



FINANCIAL STATEMENT

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DIRECTORS' REPORT for the year ended 31 December 1999

1. The Directors have pleasure in submitting their annual report and the audited accounts of the Group and of the Company for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

2. 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 Minister of Energy, Communications and Multimedia. The principal activities of the subsidiary companies are set out in note 17 to the accounts. There have been no significant changes in the nature of these activities during the year.

RESULTS

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

	The Group RM(million)	The Company RM(million)
Profit after taxation and minority interests	819.1	1,336.4
Dividend (Malaysian Income Tax exempted)	(305.0)	(305.0)
Retained profit for the year	514.1	1,031.4

4. 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

5. Since the end of previous financial year, the dividends paid, declared or proposed by the Company are as follows:

	RM(million)
(a) In respect of the year ended 31 December 1998, as proposed in the Directors' Report for that year, a final dividend of 10.0% less tax was paid on 14 June 1999.	216.0
(b) In respect of the year ended 31 December 1999, a proposed final dividend of 10.0% (Malaysian Income Tax exempted).	305.0

EMPLOYEES' SHARE OPTION SCHEME (ESOS)

6. The Employees' Share Option Scheme (ESOS) was approved by the shareholders at an Extraordinary General Meeting held on 28 March 1997. During the year, no new options were granted pursuant to the ESOS.

As at 31 December 1999, options to subscribe for 206,000 and 190,731,000 ordinary shares of RM1 each at the respective option price of RM7.80 and RM10.50 per share remained unexercised. The ESOS remains in force until April 2002. The options granted do not confer any right to participate in any share option scheme of any other company.

SHARE CAPITAL

7. During the year, the issued and fully paid-up share capital of the Company was increased by the issuance of 26,967,500 ordinary shares of RM1 each at the option price of RM10.50 per share and the issuance of 2,183,000 ordinary shares of RM1 each at the option price of RM7.80 per share under the ESOS. These shares rank "pari-passu" in all respects with the existing issued ordinary shares of the Company.

CONVERTIBLE BONDS

8. As at 31 December 1999, the Company has USD359.9 million Convertible Bonds due 2004 outstanding. These Bonds are convertible into fully paid ordinary shares of RM1 each of the Company at an initial conversion price of RM15.60 per ordinary share and with a fixed rate of exchange upon conversion of RM2.5553 equals USD1, on or after 3 November 1994 up to and including 26 September 2004. The Bonds if not converted, will be redeemed on 3 October 2004 at its principal amount. The Bonds may also be redeemed by the Company at anytime on or after 21 October 1999 at their principal amount, plus accrued interest.

MOVEMENTS ON RESERVES AND PROVISIONS

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

OTHER STATUTORY INFORMATION

10. Before the accounts of the Group and of the Company were prepared, the Directors took reasonable steps to:
- ascertain that actions had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - 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:
- would render the amounts written off or provided for bad and doubtful debts of the Group and of the Company inadequate to any substantial extent or the values attributed to current assets of the Group and of the Company misleading; and
 - 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:
- 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
 - 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 Company and its subsidiary companies to meet their obligations when they fall due except as disclosed in note 31 to the accounts.
14. At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the accounts of the Group and the Company which would render any amount stated in the accounts misleading.

DIRECTORS

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

Directors

Dato' Ir Muhammad Radzi bin Haji Mansor
(appointed with effect from 12/7/1999)
Datuk Wira Mohamed Said bin Mohamed Ali
Dato' Dr Abdul Rahim bin Haji Daud
Datuk Nuraizah bt Abdul Hamid

YB Joseph Salang Gandum
K.P. Ramanathan Menon
Haji Nasruddin bin Haji Alang Saidin
Haji Ahmad Kamal bin Abdullah Al-Yafii
Kunaseelan s/o J. Govindasamy
Ng Wang @ Ng Chiang Chin
Dr Syed Muhamad bin Syed Abdul Kadir
(appointed with effect from 21/12/1999)
Dato' Ali bin Hassan
(resigned with effect from 12/7/1999)
Dato' Syed Danial bin Syed Ahmad
(resigned with effect from 21/12/1999)

Alternate Directors

Dr. Abdul Halim bin Shafie
(appointed with effect from 11/3/1999)
Dato' Shaik Ahmad Soekarno bin Shaik Mohd. Hussain
(resigned with effect from 11/3/1999)

Mohammad Zanudin bin Ahmad Rasidi
(appointed with effect from 28/12/1999)

Ibrahim Mahaludin bin Puteh
(resigned with effect from 21/12/1999)

16. In accordance with Article 98 of the Company's Articles of Association, Dato' Ir Muhammad Radzi bin Haji Mansor and Dr Syed Muhamad bin Syed Abdul Kadir retire from the Board at the Fifteenth Annual General Meeting and being eligible offer themselves for re-election.
17. In accordance with Article 103 of the Company's Articles of Association, Datuk Nuraizah bt Abdul Hamid and YB Joseph Salang Gandum retire from the Board at the Fifteenth Annual General Meeting and being eligible offer themselves for re-election.

DIRECTORS' INTEREST

18. In accordance with the Register of Directors' Shareholdings, interest in shares in the Company during the year of the Directors who hold office at the end of the year are as follows:

Number of ordinary shares of RM1 each

	Balance at 1.1.99/ Date of appointment	Bought	Sold	Balance at 31.12.99
Dato' Ir Muhammad Radzi bin Haji Mansor	123,500	-	-	123,500
Datuk Wira Mohamed Said bin Mohamed Ali	75,000	-	-	75,000
Dato' Dr Abdul Rahim bin Haji Daud	12,000	-	-	12,000
YB Joseph Salang Gandum	15,000	-	-	15,000
K.P. Ramanathan Menon	15,000	-	-	15,000
Haji Ahmad Kamal bin Abdullah Al-Yafii	15,000	-	-	15,000

19. In accordance with the Register of Directors' Shareholdings, none of the other Directors has any direct or indirect interests in the shares in the Company during the year. None of the Directors of the Company who hold office at the end of the year has any interests in the shares of subsidiary companies.

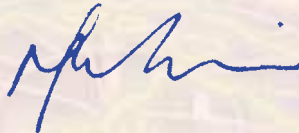
DIRECTORS' BENEFITS

20. Since the end of the previous year, none of the Directors has received or become entitled to receive any benefit (except as disclosed in note 2 to the accounts) 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.
21. Neither during nor at the end of the year was the Company or any of its related corporations, a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

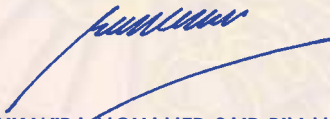
AUDITORS

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

On behalf of the Board of Directors



DATO' IR MUHAMMAD RADZI BIN HAJI MANSOR
Chairman



DATUK WIRA MOHAMED SAID BIN MOHAMED ALI
Chief Executive

Kuala Lumpur
Dated: 29 February 2000



SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF THE ACCOUNTS

The accounts of the Group and of the Company have been prepared under the historical cost convention in accordance with applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

2. 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 Minister of Energy, Communications and Multimedia. The principal activities of the subsidiary companies are set out in note 17 to the accounts. There have been no significant changes in the nature of these activities during the year.

3. SUBSIDIARY COMPANIES

A subsidiary company is a company in which the Group controls the composition of its Board of Directors and more than half of the voting power and/or holds more than half of its issued ordinary share capital.

Investments in subsidiary companies are stated at cost less any provision for permanent diminution in value.

The consolidated Profit and Loss Account and Balance Sheet include the accounts of the Company and its subsidiary companies made up to the end of the year. All subsidiary companies are consolidated using the acquisition method of accounting whereby the results of the subsidiary companies acquired or disposed during the year are included in the consolidated Profit and Loss Account from the date of their acquisition or up to the date of their disposal. Inter-company transactions are eliminated on consolidation.

4. ASSOCIATED COMPANIES

An associated company is a company in which the Group has a long term equity interest between 20% and 50% and where the Group is in a position to exercise significant influence over the financial and operating policies including representation on the Board of Directors.

Investments in associated companies are stated at cost less any provision for permanent diminution in value.

The Group's share of profits less losses of associated companies is included in the consolidated Profit and Loss Account, and the Group's share of post-acquisition retained profits and reserves are added to the carrying value of investments in the consolidated Balance Sheet. These amounts are taken from the audited accounts made up to a date which is not more than six months before the date of the Company's accounts, or management accounts made up to the date of the Company's accounts if audited accounts are not available, for each of the companies concerned. Appropriate adjustments are made to the associated companies' accounts to take into account any deviation from the Group's accounting policies.

5. GOODWILL ON CONSOLIDATION

Goodwill on consolidation represents the excess of the purchase price over the fair value of the net assets of subsidiary and associated companies at the date of acquisition. It is written off against retained profits in the year of acquisition.

6. INCOME RECOGNITION

Operating revenue represents revenue earned from the sale of products and services net of returns, duties and taxes paid. Operating revenue is recognised or accrued at the time of the provision of the products or services.

Dividend income from investment in subsidiary and associated companies are accounted for in the Profit and Loss Account of the Company, as and when declared or proposed. Dividend from other investments is recognised when a right to receive payment is established.

Interest income includes interest from bank deposits and is recognised on an accrual basis.

7. FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation.

(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 fixed assets comprises their purchase cost and any incidental costs of acquisition.

(ii) Depreciation

Freehold land is not depreciated. Leasehold land is amortised over the period of the lease. Other fixed assets are depreciated on a straight line basis from the time they are available for use so as to write off their cost over their estimated useful lives.

The estimated useful lives in years assigned to the fixed assets are as follows:

Telecommunication network	3 - 20
Movable plant	5
Other property and equipment	8
Computer support systems	3 - 5
Buildings	5 - 40

In the case of other land mentioned in note 16(a) to the accounts, pending finalisation with the relevant authorities as to their tenure, amortisation is provided at an estimated amount of RM0.3 million per annum.

8. INVENTORIES

Inventories mainly comprise items held for capital projects and maintenance. Inventories are stated at cost less provision for obsolescence. Cost is determined on a weighted average basis.

9. RECEIVABLES

Bad debts are written off and specific provisions are made for debts considered to be doubtful of collection. In addition, a general provision based on a percentage of trade debtors is made to cover possible losses which are not specifically identified.

10. INVESTMENTS

I. Investments in International Satellite Organisations

The Company's participation in the Intelsat and Inmarsat Satellite Organisations and ICO Global Communications Ltd. are treated as investments. The investment holdings are in US Dollars and the Balance Sheet valuations are based on the Company's percentage of shareholding as at the Balance Sheet date and are translated into Ringgit Malaysia at the exchange rates ruling at that date. Any increments or decrements in the value of these investments are transferred to the Exchange Fluctuation Reserve. The principal activities of these satellite organisations are the provision of satellite capacity to equity members.

II. Other investments

- (i) Investments in quoted shares are stated at the lower of cost and market value.
- (ii) Investments in unquoted shares are stated at cost less provision for any permanent diminution in value.

11. FINANCE COSTS

Costs incurred in connection with financing the construction and installation of fixed assets are capitalised until the assets are ready for their intended use. All other finance costs are charged out to the Profit and Loss Account.

12. DEFERRED TAXATION

Provision is made for deferred taxation, using the liability method, on all material timing differences except where it is considered reasonably probable that the tax effect of such deferrals will continue in the foreseeable future.

13. BONDS

Bonds, which include notes and debentures, issued by the Company 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 the Bonds are allocated to periods over the term of the Bonds at a constant rate on the carrying amount and are charged to the Profit and Loss Account.

For Convertible Bonds, the amount recognised in shareholders' funds in respect of shares issued upon conversion will be the amount at which the liability for the Bonds is stated as at the date of conversion. No gain or loss will be recognised on conversion.

14. FINANCIAL DERIVATIVE HEDGING INSTRUMENTS

Financial derivative hedging instruments are used in the Company'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. 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. No amounts are recognised in respect of future periods.

15. RETIREMENT BENEFIT

The Company has established an approved retirement benefit trust fund in respect of the defined retirement benefits for eligible employees under the Telekom Malaysia Retirement Benefit Scheme. The fund is valued every three years by a professionally qualified independent actuary who will also propose the rates of contribution payable.

The cost of providing retirement benefits is charged against profits on a systematic basis, so as to be sufficient to meet the liability of the scheme over the future working lives of the existing employees. The difference between the amount charged in the Profit and Loss Account and payments made to the fund is treated as a deferred liability.

16. FOREIGN CURRENCY

Foreign currency assets and liabilities are translated into Ringgit Malaysia at the closing rates of exchange approximating those ruling at the Balance Sheet date and transactions in foreign currencies in the Profit and Loss Accounts are converted at approximate rates ruling on the transaction dates.

Exchange differences arising on long term foreign currency items are deferred and recognised as income in current and future periods on a systematic basis over the remaining lives of the monetary items to which they relate, except that exchange losses on an item are not deferred if it is expected that recurring exchange losses will arise on that item in future. The deferred portion of the exchange differences is reflected in the Exchange Fluctuation Reserve.

The accounts of foreign subsidiary companies are translated into Ringgit Malaysia at the closing rate of exchange ruling at the Balance Sheet date. Exchange differences arising on this transaction are reflected in the Exchange Fluctuation Reserve.

All other exchange gains or losses are dealt with through the Profit and Loss Account.

17. CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and balances with licensed financial institutions. 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, net of bank overdraft.

These accounting policies form an integral part of the accounts set out on pages 46 to 70.



PROFIT AND LOSS ACCOUNTS

for the year ended 31 December 1999

Telekom Malaysia Berhad (128740-P)
(Incorporated in Malaysia)

All amounts are in millions unless otherwise stated	Note	The Group		The Company	
		1999 RM	1998 RM	1999 RM	1998 RM
OPERATING REVENUE	1	7,833.0	7,980.1	7,049.6	7,392.4
OPERATING COSTS	2	(6,729.5)	(6,279.0)	(5,453.5)	(5,648.7)
OPERATING PROFIT		1,103.5	1,701.1	1,596.1	1,743.7
NON-OPERATING INCOME	3	75.6	73.4	218.2	133.3
NET FINANCE COST	4	(495.4)	(327.8)	(477.9)	(326.0)
NET OPERATING PROFIT		683.7	1,446.7	1,336.4	1,551.0
SHARE OF PROFIT LESS LOSSES OF ASSOCIATED COMPANIES		200.5	222.2	-	-
PROFIT BEFORE TAXATION		884.2	1,668.9	1,336.4	1,551.0
TAXATION	5	(64.0)	(651.5)	-	(477.1)
PROFIT AFTER TAXATION		820.2	1,017.4	1,336.4	1,073.9
MINORITY INTERESTS		(1.1)	(26.3)	-	-
PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS		819.1	991.1	1,336.4	1,073.9
DIVIDEND	6	(305.0)	(216.0)	(305.0)	(216.0)
RETAINED PROFIT FOR THE YEAR	10	514.1	775.1	1,031.4	857.9
EARNINGS PER SHARE	7	27.2 sen	33.0 sen		

The above Profit and Loss Accounts are to be read in conjunction with the Significant Accounting Policies on pages 43 to 45 and the notes to the accounts on pages 49 to 70.

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BALANCE SHEETS

as at 31 December 1999

Telekom Malaysia Berhad (128740-P)
(Incorporated in Malaysia)

All amounts are in millions unless otherwise stated	Note	The Group		The Company	
		1999 RM	1998 RM	1999 RM	1998 RM
SHARE CAPITAL	8	3,028.2	2,999.0	3,028.2	2,999.0
SHARE PREMIUM	9	1,378.3	1,107.2	1,378.3	1,107.2
RESERVES	10	8,215.3	7,919.7	11,034.0	9,869.8
TOTAL CAPITAL AND RESERVES		12,621.8	12,025.9	15,440.5	13,976.0
MINORITY INTERESTS		181.0	177.9	-	-
Convertible Bonds	11	1,350.0	1,346.3	1,350.0	1,346.3
Borrowings	12	6,162.0	5,589.1	6,054.4	5,464.1
Customers' deposits	13	650.5	653.4	594.7	591.8
Deferred taxation	14	9.9	6.4	-	-
Retirement benefits	15	161.0	160.6	160.6	160.5
DEFERRED AND LONG TERM LIABILITIES		8,333.4	7,755.8	8,159.7	7,562.7
		21,136.2	19,959.6	23,600.2	21,538.7
FIXED ASSETS	16	19,144.8	18,871.9	16,529.4	16,374.8
SUBSIDIARY COMPANIES	17	-	-	5,569.1	4,525.2
ASSOCIATED COMPANIES	18	1,467.3	1,394.7	118.4	99.5
INVESTMENTS	19	223.3	289.3	216.8	289.3
LONG TERM RECEIVABLES	20	654.4	661.6	654.4	659.8
Inventories	21	186.0	215.4	120.4	168.6
Trade receivables	22	1,946.1	2,223.6	1,954.7	1,909.8
Other receivables and prepayments		980.0	1,088.0	896.2	844.2
Short term investments	23	170.1	163.5	170.1	163.5
Cash and cash equivalents	24	1,036.6	911.3	896.3	741.8
CURRENT ASSETS		4,318.8	4,601.8	4,037.7	3,827.9
Trade payables		1,889.5	2,242.7	1,601.8	1,797.6
Borrowings	12	547.5	963.6	102.4	173.9
Other payables and accrued liabilities	25	783.9	746.4	380.2	392.2
Taxation		1,146.5	1,691.0	1,136.2	1,658.1
Proposed dividend		305.0	216.0	305.0	216.0
CURRENT LIABILITIES		4,672.4	5,859.7	3,525.6	4,237.8
NET CURRENT (LIABILITIES) / ASSETS		(353.6)	(1,257.9)	512.1	(409.9)
		21,136.2	19,959.6	23,600.2	21,538.7

The above Balance Sheets are to be read in conjunction with the Significant Accounting Policies on pages 43 to 45 and the notes to the accounts on pages 49 to 70.

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CONSOLIDATED CASH FLOW STATEMENT

as at 31 December 1999

Telekom Malaysia Berhad (128740-P)
(Incorporated in Malaysia)

All amounts are in millions unless
otherwise stated

	Note	1999 RM	1998 RM
CASH FLOWS FROM OPERATING ACTIVITIES	26	2,861.9	3,210.0
CASH FLOWS USED IN INVESTING ACTIVITIES	27	(2,768.9)	(4,328.6)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	28	68.6	(335.6)
<hr/>			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		161.6	(1,454.2)
EFFECT OF EXCHANGE RATE CHANGES		(36.3)	16.2
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		911.3	2,349.3
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CASH AND CASH EQUIVALENTS AT END OF THE YEAR	24	1,036.6	911.3

The above Consolidated Cash Flow Statement is to be read in conjunction with the Significant Accounting Policies on pages 43 to 45 and the notes to the accounts on pages 49 to 70.

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NOTES TO THE ACCOUNTS

as at 31 December 1999

Telekom Malaysia Berhad (128740-P)
(Incorporated in Malaysia)

All amounts are in millions unless otherwise stated	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
1. OPERATING REVENUE				
Calls				
Business	2,627.2	3,009.0	2,487.0	2,939.2
Residential	1,771.7	1,840.6	1,771.7	1,786.4
Mobile	414.4	497.5	179.1	310.7
Sub Total	4,813.3	5,347.1	4,437.8	5,036.3
Rentals				
Business	499.5	450.6	480.6	449.5
Residential	740.9	733.5	740.9	733.5
Mobile	210.6	160.8	3.6	27.0
Sub Total	1,451.0	1,344.9	1,225.1	1,210.0
Others				
Business	59.8	127.8	59.8	120.4
Residential	72.4	84.5	72.4	84.5
Mobile	93.6	41.9	0.8	7.4
Sub Total	225.8	254.2	133.0	212.3
Total				
Business	3,186.5	3,587.4	3,027.4	3,509.1
Residential	2,585.0	2,658.6	2,585.0	2,604.4
Mobile	718.6	700.2	183.5	345.1
Total Telephone	6,490.1	6,946.2	5,795.9	6,458.6
Leased services	600.5	553.1	865.7	725.3
Telex	14.5	16.2	13.9	15.4
Maypac	18.6	18.5	18.5	18.3
Other services	179.7	138.1	179.7	98.4
Miscellaneous	529.6	308.0	175.9	76.4
Total Non-telephone	1,342.9	1,033.9	1,253.7	933.8
TOTAL OPERATING REVENUE	7,833.0	7,980.1	7,049.6	7,392.4

Miscellaneous comprises mainly revenue derived from recoverable works orders and maintenance, property management, education, printing and publication of telephone directories.

2. OPERATING COSTS

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Depreciation	2,469.2	2,528.8	2,177.7	2,367.4
Manpower	952.1	770.7	801.7	667.6
Supplies and inventories	234.9	275.0	214.7	216.7
Net loss on foreign exchange	235.1	157.5	234.4	138.5
Bad and doubtful debts	539.0	420.5	328.3	359.0
Rental of land and buildings	83.3	82.5	94.9	99.5
Retirement benefits	39.5	58.3	39.2	58.1
Operating licence fee	25.0	18.9	12.5	13.4
Other rental expenses	68.2	69.5	62.1	63.9
Lease rental of equipment	15.1	7.2	22.1	22.1
Write back of diminution in value of quoted investment (Write back of) /provision for diminution in value of an associated company	(15.9) (9.0)	(20.0) 9.0	(15.9) -	(20.0) -
Other operating costs	2,093.0	1,901.1	1,481.8	1,662.5
TOTAL OPERATING COSTS	6,729.5	6,279.0	5,453.5	5,648.7

The Directors' remuneration for the year ended 31 December 1999 for the Group was RM1,501,916 (1998: RM1,533,649) consisting of fees RM230,106 (1998: RM368,201) and other emoluments of RM1,271,810 (1998: RM1,165,448).

The Directors' remuneration for the year ended 31 December 1999 for the Company was RM1,044,426 (1998: RM974,473) consisting of fees RM158,141 (1998: RM160,200) and other emoluments of RM886,285 (1998: RM814,273).

Estimated money value of benefits of Directors amounted to RM146,348 (1998: RM132,254) for the Group and the Company.

Professional fees paid during the year to a firm in which a Director is a partner was RM78,375 (1998: RM2,226,328).

The auditors' remuneration for the year ended 31 December 1999 for the Group was RM853,386 (1998: RM790,909) including RM330,000 (1998: RM330,000) for the Company.

3. NON-OPERATING INCOME

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Rental income from buildings	5.3	8.5	16.2	8.1
Gain on sale of short term investments	9.1	6.4	9.1	6.0
Sale of scrap stores	6.6	6.2	6.6	6.2
Profit on sale of fixed assets	0.1	1.2	0.2	1.2
Income from investment in Intelsat	12.8	11.2	12.8	11.2
Income from training activities	4.0	6.6	4.0	6.6
Income from building operations	6.9	8.1	6.9	8.1
Rental income from vehicles	0.3	0.8	3.6	3.9
Dividend income from subsidiaries	-	-	1.7	11.8
Dividend income from quoted shares	1.6	1.4	1.6	1.4
Dividend income from unquoted shares	0.2	2.3	0.2	1.1
Interest from subsidiaries	-	-	90.9	38.6
Other non-operating income	28.7	20.7	64.4	29.1
TOTAL NON-OPERATING INCOME	75.6	73.4	218.2	133.3

4. NET FINANCE COST

	Foreign RM	1999 Domestic RM	Total RM	Foreign RM	1998 Domestic RM	Total RM
Finance cost in respect of:						
Borrowings	314.0	162.5	476.5	296.2	140.1	436.3
Convertible Bonds	54.7	-	54.7	54.8	-	54.8
Others	-	8.3	8.3	-	8.3	8.3
Total finance cost	368.7	170.8	539.5	351.0	148.4	499.4
Interest income	(3.1)	(58.5)	(61.6)	(14.6)	(158.8)	(173.4)
NET FINANCE COST OF THE COMPANY	365.6	112.3	477.9	336.4	(10.4)	326.0
Finance cost of subsidiary companies	1.6	23.3	24.9	5.8	15.8	21.6
Interest income of subsidiary companies	(2.4)	(5.0)	(7.4)	(1.0)	(18.8)	(19.8)
TOTAL NET FINANCE COST OF THE GROUP	364.8	130.6	495.4	341.2	(13.4)	327.8

5. TAXATION

	The Group 1999 RM		The Company 1999 RM	
	1999 RM	1998 RM	1999 RM	1998 RM
The taxation charge for the Group and Company comprises of:				
(i) Malaysia:				
Current year taxation	-	496.7	-	477.1
In respect of prior year	(4.5)	-	-	-
Deferred taxation	3.5	-	-	-
	(1.0)	496.7	-	477.1
(ii) Overseas:				
Current year taxation	3.1	1.5	-	-
Associated companies				
- current year taxation	61.9	92.7	-	-
- in respect of prior year	-	60.6	-	-
	65.0	154.8	-	-
TOTAL TAXATION	64.0	651.5	-	477.1

No provision has been made for Malaysian Income Tax in respect of business income earned by the Company for the financial year ended 31 December 1999 pursuant to section 8 of the Income Tax (Amendment) Act, 1999.

6. DIVIDEND

	The Company	
	1999 RM	1998 RM
Proposed final dividend of 10.0% which is Malaysian Income Tax exempted (1998: 10.0% less tax).	305.0	216.0

7. EARNINGS PER SHARE

The basic earnings per ordinary share is based on the profit after taxation and minority interests of the Group of RM819.1 million (1998: RM991.1 million) divided by the weighted average number of ordinary shares in issue during the year of 3,013.6 million (1998: 2,999.0 million).

The earnings per share is not diluted based on the calculation that all Convertible Bonds due 2004 are converted and all unexercised options under the Employees' Share Option Scheme (ESOS) are exercised on 1 January 1999.

8. SHARE CAPITAL

	The Company	
	1999	1998
	RM	RM
Authorised:		
Ordinary shares of RM1 each	5,000.0	5,000.0
Special share of RM1	*	*
Issued and fully paid:		
Ordinary shares of RM1 each	3,028.2	2,999.0
Special share of RM1	*	*
TOTAL ISSUED AND FULLY PAID UP SHARE CAPITAL	3,028.2	2,999.0

* RM1

- (a) The Special Rights Redeemable Preference Share (Special Share) 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.

- (b) Movements on issued and fully paid share capital:

	1999	1998
	RM	RM
As at 1 January	2,999.0	2,998.6
Shares issued during the year under the Employees' Share Option Scheme	29.2	0.4
As at 31 December	3,028.2	2,999.0

The shares issued during the year rank "pari passu" in all respects with the existing issued ordinary shares of the Company.

9. SHARE PREMIUM - Non distributable

	The Company	
	1999	1998
	RM	RM
As at 1 January	1,107.2	1,104.5
Arising from shares issued during the year under the Employees' Share Option Scheme	271.1	2.7
As at 31 December	1,378.3	1,107.2

10. RESERVES

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Retained Profit:				
As at 1 January	8,973.8	8,847.3	10,941.3	10,083.4
Retained profit for the year	514.1	775.1	1,031.4	857.9
Goodwill arising from acquisition/additional investments written-off:	9,487.9	9,622.4	11,972.7	10,941.3
Subsidiary companies	(104.0)	(517.2)	-	-
Associated companies	(173.3)	(131.4)	-	-
	(277.3)	(648.6)	-	-
As at 31 December	9,210.6	8,973.8	11,972.7	10,941.3
Exchange Fluctuation Reserve (sub-note a)	(995.3)	(1,054.1)	(938.7)	(1,071.5)
TOTAL RESERVES	8,215.3	7,919.7	11,034.0	9,869.8
Retained by:				
The Company	11,034.0	9,869.8		
Subsidiary companies	(2,235.5)	(1,299.4)		
Associated companies	(583.2)	(650.7)		
	8,215.3	7,919.7		

(a) Exchange Fluctuation Reserve (EFR) is calculated as follows:

	1999 RM	1998 RM
As at 1 January	1,071.5	1,605.2
Net amount arising from revaluation of foreign borrowings and investments at year end	102.7	(301.7)
Amortisation	(235.5)	(232.0)
As at 31 December (Company)*	938.7	1,071.5
Reserves arising from translation of foreign subsidiary/associated companies	56.6	(17.4)
As at 31 December (Group)	995.3	1,054.1

* The Exchange Fluctuation Reserve is expected to be realised based on the tenure of the borrowings as follows:

Type of Borrowings	Date of Maturity	Balance as at 31.12.99 RM	Balance as at 31.12.98 RM
Convertible Bonds	2004	263.5	322.0
Notes	2005	200.9	199.4
Other Borrowings	2000 - 2012	523.7	599.5
		988.1	1,120.9
Gain on translation of investment in International Satellite Organisations		(49.4)	(49.4)
		938.7	1,071.5

(b) The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 at 31 December 1999 to frank the payment of net dividends of RM4,743.2 million (1998: RM2,950.2 million) out of total distributable reserves of RM11,972.7 million (1998: RM10,941.3 million) without incurring additional taxation and tax exempt income under section 12 of the Income Tax (Amendment) Act 1999, subject to agreement with the Inland Revenue Board.

(c) Pursuant to the requirements of Subsection 365 (1A) of Companies Act 1965, the future distribution of dividends out of the Company's unappropriated profit for a financial year may only be declared up to an amount not exceeding the after tax profit of that financial year, or not exceeding the average dividends declared in respect of the two financial year immediately preceding that financial year, whichever is the greater.

11. CONVERTIBLE BONDS

(a) Convertible Bonds represent USD359.9 million (1998: USD359.9 million) Convertible Eurobonds due 2004.

(b) The principle features of the Eurobonds are as follows:

- (i) Unless previously redeemed or purchased and cancelled, the Bonds are convertible on or after 3 November 1994 up to and including 26 September 2004 into fully paid ordinary shares of RM1 each of the Company at an initial conversion price of RM15.60 per ordinary share and with a fixed rate of exchange on conversion of RM2.5553 equals USD1.
- (ii) Unless previously redeemed, purchased and cancelled or converted, each Bond will be redeemed on 3 October 2004 at its principal amount together with accrued interest. The Bonds may also be redeemed, in whole or in part, by the Company at any time on or after 21 October 1999 at their principal amount, plus accrued interest.
- (iii) The Bonds bear interest rate of 4% per annum payable semi-annually in arrears in equal instalments on 31 March and 30 September in each year during the tenure and on the date of maturity. Any Bonds converted will cease to carry interest as from the last interest payment date immediately preceding the date of conversion.
- (iv) The Bonds constitute, subject to the negative pledge, unsecured obligations of the Company.

(c) None of the remaining Bonds have been redeemed, purchased or cancelled during the financial year.

12. BORROWINGS

	Long Term RM	1999 Short Term RM	Total RM	Long Term RM	1998 Short term RM	Total RM
THE GROUP						
Domestic						
Interest bearing loans:						
4.0% to 11.99% per annum (unsecured)	1,681.3	452.1	2,133.4	1,420.2	371.5	1,791.7
12.0% and above per annum (unsecured)	-	0.5	0.5	-	435.0	435.0
5.85% to 8.25% per annum (sub-note a)	278.1	11.5	289.6	291.9	19.2	311.1
4.0% to 7.99% per annum (sub-note c)	24.3	7.7	32.0	-	44.0	44.0
Other borrowings (sub-note b)	41.8	64.9	106.7	40.0	9.4	49.4
	2,025.5	536.7	2,562.2	1,752.1	879.1	2,631.2
Foreign						
Interest free loans (unsecured)	6.7	1.0	7.7	7.1	0.7	7.8
Interest bearing loans:						
0.75% to 3.99% per annum (unsecured)	587.0	0.5	587.5	28.6	0.5	29.1
4.0% to 11.99% per annum (unsecured)	1,372.2	8.0	1,380.2	2,020.9	72.1	2,093.0
4.0% to 6.0% per annum (sub-note c)	42.9	1.3	44.2	60.2	11.2	71.4
Notes and debentures (unsecured)(sub-note d)	1,903.3	-	1,903.3	1,492.2	-	1,492.2
Other borrowings (sub-note b)	224.4	-	224.4	228.0	-	228.0
	4,136.5	10.8	4,147.3	3,837.0	84.5	3,921.5
TOTAL BORROWINGS OF THE GROUP	6,162.0	547.5	6,709.5	5,589.1	963.6	6,552.7

12. BORROWINGS (Continued)

	1999			1998		
	Long Term RM	Short Term RM	Total RM	Long Term RM	Short Term RM	Total RM
THE COMPANY						
Domestic						
Interest bearing loans:						
4.0% to 11.99% per annum (unsecured)	1,757.2	87.6	1,844.8	1,444.3	81.4	1,525.7
5.85% to 8.25% per annum (sub-note a)	278.1	11.5	289.6	291.9	19.2	311.1
	2,035.3	99.1	2,134.4	1,736.2	100.6	1,836.8
Foreign						
Interest free loans (unsecured)	6.7	1.0	7.7	7.1	0.7	7.8
Interest bearing loans:						
1.5% to 3.99% per annum (unsecured)	552.7	0.5	553.2	10.3	0.5	10.8
4.0% to 11.99% per annum (unsecured)	1,332.0	1.8	1,333.8	1,990.3	72.1	2,062.4
Notes and debentures (unsecured) (sub-note d)	1,903.3	-	1,903.3	1,492.2	-	1,492.2
Other borrowings (sub-note b)	224.4	-	224.4	228.0	-	228.0
	4,019.1	3.3	4,022.4	3,727.9	73.3	3,801.2
TOTAL BORROWINGS OF THE COMPANY	6,054.4	102.4	6,156.8	5,464.1	173.9	5,638.0

	1999			1998		
	Domestic RM	Foreign RM	Total RM	Domestic RM	Foreign RM	Total RM
THE GROUP						
The borrowings are repayable as follows:						
Repayable within twelve months	536.7	10.8	547.5	879.1	84.5	963.6
After one year and up to five years	978.1	2,940.1	3,918.2	805.0	2,297.9	3,102.9
After five years and up to ten years	58.2	446.2	504.4	112.4	781.9	894.3
After ten years and up to fifteen years	-	8.4	8.4	-	15.7	15.7
After fifteen years	989.2	741.8	1,731.0	834.7	741.5	1,576.2
	2,562.2	4,147.3	6,709.5	2,631.2	3,921.5	6,552.7
THE COMPANY						
The borrowings are repayable as follows:						
Repayable within twelve months	99.1	3.3	102.4	100.6	73.3	173.9
After one year and up to five years	987.9	2,888.6	3,876.5	635.0	2,237.5	2,872.5
After five years and up to ten years	58.2	384.2	442.4	112.4	742.7	855.1
After ten years and up to fifteen years	-	4.5	4.5	-	6.2	6.2
After fifteen years	989.2	741.8	1,731.0	988.8	741.5	1,730.3
	2,134.4	4,022.4	6,156.8	1,836.8	3,801.2	5,638.0

12. BORROWINGS (Continued)

- (a) Secured by way of assignment of the titles of properties relating to staff housing loans.
- (b) Represent borrowings under Islamic banking facilities.
- (c) Secured by way of a fixed charge on the properties of the subsidiary company.
- (d) Consists of USD200.0 million 7.125% Notes due 2005 and USD300.0 million 7.875% Debentures due 2025. During the year, there is a new issue of USD100.0 million guaranteed floating rate note due 2006 with interest during the year ranging from 7.22% to 8.58%.

(e) Long Dated Swap**Underlying Liability****30-year USD300.0 million Debentures**

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 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.

(f) Interest Rate Swap (IRS)**Underlying Liability****USD350.0 million unsecured Syndicated Term Loan**

During the previous financial year, the Company entered into a 5-year USD350.0 million unsecured syndicated term loan, paying interest at floating rates, to mature on 11 May 2003.

Hedging Instrument

In 1998, the Company entered into an IRS agreement with a notional principal of USD400.0 million that entitles it to receive interest at floating rate and obliges it to pay interest at fixed rate of 6.75% per annum.

During the current financial period, the Company unwound USD200.0 million notional principal of the swap at zero cost by embedding an interest rate 'cap' of 7.25% per annum on the floating rate leg of the remaining USD200.0 million notional amount of the IRS. With the cap, the floating rate interest receivable from the counterparty has effectively been limited to a maximum rate of 7.25% per annum. The effect of this transaction is to fix the LIBOR interest rate payable on USD200.0 million of the above USD loan, to 6.75% per annum as long as interest rates are below 7.25% per annum. If market interest rates exceed that level, the interest rate payable reverts to a floating rate. The swap matures on 14 January 2005.

(g) Cross-currency Interest Rate Swap (CCIRS)**Underlying Liability****10-year USD200.0 million Notes**

In 1995, the Company issued USD200.0 million 10 year 7.125% per annum Unsecured Notes. The translated RM balance of the Notes as at 31 December as per the Company's accounting policy is RM789.6 million (1998: RM753.8 million). The Notes are redeemable in full on 1 August 2005.

Hedging Instrument

During the year, 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 redemption of the JPY leg is dependant 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 billion plus coupon repayment of maximum JPY1,520.0 billion.

The Company recognised 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. However, should the final redemption amount be less than that, there would be a write back of any over-accrued amount.

13. CUSTOMERS' DEPOSITS

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Telephone	594.2	591.0	556.9	548.9
Leased services	31.1	34.8	31.1	34.8
Telex	4.6	5.1	4.6	5.1
Others	20.6	22.5	2.1	3.0
TOTAL CUSTOMERS' DEPOSITS	650.5	653.4	594.7	591.8

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

14. DEFERRED TAXATION

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
As at 1 January	6.4	6.4	-	-
Transfer from Profit and Loss Account	3.5	-	-	-
As at 31 December	9.9	6.4	-	-

The tax effect of timing differences which are expected to continue in the foreseeable future and not provided for at 31 December were:

Between depreciation and capital allowances	1,139.9 (319.4)	1,113.2 (236.8)	1,240.9 (59.4)	1,156.8 (38.8)
Other timing differences				
TOTAL TAX EFFECT NOT PROVIDED FOR	820.5	876.4	1,181.5	1,118.0

15. PROVISION FOR RETIREMENT BENEFITS

The current year's charge against profits has been based on the latest actuarial valuation obtained in December 1997 in order to meet the liabilities of the scheme over the future working lives of the existing employees. Based on the actuary's recommendations, contributions have been made to the approved retirement benefit trust fund up to the maximum permitted by the Inland Revenue Board. The difference between the contributions made and the charge to the Profit and Loss Account is recognised as a provision for retirement benefit in the accounts. This provision, together with the assets held in the trust fund, will be used to meet both current and future obligations of the retirement benefit scheme.

The latest actuarial valuation as of 31 December 1997 indicated that the value of the accrued service liabilities are higher than the actuarial value of the assets together with the book provision as at valuation date by RM89,488,000. The shortfall will be covered through higher contribution in future years as recommended by the actuary.

16. FIXED ASSETS

THE GROUP	Balance at 1.1.99 RM	Additions RM	Disposals/ Retirements RM	Balance at 31.12.99 RM
Cost				
Telecommunication Network	24,632.4	1,671.3	119.7	26,184.0
Movable plant	595.0	20.8	7.0	608.8
Other property and equipment	327.5	37.6	2.4	362.7
Computer support systems	1,414.5	109.5	0.8	1,523.2
Land (sub-note a)	302.0	7.4	1.7	307.7
Buildings	2,281.5	60.8	4.2	2,338.1
	29,552.9	1,907.4	135.8	31,324.5
Accumulated Depreciation				
Telecommunication Network	11,810.3	1,973.7	76.0	13,708.0
Movable plant	466.0	54.0	5.9	514.1
Other property and equipment	153.3	48.7	0.1	201.9
Computer support systems	754.3	288.8	0.4	1,042.7
Land	4.0	0.6	0.1	4.5
Buildings	716.6	103.4	-	820.0
	13,904.5	2,469.2	82.5	16,291.2
Net Book Value				
Telecommunication Network	12,822.1	(302.4)	43.7	12,476.0
Movable plant	129.0	(33.2)	1.1	94.7
Other property and equipment	174.2	(11.1)	2.3	160.8
Computer support systems	660.2	(179.3)	0.4	480.5
Land	298.0	6.8	1.6	303.2
Buildings	1,564.9	(42.6)	4.2	1,518.1
	15,648.4	(561.8)	53.3**	15,033.3
Capital Work-In-Progress, at cost (sub-note b)	3,223.5	888.0*	-	4,111.5
TOTAL FIXED ASSETS	18,871.9	326.2	53.3	19,144.8

* Net of transfer to fixed asset.

** Inclusive of disposals of RM0.5 million.

16. FIXED ASSETS (Continued)

THE GROUP	Balance at 1.1.98 RM	Additions RM	Disposals/ Retirements RM	Balance at 31.12.98 RM
Cost				
Telecommunication Network	22,293.2	2,375.5	36.3	24,632.4
Movable plant	570.7	30.3	6.0	595.0
Other property and equipment	231.5	100.1	4.1	327.5
Computer support systems	1,007.8	407.8	1.1	1,414.5
Land (sub-note a)	239.7	62.3	-	302.0
Buildings	2,165.1	116.5	0.1	2,281.5
	26,508.0	3,092.5	47.6	29,552.9
Accumulated Depreciation				
Telecommunication Network	9,854.2	1,992.0	35.9	11,810.3
Movable plant	409.1	62.9	6.0	466.0
Other property and equipment	123.1	32.2	2.0	153.3
Computer support systems	472.7	282.2	0.6	754.3
Land	3.1	0.9	-	4.0
Buildings	558.0	158.6	-	716.6
	11,420.2	2,528.8	44.5	13,904.5
Net Book Value				
Telecommunication Network	12,439.0	383.5	0.4	12,822.1
Movable plant	161.6	(32.6)	-	129.0
Other property and equipment	108.4	67.9	2.1	174.2
Computer support systems	535.1	125.6	0.5	660.2
Land	236.6	61.4	-	298.0
Buildings	1,607.1	(42.1)	0.1	1,564.9
	15,087.8	563.7	3.1**	15,648.4
Capital Work-In-Progress, at cost (sub-note b)	1,770.9	1,452.6*	-	3,223.5
TOTAL FIXED ASSETS	16,858.7	2,016.3	3.1	18,871.9

* Net of transfer to fixed asset.

** Inclusive of disposals of RM3.1 million.

16. FIXED ASSETS (Continued)

THE COMPANY	Balance at 1.1.99 RM	Additions RM	Disposals/ Retirements RM	Balance at 31.12.99 RM
Cost				
Telecommunication Network	22,913.1	1,030.2	76.0	23,867.3
Movable plant	572.6	16.2	5.7	583.1
Other property and equipment	214.3	6.4	0.2	220.5
Computer support systems	1,270.0	70.6	0.1	1,340.5
Land (sub-note a)	277.6	6.6	-	284.2
Buildings	1,900.2	55.1	-	1,955.3
	27,147.8	1,185.1	82.0	28,250.9
Accumulated Depreciation				
Telecommunication Network	11,452.1	1,762.0	75.7	13,138.4
Movable plant	455.6	49.3	5.7	499.2
Other property and equipment	118.1	22.3	0.1	140.3
Computer support systems	727.8	252.0	-	979.8
Land	3.7	0.5	-	4.2
Buildings	658.7	91.6	-	750.3
	13,416.0	2,177.7	81.5	15,512.2
Net Book Value				
Telecommunication Network	11,461.0	(731.8)	0.3	10,728.9
Movable plant	117.0	(33.1)	-	83.9
Other property and equipment	96.2	(15.9)	0.1	80.2
Computer support systems	542.2	(181.4)	0.1	360.7
Land	273.9	6.1	-	280.0
Buildings	1,241.5	(36.5)	-	1,205.0
	13,731.8	(992.6)	0.5**	12,738.7
Capital Work-In-Progress, at cost (sub-note b)	2,643.0	1,147.7*	-	3,790.7
TOTAL FIXED ASSETS	16,374.8	155.1	0.5	16,529.4

* Net of transfer to fixed asset.

** Inclusive of disposals of RM0.4 million.

16. FIXED ASSETS (Continued)

THE COMPANY	Balance at 1.1.98 RM	Additions RM	Disposals/ Retirements RM	Balance at 31.12.98 RM
Cost				
Telecommunication Network	21,452.0	1,720.7	259.6	22,913.1
Movable plant	552.5	25.7	5.6	572.6
Other property and equipment	199.3	18.8	3.8	214.3
Computer support systems	987.8	283.1	0.9	1,270.0
Land (sub-note a)	221.1	56.5	-	277.6
Buildings	1,801.3	99.0	0.1	1,900.2
	25,214.0	2,203.8	270.0	27,147.8
Accumulated Depreciation				
Telecommunication Network	9,751.3	1,896.9	196.1	11,452.1
Movable plant	401.4	59.8	5.6	455.6
Other property and equipment	97.1	22.7	1.7	118.1
Computer support systems	463.9	264.3	0.4	727.8
Land	3.1	0.6	-	3.7
Buildings	535.6	123.1	-	658.7
	11,252.4	2,367.4	203.8	13,416.0
Net Book Value				
Telecommunication Network	11,700.7	(176.2)	63.5#	11,461.0
Movable plant	151.1	(34.1)	-	117.0
Other property and equipment	102.2	(3.9)	2.1	96.2
Computer support systems	523.9	18.8	0.5	542.2
Land	218.0	55.9	-	273.9
Buildings	1,265.7	(24.1)	0.1	1,241.5
	13,961.6	(163.6)	66.2**	13,731.8
Capital Work-In-Progress, at cost (sub-note b)	1,624.7	1,018.3*	-	2,643.0
TOTAL FIXED ASSETS	15,586.3	854.7	66.2	16,374.8

Included in the disposals are telecommunication assets transferred to a subsidiary company of RM63.5 million.

* Net of transfer to fixed asset.

** Inclusive of disposals of RM2.7 million.

(a) Details of land (at cost) are as follows:

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Freehold land	114.7	101.7	92.5	89.6
Long term leasehold	81.7	92.0	80.4	79.5
Short term leasehold	10.3	9.9	10.3	9.9
Other land	101.0	98.6	101.0	98.6
	307.7	302.2	284.2	277.6

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 lands have not been classified according to their tenure.

(b) Included in the capital work-in-progress are finance costs capitalised amounting to RM3.4 million (1998: RM7.8 million) for the Group and RM0.6 million (1998: RM7.8 million) for the Company.

17. SUBSIDIARY COMPANIES

	The Company	
	1999 RM	1998 RM
Shares, at cost (unquoted):		
Malaysia	1,837.7	1,761.1
Overseas	229.3	145.1
Amounts owing by subsidiary companies (sub-note a)	2,067.0	1,906.2
TOTAL INTEREST IN SUBSIDIARY COMPANIES	3,502.1	2,619.0
	5,569.1	4,525.2

The subsidiary companies are as follows:

Name of Company	% of Shareholdings		Principal Activities
	1999	1998	
Citifon Sdn Bhd	100	30	Provision of payphone network and services
Intelsec Sdn Bhd	100	100	Provision of intelligent security services
Mediatel (Malaysia) Sdn Bhd	100	100	Investment holding
Menara Kuala Lumpur Sdn Bhd	100	100	Management and operation of telecommunication and tourism tower (Kuala Lumpur Tower)
Mobikom Sdn Bhd	100	100	Provision of mobile telecommunication services
Parkside Properties Sdn Bhd*	100	100	Investment holding
Telekom Applied Business Sdn Bhd	100	100	Provision of software development and sale of software products
Telekom Cellular Sdn Bhd	100	100	Provision of mobile telecommunication services
Telekom Enterprise Sdn Bhd	100	100	Investment holding
Telekom Infotech Sdn Bhd	100	100	Investment holding
Telekom Malaysia-Africa Sdn Bhd	100	100	Investment holding
Telekom Multi-Media Sdn Bhd	100	100	Provision of interactive multimedia communication services and solutions
Telekom Payphone Sdn Bhd	100	100	Investment holding and public telephone services
Telekom Publications Sdn Bhd	100	100	Printing and publication of telephone directories and distribution of information
Telekom Sales and Services Sdn Bhd	100	100	Trading in customer premises equipment
Telesafe Sdn Bhd*	100	100	Provision of overall fire and industrial safety services
TM International (Cayman) Ltd*	100	100	Investment holding
TM Global Incorporated#	100	100	Investment holding
Telekom Malaysia International Sdn Bhd	100	100	Investment holding
TM International Leasing Incorporated#	100	100	Investment holding
Telekom Management Services Sdn Bhd	100	100	Provision of consultancy and engineering services in telecommunications
The Network Connections Sdn Bhd	100	100	Provision of Internet System Integration and networking facilities relating to information technology
Universiti Telekom Sdn Bhd	100	100	Management of private university
VADS Sdn Bhd	100	100	Provision of value added data and electronic telecommunication services
Meganet Communications Sdn Bhd	70	70	Provision of interactive multimedia communication services
TM International (Bangladesh) Limited#	70	60	Provision of mobile telecommunication services in Bangladesh
Fiberail Sdn Bhd	60	60	Leasing of optical fibre telecommunication system
Societe Des Telecommunications De Guinee **	60	60	Provision of telecommunication and related services in Republic of Guinea
Telekom Networks (Malawi) Limited**	60	60	Provision of telecommunication services in Malawi
Telekom Consultancy Sdn Bhd*	51	51	Provision of consultancy and engineering services in telecommunications

17. SUBSIDIARY COMPANIES (Continued)

Name of Company	% of Shareholdings		Principal Activities
	1999	1998	
Subsidiary held through Telekom Publications Sdn Bhd			
Cybermall Sdn Bhd	100	-	Provision of telecommunications, multimedia and information technology services
Subsidiary held through Universiti Telekom Sdn Bhd			
Unitele Multimedia Sdn Bhd	100	-	Management and provision of distance learning products and services
Subsidiary held through VADS Sdn Bhd			
Electronic Commerce Services Sdn Bhd	100	100	Provision of electronic commerce services
Subsidiaries held through Telekom Malaysia International Sdn Bhd			
MTN Networks (Private) Limited#	100	100	Provision of mobile telecommunication services in Sri Lanka
TM International (L) Limited#	100	100	Investment holding
TM International Lanka (Private) Limited#	100	100	Investment holding
TMI Mauritius Limited#	100	100	Investment holding
G-Com Limited**	85	85	Investment holding
Cambodia Samart Communication Co Ltd**	51	51	Provision of mobile telecommunication services in Cambodia
Subsidiaries held through Telekom Multi-Media Sdn Bhd			
TM Orion Sdn Bhd	100	100	Development, operation and marketing of electronic commerce and related services
Telekom Smart School Sdn Bhd	51	-	Development and distribution of educational software and associated hardware
Subsidiary held through Telekom Enterprise Sdn Bhd			
Mobitel Sdn Bhd*	55	55	Provision of mobile telecommunication services

All subsidiary companies are incorporated in Malaysia except the following:

Name of Company	Place of Incorporation
Cambodia Samart 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**	- Malawi
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

* These subsidiary companies are not active as at 31 December 1999

Audited by a member firm of PricewaterhouseCoopers

** Subsidiary not audited by member firms of PricewaterhouseCoopers

(a) Amount owing by subsidiary companies

The amount owing by subsidiary companies are unsecured and bears interest ranging from 0% to 9.7% (1998: 0% to 11.1%) with no fixed repayment terms. However, the Company has indicated that it will not demand substantial repayment within the next twelve months.

18. ASSOCIATED COMPANIES

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Cost of investment:				
Quoted:				
Overseas	198.9	198.9	-	-
Unquoted:				
Malaysia	24.4	22.0	11.5	13.2
Overseas	1,963.0	1,808.7	71.0	61.5
Goodwill written off	2,186.3 (1,023.7)	2,029.6 (850.4)	82.5 -	74.7 -
Provision for diminution in value Group's share of post acquisition profit less losses	1,162.6 (2.4) 268.8	1,179.2 (11.4) 199.7	82.5 (2.4) -	74.7 (2.4) -
Share of net assets of associated companies	1,429.0	1,367.5	80.1	72.3
Amounts owing by associated companies	38.3	27.2	38.3	27.2
TOTAL INTEREST IN ASSOCIATED COMPANIES	1,467.3	1,394.7	118.4	99.5
Market value of quoted investment	80.5	9.6	-	-

The associated companies are as follows:

Name of Company	% of Shareholdings		Principal Activities
	1999	1998	
UMT Investment Limited	49	49	Investment holding
Usha Martin Telematics Limited	49	49	Investment holding
GITN Sdn Bhd	45	45	Provision of integrated telecommunication network infrastructure
Sistem Iridium Malaysia Sdn Bhd	40	40	Provision of wireless communications services
Skytel Systems (Malaysia) Sdn Bhd	40	40	Provision of radio paging and voice messaging services
Usha Martin Telekom Limited	37.71	37.71	Provision of mobile telecommunication services in India
Itopia Inc*	25.3	-	Research and development of telecommunication products

18. ASSOCIATED COMPANIES (Continued)

Name of Company	% of Shareholdings		Principal Activities
	1999	1998	
Associates held through Telekom Multi-Media Sdn Bhd			
Mahirnet Sdn Bhd	49	100	Management and provision of distance learning products and services
Mutiara.Com Sdn Bhd (formerly known as Mutiaranet Sdn Bhd)	30	-	Development and provision of Information Technology and telecommunications infrastructure
Associates held through Telekom Malaysia International Sdn Bhd			
Digital Phone Company Limited	48.99	33.33	Provision of mobile telecommunication services in Thailand and overseas
Cambodia National Communication Inc*	42	42	Provision of trunk land mobile radio services in Cambodia
Samart Corporation Public Company Limited	24.99	24.99	Provision of telecommunication and broadcasting services in Thailand
Associate held through Telekom Malaysia-Africa Sdn Bhd			
Thintana Communications Llc	40	40	Investment holding
Associate held through G-Com Limited			
Ghana Telecommunications Company Limited	30	30	Provision of telecommunication and related services in Ghana and overseas
Associate held through Thintana Communications Llc			
Telkom SA Limited	30	30	Provision of telecommunication and related services in South Africa

All associated companies are incorporated in Malaysia except the following:

Name of Company	Place of Incorporation
Cambodia National Communication Inc*	- Cambodia
Digital Phone Company Limited	- Thailand
Ghana Telecommunications Company Limited	- Ghana
Itopia Inc*	- United States of America
Samart Corporation Public Company Limited	- Thailand
Thintana Communications Llc	- United States of America
Telkom SA Limited	- South Africa
UMT Investment Ltd	- India
Usha Martin Telekom Limited	- India
Usha Martin Telematics Limited	- India

All associated companies have co-terminous financial year end with the Company except for Usha Martin Telekom Limited, Usha Martin Telematics Limited, UMT Investment Limited and Telkom SA Limited whose financial year ends on 31st March.

* These associated companies are not active as at 31 December 1999

19. INVESTMENTS

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Shares in International Satellite Organisations, at valuation:				
International Telecommunication Satellite Organisation (Intelsat)	68.3	68.3	68.3	68.3
International Maritime Satellite Organisation (Inmarsat)	13.4	13.4	13.4	13.4
ICO Global Communications Ltd.	79.1	79.1	79.1	79.1
Unquoted shares, at cost	62.5	128.5	56.0	128.5
TOTAL INVESTMENTS	223.3	289.3	216.8	289.3

20. LONG TERM RECEIVABLES

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Staff loans (sub-note a)	735.1	727.3	734.5	725.3
Amount receivable within twelve months included under other receivables and prepayments	(80.7)	(65.7)	(80.1)	(65.5)
TOTAL LONG TERM RECEIVABLES	654.4	661.6	654.4	659.8

(a) Staff loans amounting to RM281.9 million (1998: RM302.8 million) have been assigned to secure the Company's borrowings.

21. INVENTORIES

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Cables and wires	53.2	71.8	53.1	71.7
Network materials	35.9	39.8	35.9	38.7
Telecommunication equipment	53.6	55.5	26.8	42.8
Spares and others	78.3	74.0	37.0	39.3
Provision for obsolescence	221.0 (35.0)	241.1 (25.7)	152.8 (32.4)	192.5 (23.9)
TOTAL INVENTORIES AFTER PROVISIONS	186.0	215.4	120.4	168.6

22. TRADE RECEIVABLES

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Receivables from telephone customers	1,996.8	2,209.4	1,415.2	1,721.9
Receivables from non-telephone customers	988.9	669.4	1,047.6	457.0
Receivables from subsidiary companies	-	-	262.2	299.6
	2,985.7	2,878.8	2,725.0	2,478.5
Advance rental billings	(234.8)	(177.8)	(234.8)	(177.8)
	2,750.9	2,701.0	2,490.2	2,300.7
Provision for doubtful debts	(804.8)	(477.4)	(535.5)	(390.9)
TOTAL TRADE RECEIVABLES AFTER PROVISIONS	1,946.1	2,223.6	1,954.7	1,909.8

23. SHORT TERM INVESTMENTS

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Shares quoted on The Kuala Lumpur Stock Exchange	170.1	179.4	170.1	179.4
Provision for diminution in value of investments	-	(15.9)	-	(15.9)
TOTAL SHORT TERM INVESTMENTS AFTER PROVISIONS	170.1	163.5	170.1	163.5
Market value of quoted shares	207.3	179.7	207.3	179.7

24. CASH AND CASH EQUIVALENTS AT END OF THE YEAR

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Cash and bank balances	53.7	61.1	43.8	31.3
Deposits with:				
Licensed banks	459.9	470.7	355.7	414.9
Licensed finance companies	72.7	192.3	57.4	113.6
Other financial institutions	450.3	187.2	439.4	182.0
Total Deposits	982.9	850.2	852.5	710.5
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR	1,036.6	911.3	896.3	741.8

25. OTHER PAYABLES AND ACCRUED LIABILITIES

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Finance cost payable	158.2	115.9	139.2	111.7
Deposits and trust monies	59.1	49.9	58.0	49.5
Other non trade payables	566.6	580.6	183.0	231.0
TOTAL OTHER PAYABLES AND ACCRUED LIABILITIES	783.9	746.4	380.2	392.2

26. CASH FLOWS FROM OPERATING ACTIVITIES

	The Group	
	1999 RM	1998 RM
Receipts from customers	7,524.3	6,324.8
Payments to suppliers and employees	(3,570.6)	(2,119.1)
Payment of finance cost	(548.7)	(515.0)
Payment of income taxes	(543.1)	(480.7)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	2,861.9	3,210.0

27. CASH FLOWS USED IN INVESTING ACTIVITIES

	The Group	
	1999 RM	1998 RM
Sale of fixed assets	0.6	4.3
Purchase of investment (net)	75.5	(88.5)
Purchase of fixed assets	(2,684.0)	(3,912.1)
Acquisition of subsidiary companies *	(34.1)	(327.2)
Additional investment in a subsidiary company	(5.3)	-
Additional investment in associated companies	(191.6)	(183.1)
Repayments of loans by employees	84.0	65.2
Loans to employees	(91.5)	(97.7)
Interest received	51.4	206.8
Dividend received	26.1	3.7
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES	(2,768.9)	(4,328.6)

* Summary of the effect of the acquisition of subsidiary companies are as follows:

	1999 RM	1998 RM
Goodwill	98.2	517.2
Long Term Liabilities	(6.8)	(144.6)
Fixed Assets	38.3	423.1
Capital Work-In-Progress	19.8	209.9
Current Assets	10.7	314.7
Current Liabilities	(124.5)	(860.1)
Minority Interest	-	(30.0)
Purchase consideration satisfied by cash	35.7	430.2
Cash and cash equivalent acquired	(1.6)	(103.0)
Cashflow on acquisition, net of cash acquired	34.1	327.2

28. CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES

	The Group	
	1999 RM	1998 RM
Issue of share capital	300.3	3.1
Proceeds from borrowings	884.9	453.0
Repayment of borrowings	(900.6)	(532.7)
Dividends paid	(216.0)	(259.0)
TOTAL CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	68.6	(335.6)

29. SIGNIFICANT RELATED PARTIES TRANSACTIONS

	The Company	
	1999 RM	1998 RM
Income:		
Telephone and other operating income from subsidiary companies	307.7	213.5
Telephone and other non-operating income from subsidiary companies	127.6	-
Expenditure:		
Purchase of equipment from subsidiary companies	35.1	63.6
Leased line services from subsidiary companies	15.4	20.6
Rental of space paid to subsidiary companies	35.9	46.0
Assets transferred to subsidiary companies at net book value	-	63.5

30. CAPITAL COMMITMENTS

	The Group		The Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Commitments in respect of expenditure contracted for	2,380.6	3,539.3	2,168.9	2,568.4
Commitments in respect of expenditure approved but not contracted for	1,245.4	367.0	473.6	95.9

31. CONTINGENT LIABILITIES

As at 31 December 1999, there were no contingent liabilities or guarantees other than a guarantee on credit facility of USD84.0 million (RM319.2 million) granted to an associated company, Digital Phone Company Limited. The expiry date of this guarantee is 5 May 2000. However, the guarantee may expire earlier if certain conditions are met.

32. SEGMENTAL ANALYSIS

By Activity	Operating Revenue	Profit Before Taxation	Assets Employed
	RM	RM	RM
1999			
Telecommunication	7,517.4	873.8	25,121.9
Non-telecommunication	315.6	10.4	686.7
	7,833.0	884.2	25,808.6
1998			
Telecommunication	7,715.2	1,658.3	25,283.2
Non-telecommunication	264.9	10.6	536.1
	7,980.1	1,668.9	25,819.3

32. SEGMENTAL ANALYSIS (Continued)

	Operating Revenue RM	Profit Before Taxation RM	Assets Employed RM
By Geographical Location			
1999			
Malaysia	7,516.1	709.6	23,437.5
Overseas *	316.9	174.6	2,371.1
	7,833.0	884.2	25,808.6
1998			
Malaysia	7,759.7	1,442.7	24,160.7
Overseas *	220.4	226.2	1,658.6
	7,980.1	1,668.9	25,819.3

In arriving the above analysis, all material inter and intra segment items have been eliminated.

* The Group has operations in India, Sri Lanka, Bangladesh, Thailand, Cambodia, Ghana, Republic of Guinea, Malawi and South Africa.

33. CURRENCY

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



STATEMENT BY DIRECTORS STATUTORY DECLARATION

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

We, Dato' Ir Muhammad Radzi bin Haji Mansor and Datuk Wira Mohamed Said bin Mohamed Ali being two of the Directors of the Company, state that, in the opinion of the Directors, the accounts on pages 43 to 70 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 1999 and of the results of the Group and of the Company and the cash flows of the Group for the year ended on that date in accordance with the applicable approved accounting standards in Malaysia.

Signed at Kuala Lumpur this 29 February 2000

On behalf of the Board of Directors

DATO' IR MUHAMMAD RADZI BIN HAJI MANSOR
Chairman

DATUK WIRA MOHAMED SAID BIN MOHAMED ALI
Chief Executive

STATUTORY DECLARATION

I, Datuk Wira Mohamed Said bin Mohamed Ali, being the Director 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 accounts set out on pages 43 to 70 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 29 February 2000

)
)
)

DATUK WIRA MOHAMED SAID BIN MOHAMED ALI

Before me:

T. THANAPALASINGAM
Commissioner for Oaths

Kuala Lumpur



REPORT OF THE AUDITORS TO THE MEMBERS OF TELEKOM MALAYSIA BERHAD

ACCOUNTS as at 31 December 1999

We have audited the accounts set out on pages 43 to 70. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts 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 accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 1999 and the results of the Group and of the Company and the cash flows of the Group for the year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia, and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in note 17 to the accounts.

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

The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any adverse comment made under subsection (3) of Section 174 of the Act.

PRICEWATERHOUSECOOPERS

(AF: 1146)
Public Accountants

ABDUL RAHIM HAMID

[904/3/00(J / PH)]
Partner

Kuala Lumpur
Dated: 29 February 2000



SHAREHOLDING STATISTICS

as at 10 March 2000

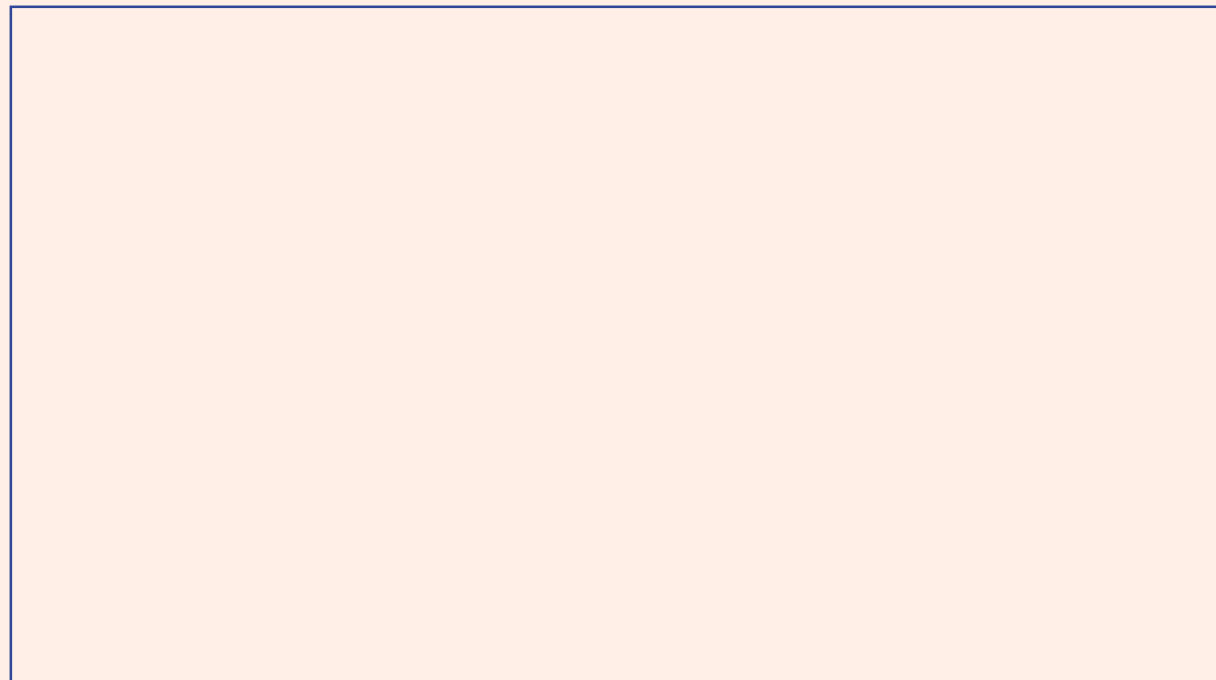
ANALYSIS OF SHAREHOLDINGS

Share Capital

Authorised Share Capital	:	5,000,000,001
Issued and Fully Paid-up Capital	:	3,057,600,881
Class of Shares	:	3,057,600,880 ordinary shares of RM1 each and 1 (one) Special Rights Redeemable Preference Share of RM1 each and fully paid.
Voting Rights	:	One vote per ordinary share. The Special Share has no voting right other than those referred to in note 8 (a) to the accounts.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Shareholders				Shares			
	No	Malaysian %	No	Foreign %	No	Malaysian %	No	Foreign %
Less than 500	85	0.37	406	1.77	3,539	0.00	98,968	0.00
500 - 5,000	16,863	73.52	2,235	9.74	34,048,478	1.11	4,177,591	0.14
5,001 - 10,000	1,106	4.82	283	1.23	8,127,259	0.26	2,259,275	0.07
10,001 - 100,000	650	2.84	639	2.79	18,561,889	0.61	26,888,594	0.88
100,001 - 1,000,000	112	0.49	446	1.94	38,447,834	1.26	141,459,181	4.63
Above 1,000,000	34	0.15	78	0.34	2,543,894,021	83.20	239,634,252	7.84
TOTAL	18,850	82.19	4,087	17.81	2,643,083,020	86.44	414,517,861	13.56





LIST OF TOP 20 SHAREHOLDERS as at 10 March 2000

NO.	NAME	SHARES HELD	PERCENTAGE (%)
1.	Khazanah Nasional Berhad	1,103,584,990	36.09
2.	Minister of Finance (Incorporated)	650,394,784	21.27
3.	Employees Provident Fund Board	288,925,500	9.45
4.	Bank Negara Malaysia	251,680,000	8.23
5.	Permodalan Nasional Berhad	138,247,000	4.52
6.	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	26,981,000	0.88
7.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd C for Government of Singapore	26,548,500	0.87
8.	Chase Malaysia Nominees (Asing) Sdn Bhd Abu Dhabi Investment Authority	20,716,000	0.68
9.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund GB01 for Harbour International Fund	14,400,000	0.47
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	13,381,000	0.44
11.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (MLF)	10,581,920	0.35
12.	Chase Malaysia Nominees (Asing) Sdn Bhd Emerging Markets Growth Fund	10,515,000	0.34
13.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	8,025,000	0.26
14.	Malaysia Nominees (Asing) Sendirian Berhad Oversea-Chinese Bank Nominees Pte Ltd for Singapore Telecommunications Limited (OCB33005-058MIS)	7,852,000	0.26
15.	Kumpulan Wang Amanah Pencen	7,661,000	0.25
16.	Chase Malaysia Nominees (Asing) Sdn Bhd Vanguard International Growth Portfolio	7,529,500	0.25
17.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Ivy International Fund (103488)	5,875,000	0.19
18.	DB (Malaysia) Nominee (Asing) Sdn Bhd DB AG Frankfurt for RG Zelfselect Fund	5,342,500	0.18
19.	Lembaga Tabung Haji	4,639,500	0.15
20.	Kerajaan Negeri Perak Darul Ridzuan	4,500,000	0.15
TOTAL		2,607,380,194	85.28

SUBSTANTIAL SHAREHOLDERS' HOLDINGS (2% AND ABOVE)

NO.	NAME	SHARES HELD	PERCENTAGE (%)
1.	Khazanah Nasional Berhad	1,103,584,990	36.09
2.	Minister of Finance (Incorporated)	650,394,784	21.27
3.	Employees Provident Fund Board	288,925,500	9.45
4.	Bank Negara Malaysia	251,680,000	8.23
5.	Permodalan Nasional Berhad	138,247,000	4.52
TOTAL		2,432,832,274	79.56



NET BOOK VALUE OF BUILDINGS AND LAND UNDER CATEGORIES FREEHOLD, LEASEHOLD AND EXCEPTED LAND as at 31 December 1999

Location	Freehold		Leasehold		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)	RM (million)	RM (million)
1. Federal Territory								
a. Kuala Lumpur	15	1,154	5	411	-	-	64.9	623.2
b. Labuan	-	-	-	-	-	-	-	15.0
2. Selangor	9	411	14	25,252	97	16,698	49.2	142.1
3. Perlis	-	-	4	52	14	750	0.2	5.0
4. Perak	2	11	8	314	119	7,780	9.8	73.3
5. Pulau Pinang	4	7	16	1,238	60	15,431	7.5	40.1
6. Kedah	7	535	11	1,301	55	2,818	17.5	69.7
7. Johor	8	106	22	1,156	138	14,097	3.7	79.5
8. Melaka	2	3	13	694	38	4,457	32.8	49.7
9. Negeri Sembilan	19	47,522	8	278	71	9,371	66.0	38.4
10. Terengganu	-	-	13	713	41	6,285	1.6	43.9
11. Kelantan	-	-	8	356	41	2,234	0.7	21.1
12. Pahang	5	80	21	1,185	98	8,409	3.8	81.4
13. Sabah	-	-	13	140	76	26,290	7.9	85.2
14. Sarawak	5	202	25	747	109	10,284	26.6	120.9
15. Sri Lanka	5	63	-	-	-	-	5.7	2.3
16. Malawi	-	-	26	90	-	-	-	1.1
17. Republic of Guinea	60	4,881	-	-	-	-	0.5	19.6
18. Bangladesh	5	325	-	-	-	-	0.5	1.1
19. South Africa	7	58	-	-	-	-	4.3	3.9
20. Cambodia	-	-	-	-	-	-	-	1.6
TOTAL	153	55,358	207	33,927	957	124,904	303.2	1,518.1

* "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.

Further details on the above properties can be obtained from:

Telekom Malaysia Berhad, Property Operation, Lot 1, Seksyen 17, 40000 Shah Alam, Selangor Darul Ehsan.



USAGE OF PROPERTIES as at 31 December 1999

Location	Exchanges	Transmission Stations	Office Buildings	Residential	Stores / Warehouses	Satellite/Submarine Cable Stations	Resort	Kedai TM/Primatel/ Business Centre	University
1. Federal Territory									
a. Kuala Lumpur	25	7	22	27	19	1	-	2	-
b. Labuan	3	2	1	4	12	2	-	-	-
2. Selangor	84	11	17	-	42	-	-	8	-
3. Perlis	10	-	-	2	1	-	-	1	-
4. Perak	68	19	32	81	42	-	-	3	-
5. Pulau Pinang	23	2	14	33	23	2	1	4	-
6. Kedah	48	10	4	26	11	-	1	3	-
7. Johor	83	17	7	51	22	1	-	6	-
8. Melaka	18	2	4	23	7	2	-	2	1
9. Negeri Sembilan	31	14	4	16	-	1	2	2	-
10. Terengganu	32	12	5	15	6	-	-	-	-
11. Kelantan	23	3	7	18	13	-	-	2	-
12. Pahang	44	21	13	49	17	3	4	3	-
13. Sabah	38	32	19	22	22	2	1	7	-
14. Sarawak	72	39	24	47	25	1	-	4	-
15. Sri Lanka	-	2	2	-	1	-	-	-	-
16. Malawi	-	26	-	-	-	-	-	-	-
17. Republic of Guinea	29	29	2	-	-	-	-	-	-
18. Bangladesh	-	5	-	-	-	-	-	-	-
19. South Africa	-	-	-	7	-	-	-	-	-
20. Cambodia	1	-	-	-	-	-	-	-	-

TELEKOM MALAYSIA BERHAD (128740-P)
(Incorporated in Malaysia)

PROXY FORM

I/ We _____
of _____
being a Member/Members of **TELEKOM MALAYSIA BERHAD** hereby appoint _____
of _____
or failing him _____
of _____

or failing him, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at the **Grand Nirwana Ballroom, KL Hilton, Jalan Sultan Ismail, 50250 Kuala Lumpur** on **Tuesday, 9 May 2000 at 11.00 a.m.** and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTIONS	FOR	AGAINST
1. Adoption of Accounts and Reports for the year ended 31 December 1999 <p style="text-align: right;">- Ordinary Resolution 1</p>		
2. Declaration of a first and final dividend of 10% (Malaysian Income Tax exempted) <p style="text-align: right;">- Ordinary Resolution 2</p>		
3. Re-election of Directors under Article 98: (i) Dato' Ir Muhammad Radzi bin Haji Mansor <p style="text-align: right;">- Ordinary Resolution 3</p> (ii) Dr Syed Muhamad bin Syed Abdul Kadir <p style="text-align: right;">- Ordinary Resolution 4</p>		
4. Re-election of Directors under Article 103: (i) Datuk Nuraizah bt Abdul Hamid <p style="text-align: right;">- Ordinary Resolution 5</p> (ii) YB Joseph Salang Gandum <p style="text-align: right;">- Ordinary Resolution 6</p>		
5. Approval of Directors' fees and remuneration <p style="text-align: right;">- Ordinary Resolution 7</p>		
6. Appointment of Messrs. PricewaterhouseCoopers as the Auditors of the Company <p style="text-align: right;">- Ordinary Resolution 8</p>		
7. Special Business: (i) Section 132D, Companies Act 1965 - Issuance of New Shares <p style="text-align: right;">- Ordinary Resolution 9</p>		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion).

Signed this _____ day of _____ 2000

No. of shares	
---------------	--

Signature/ Common Seal of Appointer

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 stead. A Proxy need not be a member of the Company.
2. The instrument appointing the 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 attorney duly appointed under a power of attorney.
3. The instrument appointing the proxy must be deposited at the Registered Office of the Company at 2nd Floor, Ibupejabat Telekom Malaysia, Jalan Pantai Baharu, 50672 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

1. Fold here

2. Fold here

The Company Secretary,
TELEKOM MALAYSIA BERHAD (128740-P)
2nd Floor, Ibu pejabat Telekom Malaysia,
Jalan Pantai Baharu,
50672 Kuala Lumpur

3. Fold here



MAKLUMAT UNTUK PEMEGANG SAHAM DAN PELABUR SHAREHOLDERS AND INVESTOR INFORMATION

PENDAFTAR

Tenaga Koperat Sdn. Bhd. (11801-V)
Tingkat 21, IGB Plaza
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur

Tel: 03-441 6522
Fax: 03-442 6352

REGISTRAR

Tenaga Koperat Sdn. Bhd. (11801-V)
21st Floor, IGB Plaza
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur

Tel: 03-441 6522
Fax: 03-442 6352

PENYENARAIAN

Saham-saham Syarikat telah disenaraikan di Bursa Saham Kuala Lumpur di Malaysia.

LISTING

The Company's shares are listed on the Kuala Lumpur Stock Exchange in Malaysia.

CUKAI KE ATAS DIVIDEN DI MALAYSIA

Dalam pembahagian dividen-dividen, Malaysia mengamalkan satu sistem di mana cukai pendapatan yang dibayar oleh syarikat adalah diambil kira di dalam dividen yang dibahagikan kepada pemegang-pemegang saham.

Cukai pendapatan di Malaysia adalah ditolak atau dianggap telah ditolak pada kadar cukai korporat semasa iaitu sebanyak 28% dari dividen-dividen yang dibayar oleh syarikat yang bermastautin di Malaysia. Cukai pendapatan yang telah ditolak atau dianggap telah ditolak dari dividen adalah diambil kira di dalam cukai pendapatan syarikat.

Cukai ke atas pendapatan yang boleh dikenakan cukai bagi tahun taksiran 1999 telah dikecualikan. Amaun yang bersamaan dengan pendapatan yang boleh dikenakan cukai di mana cukai telah dikecualikan telah dikreditkan ke dalam akaun pengecualian pendapatan, di mana dividen yang telah dikecualikan boleh dibayar kepada pemegang-pemegang saham. Tiada cukai lain atau cukai pegangan keatas pembayaran dividen kepada semua pemegang saham.

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.

Tax on chargeable income for year of assessment 1999 has been waived. An amount equal to the chargeable income upon which the tax was waived was credited to an exempt income account, from which exempt dividends can be paid to shareholders. There is no further tax or withholding tax on the payment of dividends to all shareholders.

Laporan Tahunan ini boleh diperolehi oleh orang ramai yang bukan pemegang saham Syarikat dengan menulis kepada:

Ketua, Perhubungan Korporat
TELEKOM MALAYSIA BERHAD (128740-P)
Tingkat 1, Ibu pejabat Telekom Malaysia,
Jalan Pantai Baharu,
50672 Kuala Lumpur.
Fax: 03-757 4747

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

Head, Corporate Communications
TELEKOM MALAYSIA BERHAD (128740-P)
1st Floor, Ibu pejabat Telekom Malaysia,
Jalan Pantai Baharu,
50672 Kuala Lumpur.
Fax: 03-757 4747





NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Company will be held at 11.00 a.m., on Tuesday, 9 May 2000 at the Grand Nirwana Ballroom, KL Hilton, Jalan Sultan Ismail, 50250 Kuala Lumpur, for the following purposes:

1. To receive, consider and adopt the audited Accounts for the year ended 31 December 1999 together with the Reports of the Directors and Auditors thereon. **(Ordinary Resolution 1)**
2. To approve the declaration of a first and final dividend of 10% (Malaysian Income Tax exempted) in respect of the year ended 31 December 1999. **(Ordinary Resolution 2)**
3. To re-elect the following Directors:
 - (a) Retiring pursuant to Article 98:
 - (i) Dato' Ir Muhammad Radzi bin Haji Mansor **(Ordinary Resolution 3)**
 - (ii) Dr Syed Muhamad bin Syed Abdul Kadir **(Ordinary Resolution 4)**
 - (b) Retiring pursuant to Article 103:
 - (i) Datuk Nuraizah bt Abdul Hamid **(Ordinary Resolution 5)**
 - (ii) YB Joseph Salang Gandum **(Ordinary Resolution 6)**
4. To approve Directors' fees and remuneration. **(Ordinary Resolution 7)**
5. To appoint Auditors and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**
6. As **SPECIAL BUSINESS:**
To consider and if thought fit to pass the following Ordinary Resolution:

ORDINARY RESOLUTION NO. 9:

“ **THAT** subject to the Companies Act 1965, the Articles of Association of the Company, approval from the Kuala Lumpur Stock Exchange (KLSE) and other Government or regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act 1965, to allot and issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided always that the aggregate number of shares to be issued, shall not exceed 10% of the issued share capital of the Company.”

FURTHER NOTICE IS HEREBY GIVEN THAT a Depositor shall be eligible to attend this meeting only in respect of:

- a. Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 28 April 2000 (in respect of shares which are exempted from Mandatory Deposit);
- b. Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 28 April 2000 in respect of Ordinary Transfers;
- c. Shares bought on the KLSE on a cum entitlement basis according to the Rules of the KLSE.

Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment)(No. 2) Act, 1998 which came into force on 1 November 1998, all shares not deposited with Malaysian Central Depository Sdn Bhd by 12.30 p.m. on 1 December 1998 and not exempted from Mandatory Deposit, have been transferred to the Minister of Finance (MOF). Accordingly, the eligibility to attend this Meeting for such undeposited shares will be the MOF.

NOTICE OF BOOK CLOSURE FOR PAYMENT OF DIVIDENDS

NOTICE IS ALSO HEREBY GIVEN THAT, the Register of Members will be closed from 23 May 2000 to 25 May 2000 (both dates inclusive) to determine the Shareholders' entitlement to the dividend payment. The dividend, if approved by the Shareholders at the Company's Fifteenth Annual General Meeting, will be paid on 19 June 2000 to Shareholders whose names appear in the Register of Members and Record of Depositors on 22 May 2000.

FURTHER NOTICE IS HEREBY GIVEN THAT a Depositor shall qualify for dividend entitlement only in respect of:

- a. Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 17 May 2000 (in respect of shares which are exempted from Mandatory Deposit);
- b. Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 22 May 2000 in respect of Ordinary Transfers;
- c. Shares bought on the KLSE on a cum entitlement basis according to the Rules of the KLSE.

Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment)(No. 2) Act, 1998 which came into force on 1 November 1998, all shares not deposited with Malaysian Central Depository Sdn Bhd by 12.30 p.m. on 1 December 1998 and not exempted from Mandatory Deposit, have been transferred to the MOF. Accordingly, the dividend for such undeposited shares will be paid to MOF.

By Order of the Board

Wang Cheng Yong
Zaiton Ahmad
Secretaries

Kuala Lumpur
Date: 21 April 2000

Notes:

- (i) A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (ii) The 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 attorney duly appointed under a power of attorney.
- (iii) The instrument appointing the proxy must be deposited at the Registered Office of the Company at 2nd Floor, Ibupejabat Telekom Malaysia, Jalan Pantai Baharu, 50672 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
- (iv) [Explanatory Note for Ordinary Resolution No.9](#)

In line with the Company's plan for expansion/diversification, the Company is actively looking into prospective areas so as to broaden its operating base and earning potential. As the expansion/diversification may involve the issuance of new shares, the Directors, under present circumstances would be required to convene a general meeting to approve the issuance of new shares even though the number involved is less than 10% of the issued share capital. In order to avoid any delay and cost involved in convening a general meeting to approve such issue of shares, it is considered appropriate that the Directors be now empowered to issue shares in the Company up to an amount not exceeding in total, 10% of the issued share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.