810.5	867.3	893.0
Taxation calculated at the applicable Malaysian taxation rate of 28%	888.4	506.9	242.8	250.0
Tax effects of:				
– Different taxation rates in other countries	33.4	6.0	—	—
– Expenses not deductible for taxation purposes	350.7	273.2	307.9	239.1
– Income not subject to taxation	(690.2)	(132.7)	(184.3)	(24.1)
– Expenses allowed for double deduction	(11.3)	(11.1)	(11.3)	(11.1)
– Previously unrecognised tax deductible temporary differences	(69.1)	(160.4)	—	—
– Current year tax benefits not recognised	13.7	—	—	—
– Reversal of previously over recognised temporary differences	—	(17.4)	—	—
Over accrual in prior years (net)	(19.3)	(98.2)	(37.6)	(89.9)
<b>TOTAL TAXATION</b>	<b>496.3</b>	<b>366.3</b>	<b>317.5</b>	<b>364.0</b>

**8. EARNINGS PER SHARE****(a) Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares of the Company in issue during the year.

	THE GROUP	
	2004	2003
Net profit attributable to shareholders (RM million)	2,613.5	1,390.4
Weighted average number of ordinary shares in issue (million)	3,340.2	3,188.3
<b>Basic earnings per share (sen)</b>	<b>78.2</b>	<b>43.6</b>

**(b) Diluted earnings per share**

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

For ESOS 3 offered since 2002, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the unexercised shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit attributable to shareholders for the share options calculation.

For details of the Employees' Share Option Scheme, please refer to note 10(d) to the financial statements.

	THE GROUP	
	2004	2003
Net profit attributable to shareholders (RM million)	2,613.5	1,390.4
Weighted average number of ordinary shares in issue (million)	3,340.2	3,188.3
Adjustment for ESOS 3 (million)	24.5	31.0
Weighted average number of ordinary shares for computation of diluted earnings per share (million)	3,364.7	3,219.3
<b>Diluted earnings per share (sen)</b>	<b>77.7</b>	<b>43.2</b>



## 9. DIVIDENDS IN RESPECT OF ORDINARY SHARES

Dividends proposed/paid in respect of ordinary shares of the Group and Company for the year are as follows:

	THE GROUP AND COMPANY			
	2004		2003	
	Gross dividend per share Sen	Amount of dividend, tax-exempt RM	Gross dividend per share Sen	Amount of dividend, net of 28% tax RM
Interim dividends	10.0	336.8	—	—
Final dividends:				
– proposed final dividend	20.0	676.5	10.0	234.1
– proposed special dividend	—	—	10.0	234.1
– increase due to exercise of share options	—	—	—	13.0
<b>TOTAL DIVIDENDS PROPOSED/PAID</b>	<b>30.0</b>	<b>1,013.3</b>	<b>20.0</b>	<b>481.2</b>

For the financial year ended 31 December 2004, the Board on 24 August 2004 declared an interim tax-exempt dividend of 10.0 sen per share (2003: Nil). The dividend was paid on 18 October 2004 to shareholders whose names appear in the Register of Members and Record of Depositors on 20 September 2004.

At the forthcoming Annual General Meeting on 17 May 2005, a final tax-exempt dividend of 20.0 sen per share amounting to RM676.5 million will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will only be accrued as a liability when approved by shareholders.

## 10. SHARE CAPITAL

	THE GROUP AND COMPANY			
	2004		2003	
	Number of shares	RM	Number of shares	RM
Authorised:				
Ordinary shares of RM1 each	5,000.0	5,000.0	5,000.0	5,000.0
Special share of RM1 (sub-note a)	—	—	—	—
Class A Redeemable Preference Shares of RM0.01 each (sub-note b)	—	—	—	—
Class B Redeemable Preference Shares of RM0.01 each (sub-note b)	—	—	—	—
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 January	3,250.7	3,250.7	3,167.0	3,167.0
Exercise of share options	131.7	131.7	83.7	83.7
At 31 December	3,382.4	3,382.4	3,250.7	3,250.7
Special share of RM1 (sub-note a)				
At 1 January and 31 December	—	—	—	—
<b>TOTAL ISSUED AND FULLY PAID-UP SHARE CAPITAL</b>	<b>3,382.4</b>	<b>3,382.4</b>	<b>3,250.7</b>	<b>3,250.7</b>

- (a) The Special Rights Redeemable Preference Share (Special Share) of RM1 would enable the Government through the Minister of Finance to ensure that certain major decisions affecting the operations of the Company are consistent with the Government's policy. The Special Shareholder, which may only be the Government or any representative or person acting on its behalf, is entitled to receive notices of meetings but does not carry any right to vote at such meetings of the Company. However, the Special Shareholder is entitled to attend and speak at such meetings.

Certain matters, in particular, the alteration of the Articles of Association of the Company relating to the rights of the Special Shareholder, the dissolution of the Company, any substantial acquisitions and disposal of assets, amalgamation, merger and takeover, require the prior consent of the Special Shareholder.

The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time. In a distribution of capital in a winding up of the Company, the Special Shareholder is entitled to the repayment of the capital paid-up on the Special Share in priority to any repayment of capital to any other member. The Special Share does not confer any right to participate in the capital or profits of the Company.



## 10. SHARE CAPITAL (continued)

- (b) These comprise 1,000 Class A Redeemable Preference Shares (RPS) (TM RPS A) of RM0.01 each and 1,000 Class B RPS (TM RPS B) of RM0.01 each, which were issued to Rebung Utama Sdn Bhd, a special purpose entity of the Company, at a premium of RM0.99 each over the par value of RM0.01 each.

TM RPS A and TM RPS B rank pari-passu amongst themselves but below the Special Share and ahead of the ordinary shares of the Company in a distribution of capital in the event of the winding up or liquidation of the Company. TM RPS A and TM RPS B have been classified as liabilities.

The details of TM RPS A and TM RPS B are set out in note 13(a) to the financial statements.

- (c) During the year, the issued and fully paid-up share capital of the Company was increased by the issuance of 131,683,000 and 25,000 ordinary shares of RM1 each at the option price of RM7.09 per share and RM8.02 per share respectively for cash under ESOS 3. These shares rank pari-passu in all respects with the existing issued ordinary shares of the Company.

- (d) Employees' Share Option Scheme

The existing Employees' Share Option Scheme 3 (ESOS 3) was approved by the shareholders at an Extraordinary General Meeting held on 21 May 2002. On 1 August 2002, options to subscribe for 259,014,000 ordinary shares of RM1 each under ESOS 3 were granted to eligible Executives and Non-Executives of the Company and its subsidiaries at an exercise price of RM7.09 per share. On 20 May 2004, additional options to subscribe for 48,000 ordinary shares of RM1 each were granted to eligible Non-Executives of the Company at an exercise price of RM8.02 per share.

The principal features of ESOS 3 are as follows:

- (i) The eligibility for participation in ESOS is at the discretion of the Option Committee appointed by the Board of Directors.
- (ii) The total number of shares to be offered shall not exceed 10% of the total issued and paid-up shares of the Company.
- (iii) No option shall be granted for less than 1,000 shares nor more than 550,000 shares unless so adjusted pursuant to item (vi) below.
- (iv) The subscription price of each RM1 share shall be the average of the middle market quotation of the shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five (5) trading days preceding the date of offer with a 10% discount.

**10. SHARE CAPITAL (continued)**

(d) Employees' Share Option Scheme (continued)

(v) Subject to item (vi) below, an employee may exercise his options subject to the following limits:

Number of options granted	Percentage of options exercisable (%)				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 20,000	100	—	—	—	—
20,000 – 99,999	*40	30	**30	—	—
100,000 and above	20	20	20	20	20

\* 40% or 20,000 options, whichever is higher

\*\* 30% or the remaining number of options unexercised

(vi) In the event of any alteration in capital structure of the Company during the option period which expires on 31 July 2007, such corresponding alterations shall be made in:

(i) the number of new shares in relation to ESOS so far as unexercised;

(ii) and/or the subscription price.

The movement during the year in the number of options over the ordinary shares of RM1 each of the Company are as follows:

	2004		2003
	RM8.02	RM7.09	RM7.09
<b>The Company</b>			
At 1 January	—	170,456,000	254,208,000
Offered	48,000	—	—
Adjustment	—	20,000	28,000
Exercised	(25,000)	(131,683,000)	(83,725,000)
Lapsed	—	(1,118,000)	(55,000)
<b>At 31 December</b>	<b>23,000</b>	<b>37,675,000</b>	<b>170,456,000</b>

At 31 December 2004, options to subscribe for 37,675,000 and 23,000 ordinary shares of RM1 each at the option price of RM7.09 per share and RM8.02 per share respectively under ESOS 3 remained unexercised. These options remain in force until 31 July 2007. These options granted do not confer any right to participate in any share issue of any other company.



## 10. SHARE CAPITAL (continued)

### (d) Employees' Share Option Scheme (continued)

Details relating to options exercised during the year are as follows:

Exercise date	Fair value of shares at share issue date	Exercise price	Number of shares issued	
	RM/share	RM/share	2004 Million	2003 Million
January to May 2003	7.30-7.85	7.09	—	4.8
June to July 2003	7.95-8.05	7.09	—	19.9
August to September 2003	7.70-7.75	7.09	—	9.2
October to December 2003	8.25-8.60	7.09	—	49.8
January 2004	8.85	7.09	18.4	—
February to March 2004	9.95-10.15	7.09	61.8	—
April to May 2004	9.40-9.95	7.09	11.1	—
June to August 2004	10.20-10.45	7.09	19.7	—
July 2004	10.45	8.02	— #	—
September to October 2004	11.15-11.20	7.09	14.4	—
September to October 2004	11.15-11.20	8.02	— #	—
November to December 2004	11.90-12.05	7.09	6.3	—
November to December 2004	11.90-12.05	8.02	— #	—
			131.7	83.7
Ordinary share capital – at par (RM million)			131.7	83.7
Share premium (RM million)			802.1	509.9
Proceeds received on exercise of share options (RM million)			933.8	593.6
Fair value at exercise date of shares issued (RM million)			1,333.6	688.2

# Less than 0.1 million

The fair value of shares issued on the exercise of options is the mean market price at which the Company's share were traded on the Bursa Malaysia Securities Berhad on the day prior to the exercise of the options.



**11. RESERVES**

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Retained Profits	12,480.7	10,685.2	9,626.3	9,894.5
Currency translation differences arising from translation of foreign subsidiaries/associates	(258.3)	(199.9)	—	—
<b>TOTAL RESERVES</b>	<b>12,222.4</b>	<b>10,485.3</b>	<b>9,626.3</b>	<b>9,894.5</b>

Subject to agreement with the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax-exempt income under Section 8 of the Income Tax (Amendment) Act, 1999 at 31 December 2004 to frank the payment of net dividends of approximately RM9,351.2 million (2003: RM9,764.8 million) out of total distributable reserves of RM9,626.3 million (2003: RM9,894.5 million) without incurring additional taxation.

**12. BORROWINGS**

THE GROUP	Weighted Average Rate of Finance	2004			Weighted Average Rate of Finance	2003		
		Long Term RM	Short Term RM	Total RM		Long Term RM	Short Term RM	Total RM
<b>DOMESTIC</b>								
<b>Secured</b>								
- Cagamas Loans (sub-note a)	6.35%	—	35.4	35.4	6.61%	84.7	1.6	86.3
- Borrowings from financial institutions (sub-note b)	5.28%	227.5	97.5	325.0	5.55%	325.0	227.5	552.5
- Borrowings under Islamic Banking facilities (sub-note b)	7.69%	989.3	215.0	1,204.3	7.62%	1,254.4	35.0	1,289.4
	7.16%	1,216.8	347.9	1,564.7	6.98%	1,664.1	264.1	1,928.2
<b>Unsecured</b>								
- Redeemable Bonds (note 13(c) to the financial statements)	5.79%	3,000.0	—	3,000.0	5.88%	3,000.0	—	3,000.0
- Borrowings from financial institutions (sub-note c)	6.75%	6.3	—	6.3	3.85%	553.9	518.7	1,072.6
- Borrowings under Islamic Banking facilities	5.17%	689.0	7.1	696.1	5.16%	689.0	12.8	701.8
- Bank overdrafts (sub-note d)	6.50%	—	3.0	3.0	6.50%	—	3.0	3.0
	5.68%	3,695.3	10.1	3,705.4	5.32%	4,242.9	534.5	4,777.4
<b>Total Domestic</b>	6.12%	4,912.1	358.0	5,270.1	5.80%	5,907.0	798.6	6,705.6



## 12. BORROWINGS (continued)

THE GROUP	2004				2003			
	Weighted Average Rate of Finance	Long Term RM	Short Term RM	Total RM	Weighted Average Rate of Finance	Long Term RM	Short Term RM	Total RM
<b>FOREIGN</b>								
<b>Secured</b>								
- Borrowings from financial institutions (sub-note e)	4.49%	85.8	36.8	122.6	5.04%	106.4	36.6	143.0
- Other borrowings	—	—	—	—	2.61%	—	2.4	2.4
	4.49%	85.8	36.8	122.6	5.00%	106.4	39.0	145.4
<b>Unsecured</b>								
- Notes and Debentures (sub-note f)	6.66%	3,781.7	759.5	4,541.2	6.87%	2,665.0	—	2,665.0
- Borrowings from financial institutions	3.30%	769.8	25.8	795.6	2.05%	2,096.7	32.2	2,128.9
- Other borrowings	4.38%	50.5	4.7	55.2	4.44%	55.5	4.9	60.4
- Bank overdrafts	—	—	—	—	10.00%	—	3.1	3.1
	6.14%	4,602.0	790.0	5,392.0	4.73%	4,817.2	40.2	4,857.4
<b>Total Foreign</b>	6.11%	4,687.8	826.8	5,514.6	4.74%	4,923.6	79.2	5,002.8
<b>TOTAL BORROWINGS</b>	6.11%	9,599.9	1,184.8	10,784.7	5.35%	10,830.6	877.8	11,708.4

The Group's long term borrowings are repayable as follows:	2004			2003		
	Domestic RM	Foreign RM	Total RM	Domestic RM	Foreign RM	Total RM
After one year and up to five years	1,912.1	808.9	2,721.0	2,383.2	2,919.9	5,303.1
After five years and up to ten years	2,000.0	3,120.5	5,120.5	2,000.0	1,240.2	3,240.2
After ten years and up to fifteen years	1,000.0	14.3	1,014.3	1,000.0	19.8	1,019.8
After fifteen years (sub-note c)	—	744.1	744.1	523.8	743.7	1,267.5
	4,912.1	4,687.8	9,599.9	5,907.0	4,923.6	10,830.6

## 12. BORROWINGS (continued)

THE COMPANY	2004			2003				
	Weighted Average Rate of Finance	Long Term RM	Short Term RM	Total RM	Weighted Average Rate of Finance	Long Term RM	Short Term RM	Total RM
<b>DOMESTIC</b>								
<b>Secured</b>								
- Cagamas Loans (sub-note a)	6.35%	—	35.4	35.4	6.61%	84.7	1.6	86.3
	6.35%	—	35.4	35.4	6.61%	84.7	1.6	86.3
<b>Unsecured</b>								
- Borrowings from financial institutions (sub-note c)	—	—	—	—	8.00%	1,000.0	—	1,000.0
- Borrowings under Islamic Banking facilities	5.19%	689.0	—	689.0	5.19%	689.0	—	689.0
	5.19%	689.0	—	689.0	6.86%	1,689.0	—	1,689.0
<b>Total Domestic</b>	<b>5.25%</b>	<b>689.0</b>	<b>35.4</b>	<b>724.4</b>	<b>6.84%</b>	<b>1,773.7</b>	<b>1.6</b>	<b>1,775.3</b>
<b>FOREIGN</b>								
<b>Unsecured</b>								
- Notes and Debentures (sub-note g)	7.68%	1,881.7	759.5	2,641.2	6.87%	2,665.0	—	2,665.0
- Borrowings from financial institutions	2.13%	627.2	—	627.2	1.71%	1,980.8	—	1,980.8
- Other borrowings	1.38%	12.2	1.4	13.6	1.40%	12.6	1.3	13.9
<b>Total Foreign</b>	<b>6.59%</b>	<b>2,521.1</b>	<b>760.9</b>	<b>3,282.0</b>	<b>4.66%</b>	<b>4,658.4</b>	<b>1.3</b>	<b>4,659.7</b>
<b>TOTAL BORROWINGS</b>	<b>6.35%</b>	<b>3,210.1</b>	<b>796.3</b>	<b>4,006.4</b>	<b>5.26%</b>	<b>6,432.1</b>	<b>2.9</b>	<b>6,435.0</b>

	Domestic RM	2004 Foreign RM	Total RM	Domestic RM	2003 Foreign RM	Total RM
The Company's long term borrowings are repayable as follows:						
After one year and up to five years	689.0	632.4	1,321.4	773.7	2,769.6	3,543.3
After five years and up to ten years	—	1,143.6	1,143.6	—	1,143.9	1,143.9
After ten years and up to fifteen years	—	1.0	1.0	—	1.2	1.2
After fifteen years (sub-note c)	—	744.1	744.1	1,000.0	743.7	1,743.7
	689.0	2,521.1	3,210.1	1,773.7	4,658.4	6,432.1



## 12. BORROWINGS (continued)

The currency exposure profile of borrowings is as follows:

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
– Ringgit Malaysia	5,270.1	6,705.6	724.4	1,775.3
– US Dollar	4,734.5	4,021.6	2,641.2	3,817.5
– Japanese Yen	627.2	828.4	627.2	828.4
– Other currencies	152.9	152.8	13.6	13.8
	<b>10,784.7</b>	<b>11,708.4</b>	<b>4,006.4</b>	<b>6,435.0</b>

- (a) Borrowings from Cagamas Berhad secured by way of assignment of the titles of properties relating to staff housing loans.
- (b) Syndicated term loan facilities and Islamic Private Debt securities issued by Celcom, a wholly owned subsidiary. The borrowings are secured by deed of assignment over Celcom's key bank collection accounts and designated bank accounts which requires Celcom to deposit a proportion of its cash flows into designated bank accounts from which funds can be utilised only for interest and principal repayments on these borrowings.

Under the respective debt covenants, Celcom is required to comply with certain conditions which includes not to be in breach of certain agreed financial ratios summarised as follows:

- debt equity ratio of not more than 1.25;
  - debt over EBITDA ratio of not more than 2.5;
  - EBITDA over finance cost ratio of more than 5; and
  - finance service coverage ratio of more than 1.2.
- (c) The Group and the Company exercised the option to prepay the total domestic loan outstanding of RM523.8 million and RM1,000.0 million respectively in 2004.
- (d) The bank overdrafts were unsecured and interests were payable at rates which varied according to the lenders' prevailing base lending rates. Interest rate during the year was 6.5% per annum (2003: ranged from 6.5% to 6.9%).
- (e) Secured by way of fixed charge on property, plant and equipment of a subsidiary (note 18 to the financial statements).
- (f) Consists of USD200.0 million 7.125% Notes due 2005, USD300.0 million 7.875% Debentures due 2025, USD300.0 million 8.0% Guaranteed Notes due 2010 and USD500.0 million 5.25% Guaranteed Notes due 2014.
- (g) Consists of USD200.0 million 7.125% Notes due 2005, USD300.0 million 7.875% Debentures due 2025 and USD300.0 million 8.0% Guaranteed Notes due 2010.

**13. PAYABLE TO SUBSIDIARIES**

- (i) On 12 December 2003, the Company issued for cash 1,000 Class A Redeemable Preference Shares (RPS) (TM RPS A) and 1,000 Class B RPS (TM RPS B) to Rebung Utama Sdn Bhd (RUSB), a special purpose entity of the Company, at a premium of RM0.99 each over the par value of RM0.01 each.

Subsequently, on 30 December 2003, the Company issued RM1,983.5 million nominal value 10-year redeemable unsecured bonds due 2013 (Tranche 1) and RM1,000.0 million nominal value 15-year redeemable unsecured bonds due 2018 (Tranche 2) (collectively referred to as TM bonds) to RUSB.

As part of an overall cost efficient funding structure, the funds for the subscription of the Company's RPS and bonds were raised by RUSB vide the issuance of RM2,987.0 million RPS (RUSB RPS) to Tekad Mercu Berhad (Tekad Mercu), another special purpose entity of the Company.

Tekad Mercu had, in turn, issued RM2,000.0 million nominal value 10-year redeemable unsecured bonds due 2013 (Tranche 1) and RM1,000.0 million nominal value 15-year redeemable unsecured bonds due 2018 (Tranche 2) (collectively referred to as Tekad Mercu bonds) to investors on 30 December 2003 to finance the subscription of the RUSB RPS (sub-note c).

- (ii) On 22 September 2004, the Company's wholly owned subsidiary, TM Global Incorporated, a company incorporated in the Federal Territory of Labuan, under the Offshore Companies Act, 1990, issued a 10-year USD500.0 million Guaranteed Notes. The Notes carry an interest rate of 5.25% per annum payable semi-annually in arrears on 22 March and September commencing in March 2005. The Notes will mature on 22 September 2014. Proceeds from the transaction are being utilised to refinance TM's maturing debt and general working capital. The Notes are unconditional and irrevocably guaranteed by the Company.

Listed below are the effects of the transactions to the Company:

THE COMPANY	2004 RM	2003 RM
(i) Payable to a subsidiary company, RUSB		
TM RPS A of RM1,000 (sub-note a)	—	—
TM RPS B of RM1,000 (sub-note a)	—	—
10-year redeemable unsecured bonds due 2013 (Tranche 1) (sub-note b)	1,983.5	1,983.5
15-year redeemable unsecured bonds due 2018 (Tranche 2) (sub-note b)	1,000.0	1,000.0
(ii) Payable to a subsidiary company, TM Global Incorporated	1,900.0	—
	<b>4,883.5</b>	<b>2,983.5</b>

**13. PAYABLE TO SUBSIDIARIES (continued)****(a) TM RPS A and TM RPS B**

TM RPS A and TM RPS B issued by the Company to RUSB have been classified as liabilities and accordingly, dividends on these preference shares are recognised in the Income Statement as interest expense.

The salient terms of the RPS are as follows:

- (i) The preference shares, 1,000 RPS A and 1,000 RPS B are both issued at RM0.01 par value and a premium of RM0.99 each.
- (ii) TM RPS A and TM RPS B rank pari-passu amongst themselves but below the Special Share and ahead of the ordinary shares of the Company in a distribution of capital in the event of the winding up or liquidation of the Company.
- (iii) The non-cumulative dividends, when declared by the Board of Directors of the Company, are payable in arrears at the end of every six (6) month period commencing from the date of issue of the RPS of 12 December 2003, the amount which will be at the discretion of the Directors.
- (iv) The RPS is not convertible and shall not confer on the holder thereof any right to participate on a return in excess of capital on liquidation, winding up or otherwise of the Company, other than on redemption, up to the redemption price of RM1.00 for each RPS A and RPS B.
- (v) Both RPS A and RPS B do not have fixed maturity dates and may be redeemed in cash at the option of the Company at any time, at a redemption price of RM1 per share.

**(b) TM Bonds**

The principal features of the bonds issued by the Company to RUSB are as follows:

- (i) Unless previously redeemed, purchased and cancelled, the bonds are redeemable by the Company on 30 December 2013 and 28 December 2018 respectively at nominal amount together with accrued and unpaid interest. The bonds may also be redeemed by the Company at any time after the issue date by private arrangement with RUSB.
- (ii) Payment of coupon on the bonds may either be:
  - (a) – interest of 6.25% per annum payable semi-annually in arrears on the Tranche 1 bonds, and  
– interest of 5.25% per annum payable semi-annually in arrears on the Tranche 2 bonds, with the option to reset these rates after the fifth year; or
  - (b) – net dividends on both TM RPS A and TM RPS B, which shall be equal to the interest on Tranche 1 and Tranche 2 of the bonds less any amounts in the Designated Accounts, being accounts designated to capture all collections of dividends and tax refunds by the authorities, and  
– a nominal interest of 0.01% per annum payable semi-annually.
- (iii) The bonds will constitute direct, unconditional and unsecured obligations of the Company and will at all times rank pari-passu, without discrimination, preference or priority amongst themselves and at least pari-passu with all other present and future unsecured and unsubordinated obligations of the Company, subject to those preferred by law or the transaction documents.
- (iv) The bonds are not convertible, not transferable and not tradeable.

**13. PAYABLE TO SUBSIDIARIES (continued)**

**(c) Tekad Mercu Bonds**

The principle features of the bonds issued by Tekad Mercu are as follows:

- (i) Unless previously redeemed, purchased and cancelled, the bonds are redeemable by Tekad Mercu on 30 December 2013 and 28 December 2018 respectively at nominal amount together with accrued and unpaid interest.
- (ii) In respect of Tranche 2 only,
  - (a) Tekad Mercu has the right to redeem all of the outstanding Tekad Mercu bonds (Tranche 2) on the 10th and the 20th coupon payment date ('Optional Redemption Date') with advance notice to the bondholders at nominal amount together with accrued and unpaid interest (up to but excluding the relevant Optional Redemption Date) in respect thereof.
  - (b) If on the day falling 20 business days prior to any Optional Redemption Date, the rating of the Tekad Mercu bonds (Tranche 2) shall be below AAA or its equivalent as confirmed by the Calculation Agent, then Tekad Mercu shall be obliged to redeem all outstanding Tekad Mercu bonds (Tranche 2) on the relevant Optional Redemption Date. Redemption of the Tekad Mercu bonds (Tranche 2) shall be at their nominal value together with all accrued interest (up to but excluding the relevant Optional Redemption Date) in respect thereof.
- (iii) The bonds may also be purchased, in whole or in part, by the Company, at any time at any price in the open market or by private treaty.
- (iv) Payment of coupon on the bonds  
Interest rate of 6.20% per annum payable semi-annually in arrears on the Tranche 1 bonds and interest rate of 5.25% per annum payable semi-annually in arrears on the Tranche 2 bonds with the option of reset these rates after the fifth year.
- (v) The bonds will constitute direct, unconditional and unsecured obligations of Tekad Mercu and will at all times rank pari-passu without discrimination, preference or priority amongst themselves and at least pari-passu with all other present and future unsecured and unsubordinated obligations of Tekad Mercu, subject to those preferred by law or the transaction documents.
- (vi) The bonds are not convertible but transferable, subject to certain selling restrictions.
- (vii) The Company has granted a Put Option in favour of the security trustee of the bonds for the benefit of the holders of the bonds. The Put Option will allow the holders of the bonds to have direct recourse on the Company for the following circumstances:
  - (a) on a pre-agreed time frame, there is insufficient amounts in the relevant Designated Account to meet coupon payments and/or principal redemption of the bonds on the relevant due date for payment;
  - (b) an event of default has been declared under the bonds; and
  - (c) an event of default has been declared under the Put Option.

None of the TM RPS, TM bonds, Tekad Mercu bonds and TM Global Incorporated Notes have been redeemed, purchased or cancelled during the financial year.



## 14. HEDGING TRANSACTIONS

### (a) Long Dated Swap

#### Underlying Liability

#### USD300.0 million 7.875% Debentures Due 2025

In 1998, the Company entered into a long dated swap, which will mature on 1 August 2025.

#### Hedging Instrument

The Company made a payment of USD5.0 million and is obliged to pay fixed amounts of JPY209.9 million semi-annually on each 1 February and 1 August, up to and including 1 August 2025.

Prior to 1 February 2004, the counter-party is not obliged to agree to any request by the Company to terminate the transaction. Commencing from 1 February 2004, the Company has the right to terminate the transaction at a rate mutually agreed with the counter-party. However, the Company intends to hold the contract to maturity.

On 1 August 2025, the Company will receive RM750.0 million from the counter-party. These proceeds will be swapped for USD300.0 million at a pre-determined exchange rate of RM2.5 to USD1.0, which will be used for the repayment of the USD300.0 million 7.875% redeemable unsecured Debentures. The effect of this transaction is to effectively build up a sinking fund with an assured value of USD300.0 million on 1 August 2025 for the repayment of the Debentures.

### (b) Cross-currency Interest Rate Swap (CCIRS)

#### Underlying Liability

#### USD200.0 million 7.125% Notes Due 2005

In 1995, the Company issued USD200.0 million 7.125% Notes due 2005. The Notes are redeemable in full on 1 August 2005.

#### Hedging Instrument

In 1999, the Company entered into a CCIRS, on a USD50.0 million tranche of the above Notes, for the period from 5 March 1999 to 1 August 2005. The effect of the transaction is to convert USD50.0 million of the fixed rate Notes to a fixed rate JPY liability of 1.25% per annum with a premium on redemption. The premium on the redemption of the JPY leg is dependent on the USD/JPY exchange rate on the date of maturity, nevertheless the final redemption amount is range bound between a minimum of JPY6,080.0 million plus coupon repayment of maximum JPY1,520.0 million.

The Company had been recognising the maximum coupon repayment based on a constant rate of return over the life of the instrument with the assumption of the final redemption amount being the maximum amount payable.

On 17 November 2004, the Company terminated the CCIRS transaction before its maturity on 1 August 2005. USD25.0 million was terminated at the exchange rate of USD/JPY 104.63 resulting in a mark-to-market loss of USD7.9 million and the balance of USD25.0 million was terminated at the exchange rate of USD/JPY of 104.00 resulting in a mark-to-market loss of USD8.3 million. In total, the Company paid USD16.2 million (equivalent to RM61.6 million) to terminate the CCIRS transaction. This termination has no material impact to the Group profit after taxation as the amount was provided in the Consolidated Income Statement over the period of the swap.



**14. HEDGING TRANSACTIONS (continued)**

**(c) Cross-currency Interest Rate Swap (CCIRS)**

**Underlying Liability**

**USD150.0 million Unsecured Syndicated Term Loan**

On 29 June 2000, the Company refinanced its USD350.0 million syndicated term loan into two tranches comprising USD200.0 million due on 30 June 2003 and USD150.0 million due on 29 June 2007. The first tranche of USD200.0 million has been fully paid in 2003.

**Hedging Instrument**

On 26 July 2001, the Company entered into a USD150.0 million CCIRS. The swap has the following new terms whereby, the Company will receive USD150.0 million in return for the payment of JPY17,324.0 million on maturity of the USD150.0 million tranche of the syndicated term loan on 29 June 2007. The swap entitles the Company to receive floating interest at 6-month USD Libor, and obliges it to pay interest at 6-month USD Libor less 1.504% per annum. The net effect of the CCIRS is to convert the Company's USD150.0 million debt obligation into JPY at the principal exchange rate of JPY115.4933 at the maturity date of 29 June 2007.

On 2 April 2004, the Company restructured its existing USD150.0 million CCIRS. Following the restructuring of the CCIRS the Company will now receive USD150.0 million in return for payment of JPY17,134.5 million on maturity of the underlying syndicated term loan on 29 June 2007. The restructured swap entitles the Company to receive a floating interest rate of 6-month USD Libor per annum and obliges it to pay interest at a floating rate of 6-month USD Libor-in-arrears minus 1.504%.

The objective of this transaction is effectively to convert the principal loan amount from USD liability into JPY liability, thereby reducing the interest payable on the USD150.0 million outstanding syndicated term loan.

**(d) Interest Rate Swap (IRS)**

**Underlying Liability**

**USD300.0 million 8.0% Guaranteed Notes Due 2010**

In 2000, the Company issued USD300.0 million 8.0% Guaranteed Notes due 2010. The Notes are redeemable in full on 7 December 2010.

**Hedging Instrument**

On 29 October 2003, the Company entered into an IRS agreement with notional principal of USD150.0 million that entitles it to receive interest at fixed rate of 8.0% per annum and obliges it to pay interest at floating rate of 6-month USD Libor plus 5.10%. The swap will mature on 7 December 2005.

Subsequently, on 1 April 2004, the Company entered into another IRS agreement with a notional principal of USD150.0 million that entitles it to receive interest at a fixed rate of 8.0% per annum and obliges it to pay interest at a floating rate of 6-month USD Libor-in-arrears plus 5.255%. The swap will mature on 7 December 2006.



#### 14. HEDGING TRANSACTIONS (continued)

##### (e) Interest Rate Swap (IRS)

###### Underlying Liability

**USD300.0 million 7.875% Debentures Due 2025**

In 1998, the Company issued USD300.0 million 7.875% Debentures due 2025.

###### Hedging Instrument

On 2 April 2004, the Company entered into an IRS agreement with a notional principal of USD150.0 million that entitles it to receive interest at a fixed rate of 7.875% per annum and obliges it to pay interest at a floating rate of 6-month USD Libor-in-arrears plus 5.05%. The swap will mature on 1 August 2006.

##### (f) Interest Rate Swap (IRS)

###### Underlying Liability

**RM1,000.0 million 5.25% Bond Due 2018**

In 2003, the Company issued RM1,000.0 million 5.25% Bond due 2018.

###### Hedging Instrument

On 2 April 2004, the Company entered into an IRS agreement with a notional principal of RM200.0 million that entitles it to receive interest at a fixed rate of 5.25% per annum and obliges it to pay interest at a floating rate of 6-month USD Klibor-in-arrears plus 1.78%. The swap will mature on 13 June 2006.

Subsequently, on 22 April 2004, the Company entered into another IRS agreement with a notional principal of RM200.0 million that entitles it to receive interest at a fixed rate of 5.25% per annum and obliges it to pay interest at a floating rate of 6-month USD Klibor-in-arrears plus 1.62%. The swap will mature on 13 June 2006.

#### 15. CUSTOMER DEPOSITS

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Telephones	583.3	592.2	575.8	580.2
Cellular services	144.2	156.7	—	—
Data services	31.4	32.4	31.4	32.4
Others	2.0	2.3	2.0	2.3
	<b>760.9</b>	<b>783.6</b>	<b>609.2</b>	<b>614.9</b>
Amount included under other payables	(144.2)	(156.7)	—	—
<b>TOTAL CUSTOMER DEPOSITS</b>	<b>616.7</b>	<b>626.9</b>	<b>609.2</b>	<b>614.9</b>

Telephone customer deposits are subjected to rebate at 5% per annum in accordance with Telephone Regulations, 1996.

**16. DEFERRED TAX**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Deferred tax assets	229.5	160.4	—	—
Deferred tax liabilities:				
Subject to income tax	2,124.7	2,031.5	1,636.3	1,694.6
<b>TOTAL DEFERRED TAX</b>	<b>1,895.2</b>	<b>1,871.1</b>	<b>1,636.3</b>	<b>1,694.6</b>
<b>(a) Deferred Tax Assets</b>				
At 1 January	160.4	—	—	—
Current year credited/(charged) to Income Statement arising from:				
– property, plant and equipment	90.0	65.1	—	—
– tax losses	(20.9)	46.5	—	—
– others	—	48.8	—	—
Total credited to Income Statement	69.1	160.4	—	—
<b>At 31 December</b>	<b>229.5</b>	<b>160.4</b>	<b>—</b>	<b>—</b>
<b>(b) Deferred Tax Liabilities</b>				
At 1 January	2,031.5	1,590.3	1,694.6	1,533.6
Current year charged/(credited) to Income Statement arising from:				
– property, plant and equipment	110.2	179.5	(58.3)	154.8
– intangible assets	—	14.0	—	14.0
– others	(17.0)	9.3	—	(7.8)
Total charged/(credited) to Income Statement	93.2	202.8	(58.3)	161.0
Current year charged directly to equity arising from:				
– acquisition of a subsidiary	—	238.3	—	—
Total charged directly to equity	—	238.3	—	—
Currency translation differences	—	0.1	—	—
<b>At 31 December</b>	<b>2,124.7</b>	<b>2,031.5</b>	<b>1,636.3</b>	<b>1,694.6</b>



### 16. DEFERRED TAX (continued)

The tax effect of deductible temporary differences and unutilised tax losses of subsidiaries for which no deferred tax asset is recognised in the balance sheet are as follows:

	THE GROUP	
	2004 RM	2003 RM
Deductible temporary differences	450.9	508.4
Tax losses	327.6	325.5
	<b>778.5</b>	<b>833.9</b>

Breakdown of cumulative balances by each type of temporary difference:

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
<b>(a) Deferred Tax Assets</b>				
Property, plant and equipment	491.2	751.8	—	—
Tax losses	25.6	46.5	—	—
Others	219.3	171.2	159.8	122.5
	<b>736.1</b>	<b>969.5</b>	<b>159.8</b>	<b>122.5</b>
Offsetting	(506.6)	(809.1)	(159.8)	(122.5)
<b>Total Deferred Tax Assets After Offsetting</b>	<b>229.5</b>	<b>160.4</b>	<b>—</b>	<b>—</b>
<b>(b) Deferred Tax Liabilities</b>				
Property, plant and equipment	2,617.3	2,809.6	1,782.1	1,803.1
Other intangible assets	14.0	14.0	14.0	14.0
Others	—	17.0	—	—
	<b>2,631.3</b>	<b>2,840.6</b>	<b>1,796.1</b>	<b>1,817.1</b>
Offsetting	(506.6)	(809.1)	(159.8)	(122.5)
<b>Total Deferred Tax Liabilities After Offsetting</b>	<b>2,124.7</b>	<b>2,031.5</b>	<b>1,636.3</b>	<b>1,694.6</b>

## 17. INTANGIBLE ASSETS

THE GROUP	Goodwill RM	Other Intangible Assets RM	Total RM
<b>Net Book Value</b>			
At 1.1.2004	4,022.7	50.0	4,072.7
Acquisition of remaining equity interests in subsidiaries	5.0	—	5.0
Impairment	(5.0)	—	(5.0)
<b>At 31.12.2004</b>	<b>4,022.7</b>	<b>50.0</b>	<b>4,072.7</b>
At 1.1.2003	—	—	—
Transferred from associates	1,207.9	—	1,207.9
Acquisition of a subsidiary	2,814.8	—	2,814.8
Acquisition of 3G spectrum licence	—	50.0	50.0
<b>At 31.12.2003</b>	<b>4,022.7</b>	<b>50.0</b>	<b>4,072.7</b>
<b>At 31 December 2004</b>			
Cost	4,067.4	50.0	4,117.4
Accumulated impairment	(44.7)	—	(44.7)
<b>Net Book Value</b>	<b>4,022.7</b>	<b>50.0</b>	<b>4,072.7</b>
<b>At 31 December 2003</b>			
Cost	4,062.4	50.0	4,112.4
Accumulated impairment	(39.7)	—	(39.7)
<b>Net Book Value</b>	<b>4,022.7</b>	<b>50.0</b>	<b>4,072.7</b>



## 17. INTANGIBLE ASSETS (continued)

THE COMPANY	Goodwill RM	Other Intangible Assets RM	Total RM
Net Book Value			
At 1.1.2004 and 31.12.2004	—	50.0	50.0
At 1.1.2003	—	—	—
Acquisition of 3G spectrum licence	—	50.0	50.0
At 31.12.2003	—	50.0	50.0
At 31 December 2004			
Cost	—	50.0	50.0
Net Book Value	—	50.0	50.0
At 31 December 2003			
Cost	—	50.0	50.0
Net Book Value	—	50.0	50.0

## 18. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Telecommunication Network RM	Movable Plant and Equipment RM	Computer Support Systems RM	Land (sub-note e) RM	Buildings RM	Capital Work- In-Progress, at Cost (sub-note b) RM	Total Property, Plant and Equipment RM
<b>Net Book Value</b>							
At 1.1.2004	14,809.3	407.0	1,012.7	563.7	3,177.6	1,635.6	21,605.9
Assetisation	1,424.9	31.6	202.0	49.1	160.2	(1,867.8)	—
Additions	559.7	104.7	94.6	1.1	53.0	1,725.8	2,538.9
Transfer from inventories (note 23 to the financial statements)	47.2	—	—	—	—	—	47.2
Disposals	(1.3)	(1.0)	(0.1)	(6.3)	(1.6)	—	(10.3)
Write off	(54.6)	(1.2)	(0.5)	—	(4.2)	—	(60.5)
Depreciation	(2,944.1)	(138.1)	(442.1)	(2.1)	(146.6)	—	(3,673.0)
Impairment	(609.3)	(0.8)	(19.8)	—	(3.4)	—	(633.3)
Currency translation differences	(60.1)	(3.3)	(5.5)	(2.7)	(4.1)	—	(75.7)
Reclassification	11.3	—	1.1	0.2	(0.2)	(12.4)	—
<b>At 31.12.2004</b>	<b>13,183.0</b>	<b>398.9</b>	<b>842.4</b>	<b>603.0</b>	<b>3,230.7</b>	<b>1,481.2</b>	<b>19,739.2</b>
<b>At 31 December 2004</b>							
Cost	35,060.7	1,452.4	3,957.5	611.2	4,609.6	1,493.6	47,185.0
Accumulated depreciation	(20,801.0)	(1,048.7)	(3,091.8)	(8.2)	(1,375.6)	—	(26,325.3)
Accumulated impairment	(1,076.7)	(4.8)	(23.3)	—	(3.3)	(12.4)	(1,120.5)
<b>Net Book Value</b>	<b>13,183.0</b>	<b>398.9</b>	<b>842.4</b>	<b>603.0</b>	<b>3,230.7</b>	<b>1,481.2</b>	<b>19,739.2</b>
At 1.1.2003	12,156.7	278.2	771.7	455.5	2,971.5	2,932.9	19,566.5
Acquisition of a subsidiary	2,583.0	70.1	143.1	31.9	75.2	181.5	3,084.8
Assetisation	2,438.2	76.9	764.5	72.8	236.3	(3,588.7)	—
Additions	355.8	118.3	72.1	6.0	16.6	2,109.9	2,678.7
Transfer to inventories (note 23 to the financial statements)	(47.2)	—	—	—	—	—	(47.2)
Disposals	(5.4)	(2.5)	(0.1)	(2.0)	(0.6)	—	(10.6)
Write off	(5.6)	(0.2)	—	—	—	—	(5.8)
Depreciation	(2,565.5)	(129.6)	(733.4)	(1.1)	(121.7)	—	(3,551.3)
Impairment	(90.2)	(4.0)	(5.0)	—	—	—	(99.2)
Currency translation differences	(10.5)	(0.2)	(0.2)	0.6	0.3	—	(10.0)
<b>At 31.12.2003</b>	<b>14,809.3</b>	<b>407.0</b>	<b>1,012.7</b>	<b>563.7</b>	<b>3,177.6</b>	<b>1,635.6</b>	<b>21,605.9</b>
<b>At 31 December 2003</b>							
Cost	35,075.4	1,465.3	3,726.9	570.7	4,389.8	1,635.6	46,863.7
Accumulated depreciation	(19,787.6)	(1,054.3)	(2,709.2)	(7.0)	(1,212.2)	—	(24,770.3)
Accumulated impairment	(478.5)	(4.0)	(5.0)	—	—	—	(487.5)
<b>Net Book Value</b>	<b>14,809.3</b>	<b>407.0</b>	<b>1,012.7</b>	<b>563.7</b>	<b>3,177.6</b>	<b>1,635.6</b>	<b>21,605.9</b>



### 18. PROPERTY, PLANT AND EQUIPMENT (continued)

Net book value of property, plant and equipment of certain subsidiaries pledged as security for borrowings (note 12(e) to the financial statements):

	2004 RM	2003 RM
Telecommunication network	439.9	383.2
Movable plant and equipment	6.5	5.5
Computer support systems	1.8	1.8
Land	2.0	1.1
Buildings	1.2	1.8
	451.4	393.4

THE COMPANY	Telecommunication Network RM	Movable Plant and Equipment RM	Computer Support Systems RM	Land (sub-note e) RM	Buildings RM	Capital Work- In-Progress, at Cost RM	Total Property, Plant and Equipment RM
<b>Net Book Value</b>							
At 1.1.2004	9,692.5	235.0	633.2	364.6	2,302.4	1,341.7	14,569.4
Assetisation	1,071.9	20.2	143.5	49.1	153.7	(1,438.4)	—
Additions	20.0	79.6	3.7	—	7.1	1,253.9	1,364.3
Disposals	(1.3)	(0.2)	—	(138.0)	—	—	(139.5)#
Write off	(54.5)	(1.2)	(0.5)	—	(4.2)	—	(60.4)
Depreciation	(1,804.2)	(84.2)	(309.7)	(0.7)	(106.5)	—	(2,305.3)
Impairment	(220.4)	—	—	—	—	—	(220.4)
<b>At 31.12.2004</b>	<b>8,704.0</b>	<b>249.2</b>	<b>470.2</b>	<b>275.0</b>	<b>2,352.5</b>	<b>1,157.2</b>	<b>13,208.1</b>
<b>At 31 December 2004</b>							
Cost	28,176.1	1,072.5	2,915.7	281.5	3,503.0	1,157.2	37,106.0
Accumulated depreciation	(19,251.7)	(823.3)	(2,445.5)	(6.5)	(1,150.5)	—	(23,677.5)
Accumulated impairment	(220.4)	—	—	—	—	—	(220.4)
<b>Net Book Value</b>	<b>8,704.0</b>	<b>249.2</b>	<b>470.2</b>	<b>275.0</b>	<b>2,352.5</b>	<b>1,157.2</b>	<b>13,208.1</b>



## 18. PROPERTY, PLANT AND EQUIPMENT (continued)

THE COMPANY	Telecommunication Network RM	Movable Plant and Equipment RM	Computer Support Systems RM	Land (sub-note e) RM	Buildings RM	Capital Work- In-Progress, at Cost RM	Total Property, Plant and Equipment RM
At 1.1.2003	9,719.1	172.4	503.7	292.3	2,169.4	2,394.1	15,251.0
Assetisation	1,683.6	66.7	691.0	72.8	236.2	(2,750.3)	—
Additions	56.0	66.1	—	—	—	1,697.9	1,820.0
Disposals	(5.7)	—	(0.2)	—	—	—	(5.9)#
Write off	(4.6)	(0.2)	—	—	—	—	(4.8)
Depreciation	(1,755.9)	(70.0)	(561.3)	(0.5)	(103.2)	—	(2,490.9)
<b>At 31.12.2003</b>	<b>9,692.5</b>	<b>235.0</b>	<b>633.2</b>	<b>364.6</b>	<b>2,302.4</b>	<b>1,341.7</b>	<b>14,569.4</b>
<b>At 31 December 2003</b>							
Cost	27,789.7	1,047.4	2,807.0	370.7	3,361.7	1,341.7	36,718.2
Accumulated depreciation	(18,097.2)	(812.4)	(2,173.8)	(6.1)	(1,059.3)	—	(22,148.8)
<b>Net Book Value</b>	<b>9,692.5</b>	<b>235.0</b>	<b>633.2</b>	<b>364.6</b>	<b>2,302.4</b>	<b>1,341.7</b>	<b>14,569.4</b>

# Included in disposals was RM135.6 million (2003: RM0.6 million) being land transferred to a subsidiary

- (a) Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use costing RM4,375.8 million (2003: RM4,013.6 million) and RM1,672.0 million (2003: RM1,730.9 million) respectively.
- (b) Included in the capital work-in-progress is finance cost capitalised for the year amounting to RM5.2 million (2003: RM5.7 million) for the Group.
- (c) During the year, the Company and a wholly owned subsidiary reviewed the estimated economic useful life of submarine cables and specific telecommunication network equipment. This revision resulted in an accelerated depreciation of RM98.7 million and RM229.4 million respectively.
- (d) During the year, the Group incurred impairment losses of RM633.3 million following impairment assessments performed on specific assets by the Company and its subsidiaries.

The allowance for impairment losses for the Company relates to the write down of submarine cables to recoverable amounts based on a current assessment of their value in use. The value in use is assessed based on future net cash flows to be derived from the continuing use of these submarine cables and their ultimate disposal, discounted at the current market interest rate on borrowings available to the Group.

The allowance for impairment losses for a wholly owned subsidiary relates to the write down of certain classes of plant and equipment after the completion of the integration exercise to their recoverable amount based on a current assessment of the value in use of the mobile networks. The value in use is assessed to be of a nominal amount due to the technological obsolescence of the mobile network equipment.



### 18. PROPERTY, PLANT AND EQUIPMENT (continued)

- (d) The allowance for impairment losses for another subsidiary relates to the write down of certain classes of plant and equipment based on current assessment of the estimated disposal value of these plant and equipment.
- (e) Details of land are as follows:

THE GROUP	Freehold RM	Long term leasehold RM	Short term leasehold RM	Other RM	Total RM
<b>Net Book Value</b>					
At 1.1.2004	265.9	199.2	5.0	93.6	563.7
Assetisation	42.2	5.1	—	1.8	49.1
Additions	1.1	—	—	—	1.1
Disposal	(3.9)	(1.3)	(1.1)	—	(6.3)
Depreciation	—	(1.7)	(0.1)	(0.3)	(2.1)
Currency translation differences	(2.7)	—	—	—	(2.7)
Reclassification	8.7	0.3	0.4	(9.2)	0.2
<b>At 31.12.2004</b>	<b>311.3</b>	<b>201.6</b>	<b>4.2</b>	<b>85.9</b>	<b>603.0</b>
<b>At 31 December 2004</b>					
Cost	311.3	207.4	5.9	86.6	611.2
Accumulated depreciation	—	(5.8)	(1.7)	(0.7)	(8.2)
<b>Net Book Value</b>	<b>311.3</b>	<b>201.6</b>	<b>4.2</b>	<b>85.9</b>	<b>603.0</b>
At 1.1.2003	252.6	128.6	1.4	72.9	455.5
Acquisition of a subsidiary	8.9	23.0	—	—	31.9
Assetisation	—	52.3	—	20.5	72.8
Additions	5.8	—	—	0.2	6.0
Disposal	(2.0)	—	—	—	(2.0)
Depreciation	—	(0.9)	(0.2)	—	(1.1)
Currency translation differences	0.6	—	—	—	0.6
Reclassification	—	(3.8)	3.8	—	—
<b>At 31.12.2003</b>	<b>265.9</b>	<b>199.2</b>	<b>5.0</b>	<b>93.6</b>	<b>563.7</b>
<b>At 31 December 2003</b>					
Cost	265.9	204.0	6.8	94.0	570.7
Accumulated depreciation	—	(4.8)	(1.8)	(0.4)	(7.0)
<b>Net Book Value</b>	<b>265.9</b>	<b>199.2</b>	<b>5.0</b>	<b>93.6</b>	<b>563.7</b>

**18. PROPERTY, PLANT AND EQUIPMENT (continued)**

(e) Details of land are as follows: (continued)

THE COMPANY	Freehold RM	Long term leasehold RM	Short term leasehold RM	Other RM	Total RM
<b>Net Book Value</b>					
At 1.1.2004	102.1	164.2	5.0	93.3	364.6
Assetisation	42.2	5.1	—	1.8	49.1
Disposal	(56.0)	(79.9)	(1.1)	(1.0)	(138.0)
Depreciation	—	(0.3)	(0.1)	(0.3)	(0.7)
Reclassification	7.1	1.4	0.4	(8.9)	—
<b>At 31.12.2004</b>	<b>95.4</b>	<b>90.5</b>	<b>4.2</b>	<b>84.9</b>	<b>275.0</b>
<b>At 31 December 2004</b>					
Cost	95.4	94.6	5.9	85.6	281.5
Accumulated depreciation	—	(4.1)	(1.7)	(0.7)	(6.5)
<b>Net Book Value</b>	<b>95.4</b>	<b>90.5</b>	<b>4.2</b>	<b>84.9</b>	<b>275.0</b>
At 1.1.2003	102.1	116.0	1.4	72.8	292.3
Assetisation	—	52.3	—	20.5	72.8
Depreciation	—	(0.3)	(0.2)	—	(0.5)
Reclassification	—	(3.8)	3.8	—	—
<b>At 31.12.2003</b>	<b>102.1</b>	<b>164.2</b>	<b>5.0</b>	<b>93.3</b>	<b>364.6</b>
<b>At 31 December 2003</b>					
Cost	102.1	168.1	6.8	93.7	370.7
Accumulated depreciation	—	(3.9)	(1.8)	(0.4)	(6.1)
<b>Net Book Value</b>	<b>102.1</b>	<b>164.2</b>	<b>5.0</b>	<b>93.3</b>	<b>364.6</b>

The title deeds pertaining to other land have not yet been registered in the name of the Company and a subsidiary. Pending finalisation with the relevant authorities, these land have not been classified according to their tenure.



## 19. SUBSIDIARIES

THE COMPANY	2004			2003		
	Malaysia RM	Overseas RM	Total RM	Malaysia RM	Overseas RM	Total RM
Investments, at cost:						
– quoted	19.5	—	19.5	19.5	—	19.5
– unquoted	548.3	165.4	713.7	462.4	179.2	641.6
Allowance for diminution in value	(9.0)	(141.5)	(150.5)	—	—	—
	558.8	23.9	582.7	481.9	179.2	661.1
Investments, at written down value:						
– unquoted (sub-note a)	—	—	—	—	—	—
Net investments	558.8	23.9	582.7	481.9	179.2	661.1
Amount owing by subsidiaries (sub-note b)	9,272.9	363.7	9,636.6	10,396.5	379.7	10,776.2
Allowance for loans and advances	(540.9)	(68.2)	(609.1)	(511.1)	—	(511.1)
Amount owing by subsidiaries after allowance	8,732.0	295.5	9,027.5	9,885.4	379.7	10,265.1
<b>TOTAL INTEREST IN SUBSIDIARIES</b>	<b>9,290.8</b>	<b>319.4</b>	<b>9,610.2</b>	<b>10,367.3</b>	<b>558.9</b>	<b>10,926.2</b>
Market value of quoted investment	120.1	—	120.1	66.7	—	66.7

- (a) Investments in certain subsidiaries have been written down to recoverable amount of RM1 each.
- (b) The amount owing by subsidiaries represents shareholder loans and advances for working capital purposes. These loans and advances are unsecured and bear interest ranging from 0% to 6.28% (2003: 0% to 4.72%) and are principally with no fixed repayment terms. However, the Company has indicated that it will not demand substantial repayment within the next twelve months. Shareholder loans and advances provided to overseas subsidiaries are in US Dollar.
- (c) During the year, the Company disposed its entire 70% equity interest in an overseas subsidiary to a local investment holding subsidiary at a consideration of RM56.9 million satisfied by issuance of shares. The gain on disposal to the Company amounts to RM34.3 million (note 5 to the financial statements).

The Group's equity interest in the subsidiaries, their respective principal activities and countries of incorporation are listed in note 41 to the financial statements.

## 20. ASSOCIATES

THE GROUP	2004			2003		
	Malaysia RM	Overseas RM	Total RM	Malaysia RM	Overseas RM	Total RM
<b>(i) Quoted</b>						
Share of net assets other than goodwill of associates						
– on acquisition	—	59.8	59.8	—	869.2	869.2
– post acquisition	—	(29.4)	(29.4)	—	520.8	520.8
	—	30.4	30.4	—	1,390.0	1,390.0
<b>(ii) Unquoted</b>						
Share of net assets other than goodwill of associates						
– on acquisition	77.2	—	77.2	77.2	29.2	106.4
– post acquisition	(1.9)	—	(1.9)	(0.5)	3.7	3.2
	75.3	—	75.3	76.7	32.9	109.6
<b>Total</b>	<b>75.3</b>	<b>30.4</b>	<b>105.7</b>	<b>76.7</b>	<b>1,422.9</b>	<b>1,499.6</b>
Market value of quoted investments	—	133.2	133.2	—	2,808.9	2,808.9
<b>THE COMPANY</b>						
Unquoted investments, at cost	1.5	—	1.5	1.5	—	1.5
<b>Total</b>	<b>1.5</b>	<b>—</b>	<b>1.5</b>	<b>1.5</b>	<b>—</b>	<b>1.5</b>

- (a) During the year, the Group through its wholly owned subsidiary, TM International (L) Limited, held via TM International Sdn Bhd, disposed its entire shareholding in Telkom SA Limited. The disposal was made in two tranches on 18 June 2004 and 15 November 2004 for a total consideration of RM3,003.2 million, realising a gain on disposal of RM1,515.2 million for the financial year ended 31 December 2004.
- (b) During the year, the Group through its wholly owned subsidiary, Technology Resources Industries Berhad, disposed its entire shareholding in Sheba Telecom (Pvt) Ltd (Sheba) to Integrated Services Ltd, an existing shareholder of Sheba, for a consideration of RM57.0 million pursuant to a settlement agreement and a supplemental agreement entered into between the parties on 15 June 2004 and 27 August 2004, respectively. The disposal resulted in a gain on disposal of RM23.6 million for the financial year ended 31 December 2004.



## 20. ASSOCIATES (continued)

- (c) The Group has excluded the amount that would otherwise have been accounted for in respect of the current and cumulative financial year share of profits/(losses) after taxation of associates amounting to RM3.2 million (2003: RM6.8 million) and (RM3.6 million) (2003: (RM6.8 million)) respectively from the financial statements as the carrying amount of these investments have been fully eroded. The Group has no obligation to finance any further losses.

The Group's equity interest in the associates, their respective principal activities and countries of incorporation are listed in note 42 to the financial statements.

## 21. INVESTMENTS

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Investments in International Satellite Organisations, at cost	107.0	107.3	106.3	106.3
Investments in quoted shares, at cost	252.9	264.8	252.9	264.8
Investments in unquoted shares, at cost	111.0	109.9	64.3	64.3
Allowance for permanent diminution in value	(97.3)	(97.3)	(97.3)	(97.3)
	<b>373.6</b>	<b>384.7</b>	<b>326.2</b>	<b>338.1</b>
Investments in unquoted shares, at written down value (sub-note a)	—	—	—	—
<b>TOTAL INVESTMENTS AFTER ALLOWANCE</b>	<b>373.6</b>	<b>384.7</b>	<b>326.2</b>	<b>338.1</b>
Market value of quoted investments	150.7	267.4	150.7	267.4

- (a) The following corporations in which Celcom Group owned more than one half of the voting power, which, due to permanent loss of control or significant influence have been accounted as investments and written down to recoverable amount of RM1 each.
- TRI Telecommunication Tanzania Limited
  - TRI Cellular Communications Cambodia Company
  - TRI Telecommunication Zanzibar Limited
  - Tripoly Communication Technology Corporation Ltd

**22. LONG TERM RECEIVABLES**

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Staff loans under Islamic principles	470.0	475.5	470.0	475.5
Staff loans	195.2	262.0	194.6	261.5
Total staff loans (sub-note a & b)	665.2	737.5	664.6	737.0
Other long term receivables (sub-note c)	49.0	31.7	49.0	31.7
	714.2	769.2	713.6	768.7
Staff loans receivable within twelve months included under other receivables	(81.4)	(100.3)	(80.9)	(99.9)
<b>TOTAL LONG TERM RECEIVABLES</b>	<b>632.8</b>	<b>668.9</b>	<b>632.7</b>	<b>668.8</b>

- (a) Staff loans comprise housing, vehicle, computer and club membership loans offered to employees with financing cost of 4.0% per annum on a reducing balance basis except for club membership loans which are free of financing cost. There is no single significant exposure as the amount is mainly receivable from individuals. Staff loans inclusive of financing cost are repayable in equal monthly instalments as follows:
- (i) Housing loans – 25 years or upon employees attaining 55 years of age, whichever is earlier
  - (ii) Vehicle loans – maximum of 8 years for new cars and 6 years for second hand cars
  - (iii) Computer loans – 3 years
- (b) Staff loans amounting to RM34.3 million (2003: RM82.7 million) have been assigned to secure the Company's borrowings from Cagamas Berhad.
- (c) Other long term receivables of the Company are in respect of education loans provided to undergraduates and are convertible to scholarships if certain performance criteria are met. The loans are interest free and if not converted to scholarship will be repayable over a period of not more than 8 years.

**23. INVENTORIES**

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
At cost:				
Cables and wires	46.2	30.2	46.2	30.2
Network materials	56.1	32.4	42.7	32.4
Telecommunication equipment	21.5	18.5	19.7	17.1
Spares and others	29.9	40.0	17.4	23.6
	153.7	121.1	126.0	103.3



### 23. INVENTORIES (continued)

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
At net realisable value:				
Telecommunication equipment transferred from property, plant and equipment (note 18 to the financial statements)	—	47.2	—	—
Spares and others	41.6	35.3	—	—
	41.6	82.5	—	—
<b>TOTAL INVENTORIES</b>	<b>195.3</b>	<b>203.6</b>	<b>126.0</b>	<b>103.3</b>

### 24. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Receivables from telephone customers	2,644.3	2,552.1	1,382.7	1,351.7
Receivables from non-telephone customers	1,700.7	1,754.6	1,226.1	1,284.0
Receivables from subsidiaries	—	—	573.7	392.6
	4,345.0	4,306.7	3,182.5	3,028.3
Advance rental billings	(297.1)	(412.2)	(306.1)	(448.9)
	4,047.9	3,894.5	2,876.4	2,579.4
Allowance for doubtful debts	(1,622.9)	(1,443.5)	(772.3)	(648.7)
Total trade receivables after allowance	2,425.0	2,451.0	2,104.1	1,930.7
Deposit for additional investment (refer to note 34(a) to the financial statements)	190.0	190.0	190.0	190.0
Prepayments	59.3	590.3	11.0	540.1
Staff loans	81.4	100.3	80.9	99.9
Other receivables from subsidiaries	—	—	73.0	52.3
Other receivables from associates	24.4	31.2	0.5	3.4
Other receivables	653.0	496.1	351.4	296.7
Allowance for doubtful debts	(58.5)	(23.9)	(35.6)	(8.6)
Total other receivables after allowance	949.6	1,384.0	671.2	1,173.8
<b>TOTAL TRADE AND OTHER RECEIVABLES AFTER ALLOWANCE</b>	<b>3,374.6</b>	<b>3,835.0</b>	<b>2,775.3</b>	<b>3,104.5</b>



**24. TRADE AND OTHER RECEIVABLES (continued)**

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
The currency exposure profile of trade and other receivables after allowance is as follows:				
- Ringgit Malaysia	2,229.4	2,870.2	2,066.3	2,506.4
- US Dollar	579.1	560.0	462.2	426.6
- Special Drawing Rights	280.5	121.5	220.6	96.0
- Gold Franc Currency	26.2	75.5	26.2	75.5
- Guinea Franc	92.5	94.4	—	—
- Other currencies	166.9	113.4	—	—
	<b>3,374.6</b>	<b>3,835.0</b>	<b>2,775.3</b>	<b>3,104.5</b>
The following table represents credit risk exposure of trade receivables, net of allowances for doubtful debts and without taking into account any collateral taken:				
Business	1,744.9	1,562.4	1,211.9	1,075.4
Residential	680.1	888.6	318.5	462.7
Subsidiaries	—	—	573.7	392.6
	<b>2,425.0</b>	<b>2,451.0</b>	<b>2,104.1</b>	<b>1,930.7</b>

The Group and the Company are not exposed to major concentrations of credit risk due to the diversified customer base. In addition, credit risk is mitigated to a certain extent by cash deposits and bankers' guarantee obtained from customers. The Group and the Company consider the allowance for doubtful debts at balance sheet date to be adequate to cover the potential financial loss.

Credit terms of trade receivables range from payment in advance to 90 days in year 2004 and 2003.

Other receivables from subsidiaries and associates are unsecured and interest free with no fixed repayment terms.

**25. SHORT TERM INVESTMENTS**

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Shares quoted on the Bursa Malaysia Securities Berhad	150.2	263.4	148.6	260.3
<b>TOTAL SHORT TERM INVESTMENTS</b>	<b>150.2</b>	<b>263.4</b>	<b>148.6</b>	<b>260.3</b>
Market value of quoted shares	150.2	263.4	148.6	260.3



## 26. CASH AND BANK BALANCES

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Deposits with:				
Licensed banks	5,795.4	1,161.6	4,809.6	—
Licensed finance companies	171.1	2.4	90.0	—
Other financial institutions	1,047.5	1,047.6	135.1	679.2
Deposits under Islamic principles	1,291.3	600.5	347.8	139.0
<b>Total Deposits</b>	<b>8,305.3</b>	<b>2,812.1</b>	<b>5,382.5</b>	<b>818.2</b>
Cash and bank balances	470.7	412.0	57.9	33.8
Cash and bank balances under Islamic principles	25.6	122.0	—	—
<b>TOTAL CASH AND BANK BALANCES</b>	<b>8,801.6</b>	<b>3,346.1</b>	<b>5,440.4</b>	<b>852.0</b>
Less:				
Bank overdraft (note 12(d) to the financial statements)	(3.0)	(6.1)	—	—
Deposits pledged	(7.5)	(60.7)	—	—
<b>TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>8,791.1</b>	<b>3,279.3</b>	<b>5,440.4</b>	<b>852.0</b>
The currency exposure profile of cash and bank balances is as follows:				
– Ringgit Malaysia	4,211.8	2,451.7	1,250.4	249.8
– US Dollar	4,289.6	807.0	4,190.0	602.2
– Other currencies	300.2	87.4	—	—
	<b>8,801.6</b>	<b>3,346.1</b>	<b>5,440.4</b>	<b>852.0</b>

Deposits of the Group included RM264.9 million (2003: RM191.2 million) being funds earmarked for principal and interest repayments under terms of borrowings of Celcom as mentioned in note 12(b) to the financial statements.

The deposits are placed mainly with a number of creditworthy financial institutions. There is no major concentration of deposits in any single financial institution. Deposits have maturity ranged from overnight to 365 days (2003: from overnight to 365 days) and from overnight to 184 days (2003: from overnight to 90 days) for the Group and the Company respectively. Bank balances are deposits held at call with banks.

The weighted average interest rate of deposits (excluding deposits under Islamic principles) as at 31 December 2004 is 2.67% (2003: 2.38%) and 2.43% (2003: 1.62%) for the Group and the Company respectively.

**27. TRADE AND OTHER PAYABLES**

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Trade payables	2,319.2	2,795.1	1,432.6	1,906.4
Accruals for USP	211.3	280.5	135.3	213.2
Deferred revenue	158.4	205.7	—	—
Customer deposits	144.2	156.7	—	—
Finance cost payable	137.6	132.5	110.3	103.4
Duties and other taxes payable	109.2	129.0	39.0	70.4
Deposits and trust monies	48.7	61.7	32.5	33.0
Other payables to subsidiaries	—	—	1,892.6	49.9
Other payables to associates	16.1	13.5	—	—
Other payables	983.0	747.3	476.3	486.8
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>4,127.7</b>	<b>4,522.0</b>	<b>4,118.6</b>	<b>2,863.1</b>

The currency exposure profile of trade and other payables is as follows:

– Ringgit Malaysia	3,278.2	3,768.1	2,114.6	2,390.6
– US Dollar	340.2	300.2	1,925.6	233.7
– Special Drawing Rights	102.8	120.1	71.7	120.1
– Gold Franc Currency	6.0	72.7	6.0	72.7
– Bangladesh Taka	206.4	85.6	—	—
– Other currencies	194.1	175.3	0.7	46.0
	<b>4,127.7</b>	<b>4,522.0</b>	<b>4,118.6</b>	<b>2,863.1</b>

Credit terms of trade and other payables vary from 30 to 90 days in year 2004 and 2003 depending on the terms of the contracts.

Other payables to subsidiaries and associates are unsecured, interest free and have no fixed terms of repayment.

**28. CASH FLOWS FROM OPERATING ACTIVITIES**

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Receipts from customers	12,839.3	11,289.7	7,325.6	7,424.9
Payments to suppliers and employees	(6,867.1)	(5,707.1)	(4,128.0)	(3,686.5)
Payment of finance cost	(645.7)	(575.6)	(526.4)	(484.0)
Payment of income taxes	(289.4)	(344.2)	(258.3)	(316.6)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>5,037.1</b>	<b>4,662.8</b>	<b>2,412.9</b>	<b>2,937.8</b>



### 29. CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Disposal of property, plant and equipment	32.6	12.1	21.7	7.2
Purchase of property, plant and equipment	(2,672.1)	(2,566.2)	(1,656.9)	(1,764.9)
Payment of intangible asset (3G Spectrum Licence)	(8.0)	(10.0)	(8.0)	(10.0)
Disposal of long term investments	25.4	18.4	25.4	18.4
Purchase of long term investments	—	(254.4)	—	(250.0)
Disposal of short term investments	134.8	57.3	134.8	57.3
Purchase of short term investments	(91.5)	(66.7)	(91.5)	(66.7)
Acquisition of a subsidiary	—	(2,963.5)	—	—
Advances to a subsidiary for acquisition of another subsidiary	—	—	—	(3,793.2)
Additional investment in subsidiaries	(2.0)	—	(2.0)	(0.1)
Disposal of associates	3,060.2	—	—	—
Payment to subsidiaries	—	—	(17.7)	—
Repayments from subsidiaries	—	—	1,347.4	73.4
Advances to subsidiaries	—	—	(56.8)	(96.0)
Advances from subsidiaries	—	—	3,558.5	—
Repayments of loans by employees	116.7	123.8	116.7	123.8
Loans to employees	(103.0)	(97.3)	(103.0)	(96.8)
Interest received	158.0	87.5	83.6	44.9
Dividend received	28.5	40.6	126.8	113.3
<b>TOTAL CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>679.6</b>	<b>(5,618.4)</b>	<b>3,479.0</b>	<b>(5,639.4)</b>

### 30. CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
Issue of share capital	933.8	593.6	933.8	593.6
Issue of share capital to minority interests	2.6	—	—	—
Proceeds from borrowings	2,009.9	8,836.9	—	8,384.1
Repayments of borrowings	(2,317.8)	(6,766.5)	(1,419.3)	(6,333.9)
Dividends paid to shareholders	(818.0)	(228.4)	(818.0)	(228.4)
Dividends paid to minority interests	(6.0)	(8.3)	—	—
<b>TOTAL CASH FLOWS (USED IN)/ FROM FINANCING ACTIVITIES</b>	<b>(195.5)</b>	<b>2,427.3</b>	<b>(1,303.5)</b>	<b>2,415.4</b>

**31. SIGNIFICANT NON-CASH TRANSACTIONS**

Significant non-cash transactions during the year are as follows:

	THE COMPANY	
	2004 RM	2003 RM
(a) Disposal of investment in an overseas subsidiary to a local investment holding subsidiary at a consideration satisfied by issuance of shares	56.9	—
(b) Capitalisation of trade receivables and amount owing into paid-up capital of subsidiaries	38.8	—
(c) Contra settlements with subsidiaries between trade receivables and payables	120.7	177.6
(d) Contra settlements with a subsidiary between trade receivables and other payables	29.2	86.2



### 32. CAPITAL AND OTHER COMMITMENTS

	THE GROUP		THE COMPANY	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) <b>Property, plant and equipment</b>				
Commitments in respect of expenditure approved and contracted for	2,646.5	2,544.0	2,238.4	2,259.3
Commitments in respect of expenditure approved but not contracted for	144.9	126.2	—	—
(b) <b>Donation to Yayasan Telekom</b>				
Amount approved and committed	123.8	104.4	123.8	104.4

	THE COMPANY	
	2004 Future minimum lease payments RM	2003 Future minimum lease payments RM
(c) <b>Non-cancellable operating lease commitments</b>		
Not later than one year	52.4	52.4
Later than one year and not later than five years	209.7	209.7
Later than five years	—	52.4
	<b>262.1</b>	<b>314.5</b>

The above lease payments relate to the non-cancellable operating lease of a telecommunication tower from a wholly owned subsidiary.

**33. CONTINGENT LIABILITIES (Unsecured)**

- (a) At 31 December 2004, the Company had contingent liabilities in respect of:
- (i) Guarantees issued to banks amounting to USD26.0 million (RM98.8 million) (2003: USD26.0 million (RM98.8 million)) for banking facilities extended to overseas subsidiaries.
  - (ii) A corporate guarantee was granted to a financial institution in respect of the USD21.0 million (RM79.8 million) (2003: USD21.0 million (RM79.8 million)) financing facility obtained by a wholly owned subsidiary, MTN Networks (Private) Limited. The guarantee was executed on 6 May 2002 and will expire in March 2010.
  - (iii) Guarantee of a series of Promissory Notes totalling approximately USD6.7 million (RM25.4 million) (2003: USD6.7 million (RM25.4 million)) issued by Sotelgui S.A., a subsidiary, in favour of an equipment supplier on 18 April 2002. The Promissory Notes are payable during the period between November 2003 to December 2005.
  - (iv) A corporate guarantee was granted to a financial institution in respect of the USD25.0 million (RM95.0 million) (2003: USD25.0 million (RM95.0 million)) financing facility obtained by a wholly owned subsidiary, MTN Networks (Private) Limited. The guarantee was executed in November 2003 and will expire in November 2005.

- (b) On 11 August 2003, TM jointly with Telekom Publications Sdn Bhd (TPSB), a wholly owned subsidiary of TM, instituted legal proceedings against Buying Guide (M) Sdn Bhd (BGSB) relating to the infringement of TM's and TPSB's copyright and passing off.

BGSB filed their Defence and Counterclaim on 15 October 2003 for RM114.3 million being their special damages for suspension of BGSB's Corporate Exercise. BGSB also claimed for the general, aggravated and exemplary damages, interest and cost against TPSB. It was agreed that TM and TPSB will file a Reply and Defence after BGSB and their shareholders confirm that they will not be amending their Defence and Counterclaim.

On 27 July 2004, BGSB filed their Notice of Appeal against the Assistant Registrar's decision in dismissing BGSB's application for Further and Better Particulars against TM with costs. The next hearing date was fixed on 8 April 2005.

Based on legal advice, TM and TPSB has a reasonably good chance of winning and defending the said claim and counterclaim. Based on TM's and TPSB's assessment, the said legal action will not give rise to a material impact on the financial position of TM and TPSB.

- (c) Inmiss Communications Sdn Bhd (Inmiss) filed a Notice for Arbitration against Mobikom Sdn Bhd (Mobikom) for outstanding payment on Inmiss's share of message tariff revenue including interest charges and other losses amounting to RM29.0 million.

On 25 November 2004, the Arbitrator indicated that he shall deliver his decision in respect of Mobikom's application to amend its Points of Defence and adduce further evidence within three (3) months from the above mentioned date.

Based on legal advice, the Directors are of the view that Mobikom has a good case of defending the said claim or at least substantially reducing the amount claimed in the Arbitration. As such, the Arbitration against Mobikom will not potentially give any material adverse impact to TM.

**33. CONTINGENT LIABILITIES (Unsecured) (continued)**

- (d) Kabel Pantai Timur Sdn Bhd (KPT) had suspended the remedial work contracted resulting in termination of their service under the "Perlaksanaan Projek Rangkaian Tempatan secara JKH for Pahang, Terengganu & Kelantan". TM had called for the Performance Bond in the form of a Bank Guarantee in view of KPT's failure to rectify the works in accordance with the required specifications. TM also demanded KPT to return the material supplied. KPT challenged the above action taken by TM by initiating arbitration proceedings (Arbitration) in accordance to contracts executed for RM10.4 million (pleaded) (RM41.1 million – unquantified costs). TM had also filed its counterclaim for RM19.1 million.

Pursuant to the progress meeting held on 14 January 2005, various dates were fixed from April to September 2005 for the continued hearing of the Arbitration.

Based on TM's assessment and on the legal advice, TM has a good defence or at least a strong chance in substantially reducing the amount claimed in the Arbitration. As such, the Arbitration against TM will not give any material adverse impact to TM.

- (e) Bukit Lenang Development Sdn Bhd (BLDSB) had instituted legal proceeding against TM, Tenaga Nasional Berhad and SAJ Holdings Sdn Bhd (collectively referred to the "Parties and/or Defendants") by way of a Writ of Summons dated 27 November 2004 and Statement of Claim dated 15 December 2004 in the High Court of Malaya at Kuala Lumpur.

BLDSB is seeking special damages for the sum of RM29.4 million and other damages and reliefs from the Parties for:

- (i) wrongfully conspiring with the occupants on Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim (the "Land") by facilitating the occupants with telecommunications, electricity and water services and illegally assisting the occupants in their occupation with the obvious and foreseeable consequence of adversely affecting and seriously prejudicing BLDSB;
- (ii) joint tortfeasor with the occupants in the commission of the wrongs committed by the occupants;
- (iii) jointly and independently trespassing and continue to trespass the Land by reason of emplacement of the telecommunication, electricity and water equipments to the occupants;
- (iv) wrongfully and/or unconscionably derived and still deriving pecuniary benefits from its wrongful actions and the wrongful use of the Land and that the same amount to unjust enrichment of the law; and
- (v) loss of opportunity in that the Plaintiff has been wrongfully prevented from developing the Land and as such has not had the benefit of the full potential of the development and the advantageous economic circumstances in the period immediately following the acquisition of the Land.

The Court had fixed 11 April 2005 as the date for hearing.

On 26 January 2005, TM had also filed an application to strike out BLDSB's summons on the ground, inter alia, that BLDSB has failed to provide the further and better particulars of the pleadings. The Court has yet to fix the hearing date for this application.

Based on TM's assessments, the legal action will not give rise to a material adverse impact to TM.



**33. CONTINGENT LIABILITIES (Unsecured) (continued)**

- (f) By a Joint Venture Agreement (JVA) dated 13 September 1993, TRI and VIP Engineering and Marketing Limited (VIPEM) agreed to establish TRI Telecommunications Tanzania Limited (Tritel) as a joint venture company, to provide telecommunications services in Tanzania. The shareholding structure was 60% TRI and 40% VIPEM.

On 10 December 2001, vide Civil Case No. 427 of 2001 (the Suit) VIPEM filed a suit against TRI claiming a sum of USD18.6 million as its share of loss of profits for mismanagement of Tritel. VIPEM asked for an order to be made on an ex-parte basis. Tritel and TRI's lawyers asserted that the Court has no jurisdiction to entertain the Chamber Application because of the arbitration clause in the JVA and applied for a stay of proceedings. The Court declined to grant the ex-parte order and TRI filed petition to stay the proceedings pending reference of the dispute to arbitration. The petition has yet to be heard. Pending determination of the Suit, VIPEM applied to the Tanzania High Court for the appointment of receiver/manager to take conduct over the running of Tritel.

Tanzania Communications Commission (TCC) revoked Tritel's licence as of 31 January 2003. On 14 January 2003, Citibank of Tanzania (Citibank) appointed Receivers and Managers by virtue of a debenture issued by Tritel as a loan security to Citibank.

Subsequently, on 12 June 2003, the Commercial Division of the High Court of Tanzania had endorsed a petition by three creditors of Tritel, namely TCC, Tanzania Telecommunications Company Limited and Tanzania Revenue Authority to wind up Tritel in Commercial Case No. 6 of 2003. VIPEM had filed an affidavit in support of the said petition. As a result thereof, the High Court has admitted VIPEM as a joint creditor of Tritel.

Consequently, Tritel is under liquidation and the Court ordered the joint Receivers and Managers, who were appointed by Citibank to handover statements and accounts of Tritel's affairs to the newly court appointed liquidator. In the light of the appointment of the liquidator, the Court had on 17 July 2003 adjourned sine die the Suit.

Subsequently, Citibank had independently filed an application to challenge the Commercial Court ruling in the Court of Appeal in Tanzania on the grounds that it was not a party to the original hearing and any order made by the Court in its absence is a nullity. On 7 October 2003 the Court struck out Citibank's application on the ground that the application was incompetent, as it had not mentioned a specific subsection under which the application was made. On 17 October 2003 the lawyers for Citibank filed an application before the same Court seeking extension of time to refile the amended application quoting the correct subsection. The Court of Appeal has granted Citibank's application for extension of time to file another Revision application within 30 days from date of the ruling, which was made on 31 October 2003. The Revision application was heard before the Court of Appeal on 27 February 2004 and was dismissed because the Court held that Citibank should have filed an appeal after obtaining leave and not come to the Court of Appeal by way of Revision. This proceeding is still on-going.

In the light of the winding up order made against Tritel, on 22 July 2003, TRI filed its claim of RM123.4 million to the liquidator of Tritel. The Directors, based on legal opinion received are of the view that on the allegations of mismanagement, unless more evidence can be produced, the allegations are rhetorical and unsubstantiated. In view of the winding up proceedings, there is also a possibility that VIPEM will not pursue its claim. Hence, no provision has been made in the financial statements for the claim made by VIPEM.

**33. CONTINGENT LIABILITIES (Unsecured) (continued)**

- (g) On 10 March 2003, Celcom received a letter from DeTeAsia Holding GmbH (DTAH) informing Celcom that it had initiated an arbitration by way of a Request for Arbitration dated 7 March 2003 (Request) which was filed on 10 March 2003 with the Secretariat of the International Court of Arbitration of the International Chamber of Commerce in Paris (ICC) pursuant to Clause 8.6 of the Amended and Restated Supplemental Agreement dated 4 April 2002 between TRI, DTAH, Celcom and TR International Limited (TRIL) (the Amended and Restated Agreement).

DTAH is essentially claiming damages for breach of the Amended and Restated Agreement. DTAH's contention is that by entering into the Sale and Purchase Agreement with Telekom Malaysia Berhad for the acquisition of the whole of the issued and paid-up capital of TM Cellular Sdn Bhd (TM Cellular) and the subsequent acquisition of TM Cellular without the consent of DTAH, Celcom has acted in breach of the Amended and Restated Agreement. DTAH is seeking damages in an amount to be calculated by reference to the provisions of Schedule 1 of the Amended and Restated Agreement, together with interest at eight percent (8%) per annum from 16 October 2002 and costs. Celcom's contention is essentially that the consent of DTAH was not required for the acquisition of TM Cellular and that such provisions in the Amended and Restated Agreement on which DTAH relies on are either not enforceable or that DTAH is precluded from asserting the validity of the same.

Subsequent to the filing of the Request, DTAH has also raised further allegations of breaches against Celcom in the Summary of Case filed by DTAH with the ICC on 1 August 2003. A three-member arbitral tribunal has been constituted and the hearing date has been fixed from 12 July 2004 to 23 July 2004 for the hearing of the arbitration.

By a letter dated 20 August 2004 to the Tribunal, DTAH has quantified its principal claim as USD177.2 million (amounting after currency conversion to RM673.5 million). Subsequently, DTAH in its Post Hearing Brief dated 29 November 2004 claimed interest in the sum of USD16.3 million (amounting after currency conversion to RM61.8 million) for the period between 16 October 2002 to 27 June 2003, and interest at the rate of 8% per annum on USD177.2 million from 28 June 2003 until full settlement.

The evidential hearing was held from 12 July 2004 to 16 July 2004 in Geneva. The Post Hearing Briefs were submitted by the parties on 29 November 2004.

The parties submitted their oral submissions in London on 7 and 8 January 2005. Upon the close of the submissions, the Tribunal has directed the parties to simultaneously exchange written submissions on the issue of costs by 1 March 2005. Submissions in reply are also to be simultaneously exchanged by 15 March 2005. The parties have since then mutually agreed that the submission be filed on 21 March 2005 and the replies on 4 April 2005. The Tribunal will notify the parties once it is ready to hand down its award. Celcom has been advised by its solicitors that the prospect of successfully defending the proceeding is reasonable.

Apart from the above, the Directors are not aware of any other proceedings pending against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Company and/or its subsidiaries.

There were no other contingent liabilities or material litigations or guarantees other than those arising in the ordinary course of the business of the Group and the Company and on these no material losses are anticipated.

### 34. SIGNIFICANT EVENTS

- (a) On 18 September 2002, TM issued a Notification of Claim to the Government of Ghana (GoG) pursuant to the Bilateral International Treaty between the Government of Malaysia and GoG on 11 November 1996 (BIT) in respect of the following disputes:
- (i) GoG's past treatment of TM's investment in Ghana Telecommunications Company Limited (GT) held through TM International Sdn Bhd and G-Com Limited which resulted in TM losing significant influence over the financial and operation policies decisions of GT. Accordingly, the investment in GT has been recorded as long term investment during year 2002.
  - (ii) GoG's failure to refund a USD50.0 million (RM190.0 million) deposit for the proposed acquisition of additional 15% equity interest in GT (as disclosed in note 24 to the financial statements) pursuant to the Head of Agreement entered into between TM and GoG dated 10 August 2000.

Since the parties could not reach an amicable settlement, TM through its counsel in London, sent a Notice of Arbitration to the GoG on 10 February 2003 for the commencement of arbitration proceedings under the UNCITRAL Arbitration Rules in accordance with the provisions of the BIT. Subsequently, the arbitral tribunal was constituted in accordance to the provisions of BIT. Based on the preparatory meeting in relation to the arbitration between TM and GoG held on 17 July 2003 at The Hague, it was agreed that the arbitration hearing will start on 5 July 2004 for a period of two (2) weeks.

- (i) The hearing on the issues of the quantum of TM's claims and the GoG's counterclaims was heard by the Tribunal from 8 until 12 November 2004. The Tribunal indicated that the decisions on issues on jurisdiction, merits of TM's claim, quantum on the said claim and the GoG's counterclaim would be delivered in January 2005. TM has yet to receive the decision from the Tribunal.
  - (ii) Notwithstanding the above development, the parties could still resolve the outstanding disputes on an amicable basis subject to terms and conditions mutually agreed by the parties prior to the decision of the Tribunal.
- (b) G-Com Limited (G-Com), a subsidiary of TM, filed an application in the High Court of Ghana on 13 June 2002, seeking a declaration that the Extraordinary General Meeting (EGM) held on 3 June 2002 was null and void. On 31 July 2002, the High Court of Ghana dismissed G-Com's application for a declaration to nullify the EGM held on 3 June 2002.

On 25 September 2002, G-Com filed an appeal in the Court of Appeal of Ghana against the decision of the High Court dated 31 July 2002. The Court of Appeal has yet to fix the hearing date.

- (c) G-Com filed a Writ of Summons and a Statement of Claim at the High Court of Ghana against GT on 24 December 2003 in respect of the EGM and AGM resolutions to approve certain contracts and loans. At the hearing of the injunction application held on 20 April 2004, G-Com withdrew the suit as G-Com's appointed directors had given their consent under protest in accordance with regulations 70(3) of GT Regulations.



### 34. SIGNIFICANT EVENTS (continued)

#### (d) Proposed Acquisition of 27.3% Equity Interest in PT Excelcomindo Pratama (Excelcomindo)

On 9 December 2004, TM International (L) Limited (TMIL), a wholly owned subsidiary of TM, entered into a sale and purchase agreement (SPA) with Rogan Partners Inc (Rogan) and PT Telekomindo Primabhakti (Telekomindo) for the acquisition of 618,345 ordinary shares of Rp250,000 each in Excelcomindo, representing 27.3% of the issued and paid-up share capital of Excelcomindo (the said shares), indirectly through the acquisition of a 100% equity interest in a special purpose holding company, Indocel Holding Sdn (formerly known as Nynex Indocel Holding Sdn) (Indocel) for a total cash consideration of USD314.0 million.

Consequent thereto, TMIL had on 11 January 2005, entered into an amended and restated share sale and purchase agreement (Amended SPA) with Rogan and Telekomindo for the acquisition of the said shares. The Amended SPA split the proposed acquisition into a 2 step arrangement. Under this arrangement TMIL had acquired 523,215 ordinary shares in Excelcomindo (representing 23.1% of the issued and paid-up share capital of Excelcomindo) through the acquisition of Indocel as mentioned previously for a purchase consideration of approximately USD265.7 million. This acquisition was completed on 11 January 2005.

In addition, under the Amended SPA, TMIL has also agreed to cause Indocel to acquire for a purchase consideration of approximately USD48.3 million, additional Excelcomindo shares, representing a 4.2% equity interest in Excelcomindo, free and clear of any lien and any other limitation or restriction with full rights attached thereto.

On 11 January 2005, TMIL and Telekomindo had also entered into an Option Agreement which allows TMIL to further acquire more shares in Excelcomindo from Telekomindo.

#### (e) Proposed Acquisition of Idea Cellular Limited (Idea)

On 11 December 2004, TM International Sdn Bhd, a wholly owned subsidiary of TM, as a part of a consortium with Singapore Technologies Telemedia Pte Ltd (ST Telemedia), through its subsidiary STT Communications Ltd (the Consortium), had entered into agreements for the acquisition of 47.7% of the enlarged equity interest in Idea, for a total cash consideration of Rupees17,396.8 million (approximately RM1,505.7 million).

The Consortium is to acquire a 32.9% equity interest in Idea indirectly through the acquisition of a 100% equity interest in AT&T Cellular Private Limited and simultaneously subscribe for additional shares in Idea, which will increase the equity interest of the Consortium in Idea to 47.7%.

The proposed acquisition is subject to, inter alia, regulatory approvals including approvals from the Foreign Investment Promotion Board of the Government of India, Department of Telecommunications in India and Bank Negara Malaysia. It is also subject to the approvals of the lenders of Idea and preference shareholders of Idea on the redemption of the preference shares of Idea.

### 35. SIGNIFICANT SUBSEQUENT EVENTS

#### (a) Joint Venture in Multinet Pakistan (Private) Limited (Multinet)

TMIL, a wholly owned subsidiary of TM, had entered into a Joint Venture Deed with Mr. Adnan Asdar and Mr. Nasser Khan Ghazi on 16 February 2005 relating to an investment by TMIL in Multinet, a private limited liability company incorporated in the Islamic Republic of Pakistan. The joint venture is via the acquisition of a 78% (780,000 shares) equity interest in Multinet by TMIL for a total cash consideration of USD5.46 million. Upon completion of this transaction, TMIL will further subscribe for 7,020,000 ordinary shares in Multinet by way of a cash injection of USD11.7 million. Both Mr. Adnan Asdar and Mr. Nasser Khan Ghazi will subscribe up to their proportionate shareholding in Multinet.

Completion of the above transaction is subject to approvals from regulatory authorities in Pakistan and Malaysia and lenders of Multinet.

#### (b) Voluntary Separation Scheme (VSS)

The Board of Directors had approved a Group-wide Manpower Optimisation Plan (the Plan) at its Board meeting on 30 November 2004. The Plan includes, amongst others, a VSS and an early retirement scheme. The implementation of the VSS had been approved by the relevant authority on 15 February 2005.

On 23 February 2005, the Group announced the VSS to all eligible staff of the Group as part of its manpower rationalisation programme. The VSS, was offered across all levels of staff within the Group and the cost of this exercise is expected to be between RM200.0 million to RM300.0 million. The VSS is expected to be completed by end of April 2005.

#### (c) Global Settlement in relation to Celcom Timur (Sarawak) Sdn Bhd (CTS)

On 22 February 2005, Celcom, a wholly owned subsidiary of TM, has entered into a global settlement arrangement in relation to CTS involving the following transactions:

(a) The disposal by Celcom to Sarawak Electricity Supply Corporation (Sesco) and Sacofa Sdn Bhd (Sacofa) of 15,000,000 ordinary shares of RM1.00 each in CTS for a total consideration of RM43.4 million divided into 2 tranches:

(i) Tranche 1

The disposal by Celcom to SESCO of 8,212,270 ordinary shares of RM1.00 each for a total consideration of RM23.8 million to be satisfied by the novation by Celcom to SESCO, of an outstanding debt in the sum of RM23.8 million owed by Celcom to CTS.

(ii) Tranche 2

The disposal by Celcom to Sacofa of 6,787,730 ordinary shares of RM1.00 each for a total consideration of RM19.6 million to be satisfied by the allotment and issuance of 9,815,940 ordinary shares of RM1.00 each at RM2.00 per new ordinary share in Sacofa, representing 16.05% of the enlarged share capital of Sacofa.

Tranche 1 transaction was completed on 22 February 2005. Upon completion of the Tranche 1 transaction, all legal actions instituted by, inter alia, Celcom, SESCO and CTS against each other have been withdrawn or discontinued with no liberty to file afresh.



### 35. SIGNIFICANT SUBSEQUENT EVENTS (continued)

#### (c) Global Settlement in relation to Celcom Timur (Sarawak) Sdn Bhd (CTS) (continued)

- (b) The disposal of 12 communication towers situated in Sarawak by Celcom to Sacofa for a total consideration of RM6.0 million to be satisfied by the allotment and issuance of 3,018,387 ordinary shares of RM1.00 each at RM2.00 per new ordinary share in Sacofa. Upon completion of this transaction, Celcom's shareholding in Sacofa will increase to 20% of the enlarged share capital of Sacofa.

In the event that the Sacofa Agreement (Tranche 2 transaction) failed due to the unfulfillment of its conditions precedent or cannot be completed within 180 days from 22 February 2005, SESCO shall then purchase the Tranche 2 Shares for a cash consideration of RM19.6 million.

### 36. SEGMENTAL REPORTING

#### By Business

The Group is organised on a worldwide basis in three main business segments:

- (a) **Fixed line**  
– represents fixed line, data, Internet and multimedia and other telecommunication related services
- (b) **Cellular**  
– represents mobile telecommunication services
- (c) **Non-telecommunication related services**  
– represents services provided by subsidiaries with core business in consultancy, property management, education and other activities, none of which is of a sufficient size to be reported separately.

Segment results represent segment operating revenue less segment expenses. Unallocated income includes interest income, dividend income and gain or loss on disposal of investments. Unallocated costs represent corporate expenses and net foreign exchange differences arising from revaluation of corporate borrowings. The accounting policies used to derive reportable segment results are consistent with those as described in the Significant Accounting Policies.

Segment assets disclosed for each segment represent assets directly managed by each segment, primarily include intangibles, receivables, property, plant and equipment, inventories and cash and bank balances. Unallocated corporate assets mainly include staff loans, other long term receivables, investments, deferred tax assets and property, plant and equipment of the Company's training centre.

Segment liabilities comprise operating liabilities and exclude corporate borrowings, interest payable on corporate borrowings, current tax and deferred tax liabilities.

Segment capital expenditure comprises additions to property, plant and equipment.

Significant non-cash expenses comprise mainly allowances and unrealised foreign exchange losses (excluding net foreign exchange differences arising from revaluation of corporate borrowings) as shown in note 4 to the financial statements.

## 36. SEGMENTAL REPORTING (continued)

	Fixed line, data, Internet and multimedia RM	Cellular RM	Others RM	Total RM
<b>Year Ended 31 December 2004</b>				
<b>Operating Revenue</b>				
Total operating revenue	8,276.6	5,226.6	699.9	14,203.1
Inter-segment*	(199.7)	(276.7)	(475.8)	(952.2)
External operating revenue	8,076.9	4,949.9	224.1	13,250.9
<b>Results</b>				
Segment results	1,500.9	820.5	32.7	2,354.1
Unallocated income				67.9
Corporate expenses				(541.8)
Foreign exchange gains				3.5
Operating profit before finance cost				1,883.7
Finance cost				(627.5)
Finance income				214.1
Associates				
– share of profits less losses	120.7	43.0	—	163.7
– profit on disposal				1,538.8
Profit before taxation				3,172.8
Taxation				(496.3)
Profit after taxation				2,676.5
Minority interests				(63.0)
Profit attributable to shareholders				2,613.5
<b>At 31 December 2004</b>				
<b>Net Assets</b>				
Segment assets	21,969.2	12,470.9	1,462.4	35,902.5
Associates	30.4	75.3	—	105.7
Unallocated corporate assets				1,667.0
Total assets				37,675.2
Segment liabilities	2,884.6	3,493.7	134.2	6,512.5
Unallocated liabilities				11,421.6
Total liabilities				17,934.1



## 36. SEGMENTAL REPORTING (continued)

	Fixed line, data, Internet and multimedia RM	Cellular RM	Others RM	Total RM
<b>Year Ended 31 December 2004</b>				
<b>Other Information</b>				
Capital expenditure				
– additions during the year	1,480.9	1,006.5	51.5	2,538.9
Depreciation	2,346.8	1,261.3	64.9	3,673.0
Write off of property, plant and equipment	60.5	—	—	60.5
Impairment of property, plant and equipment	251.1	382.2	—	633.3
Significant non-cash expenses	289.8	132.8	11.4	434.0
<b>Year Ended 31 December 2003</b>				
<b>Operating Revenue</b>				
Total operating revenue	8,344.8	3,875.4	473.0	12,693.2
Inter-segment*	(405.0)	(269.1)	(222.7)	(896.8)
External operating revenue	7,939.8	3,606.3	250.3	11,796.4
<b>Results</b>				
Segment results	1,588.6	453.2	86.6	2,128.4
Unallocated income				85.6
Corporate expenses				(266.6)
Foreign exchange losses				(82.1)
Operating profit before finance cost				1,865.3
Finance cost				(517.1)
Finance income				87.1
Associates				
– share of profits less losses	236.2	139.0	—	375.2
Profit before taxation				1,810.5
Taxation				(366.3)
Profit after taxation				1,444.2
Minority interests				(53.8)
Profit attributable to shareholders				1,390.4



## 36. SEGMENTAL REPORTING (continued)

	Fixed line, data, Internet and multimedia RM	Cellular RM	Others RM	Total RM
<b>At 31 December 2003</b>				
<b>Net Assets</b>				
Segment assets	19,473.1	12,050.6	1,272.2	32,795.9
Associates	1,211.8	287.8	—	1,499.6
Unallocated corporate assets				1,744.8
<b>Total assets</b>				<b>36,040.3</b>
Segment liabilities	3,457.3	4,200.4	114.1	7,771.8
Unallocated liabilities				11,241.0
<b>Total liabilities</b>				<b>19,012.8</b>
<b>Year Ended 31 December 2003</b>				
<b>Other Information</b>				
Capital expenditure				
– additions during the year	1,969.5	684.7	27.3	2,681.5
– acquisition of a subsidiary	—	5,899.6	—	5,899.6
Depreciation	2,587.4	932.6	31.3	3,551.3
Write off of property, plant and equipment	5.7	0.1	—	5.8
Impairment of property, plant and equipment	4.3	94.9	—	99.2
Significant non-cash expenses	251.0	269.0	2.3	522.3

\* Inter-segment operating revenue has been eliminated in arriving at respective segment operating revenue. The inter-segment operating revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

**By Geographical Location**

Although the Group operates in many countries as shown in note 41 to the financial statements, the segmentisation of Group operation by geographical location is only segmentised to Malaysia and overseas as no individual overseas country contributed more than 10% of consolidated operating revenue or assets.

In presenting information for geographical segments of the Group, sales are based on the country in which the customers are located. There is no sale between the segments. Total assets and capital expenditure are determined based on where the assets are located.



### 36. SEGMENTAL REPORTING (continued)

	Operating Revenue		Total Assets		Capital Expenditure	
	2004	2003	2004	2003	2004	2003
	RM	RM	RM	RM	RM	RM
Malaysia	12,061.4	10,996.9	33,698.1	31,035.7	2,164.0	8,173.2
Overseas	1,189.5	799.5	2,204.4	1,760.2	374.9	407.9
	<b>13,250.9</b>	<b>11,796.4</b>	<b>35,902.5</b>	<b>32,795.9</b>	<b>2,538.9</b>	<b>8,581.1</b>
Associates			105.7	1,499.6		
Unallocated corporate assets			1,667.0	1,744.8		
Total assets			<b>37,675.2</b>	<b>36,040.3</b>		

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial assets and liabilities are foreign exchange, interest rate, credit and liquidity risk. The Group's overall risk management seeks to minimise potential adverse effects of these risks on the financial performance of the Group.

The Group has established risk management policies, guidelines and control procedures to manage its exposure to financial risks. Hedging transactions are determined in the light of commercial commitments. Derivative financial instruments are used only to hedge underlying commercial exposures and are not held or sold for speculative purposes.

#### Foreign Exchange Risk

The foreign exchange risk of the Group arises from borrowings denominated in foreign currencies. The Group has long dated, cross-currency interest rate and interest rate swaps that are primarily used to hedge selected long term foreign currency borrowings to reduce the foreign currency exposures on these borrowings. The main currency exposures are primarily US Dollar and Japanese Yen.

The Group also has subsidiaries and associates operating in foreign countries, which generate revenue and incur costs denominated in foreign currencies. The main currency exposures are primarily Guinea Franc, Bangladesh Taka, Sri Lanka Rupee and South African Rand.

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Interest Rate Risk

The Group has cash and bank balances and deposits placed with creditworthy licensed banks and financial institutions. The Group manages its interest rate risk by placing such balances on varying maturities and interest rate terms.

The Group's debt includes bank overdrafts, bank borrowings, bonds, notes and debentures. The Group's interest rate risk objective is to manage the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuations. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile. To obtain this mix, the Group uses combined cross-currency interest rate swaps to convert certain long term foreign currency borrowings from variable to fixed rate or vice versa.

#### Credit Risk

Financial assets that potentially subject the Group to concentrations of credit risk consist primarily trade receivables, cash and bank balances, marketable securities and financial instruments used in hedging activities.

Due to the nature of the Group's business, customers are mainly segregated into business and residential. The Group has no other major significant concentration of credit risk other than business and residential trade receivables due to its diverse customer base. Credit risk is managed through the application of credit assessment and approval, credit limit and monitoring procedures. Where appropriate, the Group obtained deposits or bank guarantees from the customers.

The Group places its cash and cash equivalents and marketable securities with a number of creditworthy financial institutions. The Group's policy limits the concentration of financial exposure to any single financial institution.

All hedging instruments are executed with creditworthy financial institutions with a view to limit the credit risk exposure of the Group. The Group, however, is exposed to credit-related losses in the event of non-performance by counterparties to financial derivative instruments, but does not expect any counterparties to fail to meet their obligations.

#### Liquidity Risk

In the management of liquidity and cash flow risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.



### 38. INTEREST RATE RISK

The table below summarises the Group and the Company's exposure to interest rate risk. Included in the tables are the Group and the Company's financial assets and liabilities at carrying amounts, categorised by the earlier of repricing or contractual maturity dates. The off-balance-sheet gap represents the net notional amounts of all interest rate sensitive derivative instruments. Sensitivity to interest rates arises from mismatches in the repricing dates, cash flows and other characteristics of assets and their corresponding liability funding.

THE GROUP	W.A.R.F.*	Fixed interest rate				Total interest sensitive	Non-interest sensitive	Balances under Islamic principles		Total
		Floating interest rate	maturing or repriced in 1 year or less	1 to 5 years	More than 5 years			RM	RM	
		RM	RM	RM	RM	RM	RM	RM	RM	
<b>2004</b>										
<b>Financial Assets</b>										
Investments	2.10%	—	9.5	—	—	9.5	364.1	—	373.6	
Staff Loans and Other Long Term Receivables	4.00%	—	7.4	45.4	141.8	194.6	49.6	470.0	714.2	
Trade and Other Receivables (excluding short term staff loans)	1.67%	—	36.8	—	—	36.8	3,256.4	—	3,293.2	
Short Term Investments	—	—	—	—	—	—	150.2	—	150.2	
Cash and Bank Balances	2.67%	—	7,046.5	—	—	7,046.5	438.2	1,316.9	8,801.6	
<b>Total</b>		—	7,100.2	45.4	141.8	7,287.4	4,258.5	1,786.9	13,332.8	
<b>Financial Liabilities</b>										
Borrowings	5.99%	3,167.5	799.1	28.6	4,883.0	8,878.2	6.1	1,900.4	10,784.7	
Customer Deposits	—	—	—	—	—	—	616.7	—	616.7	
Trade and Other Payables	—	—	—	—	—	—	4,127.7	—	4,127.7	
<b>Total</b>		3,167.5	799.1	28.6	4,883.0	8,878.2	4,750.5	1,900.4	15,529.1	
On-balance-sheet interest sensitivity gap		(3,167.5)	6,301.1	16.8	(4,741.2)					
Off-balance-sheet interest sensitivity gap		—	—	—	—					
<b>Total interest sensitivity gap</b>		<b>(3,167.5)</b>	<b>6,301.1</b>	<b>16.8</b>	<b>(4,741.2)</b>					

## 38. INTEREST RATE RISK (continued)

THE GROUP	W.A.R.F.*	Floating	Fixed interest rate			Total interest sensitive	Non-interest sensitive	Balances	Total
		interest rate	maturing or repriced in					under Islamic principles	
		RM	1 year or less	1 to 5 years	More than 5 years	RM	RM	RM	RM
<b>2003</b>									
<b>Financial Assets</b>									
Investments	2.00%	—	8.6	—	—	8.6	376.1	—	384.7
Staff Loans and Other Long Term Receivables	4.00%	—	3.4	24.9	233.2	261.5	32.2	475.5	769.2
Trade and Other Receivables (excluding short term staff loans)	1.45%	—	23.7	—	—	23.7	3,711.0	—	3,734.7
Short Term Investments	—	—	—	—	—	—	263.4	—	263.4
Cash and Bank Balances	2.38%	—	2,273.5	—	—	2,273.5	350.1	722.5	3,346.1
<b>Total</b>		—	2,309.2	24.9	233.2	2,567.3	4,732.8	1,198.0	8,498.1
<b>Financial Liabilities</b>									
Borrowings	5.03%	3,379.7	537.6	919.3	4,874.5	9,711.1	6.1	1,991.2	11,708.4
Customer Deposits	—	—	—	—	—	—	626.9	—	626.9
Trade and Other Payables	—	—	—	—	—	—	4,522.0	—	4,522.0
<b>Total</b>		3,379.7	537.6	919.3	4,874.5	9,711.1	5,155.0	1,991.2	16,857.3
On-balance-sheet interest sensitivity gap		(3,379.7)	1,771.6	(894.4)	(4,641.3)				
Off-balance-sheet interest sensitivity gap		—	—	—	—				
<b>Total interest sensitivity gap</b>		(3,379.7)	1,771.6	(894.4)	(4,641.3)				

\* W.A.R.F. – Weighted Average Rate of Finance as at 31 December



### 38. INTEREST RATE RISK (continued)

The table below summarises the weighted average rate of finance as at 31 December by major currencies for each class of financial asset and liability:

THE GROUP	2004			2003		
	USD	JPY	RM	USD	JPY	RM
<b>Financial Assets</b>						
Investments	1.68%	—	—	0.89%	—	—
Staff Loans	—	—	4.00%	—	—	4.00%
Trade and Other Receivables	1.67%	—	—	1.45%	—	—
Cash and Bank Balances	2.33%	—	2.74%	1.26%	—	2.66%
<b>Financial Liabilities</b>						
Borrowings	6.57%	2.13%	5.75%	5.45%	1.87%	5.80%

THE COMPANY	W.A.R.F.*	Fixed interest rate				Total interest sensitive	Non-interest sensitive	Balances under	
		Floating interest rate	maturing or repriced in 1 year or less	1 to 5 years	More than 5 years			Islamic principles	Total
		RM	RM	RM	RM	RM	RM	RM	RM
<b>2004</b>									
<b>Financial Assets</b>									
Amount Owing by Subsidiaries net of allowances	5.08%	167.0	—	7.7	—	174.7	8,852.8	—	9,027.5
Investments	—	—	—	—	—	—	326.2	—	326.2
Staff Loans and Other Long Term Receivables	4.00%	—	7.4	45.4	141.8	194.6	49.0	470.0	713.6
Trade and Other Receivables (excluding short term staff loans)	—	—	—	—	—	—	2,694.4	—	2,694.4
Short Term Investments	—	—	—	—	—	—	148.6	—	148.6
Cash and Bank Balances	2.43%	—	5,034.7	—	—	5,034.7	57.9	347.8	5,440.4
<b>Total</b>		<b>167.0</b>	<b>5,042.1</b>	<b>53.1</b>	<b>141.8</b>	<b>5,404.0</b>	<b>12,128.9</b>	<b>817.8</b>	<b>18,350.7</b>
<b>Financial Liabilities</b>									
Borrowings	6.59%	2,142.2	795.8	3.6	369.7	3,311.3	6.1	689.0	4,006.4
Payable to Subsidiaries	5.60%	400.0	—	—	4,483.5	4,883.5	—	—	4,883.5
Customer Deposits	—	—	—	—	—	—	609.2	—	609.2
Trade and Other Payables	—	—	—	—	—	—	4,118.6	—	4,118.6
<b>Total</b>		<b>2,542.2</b>	<b>795.8</b>	<b>3.6</b>	<b>4,853.2</b>	<b>8,194.8</b>	<b>4,733.9</b>	<b>689.0</b>	<b>13,617.7</b>

## 38. INTEREST RATE RISK (continued)

THE COMPANY	W.A.R.F.*	Floating interest rate RM	Fixed interest rate			Total interest sensitive RM	Non- interest sensitive RM	Balances under Islamic principles RM	Total RM
			1 year or less RM	1 to 5 years RM	More than 5 years RM				
<b>2004</b>									
On-balance-sheet interest sensitivity gap		(2,375.2)	4,246.3	49.5	(4,711.4)				
Off-balance-sheet interest sensitivity gap		—	—	—	—				
<b>Total interest sensitivity gap</b>		<b>(2,375.2)</b>	<b>4,246.3</b>	<b>49.5</b>	<b>(4,711.4)</b>				
<b>2003</b>									
<b>Financial Assets</b>									
Amount Owing by Subsidiaries net of allowances	1.83%	1,489.4	—	7.7	—	1,497.1	8,768.0	—	10,265.1
Investments	—	—	—	—	—	—	338.1	—	338.1
Staff Loans and Other Long Term Receivables	4.00%	—	3.4	24.9	233.2	261.5	31.7	475.5	768.7
Trade and Other Receivables (excluding short term staff loans)	—	—	—	—	—	—	3,004.6	—	3,004.6
Short Term Investments	—	—	—	—	—	—	260.3	—	260.3
Cash and Bank Balances	1.62%	—	679.3	—	—	679.3	33.7	139.0	852.0
<b>Total</b>		<b>1,489.4</b>	<b>682.7</b>	<b>32.6</b>	<b>233.2</b>	<b>2,437.9</b>	<b>12,436.4</b>	<b>614.5</b>	<b>15,488.8</b>
<b>Financial Liabilities</b>									
Borrowings	4.91%	2,550.8	2.4	871.8	2,314.9	5,739.9	6.1	689.0	6,435.0
Payable to a Subsidiary	5.91%	—	—	—	2,983.5	2,983.5	—	—	2,983.5
Customer Deposits	—	—	—	—	—	—	614.9	—	614.9
Trade and Other Payables	—	—	—	—	—	—	2,863.1	—	2,863.1
<b>Total</b>		<b>2,550.8</b>	<b>2.4</b>	<b>871.8</b>	<b>5,298.4</b>	<b>8,723.4</b>	<b>3,484.1</b>	<b>689.0</b>	<b>12,896.5</b>
On-balance-sheet interest sensitivity gap		(1,061.4)	680.3	(839.2)	(5,065.2)				
Off-balance-sheet interest sensitivity gap		—	—	—	—				
<b>Total interest sensitivity gap</b>		<b>(1,061.4)</b>	<b>680.3</b>	<b>(839.2)</b>	<b>(5,065.2)</b>				

\* W.A.R.F. - Weighted Average Rate of Finance as at 31 December



### 38. INTEREST RATE RISK (continued)

The table below summarises the weighted average rate of finance as at 31 December by major currencies for each class of financial asset and liability:

THE COMPANY	2004			2003		
	USD	JPY	RM	USD	JPY	RM
<b>Financial Assets</b>						
Amount Owing by Subsidiaries net of allowances	5.36%	—	1.52%	3.99%	—	1.50%
Staff Loans	—	—	4.00%	—	—	4.00%
Cash and Bank Balances	2.34%	—	2.74%	1.23%	—	2.62%
<b>Financial Liabilities</b>						
Borrowings	7.68%	2.13%	6.35%	5.57%	1.87%	7.89%
Payable to Subsidiaries	5.25%	—	5.82%	—	—	5.91%

### 39. CREDIT RISK

For on-balance-sheet financial instruments, the main credit risk exposure has been disclosed elsewhere in the financial statements.

#### Off-balance-sheet financial instruments

The Group and the Company are exposed to credit risk where the fair value of the contract is favourable, where the counterparty is required to pay the Group or the Company in the event of contract termination. The following table summarises the favourable fair values of the contracts, indicating the credit risk exposure.

	THE GROUP AND COMPANY			
	2004		2003	
	Contract or notional principal amount RM	Favourable Fair Value RM	Contract or notional principal amount RM	Favourable Fair Value RM
Long dated swap	750.0	96.9	750.0	66.4
Interest rate swap	400.0	1.4	570.0	1.4
	1,150.0	98.3	1,320.0	67.8



**40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The fair value of a financial instrument is assumed to be the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced or liquidation sale.

Quoted market prices, when available, are used as the measure of fair values. However, for a significant portion of the Group and the Company's financial instruments, quoted market prices do not exist. For such financial instruments, fair values presented are estimates derived using the net present value or other valuation techniques. These techniques involve uncertainties and are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values.

**(a) On-balance-sheet**

The carrying amounts of the financial assets and liabilities of the Group and the Company at the balance sheet date approximated their fair values except as set out below:

	THE GROUP				THE COMPANY			
	2004		2003		2004		2003	
	Carrying amount RM	Net fair value RM	Carrying amount RM	Net fair value RM	Carrying amount RM	Net fair value RM	Carrying amount RM	Net fair value RM
<b>Financial assets</b>								
Investments	373.6	328.4	384.7	458.4	326.2	281.0	338.1	411.8
Staff loans	195.2	175.4	262.0	233.8	194.6	174.8	261.5	233.3
<b>Financial liabilities</b>								
Borrowings (excluding redeemable bonds)	5,884.3	6,222.2	6,717.2	7,597.0	3,317.4	3,648.9	5,746.0	6,264.0
Redeemable bonds / Payable to subsidiaries	3,000.0	3,148.3	3,000.0	3,000.0	4,883.5	5,037.1	2,983.5	2,959.9

The above carrying amounts and net fair values of borrowings exclude swaps, which are disclosed in sub-note (b).

#### 40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

##### Financial assets

The fair value of long term investments are estimated by reference to market indicative yields or the Group and the Company's share of net tangible assets. Where allowances of permanent diminution in value or impairment, where applicable, is made in respect of any investment, the carrying amount net of allowance made is deemed to be a close approximation of its fair value.

The fair value of staff loans have been estimated by discounting the estimated future cash flows using the prevailing market rates for similar credit risks and remaining period to maturity. The fair value of staff loans is lower than carrying amount at the balance sheet date as the Company and its subsidiaries charged interest rates on staff loans at below current market rates. The Directors consider the carrying amount fully recoverable as they do not intend to realise the financial asset via exchange with another counterparty but to hold it to contract maturity. Collaterals are taken for these loans and the Directors are of the opinion that the potential losses in the event of default will be covered by the collateral values on individual loan basis.

For educational loans, amount owing by subsidiaries and associates and customer deposits, it is not practicable to determine the fair values of these balances as they are mainly interest free and do not have fixed repayment terms. However, the carrying amounts recorded are not anticipated to be significantly in excess of their fair values at the balance sheet date.

##### Financial liabilities

The fair value of convertible bonds and quoted bonds has been estimated using the respective quoted offer price. For unquoted borrowings with fixed interest rate, the fair values have been estimated by discounting the estimated future cash flows using the prevailing market rates for similar credit risks and remaining period to maturity. For unquoted borrowings with floating interest rate, the carrying values are generally reasonable estimates of their fair values.

The financial liabilities will be realised at their carrying values and not at their fair value as the Directors have no intention to settle these liabilities other than in accordance with their contractual obligations.

For all other short term on-balance-sheet financial instruments maturing within one year or are repayable on demand, the carrying values are assumed to approximate their fair values.

**40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)****(b) Off-balance-sheet**

The financial derivative instruments are used to hedge foreign exchange and interest rate risks associated with certain long term foreign currency borrowings. The contract notional principal amounts of the derivative and the corresponding fair value adjustments are analysed as below:

	THE GROUP AND COMPANY					
	Contract or notional principal amount RM	2004		Contract or notional principal amount RM	2003	
		Net Fair Value			Net Fair Value	
		Favourable RM	Unfavourable RM		Favourable RM	Unfavourable RM
<b>Off-Balance-Sheet Financial Derivative Instruments</b>						
Long dated swap	750.0	96.9	—	750.0	66.4	—
Cross-currency interest rate swaps	570.0	—	(91.5)	760.0	—	(95.8)
Interest rate swap	2,110.0	1.4	(23.6)	570.0	1.4	—

Fair values of financial derivative instruments are the present values of their future cash flows and are arrived at based on valuations carried out by the Company's bankers. Favourable fair value indicates amount receivable by the Company if the contracts are terminated as at 31 December 2004 or vice versa.



#### 41. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2004

The subsidiaries are as follows:

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2004	2003	2004 Million	2003 Million	
Fiberail Sdn Bhd	60	60	RM14.2	RM14.2	Installation and maintenance of optic fibre telecommunication system along the railway corridor in Peninsular Malaysia
GITN Sdn Berhad	100	100	RM50.0	RM20.0	Provision of managed network services and enhanced value added telecommunication and information technology services
Intelsec Sdn Bhd*	100	100	RM3.0	RM3.0	Installation and maintenance of computerised security systems and security related imaging technology
Mediatel (Malaysia) Sdn Bhd	100	100	RM4.0	RM4.0	Investment holding
Meganet Communications Sdn Bhd	70	70	RM11.0	RM11.0	Provision of interactive multimedia communication services and solution
Menara Kuala Lumpur Sdn Bhd	100	100	RM91.0	RM91.0	Management and operation of the telecommunication and tourism tower of Menara Kuala Lumpur
Mobikom Sdn Bhd	100	100	RM260.0	RM260.0	Provision/transmission of voice and data through the cellular system
Parkside Properties Sdn Bhd*	100	100	RM0.1	RM0.1	Dormant
Rebung Utama Sdn Bhd	100	100	RM#	RM#	Special purpose entity
Societe Des Telecommunications De Guinee**	60	60	GFR75,000.0	GFR75,000.0	Provision of telecommunication and related services in the Republic of Guinea
Tekad Mercu Berhad	100	100	RM#	RM#	Special purpose entity
Telekom Applied Business Sdn Bhd	100	70	RM1.6	RM1.6	Provision of software development and sale of software products
Telekom Consultancy Sdn Bhd*	51	51	RM#	RM#	Ceased operation
Telekom Enterprise Sdn Bhd	100	100	RM0.6	RM0.6	Investment holding and provision of services relating to telecommunication, computer, data and information within and outside Malaysia

**41. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2004 (continued)**

The subsidiaries are as follows:

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2004	2003	2004 Million	2003 Million	
Telekom Infotech Sdn Bhd*	100	100	RM0.5	RM0.5	Dormant
Telekom Malaysia-Africa Sdn Bhd	100	100	RM0.1	RM0.1	Investment holding
Telekom Malaysia (Hong Kong) Limited**	100	100	HKD18.5	HKD#	Provision of international telecommunication facilities
Telekom Malaysia (S) Pte Ltd**	100	100	SGD#	SGD#	Provision of international telecommunication facilities
Telekom Malaysia (UK) Limited**	100	100	STR#	STR#	Provision of international telecommunication facilities
Telekom Malaysia (USA) Inc** (formerly known as TM (USA) Inc)	100	100	USD#	USD#	Provision of international telecommunication facilities
Telekom Management Services Sdn Bhd	100	100	RM#	RM#	Provision of consultancy and engineering services in telecommunication
Telekom Multi-Media Sdn Bhd	100	100	RM1.6	RM1.6	Investment holding and provision of interactive multimedia communication services and solutions
Telekom Networks Malawi Limited**	60	60	MKW350.0	MKW350.0	Provision of telecommunication and related services in the Republic of Malawi
Telekom Payphone Sdn Bhd	100	100	RM9.0	RM9.0	Investment holding and provision of public telephone services
Telekom Publications Sdn Bhd	100	100	RM6.0	RM6.0	Provision of printing and publications services
Telekom Research & Development Sdn Bhd	100	100	RM20.0	RM20.0	Provision of research and development activities in the areas of telecommunication and multimedia, hi-tech applications and products and services in related business
Telekom Sales and Services Sdn Bhd	100	100	RM14.5	RM14.5	Trading in customer premises equipment and maintaining telecommunication equipment
Telekom Technology Sdn Bhd	100	70	RM13.0	RM13.0	Ceased operation
Telesafe Sdn Bhd*	100	100	RM4.0	RM4.0	Dormant



#### 41. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2004 (continued)

The subsidiaries are as follows:

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2004	2003	2004 Million	2003 Million	
TM Cellular (Holdings) Sdn Bhd	100	100	RM0.1	RM0.1	Market and provide voice, data, video, wireless multimedia & interactive content and application
TM Global Incorporated##	100	100	USD#	USD#	Investment holding
TM Facilities Sdn Bhd	100	100	RM2.3	RM2.3	Provision of facilities management services
TM International (Bangladesh) Limited##	—	70	TK-	TK340.0	Provision of mobile telecommunication services in Bangladesh
TM International (Cayman) Ltd*	100	100	USD#	USD#	Investment holding
TM International Leasing Incorporated##	100	100	USD#	USD#	Investment holding
TM International Sdn Bhd	100	100	RM30.5	RM16.2	Investment holding and provision of telecommunication and consultancy services on an international scale
TM Net Sdn Bhd	100	100	RM180.0	RM180.0	Provision of Internet related services
TM Payphone Sdn Bhd (formerly known as Citifon Sdn Bhd)	100	100	RM65.0	RM65.0	Provision of national payphone network and related services
Universiti Telekom Sdn Bhd	100	100	RM1.0	RM1.0	Managing and administering a private university known as Multimedia University
VADS Berhad	69.52	69.52	RM40.0	RM40.0	Provision of international and national managed network services for businesses and organisations
<b>Subsidiaries held through Telekom Enterprise Sdn Bhd</b>					
Celcom (Malaysia) Berhad	100	100	RM2,619.1	RM2,619.1	Provision of mobile, fixed and multimedia services
Mobitel Sdn Bhd*	55	55	RM8.0	RM8.0	Dormant

**41. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2004 (continued)**

The subsidiaries are as follows:

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2004	2003	2004 Million	2003 Million	
<b>Subsidiaries held through Telekom Multi-Media Sdn Bhd</b>					
TM Orion Sdn Bhd*	100	100	RM#	RM#	Dormant
Telekom Smart School Sdn Bhd	51	51	RM15.0	RM15.0	Implementation of government smart school project, provision of multimedia education systems and software, portal services and other related services
<b>Subsidiary held through Telekom Publications Sdn Bhd</b>					
Cybermall Sdn Bhd	100	100	RM2.7	RM2.7	Ceased operation
<b>Subsidiary held through TM Facilities Sdn Bhd</b>					
TM Land Sdn Bhd (formerly known as Telekom Land Sdn Bhd)	100	—	RM#	RM-	Property development activities
<b>Subsidiaries held through TM International Sdn Bhd</b>					
MTN Networks (Private) Limited##	—	100	SLR-	SLR370.0	Provision of mobile telecommunication services in Sri Lanka
TM International (L) Limited##	100	100	USD47.9	USD#	Investment holding
TM International Lanka (Private) Limited##	—	100	SLR-	SLR200.0	Investment holding
TMI Mauritius Limited##	100	100	USD#	USD#	Investment holding
G-Com Limited**	85	85	CED22.9	CED22.9	Investment holding
Cambodia Smart Communication Co Ltd**	51	51	USD8.5	USD8.5	Provision of mobile telecommunication services in Cambodia



#### 41. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2004 (continued)

The subsidiaries are as follows:

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2004	2003	2004 Million	2003 Million	
<b>Subsidiaries held through TM International (L) Limited##</b>					
MTN Networks (Private) Limited##	100	—	SLR370.0	SLR-	Provision of mobile telecommunication services in Sri Lanka
TESS International Ltd*	100	100	USD#	USD#	Investment holding
TM International (Bangladesh) Limited##	70	—	TK3,060.0	TK-	Provision of mobile telecommunication services in Bangladesh
TM International Lanka (Private) Limited##	100	—	SLR222.0	SLR-	Investment holding
<b>Subsidiary held through Universiti Telekom Sdn Bhd</b>					
Unitele Multimedia Sdn Bhd	100	100	RM1.0	RM1.0	Adopting research ideas from Multimedia University for further development and prototyping, directing consultancy project to faculties and centres at Multimedia University and collaborating with other business partners in joint exercise
<b>Subsidiaries held through VADS Berhad</b>					
VADS e-Services Sdn Bhd	100	100	RM1.0	RM1.0	Provision of managed e-services and managed application services
VADS Solutions Sdn Bhd	100	100	RM1.5	RM1.5	Provision of system integration services
VADS Professional Services Sdn Bhd	100	—	RM#	RM-	Provision of Employment Agency
<b>Subsidiaries held through Celcom (Malaysia) Berhad</b>					
Celcom Academy Sdn Bhd	100	100	RM#	RM#	Provision of training related services
Celcom Multimedia (Malaysia) Sdn Bhd*	100	100	RM#	RM#	Dormant
Celcom Technology (M) Sdn Bhd	100	100	RM2.0	RM2.0	Provision of telecommunication value added services through cellular or other forms of telecommunication network



**41. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2004 (continued)**

The subsidiaries are as follows:

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2004	2003	2004 Million	2003 Million	
<b>Subsidiaries held through</b>					
<b>Celcom (Malaysia) Berhad (continued)</b>					
Celcom Timur (Sabah) Sdn Bhd	60	60	RM7.0	RM0.5	Provision of fibre optic transmission network
Celcom Transmission (M) Sdn Bhd	100	100	RM25.0	RM25.0	Provision of network transmission related services
Celcom Trunk Radio (M) Sdn Bhd	100	100	RM#	RM#	Ceased operations
CT Paging Sdn Bhd*	100	100	RM0.5	RM0.5	Inactive
Technology Resources Industries Berhad	100	100	RM#	RM#	Investment holding and provision of management services
TM Cellular Sdn Bhd	100	100	RM1,565.0	RM1,565.0	Provision of mobile and multimedia services
Alpha Canggih Sdn Bhd	100	—	RM#	RM-	Property investment
<b>Subsidiary held through</b>					
<b>Celcom Transmission (M) Sdn Bhd</b>					
Alpha Canggih Sdn Bhd	—	100	RM-	RM#	Property investment
<b>Subsidiaries held through</b>					
<b>Celcom Trunk Radio (M) Sdn Bhd</b>					
CT Communication Sdn Bhd*+	100	100	RM#	RM#	Dormant
Firent Management Services Sdn Bhd*+	100	100	RM#	RM#	Dormant
<b>Subsidiary held through</b>					
<b>CT Paging Sdn Bhd*</b>					
Masterpage Sdn Bhd^	—	100	RM-	RM#	Dormant



#### 41. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2004 (continued)

The subsidiaries are as follows:

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2004	2003	2004 Million	2003 Million	
<b>Subsidiaries held through Technology Resources Industries Berhad</b>					
Alpine Resources Sdn Bhd*	100	100	RM2.5	RM2.5	Inactive
Freemantle Holdings (M) Sdn Bhd*	100	100	RM13.5	RM13.5	Dormant
Malaysian Motorhomes Sdn Bhd@	62.4	62.4	RM0.7	RM0.7	Ceased operations
Rego Multi-Trades Sdn Bhd	100	100	RM2.0	RM2.0	Dealing in marketable securities
Technology Resources Management Services Sdn Bhd*	100	100	RM#	RM#	Inactive
Technology Resources Manufacturing Sdn Bhd^^	—	100	RM-	RM15.9	Inactive
Technology Resources (Nominees) Sdn Bhd*	100	100	RM#	RM#	Dormant
TR Components Sdn Bhd	100	100	RM#	RM#	Investment holding
TR International Limited**	100	100	HKD#	HKD#	Investment holding
<b>Subsidiary held through TR Components Sdn Bhd</b>					
Aseania Plastics Sdn Bhd*/**	99	90	RM0.3	RM0.3	Inactive

**41. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2004 (continued)**

All subsidiaries are incorporated in Malaysia except the following:

Name of Company	Place of Incorporation
Cambodia Smart Communication Co Ltd**	- Cambodia
G-Com Limited**	- Ghana
MTN Networks (Private) Limited##	- Sri Lanka
Societe Des Telecommunications De Guinee**	- Republic of Guinea
Telekom Networks Malawi Limited**	- Republic of Malawi
TESS International Ltd*	- Mauritius
TM Global Incorporated##	- Federal Territory, Labuan
TM International (Bangladesh) Limited##	- Bangladesh
TM International (Cayman) Ltd*	- British West Indies, USA
TM International (L) Limited##	- Federal Territory, Labuan
TM International Lanka (Private) Limited##	- Sri Lanka
TM International Leasing Incorporated##	- Federal Territory, Labuan
TMI Mauritius Limited##	- Mauritius
Telekom Malaysia (S) Pte Ltd**	- Singapore
Telekom Malaysia (UK) Limited**	- United Kingdom
Telekom Malaysia (Hong Kong) Limited**	- Hong Kong
Telekom Malaysia (USA) Inc**	- USA
TR International Limited**	- Hong Kong

\* Inactive as at 31 December 2004

# Amounts less than 0.1 million in their respective currency

## Audited by a member firm of PricewaterhouseCoopers

\*\* Not audited by member firms of PricewaterhouseCoopers

^ Deregistered by the Companies Commissions of Malaysia (CCM) and struck off from the CCM's Register pursuant to Section 308 (4) of the Companies Act, 1965 (CA) with effect from 13 April 2004

^^ Struck off from the CCM's Register pursuant to Section 308 (4) of the CA with effect from 30 November 2004

+ Will be dissolved with effect from 14 March 2005 pursuant to members' voluntary winding up under Section 254 of the CA

@ Granted order for winding up pursuant to Section 218 (1) (i) of the CA (based on just and equitable ground) on 24 September 2004 including appointment of liquidator

CED	Ghanaian Cedi
GFR	Guinea Franc
HKD	Hong Kong Dollar
MKW	Malawi Kwacha
SGD	Singapore Dollar
SLR	Sri Lanka Rupee
STR	Pound Sterling
TK	Bangladesh Taka
USD	US Dollar



#### 42. LIST OF ASSOCIATES AS AT 31 DECEMBER 2004

The associates are as follows:

Name of Company	% of Shareholdings		Principal Activities
	2004	2003	
mySPEED.com Sdn Bhd	16.22	16.22	Creating, implementing and operating e-business activities including electronic commerce delivery services, multimedia related activities and other computerised or electronic services
Sistem Iridium Malaysia Sdn Bhd*	40	40	Dormant
<b>Associates held through Telekom Multi-Media Sdn Bhd</b>			
Mahirnet Sdn Bhd	49	49	Development, management and marketing of educational products offered by local and overseas educational institutions electronically
Mutiara.Com Sdn Bhd	30	30	Provision of promotion of Internet-based communication services
<b>Associate held through TM International Sdn Bhd</b>			
Smart Corporation Public Company Limited	19.43	19.59	Design, implementation and installation of telecommunication systems and the sale and distribution of telecommunication equipment
<b>Associate held through Telekom Malaysia-Africa Sdn Bhd</b>			
Thintana Communications Llc	—	40	Investment holding
<b>Associate held through TM International (L) Ltd</b>			
Thintana Communications Llc	40	—	Investment holding
<b>Associate held through Thintana Communications Llc</b>			
Telkom SA Limited (sub-note a)	—	30	Provision of telecommunication and related services
<b>Associate held through Celcom (Malaysia) Berhad</b>			
Celcom Timur (Sarawak) Sdn Bhd##	60	60	Telecommunication services

**42. LIST OF ASSOCIATES AS AT 31 DECEMBER 2004 (continued)**

The associates are as follows:

Name of Company	% of Shareholdings		Principal Activities
	2004	2003	
<b>Associates held through Technology Resources Industries Berhad</b>			
Mobile Telecommunications Company of Esfahan (J.V. – P.J.S.)	49	49	Planning, designing, installing, operating and maintaining a GSM cellular telecommunication network to customers in the province of Esfahan, Iran
Sheba Telecom (Pvt) Ltd (sub-note a)	—	86.4	Provision of telecommunication services
TRI Telecommunication Tanzania Limited#	—	60	Provision of telecommunication services
<b>Associate held through Celcom Transmission (M) Sdn Bhd</b>			
Fibrecomm Network (M) Sdn Bhd	41	41	Provision of fibre optic transmission network services

All associates are incorporated in Malaysia except the following:

Name of Company	Place of Incorporation
Samart Corporation Public Company Limited	– Thailand
Thintana Communications Llc	– USA
Mobile Telecommunications Company of Esfahan (J.V. – P.J.S.)	– Iran

All associates have co-terminous financial year end with the Company except for mySPEED.com Sdn Bhd and Telkom SA Limited with financial year ends on 31 January and 31 March respectively.

\* Inactive as at 31 December 2004

# Treated as other investment due to loss of control and significant influence

## Treated as associates due to loss of control while maintaining significant influence

(a) During the year, the Group disposed its equity interests in associates, namely Telkom SA Limited and Sheba Telecom (Pvt) Ltd, as explained in note 20(a) and (b) to the financial statements.

**43. CURRENCY**

All amounts are expressed in Ringgit Malaysia (RM) unless otherwise stated.

**44. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 24 February 2005.

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965



We, Tan Sri Dato' Ir. Muhammad Radzi Haji Mansor and Dato' Abdul Wahid Omar being two of the Directors of Telekom Malaysia Berhad, state that, in the opinion of the Directors, the financial statements on pages 224 to 314 are drawn up so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 24 February 2005.

**TAN SRI DATO' Ir. MUHAMMAD RADZI HAJI MANSOR**  
*Chairman*

**DATO' ABDUL WAHID OMAR**  
*Group Chief Executive Officer*

## STATUTORY DECLARATION

I, Jaffa Sany Md Ariffin, being the Officer primarily responsible for the financial management of Telekom Malaysia Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 224 to 314 are 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 at Kuala Lumpur  
this 24 February 2005.

)  
)  
)

**JAFFA SANY MD ARIFFIN**

Before me:



**T. THANAPALASINGAM**  
*Commissioner for Oaths*

Kuala Lumpur

We have audited the financial statements set out on pages 224 to 314. 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 Auditing Standards in Malaysia. Those 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 have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and Company as at 31 December 2004 and of the results and the cash flows of the Group and Company for the year ended on that date;
- and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in note 41 to the financial statements. We have considered the financial statements of these subsidiaries and the auditors' reports thereon.

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

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



**PRICEWATERHOUSECOOPERS**  
(AF: 1146)  
*Chartered Accountants*



**DATO' AHMAD JOHAN BIN MOHAMMAD RASLAN**  
[1867/09/06(J)]  
*Partner*

Kuala Lumpur  
Date: 24 February 2005



1. Telekom Malaysia Berhad is a public limited liability Company, incorporated and domiciled in Malaysia, and listed on the main board of the Bursa Malaysia Securities Berhad.

2. The address of the registered office of the Company is:

Level 51, North Wing  
Menara Telekom  
Off Jalan Pantai Baharu  
50672 Kuala Lumpur

3. The principal office and place of business of the Company is:

Company Secretarial Division  
Level 51, North Wing  
Menara Telekom  
Off Jalan Pantai Baharu  
50672 Kuala Lumpur

4. The average number of employees at the end of the financial year amounted to:

	2004	2003
<b>Group</b>	<b>33,996</b>	<b>33,726</b>
<b>Company</b>	<b>21,983</b>	<b>22,513</b>



# SHAREHOLDING STATISTICS

AS AT 18 MARCH 2005

## ANALYSIS OF SHAREHOLDINGS

### Share Capital

Authorised Share Capital : RM5,000,000,021 comprising 5,000,000,000 ordinary shares of RM1.00 each, 1 (one) Special Rights Redeemable Preference Share of RM1.00 each, 1,000 Class A Redeemable Preference Shares ("RPS") of RM0.01 each, and 1,000 Class B RPS of RM0.01 each.

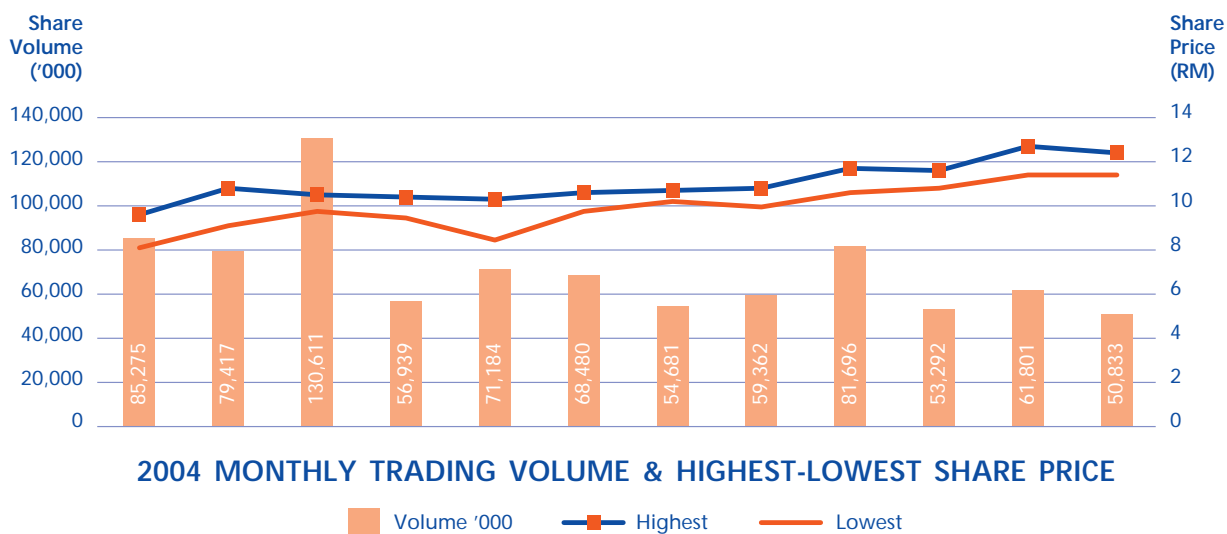
Issued and Paid-up Capital : RM3,385,782,401 comprising 3,385,782,380 ordinary shares of RM1.00 each, 1 (one) Special Rights Redeemable Preference Share of RM1.00 each, 1,000 Class A RPS of RM0.01 each, and 1,000 Class B RPS of RM0.01 each.

Voting Rights : One vote per ordinary share.  
The Special Share has no voting right other than those referred to in note 10(a) to the financial statements.

## DISTRIBUTION OF SHAREHOLDINGS

### Size of Shareholdings

Size of Shareholdings	Shareholders				Shares			
	Malaysian		Foreign		Malaysian		Foreign	
	No	%	No	%	No	%	No	%
Less than 100	395	1.98	20	0.10	2,678	0.00	837	0.00
100 – 1,000	6,895	34.54	904	4.54	6,157,017	0.18	587,092	0.02
1,001 – 10,000	8,794	44.05	817	4.09	28,413,466	0.84	2,886,951	0.09
10,001 – 100,000	869	4.35	410	2.05	25,098,505	0.74	18,190,992	0.54
100,001 – 169,289,218 (less than 5% of paid-up capital)	249	1.25	605	3.03	605,187,762	17.87	675,822,108	19.96
169,289,219 and above	4	0.02	0	0.00	2,023,436,973	59.76	0	0.00
<b>TOTAL</b>	<b>17,206</b>	<b>86.19</b>	<b>2,756</b>	<b>13.81</b>	<b>2,688,296,401</b>	<b>79.39</b>	<b>697,487,980</b>	<b>20.61</b>



# LIST OF TOP 30 SHAREHOLDERS

AS AT 18 MARCH 2005



No.	Name	Shareholding	Percentage (%)
1.	Khazanah Nasional Berhad	1,191,326,073	35.19
2.	Employees Provident Fund Board	395,449,700	11.68
3.	Bank Negara Malaysia	251,680,000	7.43
4.	Cimsec Nominees (Tempatan) Sdn Bhd <i>Security Trustee (KCW Issue 2)</i>	184,981,200	5.46
5.	Citicorp Nominees (Asing) Sdn Bhd <i>CBSGP GW Spore for Hibiscus Investments Pte Ltd</i>	164,000,000	4.84
6.	Permodalan Nasional Berhad	154,348,000	4.56
7.	Kumpulan Wang Amanah Pencen	56,591,000	1.67
8.	Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund GB01 for Harbor International Fund</i>	49,000,000	1.45
9.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Amanah Saham Malaysia</i>	35,626,800	1.05
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Skim Amanah Saham Bumiputera</i>	28,368,500	0.84
11.	Lembaga Tabung Haji	25,110,036	0.74
12.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for GMO Emerging Markets Fund</i>	24,211,031	0.72
13.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	21,171,220	0.63
14.	HSBC Nominees (Asing) Sdn Bhd <i>Emerging Markets Growth Fund</i>	19,033,700	0.56
15.	Valuecap Sdn Bhd	17,200,000	0.51
16.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Sekim Amanah Saham Nasional</i>	13,257,000	0.39
17.	Bank Simpanan Nasional	13,106,700	0.39
18.	HSBC Nominees (Asing) Sdn Bhd <i>Stichting Pensioenfonds Abp.</i>	11,197,851	0.33
19.	Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Amanah Saham Wawasan 2020</i>	10,098,700	0.30
20.	HSBC Nominees (Asing) Sdn Bhd <i>Abu Dhabi Investment Authority</i>	9,546,989	0.28
21.	Pertubuhan Keselamatan Sosial	8,911,500	0.26
22.	HSBC Nominees (Asing) Sdn Bhd <i>Capital International Emerging Markets Investment Fund</i>	8,212,900	0.24
23.	Cartaban Nominees (Tempatan) Sdn Bhd <i>Amanah SSCM Nominees (Tempatan) Sdn Bhd for Employees Provident Fund Board (JF404)</i>	7,475,400	0.22
24.	HSBC Nominees (Asing) Sdn Bhd <i>TNTC for Government of Singapore Investment Corporation Pte Ltd</i>	7,331,100	0.22
25.	AM Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (A/C1)</i>	7,325,800	0.22

List of Top 30 Shareholders continued

No.	Name	Shareholding	Percentage (%)
26.	Citicorp Nominees (Asing) Sdn Bhd <i>Mellon Bank, N.A. for Acadian Emerging Markets Equity Fund</i>	7,104,000	0.21
27.	Citicorp Nominees (Asing) Sdn Bhd <i>American International Assurance Company Limited (P Core)</i>	6,546,211	0.19
28.	Citicorp Nominees (Tempatan) Sdn Bhd <i>Ing Insurance Berhad (Inv-IL Par)</i>	6,535,800	0.19
29.	HSBC Nominees (Asing) Sdn Bhd <i>Pictet And Cie for VKF Investment Ltd</i>	6,334,900	0.19
30.	Cartaban Nominees (Asing) Sdn Bhd <i>Investors Bank And Trust Company For Ishares Inc</i>	6,221,600	0.18
<b>TOTAL</b>		<b>2,747,303,711</b>	<b>81.14</b>

**SUBSTANTIAL SHAREHOLDERS' HOLDINGS (5% AND ABOVE)**

No.	Name	Shareholding	Percentage (%)
1.	Khazanah Nasional Berhad	1,191,326,073	35.19
2.	Employees Provident Fund Board	426,651,000	12.61
3.	Bank Negara Malaysia	251,680,000	7.43
4.	Cimsec Nominees (Tempatan) Sdn. Bhd.	184,981,200	5.46
5.	Temasek Holdings (Private) Limited	169,355,400	5.00
<b>TOTAL</b>		<b>2,223,993,673</b>	<b>65.69</b>

**DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY AND ITS RELATED CORPORATION AS AT 18 MARCH 2005**

In accordance with the Register of Directors' Shareholdings, the directors' interest in shares in the Company and its related corporation are as follows:

Name of Directors	Telekom Malaysia Berhad			VADS Berhad		
	Direct	Indirect	%	Direct	Indirect	%
Tan Sri Dato' Ir. Muhammad Radzi Haji Mansor	98,000	25,500*	0.0036**	15,000	—	0.025**
Dato' Dr. Abdul Rahim Haji Daud	10,500	134,500#	0.0043**	15,000	—	0.025**

\* Held through HSBC Nominees (Tempatan) Sdn Bhd

# Held through TA Nominees (Tempatan) Sdn Bhd

\*\* less than 0.1%

## SHAREHOLDERS AND INVESTOR INFORMATION

---



### REGISTRAR

Tenaga Koperat Sdn Bhd (118401-V)  
20th Floor, Plaza Permata  
Jalan Kampar, Off Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : 03-4041 6522  
Fax : 03-4042 6352

### LISTING

The Company's shares are listed on the Bursa Malaysia Securities Berhad in Malaysia.

### MALAYSIAN TAXES ON DIVIDEND

Malaysia practised an imputation system in the distribution of the dividends whereby the income tax paid by a company is imputed to dividends distributed to shareholders.

Malaysian income tax is deducted or deemed to have been deducted at corporate tax rate, which is currently at 28% from dividends paid by a company residing in Malaysia.

The income tax deducted or deemed to have been deducted from dividend is accounted for by the income tax of the company. There is no further tax or withholding tax on the payment of dividends to all shareholders.

---

The Annual Report is available to the public who are not shareholders of the Company, by writing to:

General Manager  
Group Corporate Communications Division  
Telekom Malaysia Berhad  
Level 8, South Wing, Menara Telekom  
Off Jalan Pantai Baharu  
50672 Kuala Lumpur  
Fax : 03-7955 2510

# NET BOOK VALUE OF LAND & BUILDINGS

AS AT 31 DECEMBER 2004

Location	Freehold		Leasehold		Other Land*		Excepted Land**		Net Book Value of Land	Net Book Value of Buildings
	No. of Lots	Area ('000 sq ft)	No. of Lots	Area ('000 sq ft)	No. of Lots	Area ('000 sq ft)	No. of Lots	Area ('000 sq ft)	RM (million)	RM (million)
1. Federal Territory										
a. Kuala Lumpur	25	1,205	7	409	12	1,277	—	—	96.1	1,643.2
b. Labuan	—	—	1	161	5	710	—	—	—	—
2. Selangor	14	10,709	22	25,426	6	479	97	16,698	190.9	615.3
3. Perlis	—	—	4	52	—	—	14	750	0.4	4.1
4. Perak	5	61	17	679	5	297	119	7,780	18.0	85.6
5. Pulau Pinang	8	18	19	1,049	—	—	60	15,431	9.1	73.9
6. Kedah	9	511	14	1,404	—	—	55	2,818	12.4	82.9
7. Johor	10	146	26	1,324	16	591	138	14,097	8.1	126.0
8. Melaka	2	3	28	63,366	2	1,140	38	4,457	59.6	124.1
9. Negeri Sembilan	21	47,523	9	321	6	317	71	9,371	3.8	38.1
10. Terengganu	—	—	20	1,585	4	129	41	6,285	1.9	46.7
11. Kelantan	—	—	11	463	4	173	41	2,234	2.3	28.2
12. Pahang	4	80	44	1,856	17	691	98	8,409	6.5	102.0
13. Sabah	—	—	18	351	6	655	76	26,290	12.8	109.7
14. Sarawak	7	522	28	858	10	468	109	10,284	28.1	118.3
15. Sri Lanka	4	91	—	—	—	—	—	—	8.8	13.8
16. Republic of Malawi	—	—	18	92	11	65	—	—	0.2	6.9
17. Republic of Guinea	81	5,919	—	—	—	—	—	—	5.9	8.5
18. Bangladesh	25	224	—	—	—	—	—	—	2.0	1.2
19. South Africa	1	11	—	—	—	—	—	—	0.8	0.7
20. Cambodia	—	—	—	—	—	—	—	—	—	1.5
<b>Total</b>	<b>216</b>	<b>67,023</b>	<b>286</b>	<b>99,396</b>	<b>104</b>	<b>6,992</b>	<b>957</b>	<b>124,904</b>	<b>467.7</b>	<b>3,230.7</b>

No revaluation has been made on any of the land and buildings

\* The title deeds pertaining to other land have not yet been registered in the name of the Company. Pending finalisation with the relevant authorities, the land have not been classified according to their tenure and land areas are based on estimation.

\*\* Excepted land are lands situated outside the Federal Territory which are either alienated land, reserved land owned by the Federal Government or land occupied, used, controlled and managed by the Federal Government for federal purposes (in Melaka, Pulau Pinang, Sabah and Sarawak) as set out in Section 3(2) of the Telecommunication Services (Successor Company) Act, 1985. The Government has agreed to lease these land to Telekom Malaysia Berhad for a term of 60 years with an option to renew, under article 85 and 86 of the Federal Constitution.

## USAGE OF PROPERTIES

AS AT 31 DECEMBER 2004

Location	Exchanges	Transmission Stations	Office Buildings	Residential	Stores/ Warehouses	Satellite/ Submarine Cable Stations	Resort	Kedai TM/ Primatel/ Business Centre	University	Telecom- munication/ Tourism Tower
1. Federal Territory										
a. Kuala Lumpur	28	6	22	39	19	1	—	—	—	1
b. Labuan	3	2	1	4	12	2	—	—	—	—
2. Selangor	85	11	18	—	41	—	—	6	1	—
3. Perlis	10	—	—	2	1	—	—	1	—	—
4. Perak	70	22	32	81	42	—	—	2	—	—
5. Pulau Pinang	29	—	18	33	24	2	1	3	—	—
6. Kedah	48	11	4	26	11	—	1	2	—	1
7. Johor	90	17	6	51	22	1	—	4	—	—
8. Melaka	18	2	5	23	6	2	—	1	1	—
9. Negeri Sembilan	31	15	4	16	—	1	2	1	—	—
10. Terengganu	33	17	5	15	6	2	—	—	—	—
11. Kelantan	23	6	7	18	13	—	—	1	—	—
12. Pahang	45	34	14	49	17	3	4	1	—	—
13. Sabah	45	33	21	22	22	2	1	3	—	—
14. Sarawak	72	43	24	47	25	1	—	—	—	—
15. Sri Lanka	—	3	6	—	2	—	—	—	—	—
16. Republic of Malawi	1	86	—	—	—	1	—	—	—	—
17. Republic of Guinea	26	133	27	5	4	1	—	—	—	—
18. Bangladesh	—	7	—	—	—	—	—	—	—	—
19. South Africa	—	—	—	1	—	—	—	—	—	—
20. Cambodia	1	—	—	—	—	—	—	—	—	—

## GROUP DIRECTORY



### HEAD OFFICE:

Level 51, North Wing, Menara Telekom, Off Jalan Pantai Baharu, 50672 Kuala Lumpur

Tel. : 03-2240 9494

Fax : 03-2283 2415

Website : www.tm.com.my

### WILAYAH PERSEKUTUAN KUALA LUMPUR

*State General Manager, TM Retail*

**Telekom Malaysia Berhad**

25th Floor, Menara Weld

76, Jalan Raja Chulan

50200 Kuala Lumpur

Tel. : 03-2020 6186

Fax : 03-2070 2355

### CUSTOMER SERVICE CENTRE

**Telekom Malaysia Berhad**

Consumer And Business

1A Floor, Bangunan Bukit Mahkamah

Jalan Raja Chulan

50200 Kuala Lumpur

Tel. : 03-2026 1050

Fax : 03-2031 4460

### PRIMATEL BUSINESS CENTRE

**Telekom Malaysia Berhad**

25th Floor, Menara Weld

76, Jalan Raja Chulan

50200 Kuala Lumpur

Tel. : 03-2020 5335

Fax : 03-2070 2020

### TMpoint

#### Muzium

Bangunan Muzium Telekom

Jalan Raja Chulan

50200 Kuala Lumpur

#### Kompleks Damai

1st Floor, Wisma Kotamas

94, Jalan Dato Hj Eusoff

50400 Kuala Lumpur

#### Maluri

Lot 1 & 2, Block 154

Maluri Business Centre

Jalan Jejaka, Taman Maluri

55100 Kuala Lumpur

#### Showroom

Ground Floor, Wisma Telekom

Jalan Pantai Baharu

59200 Kuala Lumpur

#### Setapak

Ibusawat Telekom Setapak

44, Persiaran Kuantan

53200 Kuala Lumpur

### CELCOM SERVICE CENTRE

#### HEAD OFFICE

**CELCOM (Malaysia) Berhad (167469-A)**

15th Floor, Menara Celcom

82, Jalan Raja Muda Abdul Aziz

50300 Kuala Lumpur

Malaysia

#### Central Regional Office

2nd Floor, Menara TR

161B, Jalan Ampang

50450 Kuala Lumpur

#### Taman Segar

62, Jalan Manis 3, Taman Segar

Cheras, 56100 Kuala Lumpur

#### Selayang

No. 101, Jalan 2/3A

Pusat Bandar Utara

Selayang, 68100 Kuala Lumpur

#### Jalan Ampang

Podium Block, Level 1 & 2

Menara TR

161B, Jalan Ampang

50450 Kuala Lumpur

#### Menara CELCOM

Ground Floor, Menara Celcom

82, Jalan Raja Muda Abdul Aziz

50300 Kuala Lumpur

**Medan Tuanku**

Ground Floor, No. 7 & 9  
Jalan Medan Tuanku Satu  
50300 Kuala Lumpur

**PGRM**

Lot 1.03, Menara PGRM  
8, Jalan Pudu Ulu  
56100 Cheras, Kuala Lumpur

**Pekeliling**

Pekeliling Business Centre  
Ground Floor, Pharmicare Building  
Lot 14 (129), Jalan Pahang Barat  
Off Jalan Pahang  
53000 Kuala Lumpur

**Taman Tun Dr Ismail**

AB 40, Jalan Tun Mohd Fuad  
Taman Tun Dr Ismail  
60000 Kuala Lumpur

**TMNET CLICKERS****CASO Seri Petaling**

No. 43, Jalan Radin Anum 1  
Sri Petaling, 57000 Kuala Lumpur  
Tel. : 03-9058 7609/9058 6920/  
9056 3862  
Fax : 03-9058 9863

**CASO Taman Connought**

118, Jalan Cerdas  
Taman Connought  
56000 Kuala Lumpur  
Tel. : 03-9101 9633  
Fax : 03-9101 5733

**CASO Wangsa Maju**

No. 48, Jalan 1/2F  
Pusat Bandar Wangsa Maju  
Wangsa Maju, Kuala Lumpur  
Tel. : 03-4143 9633  
Fax : 03-4142 8633

**SELANGOR/PETALING JAYA**

*State General Manager, TM Retail*

**Telekom Malaysia Berhad**

1st Floor, Wisma Telekom Shah Alam  
No. 6, Persiaran Damai, Seksyen 11  
40000 Shah Alam, Selangor  
Tel. : 03-5518 8700  
Fax : 03-5512 5133

**CUSTOMER SERVICE CENTRE****Telekom Malaysia Berhad**

MBS PJ, 2nd Floor, Menara PKNS  
Jalan Sultan, 46050 Petaling Jaya  
Selangor  
Tel. : 03-7968 2010  
Fax : 03-7955 9495

**PRIMATEL BUSINESS CENTRE****Telekom Malaysia Berhad**

Ground Floor  
Wisma Telekom Shah Alam  
No. 6, Persiaran Damai, Seksyen 11  
40000 Shah Alam, Selangor  
Tel. : 03-5518 8820  
Fax : 03-5518 8815

**TMpoint****Damansara Utama**

91-93, Jalan SS21/1A  
Damansara Utama  
47400 Petaling Jaya  
Selangor

**Petaling Jaya**

20, Jalan Yong Shook Lin  
46050 Petaling Jaya  
Selangor

**Subang Jaya**

85, Jalan SS15/5A  
47500 Subang Jaya  
Selangor

**Kajang**

Bt. 14½, Jalan Cheras  
43400 Kajang  
Selangor

**Cyberjaya**

Ground Floor, TM IT Complex  
3300 Lingkaran Usahawan 1 Timur  
63000 Cyberjaya, Selangor

**Ampang**

42, Jalan Memanda 7  
Ampang Point  
68000 Ampang  
Selangor

**Kepong**

16, Jalan 54, Desa Jaya  
52100 Kepong  
Selangor

**Rawang**

Lot 21, Jalan Maxwell  
48000 Rawang  
Selangor

**Kuala Kubu Bahru**

1st Floor, Ibusawat Telekom  
Kuala Kubu Bahru  
44000 Kuala Kubu Bahru  
Selangor

**Bukit Raja (Kelang)**

Jalan Meru  
41050 Kelang  
Selangor



**Shah Alam**

Persiaran Damai  
Seksyen 11  
40150 Shah Alam  
Selangor

**Banting**

Jalan Chempaka  
42400 Banting  
Selangor

**Kuala Selangor**

Jalan Klinik  
45000 Kuala Selangor  
Selangor

**Sabak Bernam**

35, Jalan Menteri  
45200 Sabak Bernam  
Selangor

**Port Klang**

Lot 2.1, 2nd Floor  
Bangunan Hentian Pelabuhan Klang  
41672 Jalan Perbandaran, Klang

**CELCOM SERVICE CENTRE**

**Petaling Jaya**

Ground Floor, Menara PKNS PJ  
No. 17, Jalan Yong Shook Lin  
46050 Petaling Jaya  
Selangor

**Klang**

No. 1, Lorong Tiara 1A  
Bandar Baru Klang  
41150 Klang

**Shah Alam**

No. 1  
Jalan Tengku Ampuan Zabedah B  
9/B, Section 9  
40000 Shah Alam, Selangor

**Port Klang**

Lot 1-3, 1st Floor  
Hentian Pelabuhan Klang  
Klang, Selangor

**Kajang**

Lot No. 1, Taman Sri Saga  
Jalan Sungai Chua  
43000 Kajang  
Selangor

**TMNET CLICKERS**

**CASO Damansara**

No. 84, Jalan 21/35  
Damansara Utama  
47400 Petaling Jaya  
Selangor  
Tel. : 03-7729 2922  
Fax : 03-7729 4922

**Kelana Jaya**

Unit 109B, Ground Floor  
Kelana Park View Tower  
No. 1, Jalan SS 6/2  
47301 Kelana Jaya  
Selangor  
Tel. : 03-7804 0410  
Fax : 03-7804 5910

**CASO Subang Jaya**

22-1, Jalan USJ 9/5P  
Subang Business Centre  
47620 UEP Subang Jaya  
Selangor  
Tel. : 03-8024 4668  
Fax : 03-8024 4371

**JOHOR**

*State General Manager, TM Retail*

**Telekom Malaysia Berhad**

Level 5, Wisma Telekom  
Jalan Sutera 3, Taman Sentosa  
80150 Johor Bahru  
Tel. : 07-228 1001  
Fax : 07-339 1919

**CUSTOMER SERVICE CENTRE**

**Telekom Malaysia Berhad**

4th Floor, Ibusawat Telekom Senai  
81400 Senai, Johor  
Tel. : 1050  
Fax : 1 800 88 9393

**PRIMATEL BUSINESS CENTRE**

**Telekom Malaysia Berhad**

Wisma Telekom Pelangi  
Jalan Sutera 3, Taman Sentosa  
80150 Johor Bahru  
Tel. : 1 800 88 9595  
Fax : 1 800 88 9696

**TMpoint**

**Johor Bahru**

Jalan Abdullah Ibrahim  
80672 Johor Bahru

**Skudai**

Ground Floor, Ibusawat Telekom  
Bt. 9½, Jalan Skudai  
81300 Skudai, Johor

**Pontian**

1st Floor, Ibusawat Telekom  
Jalan AISagoff  
82000 Pontian, Johor

**Kluang**

Jalan Sultanah  
86000 Kluang, Johor

**Segamat**

Jalan Pawang  
85000 Segamat, Johor

**Batu Pahat**

40 & 42, Jalan Rahmat  
83000 Batu Pahat, Johor

**Muar**

37A, Jalan Ibrahim  
84000 Muar, Johor

**Kota Tinggi**

No. 2-4, Jalan Indah  
Taman Medan Indah  
81900 Kota Tinggi, Johor

**Kulai**

Lot 435, Jalan Kenanga 29/11  
Taman Indah Putra  
81000 Kulai, Johor

**Pelanggi**

Pelanggi Business Centre  
Jalan Kasa, Taman Sentosa  
80150 Johor Bahru, Johor

**Mersing**

Lot 384, Jalan Ismail  
86800 Mersing, Johor

**Yong Peng**

Jalan Muar  
83700 Yong Peng, Johor

**Pasir Gudang**

17 & 19, Jalan 9/7  
Jalan Perjiranan 9  
81700 Pasir Gudang, Johor

**TMNET CLICKERS****Johor Bahru**

Unit 1.19A  
Ground Floor (Main Entrance)  
Plaza Pelangi, Jalan Kuning  
80400 Johor Bahru  
Johor  
Tel. : 07-332 0040  
Fax : 07-332 0075

**NEGERI SEMBILAN**

*State General Manager, TM Retail*  
**Telekom Malaysia Berhad**  
Jalan Dato' Hamzah  
70000 Seremban  
Tel. : 06-765 1888  
Fax : 06-767 7888

**CUSTOMER SERVICE CENTRE**

**Telekom Malaysia Berhad**  
Jalan Dato' Hamzah  
70000 Seremban  
Tel. : 06-765 1190  
Fax : 06-763 4444

**PRIMATEL BUSINESS CENTRE**

**Telekom Malaysia Berhad**  
Suite 7, Wisma Arab-Malaysian  
Jalan Tuanku Munawir  
70000 Seremban  
Tel. : 06-765 1248  
Fax : 06-761 9696

**TMpoint****Seremban**

Jalan Dato Hamzah  
70000 Seremban  
Negeri Sembilan

**Port Dickson**

No. 25, Jalan Mahajaya  
PD Center Point  
71000 Port Dickson

**Kuala Pilah**

Jalan Bahau  
72000 Kuala Pilah  
Negeri Sembilan

**Tampin**

Jalan Besar  
73000 Tampin  
Negeri Sembilan

**CELCOM SERVICE CENTRE****Seremban**

Lot 1521, Ground Floor  
173, Jalan Tun Dr Ismail  
70200 Seremban  
Negeri Sembilan

**Lukut**

No. 8, Jalan Pasar  
71010 Lukut, Port Dickson  
Negeri Sembilan

## MELAKA

*State General Manager, TM Retail*

### Telekom Malaysia Berhad

Level 2, Kompleks Kotamas

Leboh Ayer Keroh, 75450 Melaka

Tel. : 06-252 2366

Fax : 06-230 8220

### CUSTOMER SERVICE CENTRE

#### Telekom Malaysia Berhad

Bangunan Unit 2, Jalan Banda Kaba

75000 Melaka

Tel. : 06-292 9292

Fax : 06-282 8534

### PRIMATEL BUSINESS CENTRE

#### Telekom Malaysia Berhad

Lot F9-F15, Bangunan Peringggit Point

Jalan Batu Hampar

75320 Peringggit Melaka

Tel. : 06-292 5012

Fax : 06-281 4445

### TMpoint

#### Melaka

527 & 529A, Plaza Melaka

Jalan Gajah Berang

75200 Melaka

#### Alor Gajah

Batu 14½, Jalan Melaka Kendong

78000 Alor Gajah

Melaka

#### Menara Pertama

Ground Floor

Jalan Batu Berendam BBP 2

Taman Batu Berendam Putra

75350 Melaka

## KEDAH/PERLIS

*State General Manager, TM Retail*

### Telekom Malaysia Berhad

Jalan Kolam Air, 05672 Alor Star

Tel. : 04-730 2552

Fax : 04-733 9090

### CUSTOMER SERVICE CENTRE

#### Telekom Malaysia Berhad

Jalan Kolam Air, 05672 Alor Star

Tel. : 04-731 9255

Fax : 04-730 0630

### PRIMATEL BUSINESS CENTRE

#### Telekom Malaysia Berhad

71-72, A&B, PrimateL Business Centre

Lebuhraya Darul Aman

05100 Alor Star

Tel. : 04-720 2143

Fax : 04-733 4770

### TMpoint

#### Kangar

Jalan Bukit Lagi

01000 Kangar

Perlis

#### Alor Star

Menara Alor Star

Lebuhraya Darul Aman

05100 Alor Star

Kedah

#### Jitra

19A, Jalan PJ 1

Pekan Jitra

06000 Jitra, Kedah

### Langkawi

Jalan Pandak Mayah 6

Jalan Pandak Mayah

07000 Kuah

Langkawi, Kedah

### Sungai Petani

Bangunan Telekom, Jalan Petani

08000 Sg. Petani

Kedah

### Kulim

No. 485, Jalan Tunku Asaad

09000 Kulim, Kedah

## PULAU PINANG

*State General Manager, TM Retail*

### Telekom Malaysia Berhad

1st Floor, Bangunan ESK

10400 Pulau Pinang

Tel. : 04-227 8000

Fax : 04-227 3122

### CUSTOMER SERVICE CENTRE

#### Telekom Malaysia Berhad

1st Floor, Jalan Burmah

10050 Pulau Pinang

Tel. : 04-226 9595

Fax : 04-226 0254

### TMpoint

#### Bayan Baru

Jalan Mahsuri

11950 Bayan Baru

Pulau Pinang

#### Jalan Burmah

Jalan Burmah

10050 Pulau Pinang

**Leboh Downing**  
Bangunan Syed Putra  
Leboh Downing  
10300 Pulau Pinang

**Butterworth**  
Wisma Telekom Butterworth  
Jalan Bagan Luar  
12000 Butterworth  
Pulau Pinang

**Bukit Mertajam**  
Jalan Arumugam Pillai  
14000 Bukit Mertajam  
Pulau Pinang

**Sungai Bakap**  
1282, Jalan Besar  
14200 Sungai Bakap  
Pulau Pinang

**TMNET CLICKERS**  
**Pulau Pinang**  
No. 12-14, Block 1  
Ground Floor, Krystal Point 2  
Leboh Bukit Kecil 6  
11900 Bayan Baru  
Pulau Pinang  
Tel. : 04-643 3000  
Fax : 04-644 4499

**CASO Pulau Pinang**  
No. 55-1-A, Menara Northam  
Jalan Sultan Ahmad Shah  
10050 Pulau Pinang  
Tel. : 04-228 2626  
Fax : 04-228 7918

## PERAK

*State General Manager, TM Retail*  
**Telekom Malaysia Berhad**  
Level 2, Wisma Telekom  
Jalan Sultan Idris Shah  
30672 Ipoh  
Tel. : 05-241 2195/249 9121  
Fax : 05-241 2185

**CUSTOMER SERVICE CENTRE**  
**Telekom Malaysia Berhad**  
Bangunan Telekom  
Jalan Dato' Onn Jaafar  
30300 Ipoh  
Tel. : 05-249 9171  
Fax : 05-255 1717

**PRIMATEL BUSINESS CENTRE**  
**Telekom Malaysia Berhad**  
Mezzanine Level, Wisma Telekom  
Jalan Sultan Idris Shah  
30672 Ipoh  
Tel. : 05-249 9192/9189  
Fax : 05-254 9696

**TMpoint**  
**Ipoh**  
Jalan Sultan Idris Shah  
30672 Ipoh  
Perak

**Batu Gajah**  
Jalan Dewangsa  
31672 Batu Gajah  
Perak

**Tasek**  
Jalan Sultan Azlan Shah Utara  
31400 Ipoh  
Perak

**Kampar**  
Jalan Baru  
31900 Kampar  
Perak

**Taiping**  
Jalan Berek  
34672 Taiping  
Perak

**Teluk Intan**  
Jalan Jawa  
36672 Teluk Intan  
Perak

**Parit Buntar**  
36, Persiaran Perwira  
Pusat Bandar  
34200 Parit Buntar  
Perak

**Kuala Kangsar**  
Jalan Raja Chulan  
33000 Kuala Kangsar  
Perak

**Gerik**  
Wisma Kosek  
Jalan Takong Datoh  
33300 Gerik, Perak

**Sungai Siput**  
No. 188, Jalan Besar  
31000 Sungai Siput  
Perak

**Sitiawan**  
179, Taman Sitiawan Maju  
32000 Sitiawan  
Perak

**Tapah**

Jalan Stesyen  
35672 Tapah  
Perak

**Tanjung Malim**

Jalan Besar  
35900 Tanjung Malim  
Perak

**KELANTAN**

*State General Manager, TM Retail*  
**Telekom Malaysia Berhad**  
1st Floor, Bangunan Pentadbiran  
Jalan Doktor, 15000 Kota Bharu  
Tel. : 09-743 4545  
Fax : 09-744 3447

**CUSTOMER SERVICE CENTRE**

**Telekom Malaysia Berhad**  
3rd Floor, Bangunan Unit 1  
Bhg. Pusat Perkhidmatan Pelanggan  
Telekom Malaysia Berhad  
Jalan Doktor, 15000 Kota Bharu  
Tel. : 09-744 9292 Ext. 421  
Fax : 09-743 1568

**TMpoint**

**Kota Bharu**  
Jalan Doktor  
15000 Kota Bharu  
Kelantan

**Pasir Mas**

606, Jalan Masjid Lama  
17000 Pasir Mas  
Kelantan

**Tanah Merah**

4088, Jalan Ismail Petra  
17500 Tanah Merah  
Kelantan

**Kuala Krai**

Lot 1522  
Jalan Tengku Zainal Abidin  
18000 Kuala Krai  
Kelantan

**Pasir Puteh**

258B, Jalan Sekolah Laki-laki  
16800 Pasir Puteh  
Kelantan

**CELCOM SERVICE CENTRE**

**Kota Bharu**  
Lot 825 & 826, Seksyen 27  
Jalan Seri Cemerlang  
15300 Kota Bharu  
Kelantan

**Tanah Merah**

Bangunan Merdeka Jaya  
Jalan Taman Hiburan  
17500 Tanah Merah  
Kelantan

**TERENGGANU**

*State General Manager, TM Retail*  
**Telekom Malaysia Berhad**  
4th Floor, Bangunan Telekom  
Jalan Sultan Ismail  
20200 Kuala Terengganu  
Tel. : 09-620 2525  
Fax : 09-624 2727

**CUSTOMER SERVICE CENTRE**

**Telekom Malaysia Berhad**  
Ibusawat Telekom Hiliran  
Jalan Sultan Muhammad  
20710 Kuala Terengganu  
Tel. : 09-620 9292  
Fax : 09-624 4628

**TMpoint**

**Kuala Terengganu**  
Jalan Sultan Ismail  
20200 Kuala Terengganu  
Terengganu

**Kemaman**

Jalan Masjid  
24000 Kemaman  
Terengganu

**Dungun**

Jalan Nibong  
23000 Dungun  
Terengganu

**Jertih**

Upper Floor  
Ibusawat Telekom Jertih  
Jalan Zainal Abidin  
22000 Jertih  
Terengganu

**CELCOM SERVICE CENTRE**

**Kemaman**  
Lot K 9709-9710  
Taman Chukai Utama  
24000 Chukai, Kemaman  
Terengganu

**Kuala Terengganu**

No. 6C & 6D, Jalan Air Jernih  
20300 Kuala Terengganu  
Terengganu

## PAHANG

---

*State General Manager, TM Retail*  
**Telekom Malaysia Berhad**  
Level 2, Wisma Telekom Mahkota  
Jalan Mahkota, 25000 Kuantan  
Tel. : 09-512 9353  
Fax : 09-513 6644

### CUSTOMER SERVICE CENTRE

**Telekom Malaysia Berhad**  
4th Floor, Bangunan Telekom  
Jalan Mahkota, 25000 Kuantan  
Tel. : 09-515 2292  
Fax : 09-514 5151

### TMpoint

**Kuantan**  
Bangunan Telekom Malaysia  
No. 168, Jalan Besar  
25000 Kuantan, Pahang

### Mentakab

Jalan Tun Razak  
28400 Mentakab, Pahang

### Bentong

111, Bangunan Persatuan Bola Sepak  
Jalan Ah Peng  
28700 Bentong, Pahang

### Kuala Lipis

10, Jalan Bukit Bius  
27200 Kuala Lipis, Pahang

### Raub

Jalan Kuala Lipis  
27600 Raub, Pahang

### CELCOM SERVICE CENTRE

**Eastern Regional Office**  
Wisma Celcom  
No. 7, Persiaran Sultan Abu Bakar  
Kawasan Perindustrian Ringan IM3  
Bandar Indera Mahkota  
25200 Kuantan

### Temerloh

No. 62, Jalan Ahmad Shah 1  
28000 Temerloh, Pahang

### Kuantan

Lot No. 240 & 241  
Sri Dagangan Business Centre  
25200 Kuantan, Pahang

### TMNET CLICKERS

**Kuantan**  
TM Net Sdn Bhd  
Pejabat Wilayah Pahang  
B30, Lorong Tun Ismail 11  
Jalan Tun Ismail  
25000 Kuantan, Pahang  
Tel : 09-512 9484  
Fax : 09-512 9168

## SARAWAK

---

*State General Manager, TM Retail*  
**Telekom Malaysia Berhad**  
6th Floor, TM 100  
Jalan Simpang Tiga, 93672 Kuching  
Tel. : 082-200 200  
Fax : 082-257 505

### PRIMATEL BUSINESS CENTRE

**Telekom Malaysia Berhad**  
Tingkat Bawah, Bangunan Telekom  
Jalan Batu Lintang, 93200 Kuching  
Tel. : 082-203 900/901/904  
Fax : 082-250 686

### Telekom Malaysia Berhad

Tingkat Bawah, Lot 1076, 1077  
Kompleks Komersial Bintang Jaya  
98000 Miri  
Tel. : 085-432 223/410 041  
Faks : 085-433 301

### TMpoint

**Batu Lintang**  
Jalan Batu Lintang  
93200 Kuching  
Sarawak

### Pending

Jalan Gedong  
93450 Pending  
Sarawak

### Sri Aman

Jalan Club  
95000 Sri Aman  
Sarawak

### Miri

Jalan Post  
98000 Miri  
Sarawak

### Limbang

Jalan Kubu  
98700 Limbang  
Sarawak

**Lawas**

Jalan Punang  
98850 Lawas  
Sarawak

**Bintulu**

Jalan Law Gek Soon  
97000 Bintulu  
Sarawak

**Sibu**

Persiaran Brooke  
96000 Sibu  
Sarawak

**Sarikei**

Jalan Berek  
96100 Sarikei  
Sarawak

**Kapit**

Jalan Kapit By Pass  
96800 Kapit  
Sarawak

**TMNET CLICKERS**

**Kuching**

Ground Floor  
Bangunan Yayasan Sarawak  
Lot 2, Section 24  
Jalan Barrack/Masjid  
93400 Kuching  
Sarawak  
Tel. : 082-418 000  
Fax : 082-418 500

**SABAH**

---

*State General Manager, TM Retail*

**Telekom Malaysia Berhad**

Jalan Tunku Abdul Rahman  
88672 Kota Kinabalu  
Tel. : 088-299 888/838  
Fax : 088-248 378

**CUSTOMER SERVICE CENTRE**

**Telekom Malaysia Berhad**

Ground Floor, Telekom Malaysia  
Jalan Tunku Abdul Rahman  
88672 Kota Kinabalu  
Tel. : 088-299 714  
Fax : 088-299 716

**PRIMATEL BUSINESS CENTRE**

**Telekom Malaysia Berhad**

1st Floor, Lot 67-69, Block J  
Jalan Ikan Juara 1  
Sadong Jaya Complex  
88100 Kota Kinabalu, Sabah  
Tel. : 088-269 595  
Fax : 088-269 696

**TMpoint**

**Sadong Jaya**

3rd Floor, Bangunan Telekom  
88100 Sadong Jaya  
Kota Kinabalu  
Sabah

**Tawau**

T.B. 307, Blok 35, Kompleks Fajar  
Jalan Perbandaran  
Tawau, Sabah

**Lahad Datu**

MDLD 3307, Ground Floor  
Fajar Komplek, Jalan Segama  
Sabah

**Sandakan**

Locked Bag 44  
90009 Sandakan  
Sabah

**Keningau**

Commercial Centre  
Jalan Arusap, Off Jalan Masak  
Blok B7, Lot 13 & 14  
89007 Keningau  
Sabah

**Beaufort**

Choong Street  
P.O. Box 269  
89800 Beaufort  
Sabah

**Kudat**

Jalan Wan Siak  
P.O. Box 340  
89058 Kudat  
Sabah

**WILAYAH PERSEKUTUAN  
LABUAN**

---

*State Relations Officer*

Lot E001, 1st Floor, Podium Level  
Labuan Financial Park  
Jalan Merdeka, 87000 WP Labuan  
Tel. : 087-408 888  
Fax : 087-453 899

**PRIMATEL BUSINESS CENTRE****Telekom Malaysia Berhad**

Lot E001, 1st Floor, Podium Level  
Labuan Financial Park  
Jalan Merdeka, 87000 WP Labuan  
Tel. : 087-408 878  
Fax : 087-441 446

**INTERNATIONAL  
SUBSIDIARIES/AFFILIATES****Cambodia Samart Communications  
Co. Ltd.**

33rd Floor  
No. 3, Samdech Sothearos Blvd.  
Khan Doun Penh, Phnom Penh  
Kingdom of Cambodia  
Tel. : +855-16-810081  
Fax : +855-16-810006

**MTN Networks (PVT.) Ltd.**

No. 475, Union Place  
Colombo 2 Sri Lanka  
Tel. : +94-1-678688  
Fax : +94-1-678703

**Samart Corporation Plc**

92, Moo Software Park  
Chaengwattana Rd.  
Klong Gluar, Pak-Kred  
Nonthaburi, 11120 Thailand  
Tel. : +66-2-5026070  
Fax : +66-2-5026072

**Sotelgui s.a.**

B P 2066, Conakry, Republic of  
Guinea  
Tel. : +224-450200  
Fax : +224-411535

**Telekom Networks Malawi Limited**

Munif House, Livingstone Avenue  
Limbe P.O. Box 3039, Blantyre  
Malawi  
Tel. : +265-1-645915  
Fax : +265-1-642805

**TM International Bangladesh Limited**

9th Floor, Brac Centre  
75 Mohakhali Commercial Area  
Dhaka 1212, Bangladesh  
Tel. : +880-2-9887115  
Fax : +880-2-9887112

**MTN Networks (PVT) Ltd (MTN)**

No. 475, Union Place  
Colombo 2 Sri Lanka  
Tel. : 94-11-267 8688  
Fax : 94-11-267 8703

**TM International Bangladesh Limited  
(TMIB)**

Brac Centre, 9th Floor  
75 Mohakhali Commercial Area  
Dhaka 1212, Bangladesh  
Tel. : 800-2-988 7149/50/51/52  
Fax : 800-2-988 7112

**Samart Corporation PLC (SAMART)**

No. Bor. Nor Jor 92  
99/1 Moo 4 Software Park  
35th Floor, Chaengwattana Road  
Klong Gluar, Pak-Kred  
Nonthaburi, 11120 Thailand  
Tel. : 66-2-502 6070  
Fax : 66-2-502 6043

**Cambodia Samart Communication Co.  
Ltd (CASACOM)**

#56, Preah Norodom BLVD  
Sangkat Chey Chumneah  
Khan Doun Penh, Phnom Penh  
Kingdom of Cambodia  
Tel. : 855-16-810 001/2/3  
Fax : 855-16-810 006

**Telekom Networks Malawi Limited  
(TNM)**

Munif House, Livingstone Avenue  
Limbe P.O. 3039  
Blantyre, Malawi  
Tel. : 265-1-641 088  
Fax : 265-1-642 805

**Societe Des Telecommunications De  
Guinee (Sotelgui S.A.)**

P.O. Box 2066, Conakry  
Republic of Guinea  
Tel. : 224-450 200  
Fax : 224-411 535

**PT Excelcomindo Pratama (XL)**

GRHAXL  
JL. Mega Kuningan Lot E4-7 No. 1  
Kawasan Mega Kuningan  
Jakarta 12950  
Indonesia  
Tel. : 62-21-576 1881  
Fax : 62-21-575 61880

**Multinet Pakistan (Private) Limited  
(Multinet)**

239 Staff Lines  
Fatima Jinnah Road  
Karachi 75530  
Pakistan  
Tel. : 92-91-111 021 021  
Fax : 92-21-565 6480



## LOCAL SUBSIDIARIES

### Fiberail Sdn Bhd

7th Floor, Wisma Telekom  
Jalan Desa Utama  
Pusat Bandar Taman Desa  
58100 Kuala Lumpur  
Tel. : 03-7980 9696  
Fax : 03-7980 9900

### GITN Sdn Bhd

Level 31, Menara Telekom  
Jalan Pantai Baharu  
50672 Kuala Lumpur  
Tel. : 03-2240 0708  
Fax : 03-2240 0709

### Meganet Communications Sdn Bhd

Level 14, Wisma Pantai  
Plaza Pantai, Jalan Pantai Baharu  
59200 Kuala Lumpur  
Tel. : 03-2284 5515  
Fax : 03-2284 3464

### Menara Kuala Lumpur Sdn Bhd

Jalan Punchak, Off Jalan P. Ramlee  
50250 Kuala Lumpur  
Tel. : 03-2020 5446  
Fax : 03-2034 2609

### University Telekom Sdn Bhd

Jalan Multimedia  
63100 Cyberjaya, Selangor  
Tel. : 03-8312 5000/5020  
Fax : 03-8312 5022

### Telekom Applied Business Sdn Bhd

16th Floor, Menara 2  
Faber Towers, Jalan Desa Bahagia  
Taman Desa Off Jalan Klang Lama  
Kuala Lumpur  
Tel. : 03-7984 4989  
Fax : 03-7980 1605

### Telekom Publications Sdn Bhd

10th Floor, Menara D  
Persiaran MPAJ  
Jalan Pandan Utama, Pandan Indah  
55100 Kuala Lumpur  
Tel. : 03-4292 1111  
Fax : 03-4291 9191

### Telekom Research & Development Sdn Bhd

Idea Tower, UPM-MTDC  
Technology Incubation Centre 1  
Lebuhr Silokan  
43400 Serdang, Selangor  
Tel. : 03-8933 1820  
Fax : 03-8945 1591

### Telekom Sales & Services Sdn Bhd

Menara Mutiara Bangsar  
Jalan Liku Off Jalan Riong  
59100 Bangsar, Kuala Lumpur  
Tel. : 03-2283 3888  
Fax : 03-2282 6184

### Telekom Smart School Sdn Bhd

45-8, Level 3, Block C  
Plaza Damansara  
Jalan Medan Setia 1  
Bukit Damansara  
50490 Kuala Lumpur  
Tel. : 03-2092 5252  
Fax : 03-2093 4993

### Celcom (Malaysia) Berhad

15th Floor, Menara CELCOM  
No. 82, Jalan Raja Muda Abdul Aziz  
50300 Kuala Lumpur  
Tel. : 03-2687 3838  
Fax : 03-2681 0359

### TM Facilities Sdn Bhd

27th Floor, Menara Telekom  
Jalan Pantai Baharu  
50672 Kuala Lumpur  
Tel. : 03-2240 1004  
Fax : 03-2284 1233

### TM International Sdn Bhd

17th Floor, Menara Telekom  
Jalan Pantai Baharu  
50672 Kuala Lumpur  
Tel. : 03-2240 2254  
Fax : 03-7956 0266

### TM Net Sdn Bhd

3300, Lingkaran Usahawan 1 Timur  
63300 Cyberjaya, Selangor  
Tel. : 03-8318 8027  
Fax : 03-8318 8077

### VADs Berhad

8th Floor, Plaza IBM  
No. 1, Jalan Tun Mohd Fuad  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Tel. : 03-7712 8888  
Fax : 03-7728 2584

# PROXY FORM



I / We \_\_\_\_\_  
(FULL NAME AND NRIC/PASSPORT NO./COMPANY NO.)

of \_\_\_\_\_  
(FULL ADDRESS)

being a Member / Members of TELEKOM MALAYSIA BERHAD hereby appoint \_\_\_\_\_  
(FULL NAME AND NRIC/PASSPORT NO.)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him \_\_\_\_\_  
(FULL NAME AND NRIC/PASSPORT NO.)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Dewan Merdeka, Level 4, Putra World Trade Centre, 41 Jalan Tun Ismail, 50480 Kuala Lumpur on Tuesday, 17 May 2005 at 10:00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

Resolutions	Ordinary	For	Against
1. To receive the Audited Financial Statements and Reports for the financial year ended 31 December 2004	Resolution 1		
2. Declaration of a tax exempt final dividend of 20 sen per share	Resolution 2		
3. Re-election of the following Directors pursuant to Article 98(2):- (i) YB. Datuk Nur Jazlan Tan Sri Mohamed (ii) Dato' Azman Mokhtar (iii) Dato' Abdul Wahid Omar (iv) Dato' Haji Abd. Rahim Haji Abdul	Resolution 3		
	Resolution 4		
	Resolution 5		
	Resolution 6		
4. Re-election of Dato' Dr. Abdul Rahim Haji Daud as a Director pursuant to Article 103	Resolution 7		
5. Approval of payment of Directors' fees	Resolution 8		
6. Re-appointment of Messrs. PricewaterhouseCoopers as Auditors of the Company	Resolution 9		
7. Special Business: Section 132D, Companies Act 1965 – Issuance of New Shares	Resolution 10		

*(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. Unless voting instructions are specified herein, the Proxy will vote or abstain from voting at his/her discretion.)*

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

No. of shares	*CDS Account No.

\* CDS – Central Depository System

Signature(s) / Common Seal of Member(s)

**Notes:**

1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A Proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of the holding to be represented by each proxy is specified.
4. This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly appointed under a power of attorney or if such appointee is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a power of attorney.
5. A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 92 of the Company's Articles of Association.
6. This instrument appointing the proxy together with the duly registered power of attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

1. Fold here

2. Fold here

The Share Registrar  
**TENAGA KOPERAT SDN. BHD.**  
20th Floor, Plaza Permata  
Jalan Kampar, Off Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

3. Fold here