

REPORTS AND FINANCIAL STATEMENTS

TELEKOM MALAYSIA BERHAD
Annual Report 2003



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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

1. 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 2003.

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 subsidiaries are set out in note 43 to the financial statements. There was no significant change 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 were as follows:

	THE GROUP RM million	THE COMPANY RM million
Profit after taxation	1,444.2	529.0
Minority interests	(53.8)	—
Profit for the year attributable to shareholders	1,390.4	529.0

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 other than as disclosed in note 42 to the financial statements.

DIVIDENDS

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

	RM million
(a) In respect of the year ended 31 December 2002, a final gross dividend of 10.0 sen per share less tax of 28% was paid on 23 June 2003	
– amount as proposed in the Directors' Report for that year	228.0
– increase due to exercise of share options	0.4
	228.4

- (b) The Directors now recommend a final gross dividend of 10.0 sen per share less tax of 28% (2002: 10.0 sen per share less tax of 28%) and a special gross dividend of 10.0 sen per share less tax of 28% (2002: Nil) subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

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 259,042,000 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.

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

As at 31 December 2003, options to subscribe for 170,456,000 ordinary shares of RM1 each at the option price of RM7.09 per share 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 shares exercised
Dato' Dr. Ir. Mohamad Khir Harun	Chief, Group Business Restructuring and Coordination, TM	120,000	Nil
Dato' Dr. Idris Ibrahim	Chief Operating Officer, TM TelCo	120,000	Nil
Yusof Ampuan Kechil**	Chief Executive Officer, VADS Berhad	120,000	48,000
Tan Chian Khai	Chief Strategy Officer, Telkom SA Limited*	120,000	Nil
Hj. Hamis Hasan	Chief Financial Officer, TM TelCo	120,000	Nil
Mohd Yahaya Mohd Shariff	Senior Vice President, Network Services, TM TelCo	120,000	10,000
Towfek Elias	Vice President, Network Development, TM TelCo	120,000	Nil
Dato' Adnan Rofiee	Senior Vice President, Major Business & Government, TM TelCo	108,000	Nil
Abdul Majid Abdullah	Vice President, Corporate Strategy & Planning, TM	108,000	42,000
Dato' Baharum Salleh	Chief Executive Officer, TM Net Sdn. Bhd.*	108,000	Nil
Hamzah Yacob	Chief Executive Officer, TM Facilities Sdn. Bhd.*	108,000	Nil

TM – Telekom Malaysia Berhad

* Employees of TM, seconded to respective subsidiaries/associate

** This employee had resigned from the Group with effect from 1 January 2004 and hence the remaining unexercised options had lapsed

SHARE CAPITAL

7. On 31 March 2003, the authorised share capital of the Company has been increased to include 1,000 Class A Redeemable Preference Shares of RM0.01 each and 1,000 Class B Redeemable Preference Shares of RM0.01 each.
8. During the year, the issued and fully paid-up share capital of the Company was increased by the issuance of 83,725,000 ordinary shares of RM1 each at the option price of RM7.09 per share for cash under ESOS 3. These shares rank pari-passu in all respects with the existing issued ordinary shares of the Company.

REDEEMABLE PREFERENCE SHARES AND UNSECURED BONDS

9. 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.

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.

Subsequently, on 30 December 2003, the Company issued the following bonds (collectively referred to as TM bonds) to RUSB:

- (i) RM1,983.5 million nominal value 10-year redeemable unsecured bonds due 2013; and
- (ii) RM1,000.0 million nominal value 15-year redeemable unsecured bonds due 2018.

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 and RM1,000.0 million nominal value 15-year redeemable unsecured bonds due 2018 (collectively referred to as Tekad Mercu bonds) to investors on 30 December 2003 to finance the subscription of the RUSB RPS.

Details of TM RPS A, TM RPS B, TM bonds and Tekad Mercu bonds are set out in note 14 to the financial statements.

MOVEMENTS ON RESERVES AND PROVISIONS

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

OTHER STATUTORY INFORMATION

11. 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.
12. 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.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

OTHER STATUTORY INFORMATION (continued)

13. 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.
14. 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.
15. 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

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

Directors

Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor
Dato' Dr. Md Khir bin Abdul Rahman
Dato' Dr. Abdul Rahim bin Haji Daud
Dato' Abdul Majid bin Haji Hussein
Datuk Dr. Halim bin Shafie
Y.B. Dato' Joseph Salang Gandum
Dato' Dr. Mohd Munir bin Abdul Majid
Y.B. Dato' Ir. Haji Mohd Zin bin Mohamed
Ir. Prabahar N. K. Singam
Dato' Lim Kheng Guan
Rosli bin Man
Tan Poh Keat

Alternate Directors

Mohammad Zanudin bin Ahmad Rasidi
Dato' Suriah binti Abd Rahman

17. In accordance with Article 103 of the Company's Articles of Association, the following Directors retire from the Board at the Nineteenth Annual General Meeting and being eligible offer themselves for re-election:

Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor
Dato' Abdul Majid bin Haji Hussein
Datuk Dr. Halim bin Shafie
Ir. Prabahar N. K. Singam
Dato' Lim Kheng Guan
Rosli bin Man
Tan Poh Keat

DIRECTORS' INTEREST

18. In accordance with the Register of Directors' Shareholdings, the Directors who held office at the end of the year 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 31.12.2003
	Balance at 1.1.2003	Bought	Sold	
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor – Direct	123,500	—	—	123,500
Dato' Dr. Md Khir bin Abdul Rahman – Direct	—	70,000*	—	70,000
Dato' Dr. Abdul Rahim bin Haji Daud – Direct	97,000	68,000*	—	165,000
Y.B. Dato' Joseph Salang Gandum – Direct	15,000	—	—	15,000
– Indirect (shares held by spouse)	1,500	—	—	1,500
Tan Poh Keat – Direct	15,000	—	—	15,000

* Options exercised during the year

	Number of options over ordinary shares of RM1 each			Balance at 31.12.2003
	Balance at 1.1.2003	Granted	Exercised	
Dato' Dr. Md Khir bin Abdul Rahman	178,000	—	70,000	108,000
Dato' Dr. Abdul Rahim bin Haji Daud	171,000	—	68,000	103,000

Interest in VADS Berhad	Number of ordinary shares of RM1 each			Balance at 31.12.2003
	Balance at 1.1.2003	Bought	Sold	
Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor	11,000	—	—	11,000
Dato' Dr. Abdul Rahim bin Haji Daud	10,000	—	—	10,000
Y.B. Dato' Joseph Salang Gandum	10,000	—	—	10,000
Dato' Dr. Mohd Munir bin Abdul Majid	10,000	—	—	10,000
Dato' Lim Kheng Guan	10,000	—	—	10,000
Tan Poh Keat	10,000	—	—	10,000

Interest in Celcom (Malaysia) Berhad	Number of ordinary shares of RM1 each			Balance at 31.12.2003
	Balance at the date of acquisition	Bought	Sold	
Dato' Dr. Abdul Rahim bin Haji Daud	20,000	—	20,000#	—
Tan Poh Keat	22,000	—	22,000#	—

Shares sold pursuant to compulsory acquisition undertaken by Telekom Enterprise Sdn. Bhd., details as described in note 2 to the financial statements

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

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 deemed to have been received by certain Director in respect of the contract referred to in note 33 to the financial statements.
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 26 February 2004.



TAN SRI DATO' Ir. MUHAMMAD RADZI BIN HAJI MANSOR

Chairman



DATO' DR. MD KHIR BIN ABDUL RAHMAN

Chief Executive

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2003

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 adopted in these financial statements are as follows:

- MASB 25 "Income Taxes"
- MASB 27 "Borrowing Costs"
- MASB 28 "Discontinuing Operations"
- MASB 29 "Employee Benefits"

In addition to the above, during the year, the Group changed its existing accounting policy with respect to goodwill for fairer presentation in line with current accepted accounting practices, and adopted a new accounting policy with respect to other intangible assets, details of which are described in note 4 of Significant Accounting Policies.

Comparative figures have been adjusted or extended to conform with changes in policies and/or presentation in accordance with the requirements of MASB 25 and MASB 29 as shown in note 42 and note 4 to the financial statements. Comparatives have also been adjusted to take into account the effect of the change in accounting policy with respect to goodwill as shown in note 42 to the financial statements.

Other than the above, there were no changes in accounting policies that affect net profit and shareholders' equity as the Group was already following the recognition and measurement principles in those standards.

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 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 or 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.

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.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2003

2. BASIS OF CONSOLIDATION (continued)

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 acquisition 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

On 2 April 2003, the Company incurred expenditure with respect to acquisition of 3G Spectrum licence. The total licence fee payable 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.

(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.

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.

In the case of other land mentioned in note 19(a) to the financial statements, pending finalisation with the relevant authorities as to their tenure, amortisation is provided at an estimated amount of RM0.3 million per annum.

(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 proceeds with carrying amount and are included in Income Statement.

(v) Repairs and Maintenance

Repairs and maintenance are charged to the Income Statement during the period in which they are incurred. The costs 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. These costs are depreciated over the remaining useful life of the related asset.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2003

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 and allowances 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. INVENTORIES

Inventories comprise mainly items held for capital projects and maintenance. 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.

9. 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.

10. 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.

11. BONDS, NOTES AND DEBENTURES

Bonds, notes and debentures, issued by the Company and special purposes 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.

11. BONDS, NOTES AND DEBENTURES (continued)

For Convertible Bonds issued prior to 1 January 2002, the amount recognised in shareholders' fund 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. The excess of the conversion amount over the nominal value of share is treated as share premium. No gain or loss will be recognised on conversion. The Convertible Bonds have been fully redeemed during the year.

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.

12. 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.

13. 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.

14. 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.

15. 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.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2003

16. 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.

17. 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 Employee Share Option Scheme are set out in note 10(e) 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.

18. 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.

19. 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 Exchange Fluctuation Reserve 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	31.12.2003	31.12.2002	Foreign Currency	31.12.2003	31.12.2002
US Dollar	RM3.80000	RM3.80000	Sri Lanka Rupee	RM0.03946	RM0.03940
Japanese Yen	RM0.03539	RM0.03198	South African Rand	RM0.56929	RM0.44471
Guinea Franc	RM0.00191	RM0.00193	Special Drawing Rights	RM5.64670	RM5.16620
Bangladesh Taka	RM0.06501	RM0.06592	Gold Franc Currency	RM1.84470	RM1.68780

20. 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.

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.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2003

20. FINANCIAL INSTRUMENTS (continued)

(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

The 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 value 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 177 to 248.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

All amounts are in millions unless otherwise stated	Note	THE GROUP		THE COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
OPERATING REVENUE	3	11,796.4	9,834.1	7,943.7	7,977.1
OPERATING COSTS	4	(10,018.2)	(8,154.8)	(6,916.8)	(7,829.7)
OPERATING PROFIT		1,778.2	1,679.3	1,026.9	147.4
OTHER OPERATING INCOME	5	87.1	112.5	289.0	291.4
OPERATING PROFIT BEFORE FINANCE COST		1,865.3	1,791.8	1,315.9	438.8
NET FINANCE COST	6	(430.0)	(303.9)	(422.9)	(365.3)
ASSOCIATES – share of profits less losses		375.2	42.5	—	—
PROFIT BEFORE TAXATION		1,810.5	1,530.4	893.0	73.5
TAXATION					
– the company and subsidiaries	7	(253.7)	(626.7)	(364.0)	(572.0)
– share of taxation of associates	7	(112.6)	(33.0)	—	—
PROFIT/(LOSS) AFTER TAXATION		1,444.2	870.7	529.0	(498.5)
MINORITY INTERESTS		(53.8)	(26.4)	—	—
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS		1,390.4	844.3	529.0	(498.5)
EARNINGS PER SHARE (sen)					
– basic	8	43.6	26.8		
– diluted	8	43.2	26.6		
PROPOSED DIVIDENDS PER SHARE (sen)					
– final	9	10.0	10.0		
– special	9	10.0	—		

The above Income Statements are to be read in conjunction with the Significant Accounting Policies on pages 169 to 176 and the Notes to the Financial Statements on pages 182 to 248.

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BALANCE SHEETS

AS AT 31 DECEMBER 2003

All amounts are in millions unless otherwise stated	Note	THE GROUP		THE COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
SHARE CAPITAL	10	3,250.7	3,167.0	3,250.7	3,167.0
SHARE PREMIUM RESERVES	11	3,046.4 10,485.3	2,536.5 9,216.1	3,046.4 9,894.5	2,536.5 9,593.9
TOTAL CAPITAL AND RESERVES		16,782.4	14,919.6	16,191.6	15,297.4
MINORITY INTERESTS		245.1	225.7	—	—
Convertible Bonds	12	—	1,361.6	—	1,361.6
Borrowings	13	10,830.6	4,826.9	6,432.1	4,997.0
Payable to a subsidiary company	14	—	—	2,983.5	—
Customers' deposits	16	626.9	625.5	614.9	614.4
Deferred tax liabilities	17	2,031.5	1,590.3	1,694.6	1,533.6
DEFERRED AND LONG TERM LIABILITIES		13,489.0	8,404.3	11,725.1	8,506.6
		30,516.5	23,549.6	27,916.7	23,804.0
INTANGIBLE ASSETS	18	4,072.7	—	50.0	—
PROPERTY, PLANT AND EQUIPMENT	19	21,605.9	19,566.5	14,569.4	15,251.0
SUBSIDIARIES	20	—	—	10,926.2	6,993.5
ASSOCIATES	21	1,499.6	2,746.5	1.5	96.0
INVESTMENTS	22	384.7	139.6	338.1	98.3
LONG TERM RECEIVABLES	23	668.9	685.4	668.8	684.6
DEFERRED TAX ASSETS	17	160.4	—	—	—
Inventories	24	203.6	172.5	103.3	105.7
Trade and other receivables	25	3,835.0	3,592.4	3,104.5	2,942.6
Short term investments	26	263.4	197.7	260.3	197.7
Cash and bank balances	27	3,346.1	1,834.8	852.0	1,138.2
CURRENT ASSETS		7,648.1	5,797.4	4,320.1	4,384.2
Trade and other payables	28	4,522.0	3,675.7	2,863.1	2,576.5
Borrowings	13	877.8	1,488.0	2.9	920.4
Taxation		124.0	222.1	91.4	206.7
CURRENT LIABILITIES		5,523.8	5,385.8	2,957.4	3,703.6
NET CURRENT ASSETS		2,124.3	411.6	1,362.7	680.6
		30,516.5	23,549.6	27,916.7	23,804.0

The above Balance Sheets are to be read in conjunction with the Significant Accounting Policies on pages 169 to 176 and the Notes to the Financial Statements on pages 182 to 248.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2003

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	Exchange Fluctuation Reserves RM	Retained Profits RM		
At 1 January 2003							
– as previously reported		3,167.0	2,536.5	(307.1)	9,848.9	15,245.3	
– prior year adjustments	42	—	—	—	(325.7)	(325.7)	
– as restated		3,167.0	2,536.5	(307.1)	9,523.2	14,919.6	
Exchange fluctuation not recognised in income statement		—	—	107.2	—	107.2	
Profit for the year		—	—	—	1,390.4	1,390.4	
Dividends paid for year ended – 31.12.2002	9	—	—	—	(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	(199.9)	10,685.2	16,782.4	
At 1 January 2002							
– as previously reported		3,103.5	2,065.0	(383.2)	10,381.8	15,167.1	
– prior year adjustments	42	—	—	—	(1,361.3)	(1,361.3)	
– as restated		3,103.5	2,065.0	(383.2)	9,020.5	13,805.8	
Exchange fluctuation not recognised in income statement		—	—	76.1	—	76.1	
Profit for the year		—	—	—	844.3	844.3	
Dividends paid for year ended – 31.12.2001		—	—	—	(341.6)	(341.6)	
Issue of shares – exercise of share options		63.5	471.5	—	—	535.0	
At 31 December 2002		3,167.0	2,536.5	(307.1)	9,523.2	14,919.6	

* 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 Consolidated Statement of Changes in Equity is to be read in conjunction with the Significant Accounting Policies on pages 169 to 176 and the Notes to the Financial Statements on pages 182 to 248.

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COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2003

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 2003					
– as previously reported		3,167.0	2,536.5	11,127.5	16,831.0
– prior year adjustment	42	—	—	(1,533.6)	(1,533.6)
– as restated		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	9	—	—	(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
At 1 January 2002					
– as previously reported		3,103.5	2,065.0	11,795.3	16,963.8
– prior year adjustment	42	—	—	(1,361.3)	(1,361.3)
– as restated		3,103.5	2,065.0	10,434.0	15,602.5
Loss for the year		—	—	(498.5)	(498.5)
Dividends paid for year ended – 31.12.2001		—	—	(341.6)	(341.6)
Issue of shares – exercise of share options		63.5	471.5	—	535.0
At 31 December 2002		3,167.0	2,536.5	9,593.9	15,297.4

* 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 is to be read in conjunction with the Significant Accounting Policies on pages 169 to 176 and the Notes to the Financial Statements on pages 182 to 248.

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CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

All amounts are in millions unless otherwise stated	Note	THE GROUP		THE COMPANY	
		2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES	29	4,662.8	3,223.4	2,937.8	2,584.6
CASH FLOWS USED IN INVESTING ACTIVITIES	30	(5,618.4)	(4,725.6)	(5,639.4)	(4,095.2)
CASH FLOWS FROM FINANCING ACTIVITIES	31	2,427.3	809.8	2,415.4	538.3
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,471.7	(692.4)	(286.2)	(972.3)
EFFECT OF EXCHANGE RATE CHANGES		(13.4)	(6.7)	—	—
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,821.0	2,520.1	1,138.2	2,110.5
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	27	3,279.3	1,821.0	852.0	1,138.2

The above Cash Flow Statements are to be read in conjunction with the Significant Accounting Policies on pages 169 to 176 and the Notes to the Financial Statements on pages 182 to 248.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

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 Minister of Energy, Communications and Multimedia. The principal activities of the subsidiaries are set out in note 43 to the financial statements. There was no significant change in the nature of these activities during the year.

2. SIGNIFICANT ACQUISITION

As at 1 January 2003, the Group held a 31.25% equity interest in Celcom (Malaysia) Berhad (Celcom). Following shareholders' approval during the Extraordinary General Meeting held on 31 March 2003, the Group acquired additional equity interest of 16.68% in Celcom on 17 April 2003. As a result, Celcom became a subsidiary of the Group with a total shareholding of 47.93%.

The Company's 100% interest in TM Cellular Sdn. Bhd. (TM Cellular) is now held via Celcom by way of share swap for a total consideration of 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.

The Group subsequently acquired the remaining 52.07% equity interest in Celcom, making it a wholly owned subsidiary.

The cash consideration paid by the Group for the remaining 52.07% in Celcom was undertaken by way of the following transactions:

- 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). On 19 June 2003, the Company and TESB announced that acceptances had been received for more than 90% of the Offer Shares and that TESB would invoke Section 34 of the Securities Commission Act, 1993 (SCA) to compulsorily acquire the remaining Celcom ordinary shares of RM1.00 each at RM2.75 per share not held by TESB and the 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 1 August 2003, TESB dispatched the notice for the compulsory acquisition of the remaining 38,035,820 Celcom shares under Section 34 of the SCA. As a consequence of the Group's notice for compulsory acquisition, Celcom was delisted from Malaysia Securities Exchange Berhad official list on 15 August 2003. The compulsory acquisition was completed on 29 September 2003. Total cash consideration for the compulsory acquisition was RM104.7 million.

The terms of the conditional Sale and Purchase Agreement in relation to the acquisition of TM Cellular by Celcom included Celcom's agreement and undertaking to pay to the Company, a sum equivalent to any damages or settlement awarded against Celcom in the form of the equivalent number of shares in Celcom, based on a pre-determined formula, limited to a maximum of 100.0 million shares in Celcom.

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 (note 19 to the financial statements)	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)
Customers deposits	(107.1)
Borrowings	(1,954.4)
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)
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
	978.4
Goodwill (note 18 to the financial statements)	2,814.8
Cost of acquisition (comprising purchase consideration and expenses directly attributable to the acquisition)	3,793.2
Purchase consideration discharged by cash	3,748.7
Expenses directly attributable to the acquisition, paid by cash	44.5
Less: Cash and cash equivalents of subsidiary acquired	(829.7)
Cash outflow of the Group on acquisition (note 30 to the financial statements)	2,963.5
Cash advance of the Company to a subsidiary company for the acquisition (note 30 to the financial statements)	3,793.2

The fair value of the net assets acquired are provisional and subject to the matters indicated below which will be finalised upon completion of a review of the net assets fair values, which is currently in progress.

- The fair value of Celcom's telecommunication plant and equipment.
- Taxation liabilities of Celcom had not been agreed with the appropriate tax authorities for many years and work is being carried out to agree on tax assessments prior to the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

2. SIGNIFICANT ACQUISITION (continued)

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

	2003			2002
	As an associate RM	As a subsidiary RM	Total RM	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 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

3. OPERATING REVENUE

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Rentals				
Business	727.5	650.7	726.0	652.3
Residential	854.1	789.9	849.9	788.6
Sub total	1,581.6	1,440.6	1,575.9	1,440.9
Calls/Usage				
Business	2,652.7	2,884.4	2,825.9	2,904.1
Residential	1,888.7	1,952.1	1,873.7	1,939.1
Sub total	4,541.4	4,836.5	4,699.6	4,843.2
Others				
Business	70.7	72.1	68.1	71.8
Residential	73.5	79.6	73.1	78.9
Sub total	144.2	151.7	141.2	150.7
Total				
Business	3,450.9	3,607.2	3,620.0	3,628.2
Residential	2,816.3	2,821.6	2,796.7	2,806.6
Total fixed line	6,267.2	6,428.8	6,416.7	6,434.8
Data services	942.0	812.8	1,225.6	1,120.0
Internet and multimedia	396.5	394.5	68.7	126.7
Other telecommunication related services	334.1	395.4	193.7	264.5
Total fixed line, data, internet and multimedia and other telecommunication related services	7,939.8	8,031.5	7,904.7	7,946.0
Cellular	3,606.3	1,588.9	39.0	31.1
Non-telecommunication related services	250.3	213.7	—	—
TOTAL OPERATING REVENUE	11,796.4	9,834.1	7,943.7	7,977.1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

4. OPERATING COSTS

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Allowance for bad and doubtful debts (net of bad debt recoveries)	445.8	564.4	189.2	322.2
Allowance for diminution in value of long term investments	—	—	10.3	—
Allowance/(reversal) for diminution in value of quoted investments	(49.7)	33.7	(47.9)	33.7
Allowance for/waiver of amount owing by subsidiaries	—	—	105.0	1,074.4
Charges and agencies commissions	74.3	79.0	114.6	88.9
Depreciation of property, plant and equipment (PPE)	3,551.3	2,481.8	2,490.9	2,088.3
Domestic and international outpayment	1,464.8	1,209.0	1,419.5	1,176.4
Impairment of PPE	99.2	—	—	—
Impairment of goodwill	—	39.7	—	—
Maintenance	473.8	323.9	286.5	292.1
Marketing, advertising and promotion	536.5	377.5	124.9	133.1
Net loss/(gain) on foreign exchange – realised	14.7	(5.6)	14.4	(5.6)
Net loss on foreign exchange – unrealised	105.9	102.3	78.5	89.8
Rental – land and buildings	151.2	102.3	95.1	100.9
Rental – equipment	12.1	11.8	27.5	23.6
Rental – others	45.1	79.6	1.6	45.8
Research and development	—	—	50.0	21.8
Staff costs	1,411.6	1,375.1	943.4	1,110.3
Staff costs capitalised in PPE	(60.3)	(67.4)	(60.2)	(65.9)
Supplies and inventories	351.9	342.7	215.0	237.5
Universal Service Provision (USP)	238.7	230.5	187.2	209.2
Universal Service Obligation (USO) – in respect of prior year	26.5	—	26.5	—
Utilities	200.5	164.0	151.1	137.4
Write down of investment in a subsidiary	—	—	9.1	316.0
Write off of PPE	5.8	50.9	4.8	50.9
Other operating costs	918.5	659.6	479.8	348.9
TOTAL OPERATING COSTS	10,018.2	8,154.8	6,916.8	7,829.7
Staff costs include:				
– Salaries, allowances, overtime and bonus	1,155.9	1,003.1	766.4	788.6
– Contribution to Employees Provident Fund (EPF)	167.3	162.8	120.6	135.3
– Termination benefits	—	147.0	—	147.0
– Other employee benefits	86.4	60.4	55.0	38.0
– Remunerations of Directors of the Company				
– fees	0.8	0.5	0.3	0.3
– salaries, allowances and bonus	1.0	1.2	0.9	1.0
– ex-gratia payment	0.1	—	0.1	—
– contribution to EPF	0.1	0.1	0.1	0.1
Other operating costs include:				
– Audit fees				
– PricewaterhouseCoopers Malaysia	1.5	0.9	0.5	0.4
– Others	0.4	0.3	—	—

4. OPERATING COSTS (continued)

- (a) Estimated money value of benefits of Directors amounted to RM128,289 (2002: RM44,500) for the Company and RM401,364 (2002: RM109,480) for the Group.
- (b) Options granted to Executive Directors of the Company pursuant to Employees' Share Option Scheme (ESOS 3) during the year are as follows:

	Granted during the year ended		Unexercised options at year end	
	31.12.2003	31.12.2002	31.12.2003	31.12.2002
Dato' Dr. Md Khir bin Abdul Rahman	—	178,000	108,000	178,000
Dato' Dr. Abdul Rahim bin Haji Daud	—	171,000	103,000	171,000

The options were given to these Directors on the same terms and conditions as those offered to other employees of the Company and its subsidiaries (note 10(e) to the financial statements).

The options were exercised by the Directors on 29 October 2003 and 17 November 2003 respectively. The fair values of shares of the Company at the exercise date was RM9.00 and RM8.40 per share respectively.

	Exercised options during the year ended 31.12.2003
	RM
Ordinary share capital at par	0.2
Share premium	0.8
Proceeds received on exercise of share options	1.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

5. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Dividend income from subsidiaries	—	—	107.2	26.4
Dividend income from quoted shares	5.7	4.0	5.5	3.8
Dividend income from unquoted shares	0.7	1.5	0.7	1.5
Income from investment in International Satellite Organisations	—	0.5	—	0.5
Income from subsidiaries – interest	—	—	54.3	79.7
– others	—	—	3.4	7.3
Profit on disposal of short term investments	5.3	3.8	5.3	3.8
Profit on disposal of investment in an International Satellite Organisation	9.7	—	9.7	—
Profit on partial disposal of subsidiaries	—	2.8	—	—
Profit on disposal of property, plant and equipment	1.5	18.2	1.3	80.8
Rental income from buildings	2.9	6.5	44.2	25.8
Rental income from vehicles	—	0.1	3.0	3.1
Sale of scrap stores	3.2	4.1	3.1	4.0
Others	58.1	71.0	51.3	54.7
TOTAL OTHER OPERATING INCOME	87.1	112.5	289.0	291.4

6. NET FINANCE COST

	2003				2002			
	Foreign RM	Domestic RM	Islamic Principles RM	Total RM	Foreign RM	Domestic RM	Islamic Principles RM	Total RM
Finance cost in respect of:								
Borrowings	253.0	148.5	33.8	435.3	263.2	91.1	28.0	382.3
Convertible Bonds	32.4	—	—	32.4	54.7	—	—	54.7
Total finance cost	285.4	148.5	33.8	467.7	317.9	91.1	28.0	437.0
Finance income	—	(28.2)	(16.6)	(44.8)	—	(49.5)	(22.2)	(71.7)
NET FINANCE COST OF THE COMPANY	285.4	120.3	17.2	422.9	317.9	41.6	5.8	365.3
Finance cost of subsidiaries	10.1	(25.3)	64.6	49.4	5.8	(53.5)	0.3	(47.4)
Finance income of subsidiaries	(6.7)	(25.0)	(10.6)	(42.3)	(3.9)	(4.7)	(5.4)	(14.0)
TOTAL NET FINANCE COST OF THE GROUP	288.8	70.0	71.2	430.0	319.8	(16.6)	0.7	303.9

7. TAXATION

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
The taxation charge for the Group and the Company comprise:				
Malaysia				
Current year taxation	307.9	417.9	292.9	399.7
In respect of prior year	(93.7)	1.2	(89.9)	—
Deferred taxation – net	59.8	193.7	161.0	172.3
	274.0	612.8	364.0	572.0
Overseas				
Current year taxation	1.6	0.9	—	—
In respect of prior year	(4.5)	4.1	—	—
Deferred taxation – net	(17.4)	8.9	—	—
	(20.3)	13.9	—	—
Share of taxation of associates	253.7 112.6	626.7 33.0	364.0 —	572.0 —
TOTAL TAXATION	366.3	659.7	364.0	572.0
Current taxation:				
Current year	422.1	451.8	292.9	399.7
(Over)/Under accrual in prior years (net)	(98.2)	5.3	(89.9)	—
Deferred taxation:				
Origination and reversal of temporary differences	202.8	202.6	161.0	172.3
Benefit from previously unrecognised deductible temporary differences and tax losses	(160.4)	—	—	—
	366.3	659.7	364.0	572.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

7. TAXATION (continued)

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

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Profit Before Taxation	1,810.5	1,530.4	893.0	73.5
Taxation calculated at the applicable Malaysian taxation rate of 28%	506.9	428.5	250.0	20.6
Tax effects of:				
– Different taxation rates in other countries	6.0	0.3	—	—
– Expenses not deductible for taxation purposes	273.2	596.9	239.1	561.5
– Income not subject to taxation	(132.7)	(363.3)	(24.1)	(2.1)
– Expenses allowed for double deduction	(11.1)	(8.0)	(11.1)	(8.0)
– Previously unrecognised tax deductible temporary differences and tax losses	(160.4)	—	—	—
– Reversal of previously recognised temporary differences due to tax exempt status being granted	(17.4)	—	—	—
(Over)/Under accrual in prior years (net)	(98.2)	5.3	(89.9)	—
TOTAL TAXATION	366.3	659.7	364.0	572.0

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	
	2003	2002
Net profit attributable to shareholders (RM million)	1,390.4	844.3
Weighted average number of ordinary shares in issue (million)	3,188.3	3,155.3
Basic earnings per share (sen)	43.6	26.8

(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 this purpose, the Convertible Eurobonds due 2004 was deemed not dilutive for the year ended 31 December 2002 and up to the date of redemption on 1 August 2003 since the exercise price was higher than the fair value of the Company's 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(e) to the financial statements.

	THE GROUP	
	2003	2002
Net profit attributable to shareholders (RM million)	1,390.4	844.3
Weighted average number of ordinary shares in issue (million)	3,188.3	3,155.3
Adjustment for ESOS 3 (million)	31.0	19.5
Weighted average number of ordinary shares for diluted earnings per share (million)	3,219.3	3,174.8
Diluted earnings per share (sen)	43.2	26.6

Comparative earnings per share information has been restated to take into account the effect of the change in accounting policies on net profit for the year as described in note 42 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

9. DIVIDENDS IN RESPECT OF ORDINARY SHARES

Dividends proposed in respect of ordinary shares of the Company for the year are as follows:

	THE GROUP AND COMPANY			
	2003		2002	
	Gross dividend per share Sen	Amount of dividend, net of 28% tax RM	Gross dividend per share Sen	Amount of dividend, net of 28% tax RM
Final dividends:				
– proposed final gross dividend	10.0	234.1	10.0	228.0
– proposed special gross dividend	10.0	234.1	—	—
– increase due to exercise of share options	—	—	—	0.4
TOTAL DIVIDENDS PROPOSED/PAID	20.0	468.2	10.0	228.4

At the forthcoming Annual General Meeting on 18 May 2004, a final gross dividend of 10.0 sen per share less tax of 28% amounting to RM234.1 million and a special gross dividend of 10.0 sen per share less tax of 28% amounting to RM234.1 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 COMPANY			
	2003		2002	
	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 RM10 (sub-note b)	—	—	—	—
Class B Redeemable Preference Shares of RM10 (sub-note b)	—	—	—	—
Issued and fully paid:				
Ordinary shares of RM1 each				
At 1 January	3,167.0	3,167.0	3,103.5	3,103.5
Exercise of share options	83.7	83.7	63.5	63.5
At 31 December	3,250.7	3,250.7	3,167.0	3,167.0
Special share of RM1 (sub-note a)				
At 1 January and 31 December	—	—	—	—
TOTAL ISSUED AND FULLY PAID-UP SHARE CAPITAL	3,250.7	3,250.7	3,167.0	3,167.0

10. SHARE CAPITAL (continued)

- (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.

- (b) On 31 March 2003, the authorised share capital of the Company has been increased to include 1,000 Class A Redeemable Preference Shares of RM0.01 each and 1,000 Class B Redeemable Preference Shares of RM0.01 each.
- (c) During the year, the issued and fully paid-up share capital of the Company was increased by the issuance of 83,725,000 ordinary shares of RM1 each at the option price of RM7.09 per share for cash under ESOS 3. These shares rank pari-passu in all respects with the existing issued ordinary shares of the Company.
- (d) 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.

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 14(a) to the financial statements.

- (e) **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 259,042,000 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.

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 Malaysia Securities Exchange Berhad for the five (5) trading days preceding the date of offer with a 10% discount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

10. SHARE CAPITAL (continued)

(e) 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:

	ESOS 3		ESOS 2	
	2003 Million	2002 Million	2002 Phase 2 Million	2002 Phase 1 Million
The Company				
At 1 January	254.2	—	74.8	127.1
Offered	—	259.0	—	—
Exercised (sub-note c)	(83.7)	(4.7)	(58.8)	—
Lapsed #	—	(0.1)	(16.0)	(127.1)
At 31 December	170.5	254.2	—	—

Less than 0.1 million

At 31 December 2003, options to subscribe for 170,456,000 ordinary shares of RM1 each at the option price of RM7.09 per share 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)

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

Exercise date	Fair value of shares at share issue date RM/share	Exercise price RM/share	Number of shares issued	
			2003 Million	2002 Million
January to May 2002	9.15-9.80	8.53	—	58.8
June to August 2002	8.00-8.25	7.09	—	0.1
September to December 2002	7.40-7.50	7.09	—	4.6
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	—
			83.7	63.5
Ordinary share capital – at par (RM million)			83.7	63.5
Share premium (RM million)			509.9	471.5
Proceeds received on exercise of share options (RM million)			593.6	535.0
Fair value at exercise date of shares issued (RM million)			688.2	602.1

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 Malaysia Securities Exchange Berhad on the day prior to the exercise of the options.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

11. RESERVES

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Retained Profits	10,685.2	9,523.2	9,894.5	9,593.9
Exchange Fluctuation Reserves arising from translation of foreign subsidiaries/associates	(199.9)	(307.1)	—	—
TOTAL RESERVES	10,485.3	9,216.1	9,894.5	9,593.9

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 2003 to frank the payment of net dividends of approximately RM9,764.8 million (2002: RM9,266.3 million) out of total distributable reserves of RM9,894.5 million (2002: RM9,593.9 million) without incurring additional taxation.

12. CONVERTIBLE BONDS

- (a) Convertible Bonds represent USD359.9 million (2002: USD359.9 million) Convertible Eurobonds due 2004 which have been fully redeemed on 1 August 2003.
- (b) The principle features of the Eurobonds were 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.

13. BORROWINGS

THE GROUP	2003				2002			
	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
DOMESTIC								
Secured								
– Cagamas Loans (sub-note a)	6.61%	84.7	1.6	86.3	6.65%	91.7	3.3	95.0
– Borrowings from financial institutions (sub-note b)	5.55%	325.0	227.5	552.5	—	—	—	—
– Borrowings under Islamic facilities (sub-note b)	7.62%	1,254.4	35.0	1,289.4	—	—	—	—
	6.98%	1,664.1	264.1	1,928.2	6.65%	91.7	3.3	95.0
Unsecured								
– Redeemable Bonds (note 14 to the financial statements)	5.88%	3,000.0	—	3,000.0	—	—	—	—
– Borrowings from financial institutions	3.85%	553.9	518.7	1,072.6	3.92%	627.6	659.4	1,287.0
– Borrowings under Islamic Banking facilities	5.16%	689.0	12.8	701.8	5.56%	689.0	7.3	696.3
– Bank overdrafts (sub-note e)	6.50%	—	3.0	3.0	7.90%	—	1.4	1.4
	5.32%	4,242.9	534.5	4,777.4	4.50%	1,316.6	668.1	1,984.7
Total Domestic	5.80%	5,907.0	798.6	6,705.6	4.60%	1,408.3	671.4	2,079.7
FOREIGN								
Secured								
– Borrowings from financial institutions (sub-note c)	5.04%	106.4	36.6	143.0	5.99%	85.1	12.0	97.1
– Other borrowings	2.61%	—	2.4	2.4	2.95%	2.7	5.7	8.4
	5.00%	106.4	39.0	145.4	5.75%	87.8	17.7	105.5
Unsecured								
– Notes and Debentures (sub-note d)	6.87%	2,665.0	—	2,665.0	7.28%	2,643.0	—	2,643.0
– Borrowings from financial institutions	2.05%	2,096.7	32.2	2,128.9	3.08%	644.4	780.8	1,425.2
– Other borrowings	4.44%	55.5	4.9	60.4	4.18%	43.4	5.7	49.1
– Bank overdrafts (sub-note e)	10.00%	—	3.1	3.1	15.53%	—	12.4	12.4
	4.73%	4,817.2	40.2	4,857.4	5.82%	3,330.8	798.9	4,129.7
Total Foreign	4.74%	4,923.6	79.2	5,002.8	5.82%	3,418.6	816.6	4,235.2
TOTAL BORROWINGS	5.35%	10,830.6	877.8	11,708.4	5.41%	4,826.9	1,488.0	6,314.9

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

13. BORROWINGS (continued)

THE GROUP	2003			2002		
	Domestic RM	Foreign RM	Total RM	Domestic RM	Foreign RM	Total RM
The Group's long term borrowings are repayable as follows:						
After one year and up to five years	2,383.2	2,919.9	5,303.1	641.5	858.8	1,500.3
After five years and up to ten years	2,000.0	1,240.2	3,240.2	243.0	1,796.5	2,039.5
After ten years and up to fifteen years	1,000.0	19.8	1,019.8	—	20.2	20.2
After fifteen years (sub-note f)	523.8	743.7	1,267.5	523.8	743.1	1,266.9
	5,907.0	4,923.6	10,830.6	1,408.3	3,418.6	4,826.9

THE COMPANY	2003				2002			
	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
DOMESTIC								
Secured								
– Cagamas Loans (sub-note a)	6.61%	84.7	1.6	86.3	6.65%	91.7	3.3	95.0
	6.61%	84.7	1.6	86.3	6.65%	91.7	3.3	95.0
Unsecured								
– Borrowings from financial institutions	8.00%	1,000.0	—	1,000.0	7.29%	1,000.0	155.0	1,155.0
– Borrowings under Islamic Banking facilities	5.19%	689.0	—	689.0	5.59%	689.0	—	689.0
	6.86%	1,689.0	—	1,689.0	6.65%	1,689.0	155.0	1,844.0
Total Domestic	6.84%	1,773.7	1.6	1,775.3	6.65%	1,780.7	158.3	1,939.0
FOREIGN								
Unsecured								
– Notes and Debentures (sub-note d)	6.87%	2,665.0	—	2,665.0	7.28%	2,643.0	—	2,643.0
– Borrowings from financial institutions	1.71%	1,980.8	—	1,980.8	2.62%	554.1	760.0	1,314.1
– Other borrowings	1.40%	12.6	1.3	13.9	2.65%	19.2	2.1	21.3
Total Foreign	4.66%	4,658.4	1.3	4,659.7	5.71%	3,216.3	762.1	3,978.4
TOTAL BORROWINGS	5.26%	6,432.1	2.9	6,435.0	6.02%	4,997.0	920.4	5,917.4

13. BORROWINGS (continued)

THE COMPANY	2003			2002		
	Domestic RM	Foreign RM	Total RM	Domestic RM	Foreign RM	Total RM
The Company's long term borrowings are repayable as follows:						
After one year and up to five years	773.7	2,769.6	3,543.3	537.7	770.6	1,308.3
After five years and up to ten years	—	1,143.9	1,143.9	243.0	1,701.3	1,944.3
After ten years and up to fifteen years	—	1.2	1.2	—	1.3	1.3
After fifteen years (sub-note f)	1,000.0	743.7	1,743.7	1,000.0	743.1	1,743.1
	1,773.7	4,658.4	6,432.1	1,780.7	3,216.3	4,997.0

The currency exposure profile of borrowings is as follows:

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
– Ringgit Malaysia	6,705.6	2,079.7	1,775.3	1,939.0
– US Dollar	4,021.6	3,345.8	3,817.5	3,208.5
– Japanese Yen	828.4	757.2	828.4	757.2
– Other currencies	152.8	132.2	13.8	12.7
	11,708.4	6,314.9	6,435.0	5,917.4

- Borrowings from Cagamas Berhad secured by way of assignment of the titles of properties relating to staff housing loans.
- Syndicated term loan facilities and Islamic Private Debt securities issued by Celcom (Malaysia) Berhad (Celcom), a wholly owned subsidiary acquired during the year. 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 excess cashflows into those designated bank accounts for purposes of interest and principal repayments only. The prior security through fixed and floating charge over the assets of Celcom including but not limited to share of its wholly owned subsidiaries of Celcom have been released on 4 February 2004.
- Secured by way of fixed and floating charge on property, plant and equipment of certain subsidiaries (note 19 to the financial statements).
- 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.

NOTES TO THE FINANCIAL STATEMENTS

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13. BORROWINGS (continued)

- (e) The bank overdrafts were unsecured and interests were payable at rates which varied according to the lenders' prevailing base lending rates. Interest rates during the year ranged from 6.5% to 6.9% (2002: 6.5% to 8.9%) per annum for a local subsidiary and from 10.0% to 18.5% (2002: 13.5% to 18.0%) per annum for an overseas subsidiary.

The cash and cash equivalents balance sheet component was redesignated as cash and bank balances during the year. Consequently, bank overdraft is now classified as borrowing. The comparative was reclassified accordingly.

- (f) The Group and the Company have the option to prepay the total domestic loan outstanding of RM523.8 million (2002: RM523.8 million) and RM1,000.0 million (2002: RM1,000.0 million) respectively in 2004.

14. REDEEMABLE BONDS (UNSECURED)/PAYABLE TO A SUBSIDIARY

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.

Listed below are the effects of the transaction to the Group and the Company:

	2003 RM
THE COMPANY	
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
15-year redeemable unsecured bonds due 2018 (Tranche 2) (sub-note b)	1,000.0
	2,983.5
THE GROUP	
Redeemable Bonds (Unsecured) by Tekad Mercu	
10-year redeemable unsecured bonds due 2013 (Tranche 1) (sub-note c)	2,000.0
15-year redeemable unsecured bonds due 2018 (Tranche 2) (sub-note c)	1,000.0
	3,000.0

14. REDEEMABLE BONDS (UNSECURED)/PAYABLE TO A SUBSIDIARY (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 0.005% 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

14. REDEEMABLE BONDS (UNSECURED)/PAYABLE TO A SUBSIDIARY (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 and Tekad Mercu bonds have been redeemed, purchased or cancelled during the financial year.

15. 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 has 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

15. HEDGING TRANSACTIONS (continued)

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

Underlying Liability

USD150.0 million (2002: USD350.0 million) Unsecured Syndicated Term Loan

In 1998, 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. During the year ended 31 December 2000, the facility was refinanced 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 during the year.

Hedging Instrument

In 1998, the Company entered into an interest rate swap (IRS) agreement with 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.

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 counter-party has effectively been limited to a maximum rate of 7.25% per annum. The effect of this transaction is to fix the 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 was scheduled to mature on 14 January 2005.

On 26 July 2001, the Company restructured the existing USD200.0 million IRS into a USD150.0 million CCIRS. The restructured 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 restructured 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.

The objective of this transaction is to effectively convert the USD liability into a JPY principal liability, and to reduce the interest payable on the USD150.0 million tranche of the syndicated term loan. The interest payable on the CCIRS is now a USD floating interest with a reduced margin, calculated on a notional principal of USD150.0 million.

(d) Interest Rate Swap (IRS)

Underlying Liability

USD300.0 million 8% 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 interest rate swap (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.

16. CUSTOMERS' DEPOSITS

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Telephones	592.2	590.6	580.2	579.5
Cellular services	156.7	79.0	—	—
Data services	32.4	32.6	32.4	32.6
Others	2.3	2.3	2.3	2.3
	783.6	704.5	614.9	614.4
Amount included under other payables	(156.7)	(79.0)	—	—
TOTAL CUSTOMERS' DEPOSITS	626.9	625.5	614.9	614.4

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

The comparative figure in respect of customers' deposits for Cellular services has been reclassified to other payables primarily to align with the Group business segment following the acquisition of Celcom.

17. 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	
	2003 RM	2002 RM	2003 RM	2002 RM
Deferred tax assets	160.4	—	—	—
Deferred tax liabilities:				
Subject to income tax	2,031.5	1,590.3	1,694.6	1,533.6
TOTAL DEFERRED TAX	1,871.1	1,590.3	1,694.6	1,533.6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

17. DEFERRED TAX (continued)

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
(a) Deferred Tax Assets				
At 1 January	—	—	—	—
Current year credited to Income Statement arising from:				
– property, plant and equipment	65.1	—	—	—
– tax losses	46.5	—	—	—
– others	48.8	—	—	—
Total credited to Income Statement	160.4	—	—	—
At 31 December	160.4	—	—	—
(b) Deferred Tax Liabilities				
At 1 January, as restated (note 42 to the financial statements)	1,590.3	1,388.2	1,533.6	1,361.3
Current year charged to Income Statement arising from:				
– property, plant and equipment	179.5	228.7	154.8	198.4
– intangible assets	14.0	—	14.0	—
– others	9.3	(26.1)	(7.8)	(26.1)
Total charged to Income Statement	202.8	202.6	161.0	172.3
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	(0.5)	—	—
At 31 December	2,031.5	1,590.3	1,694.6	1,533.6

The deferred tax assets which relate to previously unrecognised temporary differences and tax losses of RM160.4 million of a subsidiary are recognised in the current year as it is probable that there will be future taxable profits available against which such temporary differences and tax losses can be utilised.

17. DEFERRED TAX (continued)

The amount 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	
	2003 RM	2002 RM
Deductible temporary differences	312.8	533.5
Tax losses	324.3	350.2
	637.1	883.7

Breakdown of cumulative balances by each type of temporary difference:

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
(a) Deferred Tax Assets				
Property, plant and equipment	751.8	—	—	—
Tax losses	46.5	—	—	—
Others	171.2	114.7	122.5	114.7
	969.5	114.7	122.5	114.7
Offsetting	(809.1)	(114.7)	(122.5)	(114.7)
Total Deferred Tax Assets After Offsetting	160.4	—	—	—
(b) Deferred Tax Liabilities				
Property, plant and equipment	2,809.6	1,705.0	1,803.1	1,648.3
Other intangible assets	14.0	—	14.0	—
Others	17.0	—	—	—
	2,840.6	1,705.0	1,817.1	1,648.3
Offsetting	(809.1)	(114.7)	(122.5)	(114.7)
Total Deferred Tax Liabilities After Offsetting	2,031.5	1,590.3	1,694.6	1,533.6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

18. INTANGIBLE ASSETS

THE GROUP	Goodwill RM	Other Intangible Assets RM	Total RM
Net Book Value			
At 1.1.2003	—	—	—
Transferred from associates (note 21 to the financial statements)	1,207.9	—	1,207.9
Acquisition of a subsidiary (note 2 to the financial statements)	2,814.8	—	2,814.8
Acquisition of 3G spectrum licence	—	50.0	50.0
At 31.12.2003	4,022.7	50.0	4,072.7
At 1.1.2002	—	—	—
Acquisition of a subsidiary, as restated	39.7	—	39.7
Impairment, as restated	(39.7)	—	(39.7)
At 31.12.2002, as restated	—	—	—
At 31 December 2003			
Cost	4,062.4	50.0	4,112.4
Accumulated impairment	(39.7)	—	(39.7)
Net Book Value	4,022.7	50.0	4,072.7
At 31 December 2002			
Cost, as restated	39.7	—	39.7
Accumulated impairment, as restated	(39.7)	—	(39.7)
Net Book Value, as restated	—	—	—
THE COMPANY			
Net Book Value			
At 1.1.2003	—	—	—
Acquisition of 3G spectrum licence	—	50.0	50.0
At 31.12.2003	—	50.0	50.0
At 31 December 2003			
Cost	—	50.0	50.0
Net Book Value	—	50.0	50.0

19. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Tele- communication Network RM	Movable Plant and Equipment RM	Computer Support Systems RM	Land (sub-note a) RM	Buildings RM	Capital Work- In-Progress, at Cost (sub-note b) RM	Total Property, Plant and Equipment RM
Net Book Value							
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
Additions	2,794.0	195.2	836.6	78.8	252.9	(1,478.8) *	2,678.7
Transfer to inventories (note 24 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)
Currency translation differences	(10.5)	(0.2)	(0.2)	0.6	0.3	—	(10.0)
Depreciation	(2,565.5)	(129.6)	(733.4)	(1.1)	(121.7)	—	(3,551.3)
Impairment	(90.2)	(4.0)	(5.0)	—	—	—	(99.2)
At 31.12.2003	14,809.3	407.0	1,012.7	563.7	3,177.6	1,635.6	21,605.9
At 31 December 2003							
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)
Net Book Value	14,809.3	407.0	1,012.7	563.7	3,177.6	1,635.6	21,605.9
At 1.1.2002	11,747.2	234.8	583.0	406.4	1,706.3	4,249.0	18,926.7
Acquisition of a subsidiary	11.4	0.4	0.2	—	—	—	12.0
Additions	2,393.8	129.4	549.5	49.4	1,379.1	(1,316.1) *	3,185.1
Disposals	(0.7)	(4.8)	—	(0.7)	(0.5)	—	(6.7)
Write off	(50.7)	(0.2)	—	—	—	—	(50.9)
Currency translation differences	(17.9)	(0.4)	(0.3)	0.6	0.1	—	(17.9)
Depreciation	(1,926.4)	(81.0)	(360.7)	(0.2)	(113.5)	—	(2,481.8)
At 31.12.2002	12,156.7	278.2	771.7	455.5	2,971.5	2,932.9	19,566.5
At 31 December 2002							
Cost	30,304.1	1,229.2	2,749.1	461.4	4,069.3	2,932.9	41,746.0
Accumulated depreciation	(17,759.1)	(951.0)	(1,977.4)	(5.9)	(1,097.8)	—	(21,791.2)
Accumulated impairment	(388.3)	—	—	—	—	—	(388.3)
Net Book Value	12,156.7	278.2	771.7	455.5	2,971.5	2,932.9	19,566.5

* Net of transfer to property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Net book value of property, plant and equipment of certain subsidiaries pledged as security for borrowings (note 13(c) to the financial statements):

	2003 RM	2002 RM
Telecommunication network	383.2	272.8
Movable plant and equipment	5.5	5.0
Computer support systems	1.8	1.4
Land	1.1	0.9
Buildings	1.8	1.9
	393.4	282.0

THE COMPANY	Tele- communication Network RM	Movable Plant and Equipment RM	Computer Support Systems RM	Land (sub-note a) RM	Buildings RM	Capital Work- In-Progress, at Cost RM	Total Property, Plant and Equipment RM
Net Book Value							
At 1.1.2003	9,719.1	172.4	503.7	292.3	2,169.4	2,394.1	15,251.0
Additions	1,739.6	132.8	691.0	72.8	236.2	(1,052.4)*	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)
At 31.12.2003	9,692.5	235.0	633.2	364.6	2,302.4	1,341.7	14,569.4
At 31 December 2003							
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)
Net Book Value	9,692.5	235.0	633.2	364.6	2,302.4	1,341.7	14,569.4

19. PROPERTY, PLANT AND EQUIPMENT (continued)

THE COMPANY	Tele- communication Network RM	Movable Plant and Equipment RM	Computer Support Systems RM	Land (sub-note a) RM	Buildings RM	Capital Work- In-Progress, at Cost RM	Total Property, Plant and Equipment RM
At 1.1.2002	10,043.2	129.2	427.7	378.0	1,390.0	3,642.7	16,010.8
Additions	1,451.1	99.7	421.4	1.2	876.5	(691.6)*	2,158.3
Disposals	(32.7)	(6.7)	(76.9)	(86.4)	(19.2)	(557.0)	(778.9)#
Write off	(50.7)	(0.2)	—	—	—	—	(50.9)
Depreciation	(1,691.8)	(49.6)	(268.5)	(0.5)	(77.9)	—	(2,088.3)
At 31.12.2002	9,719.1	172.4	503.7	292.3	2,169.4	2,394.1	15,251.0
At 31 December 2002							
Cost	26,326.6	941.5	2,119.7	297.9	3,131.6	2,394.1	35,211.4
Accumulated depreciation	(16,607.5)	(769.1)	(1,616.0)	(5.6)	(962.2)	—	(19,960.4)
Net Book Value	9,719.1	172.4	503.7	292.3	2,169.4	2,394.1	15,251.0

* Net of transfer to property, plant and equipment

Included in disposals was RM0.6 million (2002: RM774.3 million) being property, plant and equipment transferred to subsidiaries

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

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Freehold land	256.4	254.5	92.5	92.5
Long term leasehold	213.2	130.3	178.8	130.3
Short term leasehold	7.1	3.3	5.8	2.0
Other land	94.0	73.3	93.6	73.1
	570.7	461.4	370.7	297.9

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.

(b) Included in the capital work-in-progress is finance cost capitalised for the year amounting to RM5.7 million (2002: RM5.2 million) for the Group.

NOTES TO THE FINANCIAL STATEMENTS

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20. SUBSIDIARIES

THE COMPANY	2003			2002		
	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	462.4	179.2	641.6	470.5	179.2	649.7
Investments, at written down value:						
– unquoted (sub-note a)	—	—	—	1,684.4	—	1,684.4
	481.9	179.2	661.1	2,174.4	179.2	2,353.6
Amount owing by subsidiaries (sub-note b)	10,396.5	379.7	10,776.2	4,703.8	342.2	5,046.0
	10,878.4	558.9	11,437.3	6,878.2	521.4	7,399.6
Allowance for loans and advances	(511.1)	—	(511.1)	(406.1)	—	(406.1)
TOTAL INTEREST IN SUBSIDIARIES	10,367.3	558.9	10,926.2	6,472.1	521.4	6,993.5
Market value of quoted investment	66.7	—	66.7	72.9	—	72.9

- (a) Investments in certain subsidiaries have been written down to recoverable amount or RM1 each. During the year, TM Cellular Sdn. Bhd., a wholly owned subsidiary was disposed to Celcom for a consideration equivalent to written down value as explained in note 2 to the financial statements.
- (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 4.72% (2002: 0% to 4.88%) 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.

The Group's equity interest in the subsidiaries, their respective principal activities and countries of incorporation are listed in note 43 to the financial statements.

21. ASSOCIATES

THE GROUP	2003			2002		
	Malaysia RM	Overseas RM	Total RM	Malaysia RM	Overseas RM	Total RM
(i) Quoted						
Share of net assets other than goodwill of associates						
– on acquisition	—	869.2	869.2	446.8	59.8	506.6
– post acquisition	—	520.8	520.8	(15.6)	(59.8)	(75.4)
Goodwill on consolidation, as restated (sub-note a)	—	—	—	1,207.9	—	1,207.9
	—	1,390.0	1,390.0	1,639.1	—	1,639.1
(ii) Unquoted						
Share of net assets other than goodwill of associates						
– on acquisition	2.9	—	2.9	2.9	819.7	822.6
– associates of a subsidiary acquired during the year	74.3	29.2	103.5	—	—	—
– post acquisition	(0.5)	3.7	3.2	(2.8)	287.6	284.8
	76.7	32.9	109.6	0.1	1,107.3	1,107.4
Total	76.7	1,422.9	1,499.6	1,639.2	1,107.3	2,746.5
Market value of quoted investments	—	2,808.9	2,808.9	1,512.5	16.0	1,528.5
THE COMPANY						
Investments, at cost:						
– quoted	—	—	—	84.2	—	84.2
– unquoted	1.5	—	1.5	1.5	10.3	11.8
Total	1.5	—	1.5	85.7	10.3	96.0
Market value of quoted investments	—	—	—	101.1	—	101.1

- (a) In line with the change in accounting policy with respect to goodwill on acquisition, goodwill on acquisition of associates arise on or after 1 January 2002 is reflected as part of the investment in the associates. Goodwill arise from acquisition completed prior to 1 January 2002 was written off against reserves in the year of acquisition. Such goodwill was not restated as it is impractical to do so.

The Group's equity interest in the associates, their respective principal activities and countries of incorporation are listed in note 44 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

22. INVESTMENTS

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Investments in International Satellite Organisations, at cost	107.3	133.5	106.3	132.6
Investments in quoted shares, at cost	264.8	—	264.8	—
Investments in unquoted shares, at cost	109.9	96.4	64.3	56.0
Investments in unquoted shares, at written down value (sub-note a)	—	—	—	—
	482.0	229.9	435.4	188.6
Allowance for permanent diminution in value	(97.3)	(90.3)	(97.3)	(90.3)
TOTAL INVESTMENTS AFTER ALLOWANCE	384.7	139.6	338.1	98.3
Market value of quoted investments	267.4	—	267.4	—

(a) The following corporations in which Celcom Group, a subsidiary acquired during the year, owned more than one half of the voting power, which, due to loss of control or significant influence have been accounted as investments.

- Aseania Plastics Sdn. Bhd.
- TRI Cellular Communications Cambodia Company
- TRI Telecommunication Zanzibar Limited
- Tripoly Communication Technology Corporation Ltd.

Investments in the above corporations have been written down to recoverable amount or RM1 each.

23. LONG TERM RECEIVABLES

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Staff loans under Islamic principles	475.5	431.7	475.5	431.7
Staff loans	262.0	331.8	261.5	331.7
Total staff loans (sub-note a & b)	737.5	763.5	737.0	763.4
Other long term receivables (sub-note c)	31.7	21.2	31.7	20.5
	769.2	784.7	768.7	783.9
Staff loans receivable within twelve months included under other receivables	(100.3)	(99.3)	(99.9)	(99.3)
TOTAL LONG TERM RECEIVABLES	668.9	685.4	668.8	684.6

23. LONG TERM RECEIVABLES (continued)

- (a) Staff loans comprise housing, vehicle, computer and club membership loans offered to employees with financing cost of 4.0% per annum on 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 car and 6 years for second hand car
 - (iii) Computer loans – 3 years
- (b) Staff loans amounting to RM82.7 million (2002: RM92.8 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.

24. INVENTORIES

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
At cost:				
Cables and wires	30.2	38.7	30.2	38.7
Network materials	32.4	30.6	32.4	29.2
Telecommunication equipment	18.5	24.3	17.1	21.1
Spares and others	40.0	37.4	23.6	16.7
	121.1	131.0	103.3	105.7
At net realisable value:				
Telecommunication equipment transferred from property, plant and equipment (note 19 to the financial statements)	47.2	—	—	—
Spares and others	35.3	41.5	—	—
	82.5	41.5	—	—
TOTAL INVENTORIES	203.6	172.5	103.3	105.7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

25. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Receivables from telephone customers	2,552.1	2,358.0	1,351.7	1,459.0
Receivables from non-telephone customers	1,754.6	1,678.9	1,284.0	1,224.8
Receivables from subsidiaries	—	—	392.6	326.4
	4,306.7	4,036.9	3,028.3	3,010.2
Advance rental billings	(412.2)	(494.4)	(448.9)	(522.8)
	3,894.5	3,542.5	2,579.4	2,487.4
Allowance for doubtful debts	(1,443.5)	(1,151.2)	(648.7)	(628.9)
Total trade receivables after allowance	2,451.0	2,391.3	1,930.7	1,858.5
Prepayments	590.3	574.4	540.1	528.0
Deposit for additional investment (refer to note 36 (a) to the financial statements)	190.0	190.0	190.0	190.0
Staff loans	100.3	99.3	99.9	99.3
Other receivables from subsidiaries (sub-note a)	—	—	52.3	17.3
Other receivables from associates (sub-note a)	31.2	0.4	3.4	0.4
Other receivables	496.1	343.3	296.7	254.9
Allowance for doubtful debts	(23.9)	(6.3)	(8.6)	(5.8)
Total other receivables after allowance	1,384.0	1,201.1	1,173.8	1,084.1
TOTAL TRADE AND OTHER RECEIVABLES AFTER ALLOWANCE	3,835.0	3,592.4	3,104.5	2,942.6
The currency exposure profile of trade and other receivables after allowance is as follows:				
– Ringgit Malaysia	2,870.2	2,617.2	2,506.4	2,262.8
– US Dollar	560.0	660.4	426.6	566.0
– Special Drawing Rights	121.5	83.9	96.0	83.9
– Gold Franc Currency	75.5	29.9	75.5	29.9
– Guinea Franc	94.4	110.4	—	—
– Other currencies	113.4	90.6	—	—
	3,835.0	3,592.4	3,104.5	2,942.6

25. TRADE AND OTHER RECEIVABLES (continued)

The following table represents credit risk exposure of trade receivables, net of allowances for doubtful debts and without taking into account any collateral taken:

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Business	1,562.4	1,638.9	1,075.4	1,076.8
Residential	888.6	752.4	462.7	455.3
Subsidiaries	—	—	392.6	326.4
	2,451.0	2,391.3	1,930.7	1,858.5

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 2003 and 2002.

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

26. SHORT TERM INVESTMENTS

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Shares quoted on the Malaysia Securities Exchange Berhad	263.4	197.7	260.3	197.7
TOTAL SHORT TERM INVESTMENTS	263.4	197.7	260.3	197.7
Market value of quoted shares	263.4	197.7	260.3	197.7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

27. CASH AND BANK BALANCES

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Deposits with:				
Licensed banks	1,161.6	345.3	—	85.0
Licensed finance companies	2.4	3.0	—	3.0
Other financial institutions	1,047.6	740.0	679.2	740.0
Deposits under Islamic principles	600.5	424.4	139.0	208.2
Total Deposits	2,812.1	1,512.7	818.2	1,036.2
Cash and bank balances	412.0	241.9	33.8	102.0
Cash and bank balances under Islamic principles	122.0	80.2	—	—
TOTAL CASH AND BANK BALANCES	3,346.1	1,834.8	852.0	1,138.2
Less:				
Bank overdraft (note 13(e) to the financial statements)	(6.1)	(13.8)	—	—
Deposits pledged	(60.7)	—	—	—
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,279.3	1,821.0	852.0	1,138.2
The currency exposure profile of cash and bank balances is as follows:				
– Ringgit Malaysia	2,451.7	975.6	249.8	466.8
– US Dollar	807.0	770.8	602.2	671.4
– Other currencies	87.4	88.4	—	—
	3,346.1	1,834.8	852.0	1,138.2

Included in deposits of the Group is RM60.7 million which are pledged as security for banking facilities granted to associates of Celcom, a wholly owned subsidiary acquired during the year. Deposits of the Group also included RM191.2 million being funds earmarked for principal and interest repayments under terms of borrowings of Celcom as mentioned in note 13(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 (2002: from overnight to 182 days) and from overnight to 90 days (2002: from overnight to 94 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 2003 is 2.38% (2002: 2.32%) and 1.62% (2002: 1.94%) for the Group and the Company respectively.

28. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Trade payables	2,795.1	2,369.4	1,906.4	1,597.3
Accruals for USP	280.5	230.5	213.2	209.2
Deferred revenue	205.7	—	—	—
Customer deposits	156.7	79.0	—	—
Finance cost payable	132.5	124.9	103.4	119.7
Duties and other taxes payable	129.0	113.8	70.4	58.9
Deposits and trust monies	61.7	97.0	33.0	87.3
Other payables to subsidiaries (sub-note a)	—	—	49.9	—
Other payables to associates (sub-note a)	13.5	—	—	—
Other payables	747.3	661.1	486.8	504.1
TOTAL TRADE AND OTHER PAYABLES	4,522.0	3,675.7	2,863.1	2,576.5
The currency exposure profile of trade and other payables is as follows:				
– Ringgit Malaysia	3,768.1	3,248.1	2,390.6	2,362.5
– US Dollar	300.2	220.7	233.7	158.9
– Special Drawing Rights	120.1	7.6	120.1	7.6
– Gold Franc Currency	72.7	13.4	72.7	13.4
– Bangladesh Taka	85.6	53.4	—	—
– Other currencies	175.3	132.5	46.0	34.1
	4,522.0	3,675.7	2,863.1	2,576.5

Credit terms of trade and other payables vary from 30 to 90 days in year 2003 and 2002 depending on the terms of the contracts.

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

29. CASH FLOWS FROM OPERATING ACTIVITIES

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Receipts from customers	11,289.7	9,402.2	7,424.9	7,634.7
Payments to suppliers and employees	(5,707.1)	(4,861.3)	(3,686.5)	(3,769.6)
Payment of finance cost	(575.6)	(449.3)	(484.0)	(445.3)
Payment of income taxes	(344.2)	(868.2)	(316.6)	(835.2)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	4,662.8	3,223.4	2,937.8	2,584.6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

30. CASH FLOWS USED IN INVESTING ACTIVITIES

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Disposal of property, plant and equipment	12.1	24.9	7.2	22.7
Purchase of property, plant and equipment	(2,566.2)	(3,164.2)	(1,764.9)	(2,114.9)
Acquisition of intangible asset (3G Spectrum)	(10.0)	—	(10.0)	—
Disposal of long term investments	18.4	—	18.4	—
Purchase of long term investments	(254.4)	—	(250.0)	—
Disposal of short term investments	57.3	24.5	57.3	24.5
Purchase of short term investments	(66.7)	(30.8)	(66.7)	(30.8)
Acquisition of a subsidiary (note 2 to the financial statements)	(2,963.5)	(3.4)	—	(11.0)
Advances to a subsidiary for acquisition of another subsidiary (note 2 to the financial statements)	—	—	(3,793.2)	(1,653.7)
Additional investment in subsidiaries	—	—	(0.1)	(46.1)
Acquisition of an associate	—	(1,653.7)	—	(83.0)
Additional investment in an associate	—	(0.7)	—	(0.7)
Repayments from subsidiaries	—	—	73.4	—
Advances to other subsidiaries	—	—	(96.0)	(294.0)
Repayments of loans by employees	123.8	99.7	123.8	98.8
Loans to employees	(97.3)	(115.2)	(96.8)	(114.4)
Interest received	87.5	87.7	44.9	75.7
Dividend received	40.6	5.6	113.3	31.7
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES	(5,618.4)	(4,725.6)	(5,639.4)	(4,095.2)

31. CASH FLOWS FROM FINANCING ACTIVITIES

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Issue of share capital	593.6	535.0	593.6	535.0
Issue of share capital to minority interests	—	27.3	—	—
Proceeds from borrowings	8,836.9	1,631.2	8,384.1	1,090.0
Repayments of borrowings	(6,766.5)	(1,037.7)	(6,333.9)	(745.1)
Dividends paid to shareholders	(228.4)	(341.6)	(228.4)	(341.6)
Dividends paid to minority interests	(8.3)	(4.4)	—	—
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	2,427.3	809.8	2,415.4	538.3

32. SIGNIFICANT NON-CASH TRANSACTIONS

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

	THE COMPANY	
	2003 RM	2002 RM
(a) Transfer of investment in Celcom to a local investment holding subsidiary	1,768.2	—
(b) Contra settlements with subsidiaries between trade receivables and payables	177.6	76.8
(c) Conversion of trade receivables from a subsidiary into shareholder advances	120.0	—
(d) Contra settlements with a subsidiary between trade receivables and other payables	86.2	—
(e) Capitalisation of advances, loans and trade debts into paid-up capital of subsidiaries	—	633.0
(f) Transfer of property, plant and equipment and capital work-in-progress to wholly owned subsidiaries at considerations satisfied by the issuance of shares	—	837.0
(g) Transfer of investment in an overseas subsidiary to a local investment holding subsidiary	—	72.4

33. RELATED PARTIES TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below is other related party transaction and balance.

On 1 August 2002, a letter of award was issued by a subsidiary to Edward & Sons Sdn. Bhd. (ESSB) on the tender for road rehabilitation and slope stabilisation works at TM Bukit Dabei Microwave Station, Marudi Sarawak at a contract value of approximately RM1.6 million. Y.B. Dato' Joseph Salang Gandum, who is a director of the Company and a shareholder of ESSB is deemed interested in the transaction. Progress billings from ESSB during the year amounted to RM0.9 million (2002: RM0.2 million) of which RM0.2 million remained outstanding as at 31 December 2003.

34. COMMITMENTS

(a) Property, plant and equipment

	THE GROUP		THE COMPANY	
	2003 RM	2002 RM	2003 RM	2002 RM
Commitments in respect of expenditure approved and contracted for	2,544.0	3,065.3	2,259.3	2,826.5
Commitments in respect of expenditure approved but not contracted for	126.2	24.4	—	—

NOTES TO THE FINANCIAL STATEMENTS

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34. COMMITMENTS (continued)

(b) Non-cancellable operating lease commitments

	THE COMPANY	
	2003 Future minimum lease payments RM	2002 Future minimum lease payments RM
Not later than one year	52.4	53.2
Later than one year and not later than five years	262.2	226.3
Later than five years	52.4	121.8
	367.0	401.3

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

35. CONTINGENT LIABILITIES (Unsecured)

(a) At 31 December 2003, the Company had contingent liabilities in respect of:

- (i) Guarantees issued to banks amounting to USD26.0 million (RM98.8 million) (2002: 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) (2002: USD21.0 million (RM79.8 million)) financing facility obtained by a wholly owned subsidiary, MTN Networks (Pvt.) 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) (2002: 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) financing facility obtained by a wholly owned subsidiary, MTN Networks (Pvt.) Limited. The guarantee was executed in November 2003 and will expire in November 2005.

35. CONTINGENT LIABILITIES (Unsecured) (continued)

- (b) There is a claim arising from an agreement dated 10 February 1998 made between Telekom Malaysia (TM) and Tan Sri Mustapha Kamal Haji Abu Bakar, Eastborne Corporation Berhad, Projass Engineering Berhad and Shorefield Holdings Sdn. Bhd. (collectively referred to herein as MEPS JV), MEPS JV agreed to design, construct and complete the proposed Multimedia University Campus at Cyberjaya, Selangor Darul Ehsan.

The disputes between the parties, amongst others include the completion of outstanding works, remedying of defects, retention of the cash performance guarantee, the deduction of liquidated damages for delay and the certification and payment of the retention money. This dispute has been referred to Jabatan Kerja Raya (JKR) of which, on 27 June 2002, JKR has awarded a compensation of RM63.8 million in favour of MEPS JV.

Pursuant to the compensation awarded by JKR (the Award), TM filed an appeal for review of the Award in the High Court by way of an Originating Motion (OM). Simultaneously, MEPS JV filed an application to enforce the said Award by way of an Originating Summons (OS).

On 10 November 2003, the High Court fixed 11 March 2004 as the new mention date for the OM and the OS.

- (c) On 11 August 2003, TM and Telekom Publications Sdn. Bhd. (TPSB) instituted legal proceedings against Buying Guide Sdn. Bhd. (BGSB) relating to the infringement of TM's and TPSB's copyright and passing off.

BGSB have filed their Defence and Counterclaim on 15 October 2003 and 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.

- (d) Inmiss Communications Sdn. Bhd. (Inmiss) has 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 in the amount of RM29.0 million.

The arbitration hearing is held at the Kuala Lumpur Regional Center for Arbitration. The next hearing date has been scheduled on 3 March 2004 for final submission by Mobikom.

- (e) On 10 March 2000, Celcom Timur (Sarawak) Sdn. Bhd. (CTS) served a writ of summons on Celcom (Malaysia) Berhad (Celcom), in respect of the lease of fibre optic links for RM102.6 million with interest accruing thereon. Celcom disputed the amount claimed on the basis that CTS used an incorrect method of calculation to determine the amount owing. Celcom entered defence against the suit, and applied to strike out the suit for want of authority. A Summary Judgement was passed by the Kuching High Court on 23 February 2001 in favour of CTS for RM90.6 million. Celcom is appealing against this Summary Judgement and the date for the appeal has yet to be set by the Court of Appeal.

The trial of the disputed balance of the claim amounting to RM12.0 million will only be heard after the hearing of the above Summary Judgement appeal. The outcome of the legal action and hence any amount payable to CTS cannot be ascertained at this juncture pending hearing on a date to be fixed by the Court.

No provision has been made for the disputed claim as the directors of Celcom are of the opinion that the likelihood of crystallisation of the additional claim is remote.

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FOR THE YEAR ENDED 31 DECEMBER 2003

35. CONTINGENT LIABILITIES (Unsecured) (continued)

- (f) Celcom filed a petition against Sarawak Electricity Supply Corporation (Sesco) (and other persons connected with Sesco) under Section 181 of the Companies Act, 1965 and on 25 May 2001, also sought an interim injunction to restrain CTS from proceeding with a winding up petition against Celcom. On 14 June 2001, Celcom successfully obtained an interim injunction restraining CTS from filing or proceedings with the winding up petition pending disposal of the inter parties injunction application. On 1 August 2001, CTS gave a notice to Celcom of its intention to sell Celcom's shares in CTS in the event Celcom failed to make payment of the Summary Judgement referred to in (e) above. Sesco's application to strike out Celcom's petition has been fixed for hearing on 22 March 2004. The directors of Celcom, based on legal opinion received are of the view that Celcom has a reasonable chance of succeeding in this matter.
- (g) On 3 August 2001, Sesco, joint venture partner of Celcom in CTS, filed at the Kuching High Court by way of Writ of Summons to seek a declaration that the Joint Venture Agreement (JVA) dated 5 May 1994 should be terminated as Celcom had purportedly breached certain conditions stipulated under the JVA. Celcom's application for stay of proceedings and for the dispute to be referred to arbitration was dismissed by the High Court whereupon Celcom filed an appeal to the Court of Appeal together with an application in the High Court for an interim stay pending appeal. On 25 July 2002, the Court of Appeal heard and dismissed the arbitration stay appeal. Accordingly, on 13 August 2002, the Judge dismissed the appeal for interim stay.

On 13 September 2001, Sesco filed an application for "disposal of case on point of law" under Order 14A of the Rules of the High Court 1980 (Order 14A) and to enter judgement on its claim. The Order 14A application has been fixed for mention on 3 March 2004.

The directors of Celcom, based on legal opinion received, are of the view that since the interim stay has been refused on the grounds that there are no disputes to be referred to arbitration, Sesco has a good chance in its application for a judgment under Order 14A. If Sesco succeeds in the Order 14A hearing, the Court would order Celcom to transfer its CTS shares to Sesco at a price to be determined by an independent auditor. Celcom may suffer a loss in the event this price values the interest in CTS at below Celcom's carrying value of its investment in CTS of RM48.4 million.

The parties are currently in discussions with each other towards a global out-of-court settlement of this dispute together with the matters discussed in (e) and (f) above. The directors of Celcom are optimistic that such a settlement can be reached and that the value to be realised under the settlement will at least be equal to Celcom group's carrying value of its investment in CTS.

- (h) By a letter dated 16 August 2002, Malaysian Airlines System Berhad (MAS) had demanded a total sum of RM16.4 million from Technology Resources Industries Berhad (TRI) with regard to a project account. Celcom group is in discussion with MAS to reach an amicable settlement on this issue which is not expected to have a material impact on the financial statements.
- (i) By a 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. 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.

35. CONTINGENT LIABILITIES (Unsecured) (continued)

- (i) Tanzania Communications Commission (TCC) revoked Tritel's license 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 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. 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, the Court also held the joint receivers and managers, who were appointed by Citibank, were ordered to handover statements and accounts of Tritel's affairs to the newly appointed liquidator. In the light of the appointment of the liquidator, the Court had on 17 July 2003 adjourned sine die the Suit.

As the result of the Court ruling, Citibank had independently filed an application to challenge the ruling. Legal proceeding concerning Citibank's application is ongoing.

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 of Celcom, 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.

- (j) TRI and Integrated Services Limited (ISL) entered into a JVA dated 21 January 1995 on the establishment of Sheba Telecom (Pvt.) Ltd. (Sheba) as the joint venture company in Bangladesh. ISL and TRI initially held 51% and 49% of Sheba's equity respectively. On 10 June 1997, the parties agreed to amend the equity holding of TRI and ISL in Sheba to 51% and 49% respectively. On 18 March 1999, Sheba's board of directors resolved to increase the issued and paid-up capital of Sheba by way of capitalisation of advances made by TRI to Sheba, thereby increasing TRI's share of the equity to 86.4%.

In or about April 2000, ISL commenced a suit in the Supreme Court of Bangladesh against Sheba, TRI, the directors of Sheba and the Registrar of Joint Stock Companies for, inter alia, alleged misconduct and mismanagement on the part of the directors (the Suit). One of the allegations made by ISL in this claim was that the resolution passed to increase TRI's share of equity to 86.4% was invalid. On 19 November 2001, TRI successfully obtained an order staying the proceedings of the Suit and for the matter to be referred to arbitration proceedings. TRI then commenced the arbitration in Singapore to seek declarations refuting certain allegations made by ISL in the Suit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

35. CONTINGENT LIABILITIES (Unsecured) (continued)

- (j) ISL also made a counterclaim in the arbitration, alleging, inter alia, breaches of the terms of the JVA and other alleged irregularities in the management and operations of Sheba and is seeking, inter alia, an order that TRI pays to ISL:
- (i) a sum of USD179.3 million being alleged net loss of potential earnings of Sheba;
 - (ii) a sum of USD36.2 million being the alleged net loss of opportunity to enter into and implement another agreement with the Bangladesh Telegraph and Telephone Board; and
 - (iii) a sum of USD2.6 million which TRI allegedly agreed to pay to ISL as marketing consulting fee.

The arbitration hearing proceeded as scheduled from 19 January 2004 to 30 January 2004. Continued hearing has been fixed from 12 May 2004 until 28 May 2004.

The directors of Celcom, based on legal opinion received, are of the view that the arbitration is likely to be decided in TRI's favour. As such, no allowance has been made for the amounts claimed by ISL. The carrying value of Celcom group's investment in and advances to Sheba were also not adjusted to reflect the potential exposure in the event of an unfavourable outcome to the arbitration.

- (k) 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.

The directors of Celcom, based on legal opinion received, are of the view that the prospects of successfully defending the arbitration are reasonable. In the event that the arbitral tribunal finds in favour of DTAH, the damages payable by Celcom to DTAH will have to be assessed. It would not be possible, at this stage, to determine with any certainty the quantum of such damages.

35. CONTINGENT LIABILITIES (Unsecured) (continued)

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.

36. SIGNIFICANT EVENTS

- (a) On 18 September 2002, Telekom Malaysia (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 25 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.

- (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 of the said appeal. Meanwhile, the High Court Judge has provided his written Judgment and TM has been advised that the earliest hearing date of the said appeal will approximately be fixed in the first quarter of 2004.

- (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. The hearing date is expected to be in February 2004.
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

37. 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 are 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 intangibles, property, plant and equipment, including additions resulting from acquisition of subsidiaries as shown in note 18 and 19 to the financial statements.

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.

Prior year's segment data presented for comparative purposes has been adjusted or extended to conform with changes in presentation due to retrospective application of accounting policies as described in note 42 to the financial statements.

37. SEGMENTAL REPORTING (continued)

	Fixed line, data, internet and multimedia RM	Cellular RM	Others RM	Total RM
Year Ended 31 December 2003				
Operating Revenue				
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
Results				
Segment result	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
Share of profits less losses of associates	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 for the year attributable to shareholders				1,390.4
At 31 December 2003				
Net Assets				
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
Total assets				36,040.3
Segment liabilities	3,457.3	4,200.4	114.1	7,771.8
Unallocated liabilities				11,241.0
Total liabilities				19,012.8

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

37. SEGMENTAL REPORTING (continued)

	Fixed line, data, internet and multimedia RM	Cellular RM	Others RM	Total RM
Year Ended 31 December 2003				
Other Information				
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
Year Ended 31 December 2002				
Operating Revenue				
Total operating revenue	8,373.9	1,674.6	341.5	10,390.0
Inter-segment*	(342.4)	(85.7)	(127.8)	(555.9)
External operating revenue	8,031.5	1,588.9	213.7	9,834.1
Results				
Segment result	1,851.9	100.5	33.4	1,985.8
Unallocated income				85.4
Corporate expenses				(213.1)
Foreign exchange losses				(66.3)
Operating profit before finance cost				1,791.8
Finance cost				(389.6)
Finance income				85.7
Share of profits less losses of associates	38.5	4.0	—	42.5
Profit before taxation				1,530.4
Taxation				(659.7)
Profit after taxation				870.7
Minority interests				(26.4)
Profit for the year attributable to shareholders				844.3

37. SEGMENTAL REPORTING (continued)

	Fixed line, data, internet and multimedia RM	Cellular RM	Others RM	Total RM
At 31 December 2002				
Net Assets				
Segment assets	19,810.3	3,934.8	1,321.8	25,066.9
Associates	985.7	1,760.8	—	2,746.5
Unallocated corporate assets				1,122.0
Total assets				28,935.4
Segment liabilities	3,201.8	1,599.7	157.7	4,959.2
Unallocated liabilities				8,830.9
Total liabilities				13,790.1

Year Ended 31 December 2002

Other Information

Capital expenditure				
– additions during the year	2,162.5	1,004.6	18.0	3,185.1
– acquisition of a subsidiary	51.7	—	—	51.7
Depreciation	2,145.4	280.7	55.7	2,481.8
Write off of property, plant and equipment	50.9	—	—	50.9
Impairment of goodwill	39.7	—	—	39.7
Significant non-cash expenses	347.6	253.0	0.2	600.8

* 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 43 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 customer is located. There is no sale between the segments. Total assets and capital expenditure are determined based on where the assets are located.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

37. SEGMENTAL REPORTING (continued)

	OPERATING REVENUE		TOTAL ASSETS		CAPITAL EXPENDITURE	
	2003 RM	2002 RM	2003 RM	2002 RM	2003 RM	2002 RM
Malaysia	10,996.9	9,292.8	31,035.7	23,592.2	8,173.2	2,948.9
Overseas	799.5	541.3	1,760.2	1,474.7	407.9	287.9
	11,796.4	9,834.1	32,795.9	25,066.9	8,581.1	3,236.8
Associates			1,499.6	2,746.5		
Unallocated corporate assets			1,744.8	1,122.0		
Total assets			36,040.3	28,935.4		

38. 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 risks. 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.

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 risks 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.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 approvals, credit limits 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.

39. 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 RM
		Floating interest rate RM	1 year or less RM	1 to 5 years RM	More than 5 years RM			RM	RM	
2003										
Financial Assets										
Investments	2.00%	6.9	—	1.7	—	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	
Total		30.6	2,276.9	26.6	233.2	2,567.3	4,732.8	1,198.0	8,498.1	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

39. INTEREST RATE RISK (continued)

THE GROUP	W.A.R.F.*	Floating interest rate	Fixed interest rate maturing or repriced in			Total interest sensitive	Non-interest sensitive	Balances under Islamic principles	Total
		RM	1 year or less	1 to 5 years	More than 5 years			RM	
2003									
Financial Liabilities									
Total Borrowings	5.03%	3,379.7	537.6	919.3	4,874.5	9,711.1	6.1	1,991.2	11,708.4
Customers' Deposits	—	—	—	—	—	—	626.9	—	626.9
Trade and Other Payables	—	—	—	—	—	—	4,522.0	—	4,522.0
Total		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		(3,349.1)	1,739.3	(892.7)	(4,641.3)				
Off-balance-sheet interest sensitivity gap		—	—	—	—				
Total interest sensitivity gap		(3,349.1)	1,739.3	(892.7)	(4,641.3)				
2002									
Financial Assets									
Investments	—	—	—	—	—	—	139.6	—	139.6
Staff Loans and Other									
Long Term Receivables	4.00%	—	6.7	21.2	303.8	331.7	21.3	431.7	784.7
Trade and Other Receivables (excluding short term staff loans)	1.73%	12.0	—	—	—	12.0	3,481.1	—	3,493.1
Short Term Investments	—	—	—	—	—	—	197.7	—	197.7
Cash and Bank Balances	2.32%	—	1,132.8	—	—	1,132.8	197.4	504.6	1,834.8
Total		12.0	1,139.5	21.2	303.8	1,476.5	4,037.1	936.3	6,449.9
Financial Liabilities									
Convertible Bonds	4.00%	—	—	1,361.6	—	1,361.6	—	—	1,361.6
Total Borrowings	5.14%	1,520.0	669.1	964.4	2,459.3	5,612.8	5.8	696.3	6,314.9
Customers' Deposits	—	—	—	—	—	—	625.5	—	625.5
Trade and Other Payables	—	—	—	—	—	—	3,675.7	—	3,675.7
Total		1,520.0	669.1	2,326.0	2,459.3	6,974.4	4,307.0	696.3	11,977.7
On-balance-sheet interest sensitivity gap		(1,508.0)	470.4	(2,304.8)	(2,155.5)				
Off-balance-sheet interest sensitivity gap		—	—	—	—				
Total interest sensitivity gap		(1,508.0)	470.4	(2,304.8)	(2,155.5)				

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

39. 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	2003			2002		
	USD	JPY	RM	USD	JPY	RM
Financial Assets						
Long Term Investment	0.89%	—	—	—	—	—
Staff Loans	—	—	4.00%	—	—	4.00%
Trade and Other Receivables	1.45%	—	—	1.73%	—	—
Cash and Bank Balances	1.26%	—	2.66%	1.44%	—	2.92%
Financial Liabilities						
Convertible Bonds	—	—	—	4.00%	—	—
Total Borrowings	5.45%	1.87%	5.80%	6.24%	2.09%	4.08%

THE COMPANY	W.A.R.F.*	Floating interest rate RM	Fixed interest rate maturing or repriced in			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				
2003									
Financial Assets									
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
Total		1,489.4	682.7	32.6	233.2	2,437.9	12,436.4	614.5	15,488.8
Financial Liabilities									
Total 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
Customers' Deposits	—	—	—	—	—	—	614.9	—	614.9
Trade and Other Payables	—	—	—	—	—	—	2,863.1	—	2,863.1
Total		2,550.8	2.4	871.8	5,298.4	8,723.4	3,484.1	689.0	12,896.5
On-balance-sheet interest sensitivity gap		(1,061.4)	680.3	(839.2)	(5,065.2)				
Off-balance-sheet interest sensitivity gap		—	—	—	—				
Total interest sensitivity gap		(1,061.4)	680.3	(839.2)	(5,065.2)				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

39. INTEREST RATE RISK (continued)

THE COMPANY	W.A.R.F.*	Floating	Fixed interest rate			Total interest sensitive	Non-interest sensitive	Balances	Total
		interest rate	1 year or less	maturing or repriced in 1 to 5 years	More than 5 years			under Islamic principles	
		RM	RM	RM	RM	RM	RM	RM	RM
2002									
Financial Assets									
Amount Owing by Subsidiaries									
net of allowances	1.88%	1,494.1	—	7.7	—	1,501.8	3,138.1	—	4,639.9
Investments	—	—	—	—	—	—	98.3	—	98.3
Staff Loans and Other									
Long Term Receivables	4.00%	—	6.7	21.2	303.8	331.7	20.5	431.7	783.9
Trade and Other Receivables									
(excluding short term staff loans)	—	—	—	—	—	—	2,843.3	—	2,843.3
Short Term Investments	—	—	—	—	—	—	197.7	—	197.7
Cash and Bank Balances	1.94%	—	828.0	—	—	828.0	102.0	208.2	1,138.2
Total		1,494.1	834.7	28.9	303.8	2,661.5	6,399.9	639.9	9,701.3
Financial Liabilities									
Convertible Bonds	4.00%	—	—	1,361.6	—	1,361.6	—	—	1,361.6
Total Borrowings	5.94%	1,314.0	160.0	860.6	2,888.0	5,222.6	5.8	689.0	5,917.4
Customers' Deposits	—	—	—	—	—	—	614.4	—	614.4
Trade and Other Payables	—	—	—	—	—	—	2,576.5	—	2,576.5
Total		1,314.0	160.0	2,222.2	2,888.0	6,584.2	3,196.7	689.0	10,469.9
On-balance-sheet interest sensitivity gap		180.1	674.7	(2,193.3)	(2,584.2)				
Off-balance-sheet interest sensitivity gap		—	—	—	—				
Total interest sensitivity gap		180.1	674.7	(2,193.3)	(2,584.2)				

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

39. INTERES 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	2003			2002		
	USD	JPY	RM	USD	JPY	RM
Financial Assets						
Amount Owing by Subsidiaries net of allowances	3.99%	—	1.50%	4.16%	—	1.54%
Staff Loans	—	—	4.00%	—	—	4.00%
Cash and Bank Balances	1.23%	—	2.62%	1.46%	—	2.92%
Financial Liabilities						
Convertible Bonds	—	—	—	4.00%	—	—
Total Borrowings	5.57%	1.87%	7.89%	6.37%	2.09%	7.24%

40. 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			
	2003		2002	
	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	66.4	750.0	47.5
Cross-currency interest rate swap	—	—	190.0	1.8
Interest rate swap	570.0	1.4	—	—
	1,320.0	67.8	940.0	49.3

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

41. 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. The above 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			
	2003		2002		2003		2002	
	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
Financial assets								
Investments	384.7	458.4	139.6	184.9	338.1	411.8	98.3	143.6
Staff loans	262.0	233.8	331.8	289.8	261.5	233.3	331.7	289.7
Financial liabilities								
Convertible bonds	—	—	1,361.6	1,378.0	—	—	1,361.6	1,378.0
Total borrowings (excluding redeemable bonds)	6,717.2	7,597.0	5,618.6	6,307.8	5,746.0	6,264.0	5,228.4	5,627.0
Redeemable bonds/ Payable to a subsidiary	3,000.0	3,000.0	—	—	2,983.5	2,959.9	—	—

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

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 significantly 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.

41. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Financial asset (continued)

For convertible education loans, amount owing by subsidiaries and associates and customers' 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.

(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					
	2003			2002		
	Contract or notional principal amount RM	Net Fair Value		Contract or notional principal amount RM	Net Fair Value	
		Favourable RM	Unfavourable RM		Favourable RM	Unfavourable RM
Off-Balance-Sheet Financial Derivative Instruments						
Long dated swap	750.0	66.4	—	750.0	47.5	—
Cross-currency interest rate swaps	760.0	—	(95.8)	760.0	1.8	(9.8)
Interest rate swap	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 2003 or vice versa.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

42. PRIOR YEAR ADJUSTMENTS

(a) Deferred tax

During the year, the Group changed its accounting policy with respect to the recognition of provision for deferred tax in compliance with MASB 25 "Income Taxes".

In previous years, provision was made for deferred tax, using the liability method, on all material temporary differences except where it was considered reasonably probable that the tax effect of such deferrals will continue in the foreseeable future. The Group has now changed this accounting policy to that of full provision in respect of all temporary differences in accordance with MASB 25. All temporary differences are now taken as provision in the financial statements in the period as and when they arise.

Deferred tax assets if any, 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.

(b) Intangible assets

During the year, the Group changed its accounting policy with respect to goodwill.

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. Goodwill on acquisition 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. The change in accounting policy has been accounted for retrospectively. Accordingly, the Consolidated Balance Sheet for the preceding financial year ended 31 December 2002 has been restated.

The above changes in accounting policies have been accounted for retrospectively. The effects of the changes in accounting policies are as follows:

THE GROUP	As	Effect of		As
	previously reported	change in policy		restated
	RM	(a)	(b)	RM
		RM	RM	
Income Statement				
Operating costs	(8,115.1)	—	(39.7)	(8,154.8)
Taxation – the company and subsidiaries	(454.4)	(172.3)	—	(626.7)
Profit for the year attributable to shareholders	1,056.3	(172.3)	(39.7)	844.3
Balance Sheet				
Reserves, Retained profits – at 1 January 2002	10,381.8	(1,361.3)	—	9,020.5
– at 31 December 2002	9,848.9	(1,533.6)	1,207.9	9,523.2
Deferred tax – at 1 January 2002	26.9	1,361.3	—	1,388.2
– at 31 December 2002	56.7	1,533.6	—	1,590.3
Associates – at 31 December 2002	1,538.6	—	1,207.9	2,746.5

42. PRIOR YEAR ADJUSTMENTS (continued)

THE COMPANY	As previously reported	Effect of change in policy		As restated
	RM	(a) RM	(b) RM	RM
Income Statement				
Taxation	(399.7)	(172.3)	—	(572.0)
Loss for the year	(326.2)	(172.3)	—	(498.5)
Balance Sheet				
Reserves, Retained profits – at 1 January 2002	11,795.3	(1,361.3)	—	10,434.0
– at 31 December 2002	11,127.5	(1,533.6)	—	9,593.9
Deferred tax – at 1 January 2002	—	1,361.3	—	1,361.3
– at 31 December 2002	—	1,533.6	—	1,533.6

43. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2003

The subsidiaries are as follows:

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2003	2002	2003 Million	2002 Million	
Citifon Sdn. Bhd.	100	100	RM65.0	RM65.0	Provision of national payphone network and related services
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	RM20.0	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

43. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2003 (continued)

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2003	2002	2003 Million	2002 Million	
Parkside Properties Sdn. Bhd.*	100	100	RM0.1	RM0.1	Dormant
Rebung Utama Sdn. Bhd.	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	—	RM#	RM-	Special purpose entity
Telekom Applied Business Sdn. Bhd.	70	70	RM1.6	RM1.6	Provision of software development and sale of software products
Telekom Consultancy Sdn. Bhd.*	51	51	RM#	RM#	Dormant
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
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 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 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.	70	70	RM13.0	RM13.0	Development, operation and marketing e-commerce services
Telesafe Sdn. Bhd.*	100	100	RM4.0	RM4.0	Dormant
Telekom Malaysia (S) Pte. Ltd.**	100	100	SGD#	SGD#	Provision of international telecommunication facilities

43. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2003 (continued)

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2003	2002	2003 Million	2002 Million	
Telekom Malaysia (UK) Limited**	100	100	STR#	STR#	Provision of international telecommunication facilities
Telekom Malaysia (Hong Kong) Limited** (formerly known as TM (Hong Kong) Limited)	100	100	HKD#	HKD#	Provision of international telecommunication facilities
TM (USA) Inc.**	100	100	USD#	USD#	Provision of international telecommunication facilities
TM Cellular Sdn. Bhd.	—	100	RM-	RM1,565.00	Provision of mobile telecommunication and related services
TM Cellular (Holdings) Sdn. Bhd.	100	—	RM0.1	RM-	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	70	TK340.0	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	RM16.2	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
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
Subsidiaries held through Telekom Enterprise Sdn. Bhd.					
Celcom (Malaysia) Berhad	100	31.25	RM2,619.1	RM1,983.6	Provision of mobile, fixed and multimedia services
Mobitel Sdn. Bhd.*	55	55	RM8.0	RM8.0	Dormant
Subsidiaries held through Telekom Multi-Media Sdn. Bhd.					
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

43. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2003 (continued)

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2003	2002	2003 Million	2002 Million	
Subsidiary held through Telekom Publications Sdn. Bhd. Cybermall Sdn. Bhd.	100	100	RM2.7	RM2.7	Provision of telecommunication, multimedia and information technology services
Subsidiaries held through TM International Sdn. Bhd. MTN Networks (Pvt.) Limited##	100	100	SLR370.0	SLR370.0	Provision of mobile telecommunication services in Sri Lanka
TM International (L) Limited##	100	100	USD#	USD#	Investment holding
TM International Lanka (Pvt.) Limited##	100	100	SLR200.0	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 Samart Communication Co. Ltd.**	51	51	USD8.5	USD8.5	Provision of mobile telecommunication services in Cambodia
Subsidiary held through TM International (L) Limited ## TESS International Ltd.*	100	100	USD#	USD#	Investment holding
Subsidiary held through Universiti Telekom Sdn. Bhd. Unitele Multimedia Sdn. Bhd.	100	100	RM1.0	RM#	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
Subsidiaries held through VADS Berhad 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
Subsidiaries held through Celcom (Malaysia) Berhad Celcom Academy Sdn. Bhd.	100	—	RM#	RM-	Provision of training related services
Celcom Multimedia (Malaysia) Sdn. Bhd.*	100	—	RM#	RM-	Dormant
Celcom Technology (M) Sdn. Bhd.	100	—	RM2.0	RM-	Provision of telecommunication value added services through cellular or other forms of telecommunication network

43. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2003 (continued)

Name of Company	% of Shareholdings		Paid-up Capital		Principal Activities
	2003	2002	2003 Million	2002 Million	
Subsidiaries held through Celcom (Malaysia) Berhad					
Celcom Timur (Sabah) Sdn. Bhd.	60	—	RM0.5		RM- Provision of fibre optic transmission network
Celcom Transmission (M) Sdn. Bhd.	100	—	RM25.0		RM- Provision of transmission network related services
Celcom Trunk Radio (M) Sdn. Bhd.*	100	—	RM#		RM- Ceased operations
CT Paging Sdn. Bhd.*	100	—	RM0.5		RM- Inactive
Technology Resources Industries Berhad	100	—	RM#		RM- Investment holding and provision of management services
TM Cellular Sdn. Bhd.	100	—	RM1,565.0		RM- Provision of mobile telecommunication and related services
Subsidiary held through Celcom Transmission (M) Sdn. Bhd.					
Alpha Canggih Sdn. Bhd.	100	—	RM#		RM- Property investment
Subsidiaries held through Celcom Trunk Radio (M) Sdn. Bhd.					
CT Communication Sdn. Bhd.*+	100	—	RM#		RM- Dormant
Firent Management Services Sdn. Bhd.*+	100	—	RM#		RM- Dormant
Subsidiary held through CT Paging Sdn. Bhd.					
Masterpage Sdn. Bhd.*^	100	—	RM#		RM- Dormant
Subsidiaries held through Technology Resources Industries Berhad					
Alpine Resources Sdn. Bhd.*	100	—	RM2.5		RM- Inactive
Freemantle Holdings (M) Sdn. Bhd.	100	—	RM13.5		RM- Investment holding
Malaysian Motorhomes Sdn. Bhd.*	62.4	—	RM0.7		RM- Ceased operations
Rego Multi-Trades Sdn. Bhd.	100	—	RM2.0		RM- Dealing in marketable securities
Technology Resources Management Services Sdn. Bhd.*	100	—	RM#		RM- Inactive
Technology Resources Manufacturing Sdn. Bhd.*	100	—	RM15.9		RM- Inactive
Technology Resources (Nominees) Sdn. Bhd.*	100	—	RM#		RM- Dormant
TR Components Sdn. Bhd.	100	—	RM#		RM- Investment holding
TR International Limited**	100	—	HKD#		HKD- Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

43. LIST OF SUBSIDIARIES AS AT 31 DECEMBER 2003 (continued)

All subsidiaries 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 (Pvt.) Limited##	– Sri Lanka
Societe Des Telecommunications De Guinee**	– Republic of Guinea
Telekom Networks Malawi Limited**	– 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 (Pvt.) 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
TM (USA) Inc.**	– USA
TR International Limited**	– Hong Kong

* Inactive as at 31 December 2003

Amounts less than 0.1 million in their respective currency

Audited by a member firm of PricewaterhouseCoopers

** Not audited by member firms of PricewaterhouseCoopers

^ In the process of being deregistered under Section 308 of the Companies Act, 1965

+ Undergoing members' voluntary winding up under Section 254 of the Companies Act, 1965

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

44. LIST OF ASSOCIATES AS AT 31 DECEMBER 2003

The associates are as follows:

Name of Company	% of Shareholdings		Principal Activities
	2003	2002	
Celcom (Malaysia) Berhad*	—	31.25	Provision of mobile, fixed and multimedia services
5by5 Networks Inc.#	—	16.5	Research and development of telecommunication products
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
Associates held through Telekom Multi-Media Sdn. Bhd. 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
Associates held through TM International Sdn. Bhd. Cambodia National Communication Inc.	—	42	Provision of trunk land mobile radio services
Samart Corporation Public Company Limited	19.59	19.73	Design, implementation and installation of telecommunication systems and the sale and distribution of telecommunication equipment
Associate held through Telekom Malaysia-Africa Sdn. Bhd. Thintana Communications Llc.	40	40	Investment holding
Associate held through Thintana Communications Llc. Telkom SA Limited	30	30	Provision of telecommunication and related services
Associate held through Celcom (Malaysia) Berhad Celcom Timur (Sarawak) Sdn. Bhd. ##	60	—	Telecommunication services
Associates held through Technology Resources Industries Berhad Mobile Telecommunications Company of Esfahan (J.V. – P.J.S.)	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
Associate held through Celcom Transmission (M) Sdn. Bhd. Fibrecomm Network (M) Sdn. Bhd.	41	—	Provision of fibre optic transmission network services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

44. LIST OF ASSOCIATES AS AT 31 DECEMBER 2003 (continued)

All associates are incorporated in Malaysia except the following:

Name of Company	Place of Incorporation
Cambodia National Communication Inc.	– Cambodia
5by5 Networks Inc.	– USA
Samart Corporation Public Company Limited	– Thailand
Thintana Communications Llc.	– USA
Telkom SA Limited	– South Africa
Sheba Telecom (Pvt.) Ltd.	– Bangladesh
TRI Telecommunication Tanzania Limited	– Tanzania
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.

* 29.16% held through Telekom Enterprise Sdn. Bhd.

** Inactive as at 31 December 2003

*** Liquidator appointed

Treated as long term investment in 2003 due to loss of significant influence

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

- (a) On 18 March 1999, the board of directors of Sheba Telecom (Pvt.) Ltd. (Sheba) approved the increase of the company's paid-up share capital from Taka40,204,000 to Taka327,996,000 via capitalisation of advances made by Technology Resources Industries Berhad (TRI). Based on this increase in share capital, TRI's equity interest in Sheba stands at 86.4%. However, capitalisation of the intercompany advances was disputed by the minority shareholders of Sheba and Sheba has yet to lodge a notification of the increase in shareholding with the Registrar of Joint Stock Companies. The outcome of the dispute with Sheba's minority shareholders is pending the result of the arbitration proceedings described in note 35(j) to the financial statements.

45. COMPARATIVE

As mentioned in the respective notes to the financial statements, certain comparatives have been reclassified and/or expanded to ensure comparability with the current year presentation.

46. CURRENCY

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

STATEMENT BY DIRECTORS

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

We, Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor and Dato' Dr. Md Khir bin Abdul Rahman being two of the Directors of Telekom Malaysia Berhad, state that, in the opinion of the Directors, the financial statements on pages 169 to 248 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 2003 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 26 February 2004.

TAN SRI DATO' Ir. MUHAMMAD RADZI BIN HAJI MANSOR

Chairman

DATO' DR. MD KHIR BIN ABDUL RAHMAN

Chief Executive

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 169 to 248 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 26 February 2004)

JAFFA SANY MD ARIFFIN

Before me:

T. THANAPALASINGAM

Commissioner for Oaths

Kuala Lumpur



REPORT OF THE AUDITORS

TO THE MEMBERS OF TELEKOM MALAYSIA BERHAD (COMPANY NO: 128740-P)

We have audited the financial statements set out on pages 169 to 248. 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 2003 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 subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

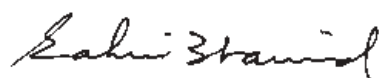
The names of the subsidiary companies of which we have not acted as auditors are indicated in note 43 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiary companies 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 subsidiary companies 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



ABDUL RAHIM HAMID
[904/03/04(J/PH)]
Partner

Kuala Lumpur
Date: 26 February 2004

GENERAL INFORMATION

AS AT 31 DECEMBER 2003

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

	2003	2002
Group	33,726	31,940
Company	22,513	24,354

SHAREHOLDING STATISTICS

AS AT 19 MARCH 2004

ANALYSIS OF SHAREHOLDINGS

Share Capital

Authorised Share Capital : RM5,000,000,021

Issued and Fully Paid-up Capital : RM3,325,248,401

Class of Shares : 3,325,248,380 ordinary shares of RM1 each and 1 (one) Special Rights Redeemable Preference Share of RM1 each and fully paid, 1,000 Class A Redeemable Preference Shares of RM0.01 each fully paid and 1,000 Class B Redeemable Preference Shares of RM0.01 each fully paid.

Voting Rights : One vote per ordinary share.

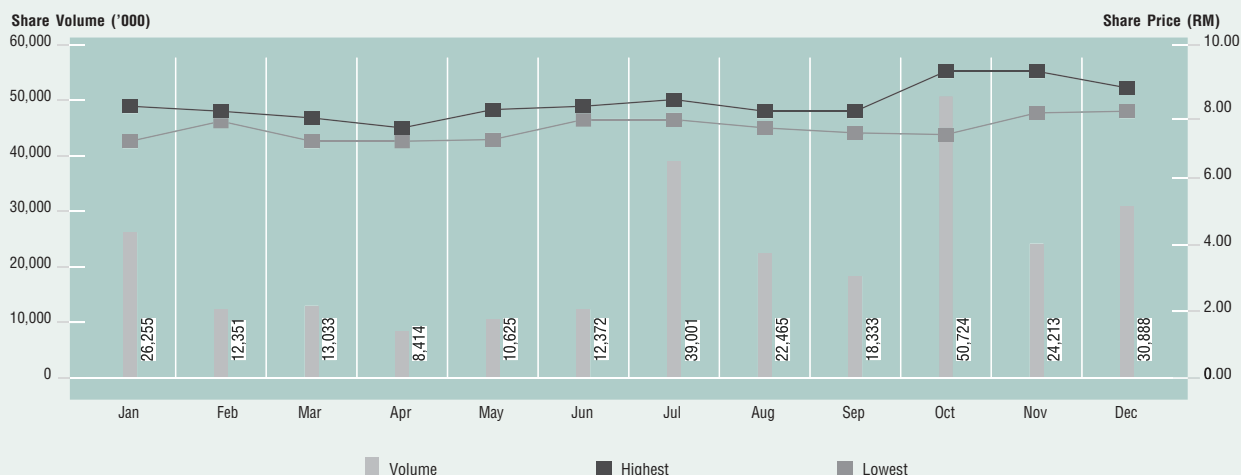
The Special Share has no voting right other than those referred to in note 10(a) to the financial statements.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings

Size of Shareholdings	Shareholders				Shares			
	Malaysian		Foreign		Malaysian		Foreign	
	No	%	No	%	No	%	No	%
Less than 100	317	1.20	18	0.07	2,160	—	784	—
100 – 1,000	7,268	27.40	973	3.67	6,843,615	0.21	636,970	0.02
1,001 – 10,000	14,903	56.19	906	3.42	53,458,628	1.61	3,182,832	0.09
10,001 – 100,000	1,066	4.02	362	1.36	28,182,406	0.85	15,683,610	0.47
100,001 – 166,262,518 (less than 5% of paid-up capital)	248	0.94	456	1.72	785,875,981	23.63	481,217,841	14.47
166,262,519 and above	4	0.01	—	—	1,950,165,554	58.65	—	—
TOTAL	23,806	89.76	2,715	10.24	2,824,528,344	84.95	500,722,037	15.05

2003 MONTHLY TRADING VOLUME & HIGHEST-LOWEST SHARE PRICE



LIST OF TOP 30 SHAREHOLDERS

AS AT 19 MARCH 2004

No.	Name	Shares Held	Percentage (%)
1.	Khazanah Nasional Berhad	1,079,524,854	32.46
2.	Employees Provident Fund Board	424,960,700	12.78
3.	Bank Negara Malaysia	251,680,000	7.57
4.	Cimsec Nominees (Tempatan) Sdn. Bhd. <i>Security Trustee (KCW Issue 2)</i>	194,000,000	5.83
5.	Citicorp Nominees (Asing) Sdn. Bhd. <i>CBSGP GW Spore for Hibiscus Investments Pte Ltd</i>	164,000,000	4.93
6.	Permodalan Nasional Berhad	162,759,000	4.89
7.	Minister of Finance	111,901,219	3.37
8.	Kumpulan Wang Amanah Pencen	57,551,000	1.73
9.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Skim Amanah Saham Bumiputera</i>	28,688,600	0.86
10.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Amanah Saham Malaysia</i>	28,217,000	0.85
11.	Valuecap Sdn. Bhd.	27,000,000	0.81
12.	Lembaga Tabung Haji	25,019,036	0.75
13.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	21,171,220	0.64
14.	Bank Simpanan Nasional	19,822,000	0.60
15.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Amanah Saham Wawasan 2020</i>	13,701,500	0.41
16.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Skim Amanah Saham Nasional</i>	13,353,400	0.40
17.	HSBC Nominees (Asing) Sdn. Bhd. <i>Abu Dhabi Investment Authority</i>	11,539,200	0.35
18.	Pertubuhan Keselamatan Sosial	9,511,500	0.29
19.	Malaysia National Insurance Berhad	8,959,300	0.27
20.	Kumpulan Wang Amanah Pencen	7,466,000	0.22
21.	Citicorp Nominees (Asing) Sdn. Bhd. <i>American International Assurance Company Limited (P Core)</i>	6,413,611	0.19
22.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Public Growth Fund</i>	6,213,300	0.19
23.	Cartaban Nominees (Asing) Sdn. Bhd. <i>Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)</i>	6,111,400	0.18
24.	Kumpulan Wang Amanah Pencen	6,105,000	0.18
25.	HSBC Nominees (Asing) Sdn. Bhd. <i>BBH And Co Boston for GMO Emerging Markets Fund</i>	6,092,000	0.18
26.	Cartaban Nominees (Asing) Sdn. Bhd. <i>Investors Bank and Trust Company for Ishares, Inc.</i>	6,084,000	0.18

LIST OF TOP 30 SHAREHOLDERS

AS AT 19 MARCH 2004

No.	Name	Shares Held	Percentage (%)
27.	Cartaban Nominees (Asing) Sdn. Bhd. <i>State Street London Fund 3ERF for Deutsche Global Emerging Markets Fund (Select)</i>	5,503,000	0.17
28.	Cartaban Nominees (Asing) Sdn. Bhd. <i>State Street Australia Fund Q3VD for Fullerton (Private) Limited</i>	5,300,000	0.16
29.	Citicorp Nominees (Tempatan) Sdn. Bhd. <i>Ing Insurance Berhad (Inv-IL Par)</i>	5,250,000	0.16
30.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Public Index Fund</i>	5,216,100	0.16
TOTAL		2,719,113,940	81.76

SUBSTANTIAL SHAREHOLDERS' HOLDINGS (5% AND ABOVE)

No.	Name	Shares Held	Percentage (%)
1.	Khazanah Nasional Berhad	1,079,524,854	32.46
2.	Employees Provident Fund Board	424,960,700	12.78
3.	Bank Negara Malaysia	251,680,000	7.57
4.	Cimsec Nominees (Tempatan) Sdn. Bhd.	194,000,000	5.83
5.	Temasek Holdings (Private) Limited	169,310,200*	5.09
TOTAL		2,119,475,754	63.73

* Deemed interest by virtue of shares held by corporations related to Temasek Holdings (Private) Limited (Section 6A of the Companies Act, 1965)

DIRECTORS' DIRECT AND INDIRECT INTEREST IN THE COMPANY AND ITS RELATED CORPORATION AS AT 19 MARCH 2004

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 bin Haji Mansor	123,500	—	*1	11,000	—	*1
Dato' Dr. Abdul Rahim bin Haji Daud	110,000	—	*1	10,000	—	*1
Y.B. Dato' Joseph Salang Gandum	15,000	1,500*2	*1	10,000	—	*1
Dato' Dr. Mohd Munir bin Abdul Majid	—	—	—	10,000	—	*1
Dato' Lim Kheng Guan	—	—	—	10,000	—	*1
Tan Poh Keat	15,000	—	*1	10,000	—	*1

*1 Less than 0.1%

*2 Deemed interest by virtue of shares held by his spouse, Madam Hon Phaik Hong, pursuant to Section 6A of the Companies Act, 1965

SHAREHOLDERS AND INVESTOR INFORMATION

REGISTRAR

Tenaga Koperat Sdn. Bhd. (118401-V)
20th Floor, Plaza Permata (*formerly known as IGB Plaza*)
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 Malaysia Securities Exchange 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
Corporate Communications Unit
Corporate Affairs 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 2003

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	16	1,192	8	502	12	1,141	—	—	145.7	1,492.0
b. Labuan	—	—	—	—	5	710	—	—	—	8.5
2. Selangor	9	9,413	18	25,479	9	1,856	97	16,698	150.5	704.0
3. Perlis	—	—	4	52	—	—	14	750	0.4	4.3
4. Perak	5	61	17	679	5	297	119	7,780	58.7	83.9
5. Pulau Pinang	8	18	19	1,465	—	—	60	15,431	9.2	77.4
6. Kedah	9	511	14	1,404	—	—	55	2,818	12.1	82.8
7. Johor	11	148	28	1,302	16	516	138	14,097	4.8	131.2
8. Melaka	2	3	26	63,141	2	10,318	38	4,457	54.7	128.6
9. Negeri Sembilan	20	47,593	9	321	6	317	71	9,371	53.8	39.0
10. Terengganu	—	—	20	1,585	4	129	41	6,285	2.0	47.3
11. Kelantan	—	—	11	463	4	173	41	2,234	2.4	28.0
12. Pahang	4	80	44	1,856	17	691	98	8,409	6.5	103.4
13. Sabah	—	—	18	351	6	655	76	26,290	12.2	100.8
14. Sarawak	7	522	30	919	10	468	109	10,284	29.6	116.0
15. Sri Lanka	4	89	—	—	—	—	—	—	9.5	12.1
16. Malawi	—	—	18	92	—	—	—	—	0.2	0.5
17. Republic of Guinea	68	7,502	—	—	13	272	—	—	8.3	13.1
18. Bangladesh	7	90	—	—	—	—	—	—	0.9	1.3
19. South Africa	3	34	—	—	—	—	—	—	2.2	2.0
20. Cambodia	—	—	—	—	—	—	—	—	—	1.4
Total	173	67,256	284	99,611	109	17,543	957	124,904	563.7	3,177.6

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 2003

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	28	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	23	2	1	4	—	—
6. Kedah	48	11	4	26	11	—	1	2	—	1
7. Johor	90	17	7	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	2	—	—
13. Sabah	45	33	21	22	22	2	1	3	—	—
14. Sarawak	72	43	24	47	25	1	—	1	—	—
15. Sri Lanka	—	2	5	—	2	—	—	—	—	—
16. Malawi	—	21	—	—	—	—	—	—	—	—
17. Republic of Guinea	26	133	27	5	4	1	—	—	—	—
18. Bangladesh	—	7	—	—	—	—	—	—	—	—
19. South Africa	—	—	—	12	—	—	—	—	—	—
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.telekom.com.my

WILAYAH PERSEKUTUAN KUALA LUMPUR

General Manager, State Business Operations

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

Kedai Telekom

BUKIT MAHKAMAH

1B Floor, Bangunan Telekom

Jalan Raja Chulan, 50200 Kuala Lumpur

Tel. : 03-2072 9191

Fax : 03-2031 6730

MUZIUM

Ground Floor, Bangunan Muzium Telekom

Jalan Raja Chulan, 50200 Kuala Lumpur

Tel. : 03-2072 3177

Fax : 03-2070 9393

KOMPLEKS DAMAI

1st Floor, Wisma Kotamas

94, Jalan Dato Hj. Eusoff

50400 Kuala Lumpur

Tel. : 03-4041 0289

Fax : 03-4041 1988

MALURI

Lot 1 & 2, Block 154

Maluri Business Centre

Jalan Jejaka, Taman Maluri

55100 Kuala Lumpur

Tel. : 03-9285 9292

Fax : 03-9285 9595

SETAPAK

Ground Floor, Bangunan Ibusawat

Telekom Setapak

44, Persiaran Kuantan

53200 Kuala Lumpur

Tel. : 03-4022 9191

Fax : 03-4022 9292

KEPONG

16, Jalan 54, Desa Jaya, 52100 Kepong

Tel. : 03-6276 9191

Fax : 03-6275 0445

SHOWROOM

Ground Floor, Wisma Telekom

Jalan Pantai Baharu, 59200 Kuala Lumpur

Tel. : 03-2020 7712

Fax : 03-7956 4543

CELCOM Service Centres

CELCOM (MALAYSIA) BERHAD

Central Regional Office

2nd Floor, Menara TR

161B, Jalan Ampang

50450 Kuala Lumpur

Tel. : 03-2162 3900/5092

Fax : 03-2162 5093

CHERAS

62, Jalan Manis 3, Taman Segar, Cheras

56100 Kuala Lumpur

Tel. : 03-9132 4379

Fax : 03-9132 4373

Lot 1.03, Menara PGRM

8, Jalan Pudu Ulu

56100 Cheras, Kuala Lumpur

Tel. : 03-9286 4900

Fax : 03-9287 4900

SELAYANG

No. 115, Jalan 2/3A, Pusat Bandar Utara,

KM 12, Jalan Ipoh, 68100 Kuala Lumpur

Tel. : 03-6136 9766

Fax : 03-9132 4373

MENARA CELCOM

No. 82, Menara CELCOM

Jalan Raja Muda Abdul Aziz

Kuala Lumpur

Tel. : 03-2687 3838

Fax : 03-2681 0421

MEDAN TUANKU

Ground Floor, No. 7 & 9

Jalan Medan Tuanku Satu

50300 Kuala Lumpur

Tel. : 03-2694 1313

Fax : 03-2694 3463

PEKELILING

Pekeliling Business Centre
Ground Floor, Pharmicare Building
Lot 14(129), Jalan Pahang Barat
Off Jalan Pahang, 53000 Kuala Lumpur
Tel. : 03-4025 5900
Fax : 03-4025 3900

TAMAN TUN DR. ISMAIL

AB 40, Jalan Tun Mohd Fuad
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel. : 03-7726 3900
Fax : 03-7726 4900

TM Net Service Centre

Internet registration and bill payment services are available at Kedai Telekom.

SELANGOR/ PETALING JAYA

General Manager, State Business Operations

TELEKOM MALAYSIA BERHAD

1st Floor, Wisma Telekom Shah Alam
No. 6, Persiaran Damai, Seksyen 11
40000 Shah Alam
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
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
Tel. : 03-5518 8820
Fax : 03-5518 8815

Kedai Telekom

PORT KLANG

2-1, 2nd Floor, Bangunan Hentian
Pelabuhan Klang
41672 Jalan Perbandaran, Klang
Tel. : 03-3166 9191
Fax : 03-3166 9292

AMPANG

42, Jalan Memanda 7
Ampang Point, 68000 Ampang
Tel. : 03-4251 9191
Fax : 03-4252 8282

RAWANG

Lot 21, Jalan Maxwell, 48000 Rawang
Tel. : 03-6091 9191
Fax : 03-6091 8000

KUALA KUBU BARU

1st Floor, Ibusawat Telekom
Kuala Kubu Bahru
44000 Kuala Kubu Bahru
Tel. : 03-6064 3291
Fax : 03-6064 3700

BUKIT RAJA (KLANG)

Jalan Meru, 41050 Kelang
Tel. : 03-3341 9191
Fax : 03-3342 9292

SHAH ALAM

Bgn. Telekom Shah Alam, Persiaran Damai
Seksyen 11, 40150 Shah Alam
Tel. : 03-5510 9191
Fax : 03-5510 5500

BANTING

Bangunan Ibusawat Telekom
Jalan Chempaka, 42400 Banting
Tel. : 03-3187 2422
Fax : 03-3187 9791

KUALA SELANGOR

Bangunan Telekom
Jalan Klinik, 45000 Kuala Selangor
Tel. : 03-3289 3030
Fax : 03-3289 3300

SABAK BERNAM

35, Jalan Menteri, 45200 Sabak Bernam
Tel. : 03-3216 2716
Fax : 03-3216 2058

DAMANSARA UTAMA

91-93, Jalan SS21/1A
Damansara Utama, 47400 Petaling Jaya
Tel. : 03-7727 9191
Fax : 03-7726 9292

PETALING JAYA

20, Jalan Yong Shook Lin
46050 Petaling Jaya
Tel. : 03-7956 9191
Fax : 03-7954 0326

SUBANG JAYA

85, Jalan SS15/5A, 47500 Subang Jaya
Tel. : 03-5631 9191
Fax : 03-5633 6764

KAJANG

Ground Floor, Bangunan Ibusawat
Telekom Kajang, Bt 14^{1/2}, Jalan Cheras
43400 Kajang
Tel. : 03-8736 9191
Fax : 03-8733 2000

CELCOM Service Centres

PETALING JAYA

Ground Floor, Menara PKNS PJ
No. 17 Jalan Yong Shook Lin
46050 Petaling Jaya
Tel. : 03-7625 9900
Fax : 03-7625 0900

JALAN AMPANG

Podium Block, Level 1 & 2
Menara TRI, 161B, Jalan Ampang
50450 Kuala Lumpur
Tel. : 03-2162 3900
Fax : 03-2162 5093

KLANG

No. 1, Lorong Tiara 1A
Bandar Baru Klang, 41150 Klang
Tel. : 03-3343 1003
Fax : 03-3343 1001

GROUP DIRECTORY

SHAH ALAM

No. 1, Jalan Tengku Ampuan Zabedah B
91B, Section 9, 40000 Shah Alam
Tel. : 03-5512 2900
Fax : 03-5512 1900

PORT KLANG

No. 2, Lorong Cungah
42000 Port Klang
Tel. : 03-3166 4900
Fax : 03-3166 5900

KAJANG

Lot No. 1, Taman Sri Saga
Jalan Sungai Chua
43000 Kajang
Selangor
Tel. : 03-8737 2900
Fax : 03-8737 3019

TM Net Service Centre

CLICKERS

Ground Floor, Kelana Park View Tower
No. 1, Jalan SS 6/2, 47301 Kelana Jaya
Tel. : 03-7804 8176
Fax : 03-7804 5910
E-mail: custcare@tm.net.my

Internet registration and bill payment
services are also available at Kedai
Telekom.

KEDAH/PERLIS

General Manager, State Business Operations

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

Kedai Telekom

KANGAR

Jalan Bukit Lagi, 01000 Kangar
Tel. : 04-976 2101
Fax : 04-976 4688

ALOR STAR

Menara Alor Star, Lebuhraya Darul Aman
05100 Alor Star
Tel. : 04-733 9191
Fax : 04-733 2733

JITRA

19A, Jalan PJ 1, Pekan Jitra
06000 Jitra
Tel. : 04-918 2043
Fax : 04-917 1210

LANGKAWI

Jalan Pandak Mayah 6, 07000 Kuah
Tel. : 04-966 7202
Fax : 04-966 7292

SUNGAI PETANI

Bgn. Telekom, Jalan Petani
08000 Sungai Petani
Tel. : 04-421 9191
Fax : 04-421 9912

KULIM

No. 485, Jalan Tunku Asaad
09000 Kulim
Tel. : 04-496 1011
Fax : 04-490 1667

CELCOM Service Centre

KANGAR

No. 11 & 13, Jalan Sena Indah
Taman Sena Indah
01000 Kangar
Tel. : 04-977 7900
Fax : 04-977 5900

ALOR STAR

Lot 170 & 171, Ground & 1st Floor
Complex Alor Star
Lebuhraya Darul Aman
05100 Alor Star
Tel. : 04-730 3900
Fax : 04-733 5891

SUNGAI PETANI

No. 23-0, Jalan Kampung Baru
08000 Sungai Petani
Tel. : 04-423 1900
Fax : 04-423 3900

LANGKAWI

No. 17, Jalan Pandak Mayah 4
Bandar Baru Kuah
07000 Kuah, Langkawi
Tel. : 04-966 7446
Fax : 010-401 0096

TM Net Service Centre

Internet registration and bill payment
services are available at Kedai Telekom.

PULAU PINANG

General Manager, State Business Operations

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

Kedai Telekom

BAYAN BARU

No. 68, Ground Floor
Jalan Mahsuri, 11950 Bayan Baru
Tel. : 04-642 9292
Fax : 04-642 2929

JALAN BURMAH

Jalan Burmah, 10050 Pulau Pinang
Tel. : 04-220 9191
Fax : 04-228 2929

LEBOH DOWNING

Bgn. Tuanku Syed Putra
Lebuhr Downing, 10300 Pulau Pinang
Tel. : 04-220 9321
Fax : 04-262 7500

BUTTERWORTH

Wisma Telekom Butterworth
Jalan Bagan Luar
12000 Butterworth
Tel. : 04-331 9191
Fax : 04-332 3399

BUKIT MERTAJAM

Jalan Amurugam Pillai
14000 Bukit Mertajam
Tel. : 04-539 9191
Fax : 04-539 9339

SUNGAI BAKAP

1282, Jalan Besar, 14200 Sungai Bakap
Tel. : 04-582 4444
Fax : 04-582 2014

CELCOM Service Centres

SEBERANG JAYA

No. 31, Jalan Todak 4
Pusat Bandar Sunway
13700 Seberang Jaya, Pulau Pinang
Tel. : 04-397 3131
Fax : 04-398 3131

PULAU PINANG

Ground & 1st Floor
Wisma Celcom
No. 245, Jalan Burmah
10350 Pulau Pinang
Tel. : 04-228 8900
Fax : 04-228 8905

BUKIT MERTAJAM

No. 22, Tingkat Ciku I
Taman Ciku
14000 Bukit Mertajam
Tel. : 04-538 0900
Fax : 04-530 3236

JELUTONG

No. 354, KLMN, Jalan Jelutong
11600 Jelutong, Pulau Pinang
Tel. : 04-282 4941
Fax : 04-281 8501

TM Net Service Centre

Internet registration and bill payment services are available at Kedai Telekom.

PERAK

General Manager, State Business Operations

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

Kedai Telekom

IPOH

Wisma Telekom, Jalan Sultan Idris Shah
30672 Ipoh
Tel. : 05-253 7788
Fax : 05-254 8111

BATU GAJAH

No. 26, Jalan Dewangsa
31672 Batu Gajah
Tel. : 05-366 9191
Fax : 05-366 2988

TASEK

Jalan Sultan Azlan Shah Utara
31400 Ipoh
Tel. : 05-545 9191
Fax : 05-547 2257

KAMPAR

Bangunan Telekom
Jalan Baru, 31900 Kampar
Tel. : 05-466 9191
Fax : 05-466 9393

TAIPING

Bangunan Telekom, Jalan Berek
34672 Taiping
Tel. : 05-808 5600
Fax : 05-808 4331

TELUK INTAN

Bangunan Telekom
Jalan Jawa, 36672 Teluk Intan
Tel. : 05-625 9221
Fax : 05-621 8453

PARIT BUNTAR

36, Persiaran Perwira
Pusat Bandar, 34200 Parit Buntar
Tel. : 05-716 9191
Fax : 05-716 9600

KUALA KANGSAR

Bangunan Telekom
Jalan Raja Chulan, 33000 Kuala Kangsar
Tel. : 05-776 9191
Fax : 05-716 1522

GERIK

Wisma Kosek, Jalan Takong Datoh
33300 Gerik
Tel. : 05-791 1191
Fax : 05-791 1701

GROUP DIRECTORY

SUNGAI SIPUT

No. 188, Jalan Besar
31000 Sungai Siput
Tel. : 05-598 9191
Fax : 05-598 5519

SITIAWAN

179, Taman Sitiawan Maju
32000 Sitiawan
Tel. : 05-691 9191
Fax : 05-691 6252

TAPAH

Bangunan Telekom
Jalan Stesyen, 35672 Tapah
Tel. : 05-401 9191
Fax : 05-401 3932

TANJUNG MALIM

Jalan Besar, 35900 Tanjung Malim
Tel. : 05-459 7210
Fax : 05-459 6633

CELCOM Service Centre

IPOH

No. 148, Jalan Kampar
30250 Ipoh
Tel. : 05-254 5900
Fax : 05-254 8900

TELUK INTAN

Lot 12, Medan Sri Intan
Jalan Sekolah
36000 Teluk Intan
Tel. : 05-623 3900
Fax : 05-623 2900

TAIPING

No. 430, Ground & 1st Floor
Jalan Kemunting, Taman Saujana
34600 Kemunting, Taiping
Tel. : 05-812 0900
Fax : 05-812 1900

TM Net Service Centre

Internet registration and bill payment services are available at Kedai Telekom.

NEGERI SEMBILAN

General Manager, State Business Operations

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

Kedai Telekom

SEREMBAN

Jalan Dato Hamzah, 70000 Seremban
Tel. : 06-765 1085
Fax : 06-762 9394

PORT DICKSON

Jalan Pantai, Batu 2, 71000 Port Dickson
Tel. : 06-647 2191
Fax : 06-647 4200

KUALA PILAH

Jalan Bahau, 72000 Kuala Pilah
Tel. : 06-481 1191
Fax : 06-481 2000

TAMPIN

Jalan Besar, 73000 Tampin
Tel. : 06-441 2191
Fax : 06-441 4191

CELCOM Service Centre

SEREMBAN

Lot 1521, Ground Floor 173
Jalan Tun Dr. Ismail, 70200 Seremban
Tel. : 06-763 2548
Fax : 06-763 4286

LUKUT

No. 8, Jalan Pasar
71010 Lukut, Port Dickson
Tel. : 06-651 5235
Fax : 06-651 5240

TM Net Service Centre

Internet registration and bill payment services are available at Kedai Telekom.

MELAKA

General Manager, State Business Operations

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

Kedai Telekom

MELAKA

527 & 529 A, Plaza Melaka
Jalan Gajah Berang, 75200 Melaka
Tel. : 06-292 5801
Fax : 06-281 1000

ALOR GAJAH

Batu 14½, Jalan Melaka Kendong
78000 Alor Gajah, Melaka
Tel. : 06-556 2292
Fax : 06-556 5724

KOTAMAS

Level 2, Kompleks Kotamas
Leboh Ayer Keroh
75450 Ayer Keroh, Melaka
Tel. : 06-252 2582
Fax : 06-231 7677

CELCOM Service Centre

MELAKA

No. 233, Taman Melaka Raya
75000 Melaka
Tel. : 06-281 4800
Fax : 06-281 1311/283 3800

No. 165, Ground & Mezzanine Floor
Jalan Munshi Abdullah, 75100 Melaka
Tel. : 06-283 6900
Fax : 06-284 6900

TM Net Service Centre

Internet registration and bill payment services are available at Kedai Telekom.

JOHOR

General Manager, State Business Operations

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
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

Kedai Telekom

JOHOR BAHRU

Jalan Abdullah Ibrahim, 80672 Johor Bahru
Tel. : 07-228 1128
Fax : 07-222 7171

SKUDAI

Ground Floor, Ibusawat Telekom
Bt. 9½ Jalan Skudai, 81300 Skudai
Tel. : 07-222 1167
Fax : 07-557 1999

PONTIAN

1st Floor, Ibusawat Telekom
Jalan Alsagoff, 82000 Pontian
Tel. : 07-687 9191
Fax : 07-687 3800

KLUANG

Jalan Sultanah, 86000 Kluang
Tel. : 07-771 9191
Fax : 07-772 9111

SEGAMAT

Jalan Pawang, 85000 Segamat
Tel. : 07-933 3235
Fax : 07-932 5717

BATU PAHAT

40 & 42, Jalan Rahmat, 83000 Batu Pahat
Tel. : 07-435 9292
Fax : 07-431 4888

MUAR

37A Jalan Ibrahim, 84000 Muar
Tel. : 06-952 9595
Fax : 06-951 5916

KOTA TINGGI

No. 2-4, Jalan Indah, Taman Medan Indah
81900 Kota Tinggi
Tel. : 07-883 5199
Fax : 07-883 4999

KULAI

Lot 435, Jalan Kenanga 29/11
Taman Indah Putra
81100 Kulai
Tel. : 07-663 9191
Fax : 07-663 5800

PELANGI

Pelangi Business Centre, Jalan Kasa
Taman Sentosa, 80150 Johor Bahru
Tel. : 07-228 1151
Fax : 07-331 9999

MERSING

Jalan Dato Timur, 86800 Mersing
Tel. : 07-799 5291
Fax : 07-799 5000

YONG PENG

Jalan Muar, 83700 Yong Peng
Tel. : 07-647 1466
Fax : 07-467 3888

PASIR GUDANG

17 & 19, Jalan 9/7, Jalan Perjiranan 9
81700 Pasir Gudang
Tel. : 07-251 9191
Fax : 07-251 4999

CELCOM Service Centres

PERMAS JAYA

No. 6, Jalan Permas 10/7
Bandar Baru Permas Jaya
81750 Masai, Johor
Tel. : 07-387 8662
Fax : 07-387 6268

GROUP DIRECTORY

JOHOR BAHRU

Lot G-1, Ground & Mezzanine Floor
Bangunan Ang, No. 1, Jalan Jeram
Taman Tasek, 80200 Johor Bahru
Tel. : 07-210 1900
Fax : 07-210 1907

TAMAN PELANGI

No. 1, Jalan Kuning 2
Taman Pelangi, 80400 Johor Bahru
Tel. : 07-335 3199
Fax : 07-335 3200

TAMAN MOLEK

1-3, Jalan Molek 1/9, Taman Molek
81100 Johor Bahru
Tel. : 07-353 9900
Fax : 07-353 3015

SEGAMAT

No. 246, Ground & Mezzanine Floor
Jalan Genuang, 85000 Segamat
Tel. : 07-932 3900
Fax : 07-932 8901

BATU PAHAT

No. 22, Jalan Maju, Taman Maju
83000 Batu Pahat
Tel. : 07-433 8677
Fax : 07-433 5277

No. 23, Jalan Kundang
Taman Bukit Pasir, 83000 Batu Pahat
Tel. : 07-432 5900
Fax : 07-432 6900

TM Net Service Centre

Internet registration and bill payment services are available at Kedai Telekom.

PAHANG

General Manager, State Business Operations

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

Kedai Telekom

KUANTAN

Bangunan Telekom Malaysia
No. 168, Jalan Besar
25000 Kuantan
Tel. : 09-514 2088
Fax : 09-513 9289

MENTAKAB

Jalan Tun Razak, 28400 Mentakab
Tel. : 09-270 1164
Fax : 09-277 2191

BENTONG

111, Bgn. Persatuan Bola Sepak
Jalan Ah Peng, 28700 Bentong
Tel. : 09-222 7978
Fax : 09-222 8050

KUALA LIPIS

10, Jalan Bukit Bius, 27200 Kuala Lipis
Tel. : 09-312 2191
Fax : 09-355 5191

RAUB

Jalan Kuala Lipis, 27600 Raub
Tel. : 09-355 3191
Fax : 09-355 5191

CELCOM Service Centre

KUANTAN

45, Jalan Tanah Putih, 25100 Kuantan
Tel. : 09-512 1088
Fax : 09-515 8686

CELCOM WISMA DELIMA

1st Floor, Lot 185 & 186
Seksyen 19, Jalan Hj. Abd. Aziz
25200 Kuantan
Tel. : 09-559 3939
Fax : 09-559 2919

TEMERLOH

No. 62, Jalan Ahmad Shah I
28000 Temerloh
Tel. : 09-296 2900
Fax : 09-296 1485

TM Net Service Centre

Internet registration and bill payment services are available at Kedai Telekom.

TERENGGANU

General Manager, State Business Operations

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

Kedai Telekom

KUALA TERENGGANU

Bangunan Telekom, Jalan Sultan Ismail
20200 Kuala Terengganu
Tel. : 09-623 2191
Fax : 09-624 5200

KEMAMAN

Jalan Masjid, 24000 Kemaman
Tel. : 09-859 3191
Fax : 09-859 2411

DUNGUN

Jalan Nibong, 23000 Dungun
Tel. : 09-845 5354
Fax : 09-844 4111

JERTIH

Upper Floor, Ibusawat Telekom Jertih
Jalan Zainal Abidin, 22000 Jertih
Tel. : 09-697 9191
Fax : 09-697 3291

CELCOM Service Centre

KUALA TERENGGANU

No. 6C & 6D, Jalan Air Jernih
20300 Kuala Terengganu
Tel. : 09-623 3900
Fax : 09-622 4591

Ground & Mezzanine Floor

No. 42, Wisma Isaacs
Jalan Dato' Isaacs
20000 Kuala Terengganu
Tel. : 09-622 6800
Fax : 09-623 0800

KEMAMAN

Lot K 9709-9710
Taman Chukai Utama
24000 Chukai, Kemaman
Tel. : 09-859 1906
Faks : 010-903 1904

TM Net Service Centre

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KELANTAN

General Manager, State Business Operations

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

Kedai Telekom

KOTA BHARU

Jalan Doktor, 15000 Kota Bharu
Tel. : 09-744 9191
Fax : 09-743 0778

PASIR MAS

606, Jalan Masjid Lama
17000 Pasir Mas
Tel. : 09-790 9191
Fax : 09-790 0427

TANAH MERAH

4088, Jalan Ismail Petra
17500 Tanah Merah
Tel. : 09-955 6191
Fax : 09-955 7431

KUALA KRAI

Lot 1522, Jalan Tengku Zainal Abidin
18000 Kuala Krai
Tel. : 09-966 6191
Fax : 09-966 3228

PASIR PUTEH

258B, Jalan Sekolah Laki-Laki
16800 Pasir Puteh
Tel. : 09-786 7191
Fax : 09-786 7313

CELCOM Service Centre

KOTA BHARU

Lot 825 & 826
Seksyen 27, Jalan Seri Cemerlang
15300 Kota Bharu
Tel. : 09-735 1000
Fax : 09-735 1001

TANAH MERAH

Bangunan Merdeka Jaya
Jalan Taman Hiburan
17500 Tanah Merah
Tel. : 09-955 4900
Fax : 09-955 4904

TM Net Service Centre

Internet registration and bill payment services are available at Kedai Telekom.

SABAH

General Manager, State Business Operations

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

Kedai Telekom

SADONG JAYA

3rd Floor, Bangunan Telekom
88100 Sadong Jaya
Tel. : 088-299 380
Fax : 088-257 979

L. TERBANG K. KINABALU

88100 Kota Kinabalu
Tel. : 088-261 261
Fax : 088-232 311

TAWAU

T.B. 307, Block 35, Kompleks Fajar
Jalan Perbandaran, 91000 Tawau
Tel. : 089-773 131
Fax : 089-761 600

LAHAD DATU

MOLD 3307, Ground Floor
Kompleks Fajar, Jalan Segama
91100 Lahad Datu
Tel. : 089-881 160
Fax : 089-888 500

GROUP DIRECTORY

SANDAKAN

Locked Bag 44, 90009 Sandakan
Tel. : 089-219 191
Fax : 089-216 000

KENINGAU

Commercial Centre, Jalan Arusap
Off Jalan Masak, Blok B7
Lot 13 & 14, 89007 Keningau
Tel. : 087-333 496
Fax : 087-335 000

BEAUFORT

Choong Street, P.O Box 269
89800 Beaufort
Tel. : 087-212 292
Fax : 087-211 411

KUDAT

Jalan Wak Siak
P. O. Box 340, 89058 Kudat
Tel. : 088-611 022
Fax : 088-612 690

CELCOM Service Centres

DAMAI

Wisma CTF, Lot 4, Block B
Damai Plaza Phase 3, Luyang
88300 Kota Kinabalu
Tel. : 088-282 802
Fax : 088-282 805

SANDAKAN

Lot 9 & 10, Ground & Mezzanine Floor
Block B, Phase 2, Taman Grand View
90000 Sandakan
Tel. : 089-215 900
Fax : 089-217 900

KENINGAU

Lot 21, Block C11
Ground-2nd Floor
Ribumi Shophouses
P. O. Box 900, 89008 Keningau
Tel. : 087-333 900
Fax : 087-334 900

KOTA KINABALU

Ground-3rd Floor, Lot 1, Block B
Lorong Singgah Mata, MPKK 1
Asia City, Locked Bag No. 29
88992 Kota Kinabalu
Tel. : 010-801 0029
Fax : 088-247 900

Level 2, KKIA, 88200 Kota Kinabalu
Tel. : 088-212 870
Fax : 088-212 895

TAWAU

TB 309, Ground-3rd Floor
Block 36, Jalan Patrick
Fajar Complex, 91000 Tawau
Tel. : 089-752 458
Fax : 089-752 457

TM Net Service Centre

Internet registration and bill payment services are available at Kedai Telekom.

SARAWAK

General Manager, State Business Operations

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

Ground Floor, Bangunan Telekom
Jalan Batu Lintang, 93200 Kuching
Tel. : 082-203 900/901/904
Fax : 082-250 686

TELEKOM MALAYSIA BERHAD

Ground Floor, Lot 1076, 1077
Bintang Jaya Commercial Complex
98000 Miri
Tel. : 085-432 223/410 041
Fax : 085-433 301

Kedai Telekom

BATU LINTANG

Jalan Batu Lintang, 93200 Kuching
Tel. : 082-429 191
Fax : 082-243 511

PENDING

Jalan Gedong, 93450 Pending
Tel. : 082-489 191
Fax : 082-337 797

SRI AMAN

Jalan Club, 95000 Sri Aman
Tel. : 083-322 125
Fax : 083-321 490

MIRI

Jalan Post, 98000 Miri
Tel. : 085-429 191
Fax : 085-422 400

LIMBANG

Jalan Kubu, 98700 Limbang
Tel. : 085-211 334
Fax : 085-212 798

LAWAS

Jalan Punang, 98850 Lawas
Tel. : 085-285 667
Fax : 085-285 399

BINTULU

Jalan Law Gek Soon, 97000 Bintulu
Tel. : 086-318 181
Fax : 086-333 222

SIBU

Persiaran Brooke, 96000 Sibu
Tel. : 084-339 191
Fax : 084-314 708

SARIKEI

Jalan Berek, 96100 Sarikei
Tel. : 084-655 550
Fax : 084-653 588

KAPIT

Jalan Kapit By Pass, 96800 Kapit
Tel. : 084-796 991
Fax : 084-796 515

CELCOM Service Centres

CENTRAL PARK

No. 322, Lot 2734
Central Park Commercial Centre
3rd Mile, Jln Tun Ahmad Zaidi Adruce
93150 Kuching
Tel. : 082-203 888
Fax : 082-419 084

KUCHING (CENTRAL PARK)

Wisma Lim Kim Soon
Lot 609, Block 195
Jalan Satok, 93400 Kuching
Tel. : 082-410 506
Fax : 082-252 900

KUCHING (SATOK)

Ground & 1st Floor, Lot 314, Jalan Satok
93400 Kuching
Tel. : 082-239 800
Fax : 082-259 800

JALAN DAAR SVC CTR

Ground Floor, Lot 445
Sub Lot 6, Seksyen 45
Jalan Dato Abang Abdul Rahim
93450 Kuching
Tel. : 082-339 900
Fax : 010-846 7703

BINTULU

Lot 3637, 1st Floor, Block 31
Medan Jaya Commercial Centre
Jalan Tun Hussein Onn, 97000 Bintulu
Tel. : 086-338 423
Fax : 086-314 800

Lot 427, No. 9, Jalan Abang Galau
97000 Bintulu
Tel. : 086-338 900
Fax : 086-338 372

SIBU

Lot 145, Ground & 1st Floor
Jalan Kampung Nyabor
96000 Sibu
Tel. : 084-321 800/324 800
Fax : 084-310 800

No. 44, Lot 1557, Jalan Keranji
Off Jalan Tuanku Osman, 96000 Sibu
Tel. : 084-322 900
Fax : 084-330823

MIRI

Lot 935, Ground & 1st Floor
Block 9, MCLD Jalan Asmara
98000 Miri
Tel. : 085-420 800/429 236
Fax : 085-439 445

TM Net Service Centre

Internet registration and bill payment services are available at Kedai Telekom.

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

Kedai Telekom

LABUAN SERVICE CENTRE

Lot 8, Lazenda Commercial Centre
Jalan Tun Mustapha, Wilayah Persekutuan
87008 Wilayah Persekutuan Labuan
Tel. : 087-425 300/100/400
Fax : 087-415 013/425 900

CELCOM Service Centre

LABUAN

Ground-2nd Floor
Lot 6, Jalan Anggerik
87007, Wilayah Persekutuan Labuan
Tel. : 087-416 900
Fax : 087-416 790

TM Net Service Centre

Internet registration and bill payment services are available at Kedai Telekom.

INTERNATIONAL SUBSIDIARIES/AFFILIATES

CAMBODIA SMART COMMUNICATIONS CO. LTD.

33rd Floor
No. 3, Samdech Sothearos Blvd.
Khan Daun 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

GROUP DIRECTORY

TELEKOM NETWORKS MALAWI LIMITED

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

TELKOM SA LIMITED

Private Bag 8780
Pretoria 0001, South Arica
Tel. : +27-12-3113910
Fax : +37-12-3118302

TM INTERNATIONAL BANGLADESH LIMITED

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

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.

31st Floor, 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 Darul Ehsan
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
Lebu Silokon, 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

TELEKOM TECHNOLOGY SDN. BHD.

Level 3, Menara CELCOM
No. 82, Jalan Raja Muda Abdul Aziz
50300 Kuala Lumpur
Tel. : 03-2681 2681
Fax : 03-2681 2680

CELCOM (M) 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 Darul Ehsan
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

TELEKOM MALAYSIA BERHAD
Annual Report 2003

I/We _____
(Full Name and NRIC/Passport No./Company No.)

of _____
being a Member/Members of **TELEKOM MALAYSIA BERHAD** hereby appoint _____
(Full Name and NRIC/Passport No.)

of _____
or failing him _____
(Full Name and NRIC/Passport No.)

of _____
or failing him, the Chairman of the Meeting, as my/our proxy to vote for me/us and my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at the Grand Ballroom, 9th Floor, The Legend Hotel, 100 Jalan Putra, 50350 Kuala Lumpur on Tuesday, 18 May 2004 at 10:00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

Resolutions	For	Against
1. To receive the Audited Financial Statements for the financial year ended 31 December 2003 – Ordinary Resolution 1		
2. Declaration of a final dividend of 10 sen per share (less 28% Malaysian Income Tax) and special dividend of 10 sen per share (less 28% Malaysian Income Tax) – Ordinary Resolution 2		
3. Re-election of Directors under Article 103:- (i) Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor – Ordinary Resolution 3 (ii) Ir. Prabahar N.K. Singam – Ordinary Resolution 4 (iii) Dato' Lim Kheng Guan – Ordinary Resolution 5 (iv) Rosli bin Man – Ordinary Resolution 6 (v) Tan Poh Keat – Ordinary Resolution 7 (vi) Datuk Dr. Halim bin Shafie – Ordinary Resolution 8 (vii) Dato' Abdul Majid bin Haji Hussein – Ordinary Resolution 9		
4. Approval of Directors' fees and remuneration – Ordinary Resolution 10		
5. Re-appointment of Messrs. PricewaterhouseCoopers as Auditors of the Company – Ordinary Resolution 11		
6. Special Business: – Section 132D, Companies Act 1965 – Ordinary Resolution 12 Issuance of New Shares		

(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/her discretion.)

Signed this _____ day of _____ 2004

No. of Shares	CDS Account No.



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 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 must be deposited at the office of the Share Registrar, Tenaga Koperat Sdn. Bhd., 20th Floor, Plaza Permata (formerly known as IGB Plaza), Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

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2. Fold here

The Share Registrar
TENAGA KOPERAT SDN. BHD.
20th Floor, Plaza Permata (formerly known as IGB Plaza)
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur

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New Possibilities...

Enriching Lives

To / Kepada : Tenaga Koperat Sdn. Bhd.
Share Registrar / Pendaftar Syarikat

Date :
Tarikh :

Please send me/us a copy of the 2003 Annual Report in Bahasa Malaysia :
Sila hantar kepada saya/kami senaskhah Laporan Tahunan 2003 dalam Bahasa Malaysia :

Name / Nama :

Address / Alamat :

Signature of Shareholder / Tandatangan Pemegang Saham :

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2. Fold here/*Lipat di sini*

TENAGA KOPERAT SDN. BHD.
20th Floor, Plaza Permata
(formerly known as/*Dahulu dikenali sebagai IGB Plaza*)
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur

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