



Reports and Financial Statements

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Directors' Report for the year ended 31 December 2002

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 2002.

PRINCIPAL ACTIVITIES

2. The principal activities of the Company during the year are the establishment, maintenance and provision of telecommunication and related services under the licence issued by the Minister of Energy, Communications and Multimedia. The principal activities of the subsidiary companies are set out in note 17 to the financial statements. There were 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/(loss) after taxation | 1,082.7 | (326.2) |
| Minority interest | (26.4) | — |
| Profit/(loss) for the year attributable to shareholders | 1,056.3 | (326.2) |

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

DIVIDENDS

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

| | RM million |
|--|------------|
| (a) In respect of the year ended 31 December 2001, as proposed in the Directors' Report for that year, | |
| – a final gross dividend of 10.0 sen per share less tax of 28% was paid on 24 June 2002 | 227.7 |
| – a special gross dividend of 5.0 sen per share less tax of 28% was paid on 24 June 2002 | 113.9 |
| | 341.6 |

- (b) The Directors now recommend the payment of a final gross dividend of 10.0 sen per share less tax of 28%, amounting to RM228.0 million which, subject to the approval of members at the forthcoming Annual General Meeting of the Company to be held on 20 May 2003, will be paid on 23 June 2003 to shareholders registered on the Company's Register of Depositors at the close of business on 28 May 2003.

Directors' Report for the year ended 31 December 2002

EMPLOYEES' SHARE OPTION SCHEME (ESOS)

6. An Employees' Share Option Scheme 2 (ESOS 2) was approved by the shareholders at an Extraordinary General Meeting held on 28 March 1997. In that year, options to subscribe for 217,704,000 ordinary shares of RM1 each at the exercise price of RM10.50 per share were granted to eligible Executives and Non-Executives of the Company (referred to as ESOS 2, phase 1).

On 31 July 2001, options to subscribe for 89,536,000 ordinary shares of RM1 each under ESOS 2 were granted to eligible Executives and Non-Executives of the Company at an exercise price of RM8.53 per share (referred to as ESOS 2, phase 2). ESOS 2, phase 1 and phase 2 lapsed on 15 April 2002.

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

The principal features of ESOS 3 are as follows:

- (a) The eligibility for participation in ESOS is at the discretion of the Option Committee appointed by the Board of Directors.
- (b) The total number of shares to be offered shall not exceed 10% of the total issued and paid-up shares of the Company.
- (c) No option shall be granted for less than 1,000 shares nor more than 550,000 shares unless so adjusted pursuant to item (f) below.
- (d) 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 Kuala Lumpur Stock Exchange for the five (5) trading days preceding the date of offer with a 10% discount.
- (e) Subject to item (f) 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

- (f) 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.

As at 31 December 2002, options to subscribe for 254,208,000 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.

EMPLOYEES' SHARE OPTION SCHEME (ESOS) (continued)

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 17 below, the list of employees of the Company and its subsidiary companies 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 Executive Officer, TM Cellular Sdn. Bhd.* | 120,000 | Nil |
| Dr. Idris Ibrahim | Chief Operating Officer, TM TelCo | 120,000 | Nil |
| Hj. Hamis Hasan | Chief Financial Officer, TM TelCo | 120,000 | Nil |
| Baharum Salleh | Chief Executive Officer, TM Net Sdn. Bhd.* | 108,000 | Nil |
| Abdul Majid Abdullah | Vice President, Corporate Strategy & Planning, TM | 108,000 | Nil |
| Mohd Yahaya Mohd Shariff | Senior Vice President, Network Services, TM TelCo | 120,000 | Nil |
| Adnan Rofiee | Senior Vice President, Major Business & Government, TM TelCo | 108,000 | Nil |
| Tan Chian Khai | Chief Strategy Officer, Telkom SA Limited* | 120,000 | Nil |
| Towfek Elias | Vice President, Network Development, TM TelCo | 120,000 | Nil |
| Yusof Ampuan Kechil | Chief Executive Officer, VADS Berhad* | 120,000 | Nil |

TM – Telekom Malaysia Berhad

* Employees of TM, seconded to respective companies

SHARE CAPITAL

7. During the year, the issued and fully paid-up share capital of the Company was increased by the issuance of 57,500, 58,785,500 and 4,658,000 ordinary shares of RM1 each at the option price of RM10.50, RM8.53 and RM7.09 per share respectively for cash under ESOS 2 and ESOS 3 respectively. These shares rank "pari-passu" in all respects with the existing issued ordinary shares of the Company.

CONVERTIBLE BONDS

8. As at 31 December 2002, the Company has USD359.9 million outstanding Convertible Bonds due 2004. These Bonds are convertible into fully paid ordinary shares of RM1 each of the Company at an initial conversion price of RM15.60 per ordinary share with a fixed rate of exchange upon conversion of RM2.5553 equals USD1, on or after 3 November 1994 up to and including 26 September 2004. The Bonds if not converted, will be redeemed on 3 October 2004 at their principal amount together with accrued interest. The Bonds may also be redeemed by the Company at anytime on or after 21 October 1999 at their principal amount, plus accrued interest.

MOVEMENTS ON RESERVES AND PROVISIONS

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

Directors' Report for the year ended 31 December 2002

OTHER STATUTORY INFORMATION

10. Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to:
- (a) ascertain that actions had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (b) ensure that any current assets which were unlikely to be realised at their book value in the ordinary course of business had been written down to their expected realisable values.
11. At the date of this report, the Directors are not aware of any circumstances which:
- (a) would render the amounts written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent or the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (b) have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
12. In the interval between the end of the year and the date of this report:
- (a) no items, transactions or other events of material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group and of the Company for the year in which this report is made; and
 - (b) no charge has arisen on the assets of any company in the Group which secures the liability of any other person nor has any contingent liability arisen in any company in the Group.
13. No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.
14. At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company, which would render any amount stated in the financial statements misleading.

DIRECTORS

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

Directors

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. Joseph Salang Gandum
Dato' Dr. Mohd Munir bin Abdul Majid
Y.B. Dato' Ir. Haji Mohd Zin bin Mohamed
Ir. Prabahar N. K. Singam
Lim Kheng Guan
Rosli bin Man
Tan Poh Keat

Alternate Directors

Mohammad Zanudin bin Ahmad Rasidi
Suriah binti Abd Rahman

DIRECTORS (continued)

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

Dato' Dr. Md Khir bin Abdul Rahman
Dato' Dr. Abdul Rahim bin Haji Daud

DIRECTORS' INTEREST

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

Number of ordinary shares of RM1 each

| | Balance at 1.1.2002 | Bought | Sold | Balance at 31.12.2002 |
|--|------------------------|----------|---------|--------------------------|
| Tan Sri Dato' Ir. Muhammad Radzi bin Haji Mansor – Direct | 123,500 | — | — | 123,500 |
| Dato' Dr. Md Khir bin Abdul Rahman – Direct | 200,000 | — | 200,000 | — |
| Dato' Dr. Abdul Rahim bin Haji Daud – Direct | 12,000 | 130,000* | 45,000 | 97,000 |
| Y.B. 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 1.1.2002 | Granted | Exercised | Balance at 31.12.2002 |
|-------------------------------------|------------------------|---------|-----------|--------------------------|
| Dato' Dr. Md Khir bin Abdul Rahman | — | 178,000 | — | 178,000 |
| Dato' Dr. Abdul Rahim bin Haji Daud | 130,000 | 171,000 | 130,000 | 171,000 |

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

Directors' Report for the year ended 31 December 2002

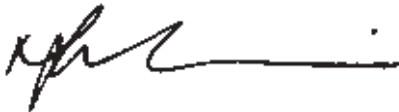
DIRECTORS' BENEFITS

19. 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 3 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest and any benefit that may be deemed to have been received by certain Directors in respect of the contracts referred to in note 30 to the financial statements.
20. 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

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

In accordance with a resolution of the Board of Directors dated 27 February 2003.



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 2002

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

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 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:

(i) Retrospective application

Comparative figures have been adjusted or extended to conform with changes in presentation due to the requirements of the following new MASB standards that have been applied retrospectively:

- MASB standard 19 “Events After Balance Sheet Date”
- MASB standard 20 “Provisions, Contingent Liabilities and Contingent Assets”
- MASB standard 22 “Segment Reporting”

Comparatives have been adjusted or extended to take into account the requirements of MASB standard 19 and 22 as shown in the respective note 39 and 34 to the financial statements. The presentation of Operating Income was extended to ensure consistency with Segmental Income as shown in note 2 and note 34 to the financial statements respectively.

There are no changes in accounting policy that affect net profit for the year as a result of the adoption of the above standards in these financial statements as the Group was already following the recognition and measurement principles in those standards.

(ii) Prospective application

| | |
|--|---|
| MASB standard 21 “Business Combination” | The Group has taken advantage of the exemption provided to apply this standard prospectively. Accordingly, business combinations entered into prior to 1 January 2002 have not been restated. |
|--|---|

| | |
|--|---|
| MASB standard 23 “Impairment of Assets” | This standard does not allow retrospective application. |
|--|---|

| | |
|---|--|
| MASB standard 24 “Financial Instruments: Disclosure and Presentation” | The Group has taken advantage of the exemption provided to apply this standard prospectively. Accordingly, the following presentation and disclosures have been adopted in these financial statements: |
|---|--|

- classification of compound instrument
The equity and liability components of convertible bonds have not been reclassified as the bonds were issued prior to 1 January 2002.
- comparative
As this is the first year application of the standard, as permitted under the standard, no comparative information for the previous year is presented as such information was not readily available.

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 Directors to make 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 revenues and expenses during the reported period. Actual results could differ from those estimates.

Significant Accounting Policies for the year ended 31 December 2002

2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the year. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated using the acquisition method of accounting whereby the results of the subsidiary companies acquired or disposed during the year are included in the Consolidated Income Statement from the date of their acquisition or up to the date of their disposal. Inter-company transactions and balances are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiary companies to ensure consistency with the Group's accounting policies.

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.

3. ASSOCIATED COMPANIES

Associated companies are companies in which the Group exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associated companies but not control over those policies.

The Group's share of profits less losses of associated companies is included in the Consolidated Income Statement, and the Group's share of post-acquisition retained earnings and reserves are added to the carrying value of investments in the Consolidated Balance Sheet. These amounts are taken from the audited financial statements made up to a date which is not more than six months before the date of the Company's financial statements, or management financial statements made up to the date of the Company's financial statements if audited financial statements are not available, for each of the companies concerned. Appropriate adjustments are made to the associated companies' financial statements to ensure consistency with the Group's accounting policies.

4. GOODWILL

Goodwill represents the excess of the purchase price over the Group's share of the fair value of the identifiable net assets of subsidiary and associated companies at the date of acquisition. Goodwill is written off against reserves in the year of acquisition.

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 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 from the time they are available for use so as to write off their cost over their estimated useful lives.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) Depreciation (continued)

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 16(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.

(iv) Gains or losses on disposal are determined by comparing proceeds with carrying amount and are included in Income Statement.

6. INVESTMENTS

Investments in subsidiary and associated companies 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 and other unquoted shares are stated at cost less allowances for permanent diminution in value. Such allowances for permanent diminution in value is recognised as an expense in the period in which the diminution is identified.

Investments in shares quoted on the Kuala Lumpur Stock Exchange are stated 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. 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. In arriving at the net realisable value, due allowance is made for all obsolete and slow moving items.

8. 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.

9. 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.

Significant Accounting Policies for the year ended 31 December 2002

10. BONDS, NOTES AND DEBENTURES

Bonds, notes and debentures, issued by the Company are stated at the net proceeds received on issue. The finance costs which represent the difference between the net proceeds and the total amount of the payments of 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.

For Convertible Bonds, the amount recognised in shareholders funds in respect of shares issued upon conversion will be the amount at which the liability for the Bonds is stated as at the date of conversion. 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.

11. DEFERRED TAXATION

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

12. 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.

13. INCOME RECOGNITION

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

Dividend income from investment in subsidiary companies, associated companies 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.

14. 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 out to the Income Statement.

15. FOREIGN CURRENCY

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.

Income Statements of foreign subsidiary/associated companies 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 subsidiary/associated companies financial statements are reflected in the Exchange Fluctuation Reserve. On disposal of the foreign subsidiary/associated companies, such translation differences are recognised in the Income Statement as part of the gain or loss on disposal.

15. FOREIGN CURRENCY (continued)

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

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

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

| Foreign Currency | 2002 | 2001 | Foreign Currency | 2002 | 2001 |
|------------------|-----------|-----------|------------------------|-----------|-----------|
| US Dollar | RM3.80000 | RM3.80000 | Sri Lanka Rupee | RM0.03940 | RM0.04093 |
| Japanese Yen | RM0.03198 | RM0.02885 | South African Rand | RM0.44471 | RM0.31746 |
| Guinea Franc | RM0.00193 | RM0.00194 | Special Drawing Rights | RM5.16620 | RM4.77580 |
| Bangladesh Taka | RM0.06592 | RM0.06702 | | | |

16. FINANCIAL INSTRUMENTS

(i) 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 policy statements associated with each item.

(ii) 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 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.

(iii) 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 fair value of financial derivative instruments is calculated as the present value of the estimated future cash flows.

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 190 to 241.

Income Statements for the year ended 31 December 2002

| All amounts are in millions unless otherwise stated | Note | The Group | | The Company | |
|---|------|------------------|------------|------------------|------------|
| | | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| OPERATING INCOME | 2 | 9,834.1 | 9,673.2 | 7,977.1 | 7,907.8 |
| OPERATING COSTS | 3 | (8,115.1) | (7,839.3) | (7,829.7) | (6,365.7) |
| OPERATING PROFIT | | 1,719.0 | 1,833.9 | 147.4 | 1,542.1 |
| OTHER OPERATING INCOME | 4 | 112.5 | 137.0 | 291.4 | 305.9 |
| OPERATING PROFIT BEFORE FINANCE COST | | 1,831.5 | 1,970.9 | 438.8 | 1,848.0 |
| NET FINANCE COST | 5 | (303.9) | (398.9) | (365.3) | (452.5) |
| ASSOCIATED COMPANIES | | | | | |
| – share of profits less losses | | 42.5 | 43.8 | — | — |
| – profit on disposal | | — | 827.8 | — | — |
| PROFIT BEFORE TAXATION | | 1,570.1 | 2,443.6 | 73.5 | 1,395.5 |
| TAXATION | | | | | |
| – the company and subsidiary companies | 6 | (454.4) | (569.3) | (399.7) | (536.9) |
| – share of taxation of associated companies | 6 | (33.0) | (38.5) | — | — |
| PROFIT/(LOSS) AFTER TAXATION | | 1,082.7 | 1,835.8 | (326.2) | 858.6 |
| MINORITY INTERESTS | | (26.4) | (23.9) | — | — |
| PROFIT/(LOSS) FOR THE YEAR | | 1,056.3 | 1,811.9 | (326.2) | 858.6 |
| ATTRIBUTABLE TO SHAREHOLDERS | | | | | |
| EARNINGS PER SHARE (sen) | | | | | |
| – basic | 7 | 33.5 | 58.6 | | |
| – diluted | 7 | 33.3 | 58.4 | | |
| DIVIDENDS PER SHARE (sen) | | | | | |
| – final | 8 | 10.0 | 10.0 | | |
| – special | 8 | — | 5.0 | | |

The above Income Statements are to be read in conjunction with the Significant Accounting Policies on pages 185 to 189 and the Notes to the Financial Statements on pages 195 to 241.

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Balance Sheets as at 31 December 2002

| All amounts are in millions unless otherwise stated | Note | The Group | | The Company | |
|---|------|-----------------|------------|-----------------|------------|
| | | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| SHARE CAPITAL | 9 | 3,167.0 | 3,103.5 | 3,167.0 | 3,103.5 |
| SHARE PREMIUM | | 2,536.5 | 2,065.0 | 2,536.5 | 2,065.0 |
| EXCHANGE FLUCTUATION RESERVES | 10 | (307.1) | (383.2) | — | — |
| RETAINED PROFITS | 10 | 9,848.9 | 10,381.8 | 11,127.5 | 11,795.3 |
| TOTAL CAPITAL AND RESERVES | | 15,245.3 | 15,167.1 | 16,831.0 | 16,963.8 |
| MINORITY INTERESTS | | 225.7 | 175.8 | — | — |
| Convertible Bonds | 11 | 1,361.6 | 1,358.2 | 1,361.6 | 1,358.2 |
| Borrowings | 12 | 4,826.9 | 5,349.8 | 4,997.0 | 5,493.0 |
| Customers' deposits | 13 | 704.5 | 690.2 | 614.4 | 614.3 |
| Deferred taxation | 14 | 56.7 | 26.9 | — | — |
| Retirement benefits | 15 | — | 318.7 | — | 317.4 |
| DEFERRED AND LONG TERM LIABILITIES | | 6,949.7 | 7,743.8 | 6,973.0 | 7,782.9 |
| | | 22,420.7 | 23,086.7 | 23,804.0 | 24,746.7 |
| PROPERTY, PLANT AND EQUIPMENT | 16 | 19,566.5 | 18,926.7 | 15,251.0 | 16,010.8 |
| SUBSIDIARY COMPANIES | 17 | — | — | 6,993.5 | 4,891.6 |
| ASSOCIATED COMPANIES | 18 | 1,539.0 | 1,066.5 | 96.4 | 22.0 |
| INVESTMENTS | 19 | 139.6 | 105.5 | 98.3 | 98.3 |
| LONG TERM RECEIVABLES | 20 | 685.4 | 657.8 | 684.6 | 657.0 |
| Inventories | 21 | 172.5 | 153.4 | 105.7 | 95.5 |
| Trade and other receivables | 22 | 3,592.0 | 3,735.6 | 2,942.2 | 3,535.2 |
| Short term investments | 23 | 197.7 | 222.5 | 197.7 | 222.5 |
| Cash and cash equivalents | 24 | 1,821.0 | 2,520.1 | 1,138.2 | 2,110.5 |
| CURRENT ASSETS | | 5,783.2 | 6,631.6 | 4,383.8 | 5,963.7 |
| Trade and other payables | 25 | 3,596.7 | 3,268.5 | 2,576.5 | 2,249.9 |
| Borrowings | 12 | 1,474.2 | 366.7 | 920.4 | 4.6 |
| Taxation | | 222.1 | 666.2 | 206.7 | 642.2 |
| CURRENT LIABILITIES | | 5,293.0 | 4,301.4 | 3,703.6 | 2,896.7 |
| NET CURRENT ASSETS | | 490.2 | 2,330.2 | 680.2 | 3,067.0 |
| | | 22,420.7 | 23,086.7 | 23,804.0 | 24,746.7 |

The above Balance Sheets are to be read in conjunction with the Significant Accounting Policies on pages 185 to 189 and the Notes to the Financial Statements on pages 195 to 241.

Report of the Auditors – Page 243.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2002

| All amounts are in millions unless otherwise stated | Note | Issued and Fully Paid of RM1 each | | Non-distributable | Distributable | Total RM | |
|---|------|---|------------------------|------------------------|---|-----------------|---------------------------|
| | | Special Share*/Ordinary Shares Number of Shares | Nominal Value RM | Share Premium RM | Exchange Fluctuation Reserves RM | | Retained Profits RM |
| At 1 January 2002 | | | | | | | |
| – as previously reported | | 3,103.5 | 3,103.5 | 2,065.0 | (383.2) | 10,038.6 | 14,823.9 |
| – prior year adjustment | 39 | — | — | — | — | 343.2 | 343.2 |
| – as restated | | 3,103.5 | 3,103.5 | 2,065.0 | (383.2) | 10,381.8 | 15,167.1 |
| Goodwill written off | | — | — | — | — | (1,247.6) | (1,247.6) |
| Exchange Fluctuation Reserves | | — | — | — | 76.1 | — | 76.1 |
| Net loss not recognised in income statement | | — | — | — | 76.1 | (1,247.6) | (1,171.5) |
| Profit for the year | | — | — | — | — | 1,056.3 | 1,056.3 |
| Dividends paid for year ended – 31.12.2001 | 8 | — | — | — | — | (341.6) | (341.6) |
| Issue of shares – exercise of share options | | 63.5 | 63.5 | 471.5 | — | — | 535.0 |
| At 31 December 2002 | | 3,167.0 | 3,167.0 | 2,536.5 | (307.1) | 9,848.9 | 15,245.3 |
| At 1 January 2001 | | | | | | | |
| – as previously reported | | 3,087.3 | 3,087.3 | 1,940.3 | (174.2) | 8,569.1 | 13,422.5 |
| – prior year adjustment | 39 | — | — | — | — | 223.2 | 223.2 |
| – as restated | | 3,087.3 | 3,087.3 | 1,940.3 | (174.2) | 8,792.3 | 13,645.7 |
| Exchange Fluctuation Reserves | | — | — | — | (209.0) | — | (209.0) |
| Net loss not recognised in income statement | | — | — | — | (209.0) | — | (209.0) |
| Profit for the year | | — | — | — | — | 1,811.9 | 1,811.9 |
| Dividends paid for year ended – 31.12.2000 | 8 | — | — | — | — | (222.4) | (222.4) |
| Issue of shares – exercise of share options | | 16.2 | 16.2 | 124.7 | — | — | 140.9 |
| At 31 December 2001 | | 3,103.5 | 3,103.5 | 2,065.0 | (383.2) | 10,381.8 | 15,167.1 |

* Issued and fully paid shares include the Special Rights Redeemable Preference Share (Special Share) of RM1. Refer to note 9 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 185 to 189 and the Notes to the Financial Statements on pages 195 to 241.

Report of the Auditors – Page 243.

Statement of Changes in Equity for the year ended 31 December 2002

| All amounts are in millions unless otherwise stated | Note | Issued and Fully Paid of RM1 each | | Non-distributable | Distributable | Total RM |
|---|------|---|------------------|-------------------|---------------------|-----------------|
| | | Special Share*/Ordinary Shares Number of Shares | Nominal Value RM | Share Premium RM | Retained Profits RM | |
| At 1 January 2002 | | | | | | |
| – as previously reported | | 3,103.5 | 3,103.5 | 2,065.0 | 11,452.1 | 16,620.6 |
| – prior year adjustment | 39 | — | — | — | 343.2 | 343.2 |
| – as restated | | 3,103.5 | 3,103.5 | 2,065.0 | 11,795.3 | 16,963.8 |
| Loss for the year | | — | — | — | (326.2) | (326.2) |
| Dividends paid for year ended | | | | | | |
| – 31.12.2001 | 8 | — | — | — | (341.6) | (341.6) |
| Issue of shares | | | | | | |
| – exercise of share options | | 63.5 | 63.5 | 471.5 | — | 535.0 |
| At 31 December 2002 | | 3,167.0 | 3,167.0 | 2,536.5 | 11,127.5 | 16,831.0 |
| At 1 January 2001 | | | | | | |
| – as previously reported | | 3,087.3 | 3,087.3 | 1,940.3 | 10,935.9 | 15,963.5 |
| – prior year adjustment | 39 | — | — | — | 223.2 | 223.2 |
| – as restated | | 3,087.3 | 3,087.3 | 1,940.3 | 11,159.1 | 16,186.7 |
| Profit for the year | | — | — | — | 858.6 | 858.6 |
| Dividends paid for year ended | | | | | | |
| – 31.12.2000 | 8 | — | — | — | (222.4) | (222.4) |
| Issue of shares | | | | | | |
| – exercise of share options | | 16.2 | 16.2 | 124.7 | — | 140.9 |
| At 31 December 2001 | | 3,103.5 | 3,103.5 | 2,065.0 | 11,795.3 | 16,963.8 |

* Issued and fully paid shares include the Special Rights Redeemable Preference Share (Special Share) of RM1. Refer to note 9 to the financial statements for details of the terms and rights attached to Special Share.

The above Statement of Changes in Equity is to be read in conjunction with the Significant Accounting Policies on pages 185 to 189 and the Notes to the Financial Statements on pages 195 to 241.

Report of the Auditors – Page 243.

Cash Flow Statements for the year ended 31 December 2002

| All amounts are in millions unless otherwise stated | Note | The Group | | The Company | |
|--|------|----------------|------------|----------------|------------|
| | | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | 26 | 3,223.4 | 3,283.2 | 2,584.6 | 2,749.2 |
| CASH FLOWS USED IN INVESTING ACTIVITIES | 27 | (4,725.6) | (1,688.6) | (4,095.2) | (1,168.0) |
| CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | 28 | 809.8 | (1,285.8) | 538.3 | (1,400.3) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | (692.4) | 308.8 | (972.3) | 180.9 |
| EFFECT OF EXCHANGE RATE CHANGES | | (6.7) | (4.4) | — | — |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | | 2,520.1 | 2,215.7 | 2,110.5 | 1,929.6 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 24 | 1,821.0 | 2,520.1 | 1,138.2 | 2,110.5 |

The above Cash Flow Statements are to be read in conjunction with the Significant Accounting Policies on pages 185 to 189 and the Notes to the Financial Statements on pages 195 to 241.

Report of the Auditors – Page 243.

Notes to the Financial Statements for the year ended 31 December 2002

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 subsidiary companies are set out in note 17 to the financial statements. There have been no significant change in the nature of these activities during the year.

2. OPERATING INCOME

| | The Group | | The Company | |
|---|----------------|------------|----------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Rentals | | | | |
| Business | 650.7 | 513.3 | 652.3 | 517.1 |
| Residential | 789.9 | 745.6 | 788.6 | 744.0 |
| Sub Total | 1,440.6 | 1,258.9 | 1,440.9 | 1,261.1 |
| Calls/Usage | | | | |
| Business | 2,884.4 | 3,043.5 | 2,904.1 | 3,102.1 |
| Residential | 1,900.7 | 2,032.0 | 1,879.3 | 1,984.6 |
| Sub Total | 4,785.1 | 5,075.5 | 4,783.4 | 5,086.7 |
| Others | | | | |
| Business | 123.5 | 81.7 | 131.6 | 93.2 |
| Residential | 79.6 | 84.3 | 78.9 | 84.0 |
| Sub Total | 203.1 | 166.0 | 210.5 | 177.2 |
| Total | | | | |
| Business | 3,658.6 | 3,638.5 | 3,688.0 | 3,712.4 |
| Residential | 2,770.2 | 2,861.9 | 2,746.8 | 2,812.6 |
| Total Fixed Line | 6,428.8 | 6,500.4 | 6,434.8 | 6,525.0 |
| Data services | 812.8 | 809.6 | 1,120.0 | 1,008.0 |
| Internet and Multimedia | 394.5 | 296.9 | 126.7 | 144.9 |
| Other telecommunication related services | 395.4 | 304.8 | 264.5 | 216.9 |
| Total fixed line, data, internet and multimedia and other telecommunication related services | 8,031.5 | 7,911.7 | 7,946.0 | 7,894.8 |
| Cellular | 1,588.9 | 1,494.6 | 31.1 | 13.0 |
| Non-telecommunication related services | 213.7 | 266.9 | — | — |
| TOTAL OPERATING INCOME | 9,834.1 | 9,673.2 | 7,977.1 | 7,907.8 |

Notes to the Financial Statements for the year ended 31 December 2002

3. OPERATING COSTS

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Allowance for bad and doubtful debts (net of bad debt recoveries) | 564.4 | 869.5 | 322.2 | 423.1 |
| Allowance for impairment losses of property, plant and equipment | — | 84.3 | — | — |
| Allowance for diminution in value of quoted investment | 33.7 | 20.3 | 33.7 | 20.3 |
| Allowance for diminution in value of investment in an International Satellite Organisation | — | 12.6 | — | 12.6 |
| Charges and commissions | 251.9 | 215.0 | 88.9 | 84.4 |
| Depreciation of property, plant and equipment | 2,481.8 | 2,377.6 | 2,088.3 | 2,087.2 |
| Domestic and international outpayment | 1,209.0 | 1,032.2 | 1,176.4 | 1,014.9 |
| Manpower | 1,307.7 | 1,216.9 | 1,044.4 | 972.1 |
| Maintenance | 323.9 | 326.7 | 292.1 | 242.3 |
| Net (gain)/loss on foreign exchange – Realised | (5.6) | 1.7 | (5.6) | (0.4) |
| Net loss/(gain) on foreign exchange – Unrealised | 102.3 | (79.3) | 89.8 | (103.5) |
| Rental – land and buildings | 102.3 | 109.0 | 100.9 | 102.2 |
| Rental – equipment | 11.8 | 20.3 | 23.6 | 26.1 |
| Rental – others | 79.6 | 89.6 | 45.8 | 80.1 |
| Retirement benefits (sub-note a) | (20.7) | 60.9 | (21.7) | 60.2 |
| Research and development | — | — | 21.8 | 24.3 |
| Supplies and inventories | 342.7 | 324.7 | 237.5 | 241.3 |
| Universal Service Provision (USP) | 230.5 | — | 209.2 | — |
| Utilities | 164.0 | 167.9 | 137.4 | 137.8 |
| Waiver of/allowance for loans and advances to subsidiary companies | — | — | 1,074.4 | 406.1 |
| Write down of investment in a subsidiary company | — | — | 316.0 | — |
| Write off of property, plant and equipment | 50.9 | 9.5 | 50.9 | 4.7 |
| Other operating costs | 884.9 | 979.9 | 503.7 | 529.9 |
| TOTAL OPERATING COSTS | 8,115.1 | 7,839.3 | 7,829.7 | 6,365.7 |

3. OPERATING COSTS (continued)

| | The Group | | The Company | |
|-------------------------------------|------------|------------|-------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Other operating costs include: | | | | |
| Audit fees | | | | |
| – current year | 1.2 | 1.1 | 0.4 | 0.4 |
| Directors of the Company | | | | |
| – fees | 0.5 | 0.3 | 0.3 | 0.2 |
| – remuneration and other emoluments | 1.2 | 0.9 | 1.0 | 0.8 |

- (a) The Retirement Benefit Scheme was discontinued with effect from 31 December 2000. During the year, the retirement benefit liabilities have been remitted to Employees' Provident Fund. The current year credit represents the excess of the book provision over the actual retirement benefit liabilities and was reversed accordingly.
- (b) Estimated money value of benefits of Directors amounted to RM44,500 (2001: RM57,600) for the Company and RM109,480 (2001: RM57,600) for the Group.
- (c) 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 | |
|-------------------------------------|----------------------------------|------------|------------------------------------|------------|
| | 31.12.2002 | 31.12.2001 | 31.12.2002 | 31.12.2001 |
| Dato' Dr. Md Khir bin Abdul Rahman | 178,000 | 200,000 | 178,000 | — |
| Dato' Dr. Abdul Rahim bin Haji Daud | 171,000 | 130,000 | 171,000 | 130,000 |

The options were given to these Directors on the same terms and conditions as those offered to other employees of the Company and its subsidiary companies (Note 9(c)).

4. OTHER OPERATING INCOME

| | The Group | | The Company | |
|--|--------------|--------------|--------------|--------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Dividend income from subsidiary companies | — | — | 26.4 | 34.7 |
| Dividend income from quoted shares | 4.0 | 2.6 | 3.8 | 2.3 |
| Dividend income from unquoted shares | 1.5 | 1.1 | 1.5 | 1.1 |
| Income from investment in International Satellite Organisations | 0.5 | 5.4 | 0.5 | 5.4 |
| Interest from subsidiary companies | — | — | 87.0 | 153.4 |
| Profit/(loss) on disposal of short term investments | 3.8 | (2.3) | 3.8 | (2.3) |
| Profit/(loss) on partial disposal of subsidiary companies | 2.8 | 8.7 | — | (1.5) |
| Profit on disposal of property, plant and equipment | 18.2 | 26.0 | 80.8 | 27.5 |
| Rental income from buildings | 6.5 | 6.0 | 25.8 | 14.4 |
| Rental income from vehicles | 0.1 | 1.2 | 3.1 | 3.2 |
| Sale of scrap stores | 4.1 | 5.0 | 4.0 | 4.9 |
| Others | 71.0 | 83.3 | 54.7 | 62.8 |
| TOTAL OTHER OPERATING INCOME | 112.5 | 137.0 | 291.4 | 305.9 |

Notes to the Financial Statements for the year ended 31 December 2002

5. NET FINANCE COST

| | 2002 | | | | 2001 | | | |
|--|--------------|---------------|-----------------------|--------------|------------|-------------|-----------------------|----------|
| | Foreign RM | Domestic RM | Islamic Principles RM | Total RM | Foreign RM | Domestic RM | Islamic Principles RM | Total RM |
| Finance cost in respect of: | | | | | | | | |
| Borrowings | 263.2 | 91.1 | 28.0 | 382.3 | 335.7 | 130.5 | 30.9 | 497.1 |
| Convertible Bonds | 54.7 | — | — | 54.7 | 54.7 | — | — | 54.7 |
| Total finance cost | 317.9 | 91.1 | 28.0 | 437.0 | 390.4 | 130.5 | 30.9 | 551.8 |
| Finance income | — | (49.5) | (22.2) | (71.7) | — | (76.9) | (22.4) | (99.3) |
| NET FINANCE COST OF THE COMPANY | 317.9 | 41.6 | 5.8 | 365.3 | 390.4 | 53.6 | 8.5 | 452.5 |
| Finance cost of subsidiary companies | 5.8 | (53.5) | 0.3 | (47.4) | 5.9 | (50.6) | 0.2 | (44.5) |
| Finance income of subsidiary companies | (3.9) | (4.7) | (5.4) | (14.0) | (0.8) | (4.1) | (4.2) | (9.1) |
| TOTAL NET FINANCE COST OF THE GROUP | 319.8 | (16.6) | 0.7 | 303.9 | 395.5 | (1.1) | 4.5 | 398.9 |

6. TAXATION

| | The Group | | The Company | |
|---|--------------|--------------|--------------|--------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| The taxation charge for the Group and Company comprise: | | | | |
| Malaysia | | | | |
| Current year taxation | 417.9 | 551.8 | 399.7 | 536.9 |
| In respect of prior year | 1.2 | 0.1 | — | — |
| Deferred taxation | 21.4 | 2.5 | — | — |
| | 440.5 | 554.4 | 399.7 | 536.9 |
| Overseas | | | | |
| Current year taxation | 0.9 | 5.9 | — | — |
| In respect of prior year | 4.1 | (0.4) | — | — |
| Deferred taxation | 8.9 | 9.4 | — | — |
| | 13.9 | 14.9 | — | — |
| Share of taxation of associated companies | 454.4 | 569.3 | 399.7 | 536.9 |
| | 33.0 | 38.5 | — | — |
| TOTAL TAXATION | 487.4 | 607.8 | 399.7 | 536.9 |

The effective rate of taxation for the Company is higher than the statutory rate principally due to non-tax deductible expenses which comprise mainly waiver of loan and write down of investment in a subsidiary company.

The effective rate of taxation for the Group is slightly higher than the statutory rate due to losses of certain subsidiary companies which for tax purposes were not available for set off against taxable profits of other companies within the Group and certain expenses which were not deductible for tax purposes.

7. 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 in issue during the year.

| | The Group | |
|---|-------------|---------|
| | 2002 | 2001 |
| Net profit attributable to shareholders (RM million) | 1,056.3 | 1,811.9 |
| Weighted average number of ordinary shares in issue (million) | 3,155.3 | 3,091.6 |
| Basic earnings per share (sen) | 33.5 | 58.6 |

(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 is not included as it is non-dilutive potential ordinary shares for the financial year ended 31 December 2002. It is deemed non-dilutive since the exercise price is higher than the fair value of the Company's share for the financial year ended 31 December 2002. ESOS 2, Phase 1 and Phase 2 are also not included as they have already expired on 15 April 2002.

For ESOS 3 (new ESOS offered during the year), 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 9(c) to the financial statements.

| | The Group | |
|---|-------------|---------|
| | 2002 | 2001 |
| Net profit attributable to shareholders (RM million) | 1,056.3 | 1,811.9 |
| Weighted average number of ordinary shares in issue (million) | 3,155.3 | 3,091.6 |
| Adjustment for ESOS 3 (2001: ESOS 2, Phase 2) (million) | 19.5 | 11.3 |
| Weighted average number of ordinary shares for diluted earnings per share (million) | 3,174.8 | 3,102.9 |
| Diluted earnings per share (sen) | 33.3 | 58.4 |

Notes to the Financial Statements for the year ended 31 December 2002

8. DIVIDENDS

| | The Company | |
|--|--------------|------------|
| | 2002 RM | 2001 RM |
| Final gross dividend of 10.0 sen per share less tax of 28% for 2001/2000 | 227.7 | 222.4 |
| Special gross dividend of 5.0 sen per share less tax of 28% for 2001 | 113.9 | — |
| TOTAL DIVIDENDS | 341.6 | 222.4 |

At the forthcoming Annual General Meeting on 20 May 2003, a final gross dividend of 10.0 sen per share less tax of 28% amounting to RM228.0 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. This represents a change in accounting treatment from that of prior years as explained in note 39 to the financial statements.

9. SHARE CAPITAL

| | The Company | |
|---|----------------|------------|
| | 2002 RM | 2001 RM |
| Authorised: | | |
| Ordinary shares of RM1 each | 5,000.0 | 5,000.0 |
| Special share of RM1 (sub-note a) | — | — |
| Issued and fully paid: | | |
| Ordinary shares of RM1 each | 3,167.0 | 3,103.5 |
| Special share of RM1 (sub-note a) | — | — |
| TOTAL ISSUED AND FULLY PAID-UP SHARE CAPITAL | 3,167.0 | 3,103.5 |

- (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.

9. SHARE CAPITAL (continued)

(b) During the year, the issued and fully paid-up share capital of the Company was increased by the issuance of 57,500, 58,785,500 and 4,658,000 ordinary shares of RM1 each at the option price of RM10.50, RM8.53 and RM7.09 per share respectively for cash under ESOS 2 and ESOS 3 respectively. These shares rank “pari-passu” in all respects with the existing issued ordinary shares of the Company.

(c) ESOS

An Employees’ Share Option Scheme 2 (ESOS 2) was approved by the shareholders at an Extraordinary General Meeting held on 28 March 1997. In that year, options to subscribe for 217,704,000 ordinary shares of RM1 each at the exercise price of RM10.50 per share were granted to eligible Executives and Non-Executives of the Company (referred to as ESOS 2, phase 1).

On 31 July 2001, options to subscribe for 89,536,000 ordinary shares of RM1 each under ESOS 2 were granted to eligible Executives and Non-Executives of the Company at an exercise price of RM8.53 per share (referred to as ESOS 2, phase 2). ESOS 2, phase 1 and phase 2 lapsed on 15 April 2002.

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

The principal features of ESOS 3 are summarised in paragraph 6 of the Directors’ Report.

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 | | ESOS 2 | |
|------------------------|--------------|--------------------|--------------------|--------------------|--------------------|
| | 2002 | 2002 | | 2001 | |
| | Million | Phase 2 Million | Phase 1 Million | Phase 2 Million | Phase 1 Million |
| The Company | | | | | |
| At 1 January | — | 74.8 | 127.1 | — | 128.6 |
| Offered | 259.0 | — | — | 89.5 | — |
| Exercised (sub-note b) | (4.7) | (58.8) | — | (14.7) | (1.5) |
| Lapsed | (0.1) | (16.0) | (127.1) | — | — |
| At 31 December | 254.2 | — | — | 74.8 | 127.1 |

At 31 December 2002, options to subscribe for 254,208,000 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.

Notes to the Financial Statements for the year ended 31 December 2002

10. RESERVES

| | The Group | | The Company | |
|---|----------------|----------------|-----------------|-----------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Retained Profits | 9,848.9 | 10,381.8 | 11,127.5 | 11,795.3 |
| Exchange Fluctuation Reserves arising from translation of foreign subsidiary/associated companies | (307.1) | (383.2) | — | — |
| TOTAL RESERVES | 9,541.8 | 9,998.6 | 11,127.5 | 11,795.3 |

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 2002 to frank the payment of net dividends of approximately RM9,266.3 million (2001: RM8,422.1 million) out of total distributable reserves of RM11,127.5 million (2001: RM11,795.3 million) without incurring additional taxation.

11. CONVERTIBLE BONDS

- (a) Convertible Bonds represent USD359.9 million (2001: USD359.9 million) Convertible Eurobonds due 2004.
- (b) The principle features of the Eurobonds are as follows:
- (i) Unless previously redeemed or purchased and cancelled, the Bonds are convertible on or after 3 November 1994 up to and including 26 September 2004 into fully paid ordinary shares of RM1 each of the Company at an initial conversion price of RM15.60 per ordinary share and with a fixed rate of exchange on conversion of RM2.5553 equals USD1.
 - (ii) Unless previously redeemed, purchased and cancelled or converted, each Bond will be redeemed on 3 October 2004 at its principal amount together with accrued interest. The Bonds may also be redeemed, in whole or in part, by the Company at any time on or after 21 October 1999 at their principal amount, plus accrued interest.
 - (iii) The Bonds bear interest rate of 4% per annum payable semi-annually in arrears in equal instalments on 31 March and 30 September in each year during the tenure and on the date of maturity. Any Bonds converted will cease to carry interest as from the last interest payment date immediately preceding the date of conversion.
 - (iv) The Bonds constitute, subject to the negative pledge, unsecured obligations of the Company.
- (c) None of the remaining Bonds have been redeemed, purchased or cancelled during the financial year.

12. BORROWINGS

THE GROUP

| | 2002 | | | | 2001 | | | |
|---|---|--------------------|---------------------|----------------|---|--------------------|---------------------|----------------|
| | 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) | 6.65% | 91.7 | 3.3 | 95.0 | 6.65% | 100.4 | 2.7 | 103.1 |
| | 6.65% | 91.7 | 3.3 | 95.0 | 6.65% | 100.4 | 2.7 | 103.1 |
| Unsecured | | | | | | | | |
| – Borrowings from financial institutions | 3.92% | 627.6 | 659.4 | 1,287.0 | 4.42% | 686.4 | 349.3 | 1,035.7 |
| – Borrowings under Islamic Banking facilities | 5.56% | 689.0 | 7.3 | 696.3 | 5.69% | 489.0 | 6.6 | 495.6 |
| | 4.49% | 1,316.6 | 666.7 | 1,983.3 | 4.83% | 1,175.4 | 355.9 | 1,531.3 |
| Total Domestic | 4.59% | 1,408.3 | 670.0 | 2,078.3 | 4.95% | 1,275.8 | 358.6 | 1,634.4 |
| FOREIGN | | | | | | | | |
| Secured | | | | | | | | |
| – Borrowings from financial institutions (sub-note b) | 5.99% | 85.1 | 12.0 | 97.1 | 6.54% | 67.7 | — | 67.7 |
| – Other borrowings (sub-note b) | 2.95% | 2.7 | 5.7 | 8.4 | 3.83% | 8.4 | 6.2 | 14.6 |
| | 5.75% | 87.8 | 17.7 | 105.5 | 6.06% | 76.1 | 6.2 | 82.3 |
| Unsecured | | | | | | | | |
| – Notes and Debentures (sub-note c) | 7.28% | 2,643.0 | — | 2,643.0 | 7.32% | 2,623.0 | — | 2,623.0 |
| – Borrowings from financial institutions | 3.08% | 644.4 | 780.8 | 1,425.2 | 5.48% | 1,343.1 | — | 1,343.1 |
| – Other borrowings | 4.18% | 43.4 | 5.7 | 49.1 | 5.26% | 31.8 | 1.9 | 33.7 |
| | 5.79% | 3,330.8 | 786.5 | 4,117.3 | 6.69% | 3,997.9 | 1.9 | 3,999.8 |
| Total Foreign | 5.79% | 3,418.6 | 804.2 | 4,222.8 | 6.67% | 4,074.0 | 8.1 | 4,082.1 |
| TOTAL BORROWINGS | 5.39% | 4,826.9 | 1,474.2 | 6,301.1 | 6.18% | 5,349.8 | 366.7 | 5,716.5 |

Notes to the Financial Statements for the year ended 31 December 2002

12. BORROWINGS (continued)

| | 2002 | | | 2001 | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | 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 | 641.5 | 858.8 | 1,500.3 | 467.5 | 1,627.1 | 2,094.6 |
| After five years and up to ten years | 243.0 | 1,796.5 | 2,039.5 | 284.5 | 1,702.8 | 1,987.3 |
| After ten years and up to fifteen years | — | 20.2 | 20.2 | — | 1.5 | 1.5 |
| After fifteen years (sub-note d) | 523.8 | 743.1 | 1,266.9 | 523.8 | 742.6 | 1,266.4 |
| | 1,408.3 | 3,418.6 | 4,826.9 | 1,275.8 | 4,074.0 | 5,349.8 |

THE COMPANY

| | 2002 | | | | 2001 | | | |
|---|----------------------------------|--------------|---------------|----------|----------------------------------|--------------|---------------|----------|
| | 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) | 6.65% | 91.7 | 3.3 | 95.0 | 6.65% | 100.4 | 2.7 | 103.1 |
| | 6.65% | 91.7 | 3.3 | 95.0 | 6.65% | 100.4 | 2.7 | 103.1 |
| Unsecured | | | | | | | | |
| – Borrowings from financial institutions | 7.29% | 1,000.0 | 155.0 | 1,155.0 | 8.00% | 1,000.0 | — | 1,000.0 |
| – Borrowings under Islamic Banking facilities | 5.59% | 689.0 | — | 689.0 | 5.72% | 489.0 | — | 489.0 |
| | 6.65% | 1,689.0 | 155.0 | 1,844.0 | 7.25% | 1,489.0 | — | 1,489.0 |
| Total Domestic | 6.65% | 1,780.7 | 158.3 | 1,939.0 | 7.21% | 1,589.4 | 2.7 | 1,592.1 |
| FOREIGN Unsecured | | | | | | | | |
| – Notes and Debentures (sub-note c) | 7.28% | 2,643.0 | — | 2,643.0 | 7.32% | 2,623.0 | — | 2,623.0 |
| – Borrowings from financial institutions | 2.62% | 554.1 | 760.0 | 1,314.1 | 5.70% | 1,261.2 | — | 1,261.2 |
| – Other borrowings | 2.65% | 19.2 | 2.1 | 21.3 | 2.65% | 19.4 | 1.9 | 21.3 |
| Total Foreign | 5.71% | 3,216.3 | 762.1 | 3,978.4 | 6.77% | 3,903.6 | 1.9 | 3,905.5 |
| TOTAL BORROWINGS | 6.02% | 4,997.0 | 920.4 | 5,917.4 | 6.90% | 5,493.0 | 4.6 | 5,497.6 |

12. BORROWINGS (continued)

| | 2002 | | | 2001 | | |
|--|----------------|----------------|----------------|----------------|---------------|-------------|
| | 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 | 537.7 | 770.6 | 1,308.3 | 304.9 | 1,510.3 | 1,815.2 |
| After five years and up to ten years | 243.0 | 1,701.3 | 1,944.3 | 284.5 | 1,649.2 | 1,933.7 |
| After ten years and up to fifteen years | — | 1.3 | 1.3 | — | 1.5 | 1.5 |
| After fifteen years (sub-note d) | 1,000.0 | 743.1 | 1,743.1 | 1,000.0 | 742.6 | 1,742.6 |
| | 1,780.7 | 3,216.3 | 4,997.0 | 1,589.4 | 3,903.6 | 5,493.0 |

The currency exposure profile of borrowings is as follows:

| | The Group | The Company |
|--------------------|----------------|----------------|
| | 2002 RM | 2002 RM |
| – Ringgit Malaysia | 2,078.3 | 1,939.0 |
| – US Dollar | 3,345.8 | 3,208.5 |
| – Japanese Yen | 757.2 | 757.2 |
| – Other currencies | 119.8 | 12.7 |
| | 6,301.1 | 5,917.4 |

- (a) This represents borrowings from Cagamas Berhad secured by way of assignment of the titles of properties relating to staff housing loans.
- (b) Secured by way of fixed and floating charge on property, plant and equipment of certain subsidiary companies (note 16 to the financial statements).
- (c) 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.
- (d) The Group and the Company have the option to prepay the total domestic loan outstanding of RM523.8 million (2001: RM523.8 million) and RM1,000.0 million (2001: RM1,000.0 million) respectively in 2004.

12. BORROWINGS (continued)

(e) 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.

(f) 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.

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

Underlying Liability

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.

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.

12. BORROWINGS (continued)

(g) Cross-currency Interest Rate Swap (CCIRS) (continued)

Hedging Instrument (continued)

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.

13. CUSTOMERS' DEPOSITS

| | The Group | | The Company | |
|----------------------------------|--------------|------------|--------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Telephone | 662.1 | 648.1 | 579.5 | 578.5 |
| Data services | 32.6 | 33.3 | 32.6 | 33.3 |
| Others | 9.8 | 8.8 | 2.3 | 2.5 |
| TOTAL CUSTOMERS' DEPOSITS | 704.5 | 690.2 | 614.4 | 614.3 |

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

14. DEFERRED TAXATION

| | The Group | | The Company | |
|----------------------------------|-------------|------------|-------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| At 1 January | 26.9 | 15.3 | — | — |
| Transfer from Income Statement | 30.3 | 11.9 | — | — |
| Currency translation differences | (0.5) | (0.3) | — | — |
| At 31 December | 56.7 | 26.9 | — | — |

Notes to the Financial Statements for the year ended 31 December 2002

14. DEFERRED TAXATION (continued)

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

| | 2002 | | 2001 | |
|---|-----------------------------------|----------------------|-----------------------------------|----------------------|
| | Arising in the current year RM | As at year end RM | Arising in the current year RM | As at year end RM |
| The Company | | | | |
| Between depreciation and capital allowances | 146.2 | 1,648.3 | 128.6 | 1,502.1 |
| Other timing differences | 26.1 | (114.7) | (67.9) | (140.8) |
| | 172.3 | 1,533.6 | 60.7 | 1,361.3 |
| Subsidiary companies | | | | |
| Between depreciation and capital allowances | (149.2) | (394.9) | (138.1) | (245.7) |
| Unabsorbed tax losses | (10.6) | (350.2) | (4.9) | (339.6) |
| Other timing differences | 51.6 | (138.6) | (66.0) | (190.2) |
| NET TAX EFFECT NOT PROVIDED FOR | 64.1 | 649.9 | (148.3) | 585.8 |

15. RETIREMENT BENEFITS

| | The Group | | The Company | |
|--|------------|--------------|-------------|--------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| At 1 January | 318.7 | 276.7 | 317.4 | 275.7 |
| (Reversal)/charged to Income Statement | (20.7) | 60.9 | (21.7) | 60.2 |
| Remittance to EPF | (298.0) | (18.9) | (295.7) | (18.5) |
| At 31 December | — | 318.7 | — | 317.4 |

The Retirement Benefit Scheme was discontinued with effect from 31 December 2000. During the year, the retirement benefit liabilities have been remitted to Employees' Provident Fund (EPF). The current year credit represents the excess of the book provision over the actual retirement benefit liabilities and was reversed accordingly.

16. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

| | Telecommunication 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 |
|--|------------------------------------|---|--------------------------------------|----------------------------|-----------------|---|--|
| Cost | | | | | | | |
| Balance at 1.1.2002 | 29,247.7 | 1,120.5 | 2,200.0 | 412.1 | 2,691.4 | 4,249.0 | 39,920.7 |
| Property, plant and equipment of new subsidiary acquired | 20.8 | 4.0 | 1.4 | — | — | — | 26.2 |
| Additions | 2,393.8 | 129.4 | 549.5 | 49.4 | 1,379.1 | (1,316.1)* | 3,185.1 |
| Disposals | (202.7) | (21.1) | (0.7) | (0.7) | (1.2) | — | (226.4) |
| Write off | (1,132.5) | (3.1) | (0.7) | — | — | — | (1,136.3) |
| Currency translation differences | (23.0) | (0.5) | (0.4) | 0.6 | — | — | (23.3) |
| Balance at 31.12.2002 | 30,304.1 | 1,229.2 | 2,749.1 | 461.4 | 4,069.3 | 2,932.9 | 41,746.0 |
| Accumulated Depreciation | | | | | | | |
| Balance at 1.1.2002 | 17,112.2 | 885.7 | 1,617.0 | 5.7 | 985.1 | — | 20,605.7 |
| Property, plant and equipment of new subsidiary acquired | 9.4 | 3.6 | 1.2 | — | — | — | 14.2 |
| Depreciation | 1,926.4 | 81.0 | 360.7 | 0.2 | 113.5 | — | 2,481.8 |
| Disposals | (202.0) | (16.3) | (0.7) | — | (0.7) | — | (219.7) |
| Write off | (1,081.8) | (2.9) | (0.7) | — | — | — | (1,085.4) |
| Currency translation differences | (5.1) | (0.1) | (0.1) | — | (0.1) | — | (5.4) |
| Balance at 31.12.2002 | 17,759.1 | 951.0 | 1,977.4 | 5.9 | 1,097.8 | — | 21,791.2 |
| Impairment | | | | | | | |
| Balance at 1.1.2002 and at 31.12.2002 | 388.3 | — | — | — | — | — | 388.3 |
| Net Book Value | | | | | | | |
| Balance at 1.1.2002 | 11,747.2 | 234.8 | 583.0 | 406.4 | 1,706.3 | 4,249.0 | 18,926.7 |
| Property, plant and equipment of new subsidiary acquired | 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 |
| Depreciation | (1,926.4) | (81.0) | (360.7) | (0.2) | (113.5) | — | (2,481.8) |
| 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) |
| Balance at 31.12.2002 | 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 2002

16. PROPERTY, PLANT AND EQUIPMENT (continued)

THE GROUP

| | Telecommunication 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 |
|-------------------------------------|------------------------------------|---|--------------------------------------|----------------------------|-----------------|---|--|
| Cost | | | | | | | |
| Balance at 1.1.2001 | 27,752.6 | 1,017.6 | 1,795.7 | 403.9 | 2,588.0 | 3,926.1 | 37,483.9 |
| Additions | 1,753.2 | 115.1 | 409.9 | 10.1 | 105.8 | 322.9* | 2,717.0 |
| Disposals | (118.1) | (5.7) | (4.1) | — | (0.3) | — | (128.2) |
| Write off | (122.2) | (3.5) | (1.0) | — | — | — | (126.7) |
| Currency translation differences | (17.8) | (3.0) | (0.5) | (1.9) | (2.1) | — | (25.3) |
| Balance at 31.12.2001 | 29,247.7 | 1,120.5 | 2,200.0 | 412.1 | 2,691.4 | 4,249.0 | 39,920.7 |
| Accumulated Depreciation | | | | | | | |
| Balance at 1.1.2001 | 15,442.0 | 788.5 | 1,329.3 | 5.1 | 909.0 | — | 18,473.9 |
| Depreciation | 1,901.8 | 105.9 | 292.7 | 0.6 | 76.6 | — | 2,377.6 |
| Disposals | (111.5) | (4.5) | (4.0) | — | (0.2) | — | (120.2) |
| Write off | (114.3) | (2.1) | (0.8) | — | — | — | (117.2) |
| Currency translation differences | (5.8) | (2.1) | (0.2) | — | (0.3) | — | (8.4) |
| Balance at 31.12.2001 | 17,112.2 | 885.7 | 1,617.0 | 5.7 | 985.1 | — | 20,605.7 |
| Impairment | | | | | | | |
| Balance at 1.1.2001 | 304.0 | — | — | — | — | — | 304.0 |
| Impairment losses | 84.3 | — | — | — | — | — | 84.3 |
| Balance at 31.12.2001 | 388.3 | — | — | — | — | — | 388.3 |
| Net Book Value | | | | | | | |
| Balance at 1.1.2001 | 12,006.6 | 229.1 | 466.4 | 398.8 | 1,679.0 | 3,926.1 | 18,706.0 |
| Additions | 1,753.2 | 115.1 | 409.9 | 10.1 | 105.8 | 322.9* | 2,717.0 |
| Depreciation | (1,901.8) | (105.9) | (292.7) | (0.6) | (76.6) | — | (2,377.6) |
| Disposals | (6.6) | (1.2) | (0.1) | — | (0.1) | — | (8.0) |
| Write off | (7.9) | (1.4) | (0.2) | — | — | — | (9.5) |
| Impairment losses | (84.3) | — | — | — | — | — | (84.3) |
| Currency translation differences | (12.0) | (0.9) | (0.3) | (1.9) | (1.8) | — | (16.9) |
| Balance at 31.12.2001 | 11,747.2 | 234.8 | 583.0 | 406.4 | 1,706.3 | 4,249.0 | 18,926.7 |

* Net of transfer to property, plant and equipment

16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

| | 2002 RM | 2001 RM |
|-----------------------------|--------------|------------|
| Telecommunication network | 272.8 | 214.6 |
| Movable plant and equipment | 5.0 | 5.3 |
| Computer support systems | 1.4 | 1.4 |
| Land | 0.9 | 0.9 |
| Buildings | 1.9 | 2.2 |
| | 282.0 | 224.4 |

THE COMPANY

| | Telecommunication 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 |
|---------------------------------|------------------------------------|---|--------------------------------------|----------------------------|-----------------|---|--|
| Cost | | | | | | | |
| Balance at 1.1.2002 | 26,226.5 | 869.7 | 1,855.7 | 383.1 | 2,290.7 | 3,642.7 | 35,268.4 |
| Additions | 1,451.1 | 99.7 | 421.4 | 1.2 | 876.5 | (691.6)* | 2,158.3 |
| Disposals | (225.0) | (24.8) | (156.7) | (86.4) | (35.6) | (557.0) | (1,085.5) |
| Write off | (1,126.0) | (3.1) | (0.7) | — | — | — | (1,129.8) |
| Balance at 31.12.2002 | 26,326.6 | 941.5 | 2,119.7 | 297.9 | 3,131.6 | 2,394.1 | 35,211.4 |
| Accumulated Depreciation | | | | | | | |
| Balance at 1.1.2002 | 16,183.3 | 740.5 | 1,428.0 | 5.1 | 900.7 | — | 19,257.6 |
| Depreciation | 1,691.8 | 49.6 | 268.5 | 0.5 | 77.9 | — | 2,088.3 |
| Disposals | (192.3) | (18.1) | (79.8) | — | (16.4) | — | (306.6) |
| Write off | (1,075.3) | (2.9) | (0.7) | — | — | — | (1,078.9) |
| Balance at 31.12.2002 | 16,607.5 | 769.1 | 1,616.0 | 5.6 | 962.2 | — | 19,960.4 |
| Net Book Value | | | | | | | |
| Balance 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 |
| Depreciation | (1,691.8) | (49.6) | (268.5) | (0.5) | (77.9) | — | (2,088.3) |
| Disposals | (32.7) | (6.7) | (76.9) | (86.4) | (19.2) | (557.0) | (778.9)# |
| Write off | (50.7) | (0.2) | — | — | — | — | (50.9) |
| Balance at 31.12.2002 | 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 RM774.3 million being property, plant and equipment transferred to wholly owned subsidiary companies

Notes to the Financial Statements for the year ended 31 December 2002

16. PROPERTY, PLANT AND EQUIPMENT (continued)

THE COMPANY

| | Telecommunication 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 |
|---------------------------------|------------------------------------|---|--------------------------------------|----------------------------|-----------------|---|--|
| Cost | | | | | | | |
| Balance at 1.1.2001 | 25,224.8 | 809.9 | 1,549.2 | 381.7 | 2,195.0 | 3,504.2 | 33,664.8 |
| Additions | 1,236.8 | 87.2 | 325.6 | 1.4 | 105.7 | 138.5* | 1,895.2 |
| Disposals | (118.1) | (23.9) | (18.3) | — | (10.0) | — | (170.3) |
| Write off | (117.0) | (3.5) | (0.8) | — | — | — | (121.3) |
| Balance at 31.12.2001 | 26,226.5 | 869.7 | 1,855.7 | 383.1 | 2,290.7 | 3,642.7 | 35,268.4 |
| Accumulated Depreciation | | | | | | | |
| Balance at 1.1.2001 | 14,691.6 | 683.0 | 1,220.2 | 4.7 | 829.0 | — | 17,428.5 |
| Depreciation | 1,718.5 | 70.7 | 223.0 | 0.4 | 74.6 | — | 2,087.2 |
| Disposals | (112.9) | (11.1) | (14.6) | — | (2.9) | — | (141.5) |
| Write off | (113.9) | (2.1) | (0.6) | — | — | — | (116.6) |
| Balance at 31.12.2001 | 16,183.3 | 740.5 | 1,428.0 | 5.1 | 900.7 | — | 19,257.6 |
| Net Book Value | | | | | | | |
| Balance at 1.1.2001 | 10,533.2 | 126.9 | 329.0 | 377.0 | 1,366.0 | 3,504.2 | 16,236.3 |
| Additions | 1,236.8 | 87.2 | 325.6 | 1.4 | 105.7 | 138.5* | 1,895.2 |
| Depreciation | (1,718.5) | (70.7) | (223.0) | (0.4) | (74.6) | — | (2,087.2) |
| Disposals | (5.2) | (12.8) | (3.7) | — | (7.1) | — | (28.8)# |
| Write off | (3.1) | (1.4) | (0.2) | — | — | — | (4.7) |
| Balance at 31.12.2001 | 10,043.2 | 129.2 | 427.7 | 378.0 | 1,390.0 | 3,642.7 | 16,010.8 |

* Net of transfer to property, plant and equipment

Included RM23.5 million being property, plant and equipment transferred to subsidiary companies

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

| | The Group | | The Company | |
|----------------------|--------------|------------|--------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Freehold land | 254.5 | 207.0 | 92.5 | 178.9 |
| Long term leasehold | 130.3 | 94.7 | 130.3 | 93.8 |
| Short term leasehold | 3.3 | 2.0 | 2.0 | 2.0 |
| Other land | 73.3 | 108.4 | 73.1 | 108.4 |
| | 461.4 | 412.1 | 297.9 | 383.1 |

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

(b) Included in the capital work-in-progress is finance cost capitalised amounting to RM5.2 million (2001: RM4.0 million) for the Group.

17. SUBSIDIARY COMPANIES

| | The Company | |
|---|--------------------|--------------------|
| | 2002 RM | 2001 RM |
| Investments, quoted: | | |
| Malaysia – at cost | 19.5 | — |
| Investments, unquoted: | | |
| Malaysia – at cost | 470.5 | 1,704.8 |
| – at written down value (sub-note a) | 1,684.4 | — |
| Overseas – at cost | 179.2 | 243.0 |
| Amount owing by subsidiary companies (sub-note b) | 2,353.6 5,046.0 | 1,947.8 3,349.9 |
| Allowance for loans and advances | 7,399.6 (406.1) | 5,297.7 (406.1) |
| TOTAL INTEREST IN SUBSIDIARY COMPANIES | 6,993.5 | 4,891.6 |
| Market value of quoted investment | 72.9 | — |

(a) Investments in certain subsidiary companies have been written down to recoverable amount or RM1 each.

The subsidiary companies are as follows:

| Name of Company | % of Shareholdings | | Paid-up Capital | | Principal Activities |
|----------------------------------|--------------------|------|-----------------|-----------------|---|
| | 2002 | 2001 | 2002 Million | 2001 Million | |
| Citifon Sdn. Bhd. | 100 | 100 | RM65.0 | RM65.0 | Payphone network and related services |
| Fiberail Sdn. Bhd. | 60 | 60 | RM14.2 | RM14.2 | Installation, maintaining and operating of optical fibre telecommunication system |
| GITN Sdn. Bhd. | 100 | — | RM20.0 | RM— | Integrated telecommunication network infrastructure |
| Intelsec Sdn. Bhd.* | 100 | 100 | RM3.0 | RM3.0 | Intelligent security services |
| Mediatel (Malaysia) Sdn. Bhd. | 100 | 100 | RM4.0 | RM4.0 | Investment holding |
| Meganet Communications Sdn. Bhd. | 70 | 70 | RM11.0 | RM11.0 | Interactive multimedia communication services |

Notes to the Financial Statements for the year ended 31 December 2002

17. SUBSIDIARY COMPANIES (continued)

| Name of Company | % of Shareholdings | | Paid-up Capital | | Principal Activities |
|--|--------------------|------|-----------------|-----------------|---|
| | 2002 | 2001 | 2002 Million | 2001 Million | |
| Menara Kuala Lumpur Sdn. Bhd. | 100 | 100 | RM91.0 | RM91.0 | Management and operation of Kuala Lumpur Tower |
| Mobikom Sdn. Bhd. | 100 | 100 | RM260.0 | RM260.0 | Mobile telecommunication services |
| Parkside Properties Sdn. Bhd.* | 100 | 100 | RM0.1 | RM0.1 | Investment holding |
| Societe Des Telecommunications De Guinee## | 60 | 60 | GFR75,000.0 | GFR75,000.0 | Telecommunication and related services |
| Telekom Applied Business Sdn. Bhd. | 70 | 70 | RM1.6 | RM1.6 | Development and sale of software products |
| Telekom Consultancy Sdn. Bhd.* | 51 | 51 | RM# | RM# | Consultancy and engineering services in telecommunications |
| Telekom Enterprise Sdn. Bhd. | 100 | 100 | RM0.6 | RM0.6 | Investment holding |
| Telekom Infotech Sdn. Bhd.* | 100 | 100 | RM0.5 | RM0.5 | Investment holding |
| Telekom Malaysia-Africa Sdn. Bhd. | 100 | 100 | RM0.1 | RM0.1 | Investment holding |
| Telekom Management Services Sdn. Bhd. | 100 | 100 | RM# | RM# | Management consultancy services in telecommunication and related areas |
| Telekom Multi-Media Sdn. Bhd. | 100 | 100 | RM1.6 | RM1.6 | Interactive multimedia communication services and solutions |
| Telekom Networks Malawi Limited** | 60 | 60 | MKW350.0 | MKW65.0 | Telecommunication and related services |
| Telekom Payphone Sdn. Bhd. | 100 | 100 | RM9.0 | RM9.0 | Investment holding |
| Telekom Publications Sdn. Bhd. | 100 | 100 | RM6.0 | RM6.0 | Printing and publication of telephone directories and distribution of information |
| Telekom Research & Development Sdn. Bhd. | 100 | 100 | RM20.0 | RM20.0 | Research and development work and experiment in the area of telecommunication |
| Telekom Sales and Services Sdn. Bhd. | 100 | 100 | RM14.5 | RM7.5 | Trading in customer premises equipment |

17. SUBSIDIARY COMPANIES (continued)

| Name of Company | % of Shareholdings | | Paid-up Capital | | Principal Activities |
|---|--------------------|------|------------------|-----------------|---|
| | 2002 | 2001 | 2002 Million | 2001 Million | |
| Telekom Technology Sdn. Bhd. | 70 | 70 | RM13.0 | RM0.1 | Develop, establish, maintain, operate and market advance technology in e-commerce |
| Telesafe Sdn. Bhd.* | 100 | 100 | RM4.0 | RM4.0 | Fire and industrial safety services |
| Telekom Malaysia (S) Pte. Ltd.** | 100 | — | SGD# | SGD- | International telecommunication facilities |
| Telekom Malaysia (UK) Limited** | 100 | 100 | STR# | STR# | International telecommunication facilities |
| TM (Hong Kong) Limited** | 100 | 100 | HKD# | HKD# | International telecommunication facilities |
| TM (USA) Inc.** | 100 | 100 | USD# | USD# | International telecommunication facilities |
| TM Cellular Sdn. Bhd. | 100 | 100 | RM1,565.0 | RM1,000.0 | Mobile telecommunication services |
| TM Global Incorporated## | 100 | 100 | USD# | USD# | Investment holding |
| TM Facilities Sdn. Bhd. | 100 | — | RM2.3 | RM- | Facilities management services |
| TM International (Bangladesh) Limited## | 70 | 70 | TK340.0 | TK340.0 | Mobile telecommunication services |
| 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/telecommunication and consultancy services on an international scale |
| TM Net Sdn. Bhd. | 100 | — | RM180.0 | RM- | Internet related services |
| Universiti Telekom Sdn. Bhd. | 100 | 100 | RM1.0 | RM1.0 | Management of private university |
| VADS Berhad | 69.52 | 100 | RM40.0 | RM15.0 | Value added data and electronic telecommunication services |

Notes to the Financial Statements for the year ended 31 December 2002

17. SUBSIDIARY COMPANIES (continued)

| Name of Company | % of Shareholdings | | Paid-up Capital | | Principal Activities |
|---|--------------------|------|-----------------|-----------------|---|
| | 2002 | 2001 | 2002 Million | 2001 Million | |
| Subsidiary held through Telekom Publications Sdn. Bhd. Cybermall Sdn. Bhd. | 100 | 100 | RM2.7 | RM2.7 | Telecommunications, multimedia and information technology services |
| Subsidiary held through Universiti Telekom Sdn. Bhd. Unitele Multimedia Sdn. Bhd. | 100 | 100 | RM# | RM# | Investment holding/adopting research ideas for development, prototyping and consultancy project and collaborating with external parties |
| Subsidiaries held through VADS Berhad | | | | | |
| VADS e-Services Sdn. Bhd. | 100 | 100 | RM1.0 | RM1.0 | Electronic commerce services |
| VADS Solutions Sdn. Bhd. | 100 | 100 | RM1.5 | RM1.5 | Internet System Integration and networking facilities relating to information technology |
| Subsidiaries held through TM International Sdn. Bhd. | | | | | |
| MTN Networks (Pvt) Limited## | 100 | 100 | SLR370.0 | SLR370.0 | Mobile telecommunication services |
| 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 Communications Co. Ltd.** | 51 | 51 | USD8.5 | USD8.5 | Mobile telecommunication services |
| Subsidiaries held through Telekom Multi-Media Sdn. Bhd. | | | | | |
| TM Orion Sdn. Bhd.* | 100 | 100 | RM# | RM# | Electronic commerce and related services |
| Telekom Smart School Sdn. Bhd. | 51 | 51 | RM15.0 | RM15.0 | Development and distribution of educational software and hardware |
| Subsidiary held through Telekom Enterprise Sdn. Bhd. | | | | | |
| Mobitel Sdn. Bhd.* | 55 | 55 | RM8.0 | RM8.0 | Mobile telecommunication services |
| Subsidiary held through TM International (L) Limited## | | | | | |
| TESS International Ltd.* | 100 | — | USD# | USD— | Investment holding |

17. SUBSIDIARY COMPANIES (continued)

All subsidiary companies are incorporated in Malaysia except the following:

| Name of Company | Place of Incorporation |
|--|-----------------------------|
| Cambodia Samart Communications 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 |
| 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 |
| TM (Hong Kong) Limited** | – Hong Kong |
| TM (USA) Inc.** | – United States of America |
| TESS International Ltd.* | – Mauritius |

* Inactive as at 31 December 2002

Audited by a member firm of PricewaterhouseCoopers

** Not audited by member firms of PricewaterhouseCoopers

Amounts less than 0.1 million in their respective currency

| | |
|-----|------------------|
| 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 |

(b) Amount owing by subsidiary companies

The amount owing by subsidiary companies represents shareholder loans and advances for working capital purposes. These loans and advances are unsecured and bear interest ranging from 0% to 4.88% (2001: 0% to 8.0%) with no fixed repayment terms. However, the Company has indicated that it will not demand substantial repayment within the next twelve months.

Notes to the Financial Statements for the year ended 31 December 2002

18. ASSOCIATED COMPANIES

| | The Group | | The Company | |
|--|----------------------|--------------------|-------------|-------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Investments, at cost (quoted): | | | | |
| Malaysia | 1,654.9 | — | 84.2 | — |
| Overseas | 198.9 | 198.9 | — | — |
| Investments, at cost (unquoted): | | | | |
| Malaysia | 2.9 | 11.1 | 1.5 | 9.7 |
| Overseas | 1,292.5 | 1,389.3 | 10.3 | 10.3 |
| Goodwill written off | 3,149.2 (1,820.0) | 1,599.3 (761.1) | 96.0 — | 20.0 — |
| Group's share of post acquisition profits less losses | 1,329.2 209.4 | 838.2 202.5 | 96.0 — | 20.0 — |
| Share of net assets of associated companies | 1,538.6 | 1,040.7 | 96.0 | 20.0 |
| Amount owing by associated companies (sub-note a) | 0.4 | 25.8 | 0.4 | 2.0 |
| TOTAL INTEREST IN ASSOCIATED COMPANIES | 1,539.0 | 1,066.5 | 96.4 | 22.0 |
| Market value of quoted investments: | | | | |
| Malaysia | 1,512.5 | — | 101.1 | — |
| Overseas | 16.0 | 15.2 | — | — |

The associated companies are as follows:

| Name of Company | % of Shareholdings | | Principal Activities |
|---|--------------------|------|--|
| | 2002 | 2001 | |
| GITN Sdn. Bhd. | — | 45 | Integrated telecommunication network infrastructure |
| 5by5 Networks Inc. (formerly known as Itopia Inc.) | 16.5 | 16.5 | Research and development of telecommunication products |
| MYSPEED.COM Sdn. Bhd. | 16.2 | 15 | E-commerce services |
| Sistem Iridium Malaysia Sdn. Bhd.* | 40 | 40 | Wireless communications services |
| Celcom (Malaysia) Berhad** | 31.25 | — | Mobile, fixed and multimedia services |

18. ASSOCIATED COMPANIES (continued)

| Name of Company | % of Shareholdings | | Principal Activities |
|---|--------------------|-------|--|
| | 2002 | 2001 | |
| Associates held through | | | |
| Telekom Multi-Media Sdn. Bhd. | | | |
| Mahirnet Sdn. Bhd. | 49 | 49 | Distance learning services |
| Mutiara.Com Sdn. Bhd. | 30 | 30 | Information technology and telecommunications infrastructure |
| Associates held through | | | |
| TM International Sdn. Bhd. | | | |
| Cambodia National Communication Inc.* | 42 | 42 | Trunk land mobile radio services |
| Samart Corporation Public Company Limited | 19.73 | 19.73 | Telecommunication and broadcasting services |
| Associate held through | | | |
| Telekom Malaysia-Africa Sdn. Bhd. | | | |
| Thintana Communications Llc. | 40 | 40 | Investment holding |
| Associate held through | | | |
| G-Com Limited | | | |
| Ghana Telecommunications Company Limited (sub-note b) | — | 30 | Telecommunication and related services |
| Associate held through | | | |
| Thintana Communications Llc. | | | |
| Telkom SA Limited | 30 | 30 | Telecommunication and related services |

All associated companies are incorporated in Malaysia except the following:

| Name of Company | Place of Incorporation |
|---|----------------------------|
| Cambodia National Communication Inc.* | – Cambodia |
| 5by5 Networks Inc. | – United States of America |
| Samart Corporation Public Company Limited | – Thailand |
| Thintana Communications Llc. | – United States of America |
| Telkom SA Limited | – South Africa |

All associated companies have co-terminous financial year end with the Company except for MYSPEED.COM Sdn. Bhd. and Telkom SA Limited with financial year ends on 31 January and 31 March respectively.

* Inactive as at 31 December 2002

** 29.16% held through Telekom Enterprise Sdn. Bhd.

Notes to the Financial Statements for the year ended 31 December 2002

18. ASSOCIATED COMPANIES (continued)

(a) Amount owing by associated companies

The amount owing by associated companies are unsecured and interest free with no fixed repayment terms. However, the Company has indicated that it will not demand substantial repayment within the next twelve months.

(b) Telekom Malaysia's (TM's) effective interest in Ghana Telecommunications Company Limited (GT) is 25.5%, held through TM International Sdn. Bhd. and G-Com Limited (G-Com). On 3 June 2002, the Extraordinary General Meeting (EGM) of GT passed a resolution to reconstitute the Board of GT consisting of four nominees from G-Com (85% owned by TM) and three nominees from the Government of Ghana (GoG) to three nominees from G-Com and six nominees from GoG. This resolution was passed despite the objection from G-Com whose consent is required under the Company Regulations of GT.

Subsequently, G-Com filed for an application in the High Court of Ghana on 13 June 2002, to seek a declaration that the EGM held on 3 June 2002 was null and void.

On 11 July 2002, the GoG unilaterally terminated the contract of employment of the Managing Director (MD) and appointed an Interim Management Committee to oversee and manage the day to day affair of GT pending the appointment of a substantive MD by the shareholders of GT.

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 for an appeal in the Supreme Court of Ghana against the decision of the High Court dated 31 July 2002. The Supreme Court has yet to fix the hearing date of the said appeal.

Following the above events, TM lost significant influence over the financial and operating policy decisions of GT. Accordingly, TM has since ceased to equity account for its share of results in GT.

With the above, the carrying value of investment in GT has been reclassified from associated company to long term investment in note 19 to the financial statements. In addition, TM is also pursuing the recovery of the deposit for further investment in GT (refer to note 33(a) to the financial statements for further details).

19. INVESTMENTS

| | The Group | | The Company | |
|---|--------------|------------|-------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Investments in International Satellite Organisations, at cost | 133.5 | 133.5 | 132.6 | 132.6 |
| Investments in unquoted shares, at cost | 96.4 | 62.3 | 56.0 | 56.0 |
| | 229.9 | 195.8 | 188.6 | 188.6 |
| Allowance for permanent diminution in value | (90.3) | (90.3) | (90.3) | (90.3) |
| TOTAL INVESTMENTS AFTER ALLOWANCE | 139.6 | 105.5 | 98.3 | 98.3 |

20. LONG TERM RECEIVABLES

| | The Group | | The Company | |
|---|---------------|---------------|---------------|--------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Staff loans under Islamic principles | 431.7 | 359.9 | 431.7 | 359.9 |
| Staff loans | 331.8 | 388.0 | 331.7 | 387.9 |
| Total staff loans (sub-note a & b) | 763.5 | 747.9 | 763.4 | 747.8 |
| Amount receivable within twelve months included under other receivables | (99.3) | (100.6) | (99.3) | (100.6) |
| Other long term receivables (sub-note c) | 664.2 21.2 | 647.3 10.5 | 664.1 20.5 | 647.2 9.8 |
| TOTAL LONG TERM RECEIVABLES | 685.4 | 657.8 | 684.6 | 657.0 |

- (a) Staff loans comprise housing, vehicle, computer and club membership loans offered to the employees with financing cost of 4.0% per annum on reducing balance basis except for club membership loan which is 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:
- Housing loan – 25 years or upon employees attaining 55 years of age, whichever is earlier
 - Vehicle loan – maximum of 8 years for new car and 6 years for second hand car
 - Computer loan – 3 years
- (b) Staff loans amounting to RM92.8 million (2001: RM100.0 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 loan is interest free and if not converted to scholarship will be repayable over a period of not more than 8 years.

21. INVENTORIES

| | The Group | | The Company | |
|-----------------------------|--------------|------------|--------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| At cost: | | | | |
| Cables and wires | 38.7 | 27.8 | 38.7 | 27.8 |
| Network materials | 30.6 | 29.2 | 29.2 | 29.2 |
| Telecommunication equipment | 24.3 | 20.1 | 21.1 | 17.2 |
| Spares and others | 37.4 | 55.3 | 16.7 | 21.3 |
| | 131.0 | 132.4 | 105.7 | 95.5 |
| At net realisable value: | | | | |
| Spares and others | 41.5 | 21.0 | — | — |
| TOTAL INVENTORIES | 172.5 | 153.4 | 105.7 | 95.5 |

Notes to the Financial Statements for the year ended 31 December 2002

22. TRADE AND OTHER RECEIVABLES

| | The Group | | The Company | |
|---|----------------|------------|----------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Receivables from telephone customers | 2,358.0 | 2,971.5 | 1,459.0 | 1,674.9 |
| Receivables from non-telephone customers | 1,678.9 | 1,516.3 | 1,224.8 | 1,342.9 |
| Receivables from subsidiary companies | — | — | 326.4 | 639.1 |
| | 4,036.9 | 4,487.8 | 3,010.2 | 3,656.9 |
| Advance rental billings | (494.4) | (451.4) | (522.8) | (507.1) |
| | 3,542.5 | 4,036.4 | 2,487.4 | 3,149.8 |
| Allowance for doubtful debts | (1,151.2) | (1,485.2) | (628.9) | (722.3) |
| Total trade receivables after allowance | 2,391.3 | 2,551.2 | 1,858.5 | 2,427.5 |
| Prepayments | 574.4 | 556.3 | 528.0 | 534.7 |
| Deposit for additional investment (refer to note 33(a) to the financial statements) | 190.0 | 190.0 | 190.0 | 190.0 |
| Other receivables | 436.3 | 438.1 | 348.4 | 337.2 |
| Other receivables from subsidiary companies | — | — | 17.3 | 45.8 |
| TOTAL TRADE AND OTHER RECEIVABLES AFTER ALLOWANCE | 3,592.0 | 3,735.6 | 2,942.2 | 3,535.2 |
| The currency exposure profile of trade and other receivables after allowance is as follows: | | | | |
| – Ringgit Malaysia | 2,616.8 | | 2,262.4 | |
| – US Dollars | 660.4 | | 566.0 | |
| – Special Drawing Rights | 83.9 | | 83.9 | |
| – Guinea Franc | 110.4 | | — | |
| – Other currencies | 120.5 | | 29.9 | |
| | 3,592.0 | | 2,942.2 | |

Credit terms of trade receivables range from payment in advance to 90 days.

22. 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 |
|----------------------|----------------|----------------|
| | 2002 RM | 2002 RM |
| Business | 1,638.9 | 1,076.8 |
| Residential | 752.4 | 455.3 |
| Subsidiary companies | — | 326.4 |
| | 2,391.3 | 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 and the Group and the Company consider the allowance for doubtful debts at balance sheet date to be adequate to cover the potential financial loss.

23. SHORT TERM INVESTMENTS

| | The Group | | The Company | |
|---|--------------|------------|--------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Shares quoted on the Kuala Lumpur Stock Exchange | 197.7 | 222.5 | 197.7 | 222.5 |
| TOTAL SHORT TERM INVESTMENTS | 197.7 | 222.5 | 197.7 | 222.5 |
| Market value of quoted shares | 197.7 | 222.5 | 197.7 | 222.5 |

Notes to the Financial Statements for the year ended 31 December 2002

24. CASH AND CASH EQUIVALENTS

| | The Group | | The Company | |
|---|----------------|----------------|----------------|----------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Deposits with: | | | | |
| Licensed banks | 345.3 | 495.6 | 85.0 | 453.1 |
| Licensed finance companies | 3.0 | 164.5 | 3.0 | 159.5 |
| Other financial institutions | 740.0 | 1,063.4 | 740.0 | 970.0 |
| Deposits under Islamic principles | 424.4 | 682.0 | 208.2 | 450.7 |
| Total Deposits | 1,512.7 | 2,405.5 | 1,036.2 | 2,033.3 |
| Cash and bank balances | 241.9 | 120.8 | 102.0 | 77.2 |
| Cash and bank balances under Islamic principles | 80.2 | 0.8 | — | — |
| Bank overdrafts | (13.8) | (7.0) | — | — |
| TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 1,821.0 | 2,520.1 | 1,138.2 | 2,110.5 |
| The currency exposure profile of cash and cash equivalents is as follows: | | | | |
| – Ringgit Malaysia | 974.2 | | 466.8 | |
| – US Dollar | 770.8 | | 671.4 | |
| – Other currencies | 76.0 | | — | |
| | 1,821.0 | | 1,138.2 | |

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 182 days and overnight to 94 days for the Group and 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 2002 is 2.32% and 1.94% for the Group and the Company respectively.

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 period ranged from 6.5% to 8.9% (2001: 6.0% to 7.0%) per annum except for overseas subsidiary companies where the interest rates ranged from 13.5% to 44.0% (2001: 19.0% to 46.0%) per annum. The weighted average interest rate of bank overdrafts as at 31 December 2002 is 14.8% for the Group.

25. TRADE AND OTHER PAYABLES

| | The Group | | The Company | |
|--|----------------|------------|----------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Trade payables | 2,369.4 | 2,249.0 | 1,597.3 | 1,479.2 |
| Duties and other taxes payable | 113.8 | 198.2 | 58.9 | 132.5 |
| Finance cost payable | 124.9 | 128.8 | 119.7 | 127.9 |
| Deposits and trust monies | 97.0 | 130.0 | 87.3 | 120.1 |
| Accruals for USP | 230.5 | — | 209.2 | — |
| Other non trade payables | 661.1 | 562.5 | 504.1 | 390.2 |
| TOTAL TRADE AND OTHER PAYABLES | 3,596.7 | 3,268.5 | 2,576.5 | 2,249.9 |
| The currency exposure profile of trade and other payables is as follows: | | | | |
| – Ringgit Malaysia | 3,333.1 | | 2,484.4 | |
| – US Dollar | 130.7 | | 71.1 | |
| – Other currencies | 132.9 | | 21.0 | |
| | 3,596.7 | | 2,576.5 | |

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

26. CASH FLOWS FROM OPERATING ACTIVITIES

| | The Group | | The Company | |
|---|----------------|------------|----------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Receipts from customers | 9,402.2 | 8,988.5 | 7,634.7 | 7,568.0 |
| Payments to suppliers and employees | (4,861.3) | (4,230.3) | (3,769.6) | (3,384.8) |
| Payment of finance cost | (449.3) | (689.8) | (445.3) | (664.2) |
| Payment of income taxes | (868.2) | (785.2) | (835.2) | (769.8) |
| TOTAL CASH FLOWS FROM OPERATING ACTIVITIES | 3,223.4 | 3,283.2 | 2,584.6 | 2,749.2 |

Notes to the Financial Statements for the year ended 31 December 2002

27. CASH FLOWS USED IN INVESTING ACTIVITIES

| | The Group | | The Company | |
|--|------------------|------------------|------------------|------------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Disposal of property, plant and equipment | 24.9 | 34.0 | 22.7 | 32.8 |
| Purchase of property, plant and equipment | (3,164.2) | (2,709.9) | (2,114.9) | (1,895.4) |
| Disposal of investment | 24.5 | 32.6 | 24.5 | 32.6 |
| Purchase of investment | (30.8) | (85.0) | (30.8) | (83.3) |
| Acquisition of subsidiary companies* | (3.4) | — | (11.0) | — |
| Additional investment in subsidiary companies | — | — | (46.1) | (4.5) |
| Acquisition of an associated company | (1,653.7) | — | (83.0) | — |
| Additional investment in an associated company | (0.7) | (0.6) | (0.7) | (0.6) |
| Disposal of an associated company | — | 927.6 | — | — |
| Repayment from subsidiary companies | — | — | — | 926.1 |
| Advances to subsidiary companies | — | — | (1,947.7) | (294.8) |
| Repayment from associated companies | — | 0.4 | — | 0.4 |
| Advances to associated companies | — | (1.0) | — | (0.1) |
| Repayments of loans by employees | 99.7 | 100.6 | 98.8 | 100.6 |
| Loans to employees | (115.2) | (119.6) | (114.4) | (119.6) |
| Interest received | 87.7 | 128.6 | 75.7 | 99.7 |
| Dividend received | 5.6 | 3.7 | 31.7 | 38.1 |
| TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES | (4,725.6) | (1,688.6) | (4,095.2) | (1,168.0) |

* Summary of the effect of the acquisition of a subsidiary company during the year:

| | 2002 RM |
|--|------------|
| Goodwill | 39.7 |
| Property, plant and equipment | 12.0 |
| Current assets | 18.8 |
| Current liabilities | (59.5) |
| Purchase consideration satisfied by cash | 11.0 |
| Cash and cash equivalent acquired | (7.6) |
| Cash flow on acquisition, net of cash acquired | 3.4 |

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

| | The Group | | The Company | |
|---|--------------|------------------|--------------|------------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Issue of share capital | 535.0 | 140.9 | 535.0 | 140.9 |
| Issue of share capital to minority interest | 27.3 | 4.8 | — | — |
| Proceeds from borrowings | 1,631.2 | 829.3 | 1,090.0 | 489.0 |
| Repayment of borrowings | (1,037.7) | (2,033.5) | (745.1) | (1,807.8) |
| Dividends paid to shareholders | (341.6) | (222.4) | (341.6) | (222.4) |
| Dividends paid to minority interests | (4.4) | (4.9) | — | — |
| TOTAL CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES | 809.8 | (1,285.8) | 538.3 | (1,400.3) |

29. SIGNIFICANT NON-CASH TRANSACTIONS

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

| | The Company | |
|---|-------------|------------|
| | 2002 RM | 2001 RM |
| (a) Capitalisation of trade debts, loans and advances into paid-up capital of subsidiary companies | 633.0 | 318.3 |
| (b) Transfer of property, plant and equipment and capital work-in-progress to wholly owned subsidiary companies at considerations satisfied by the issuance of shares | 837.0 | 15.9 |
| (c) Transfer of investment in an overseas subsidiary company to a local investment holding subsidiary company | 72.4 | — |

30. RELATED PARTIES TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other related parties transactions and balances.

- In 1996, Daewoo-Peremba Construction J/V (D-PC J/V) was awarded the contract for the construction of Menara Telekom at an estimated contract value of RM572.4 million. Dato' Dr. Mohd Munir bin Abdul Majid, a Director of the Company is also a Director of Peremba Construction Sdn. Bhd. since 13 August 1999. Peremba Construction Sdn. Bhd. is a partner of the D-PC J/V. Progress billings from D-PC J/V during the year amounted to RM3.3 million (2001: RM28.9 million) with no balance outstanding as at 31 December 2002. This transaction has been entered in the normal course of business and at negotiated terms.
- On 1 August 2002, a letter of award was issued by a subsidiary company to Edward & Sons Sdn. Bhd. (ESSB) on the tender for road rehabilitation and slope stabilization works at TM Bukit Dabei Microwave Station, Marudi Sarawak at a contract value of approximately RM1.6 million. Y.B. 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 RM0.2 million which remained outstanding as at 31 December 2002.

Notes to the Financial Statements for the year ended 31 December 2002

31. COMMITMENTS

| | The Group | | The Company | |
|---|------------|------------|-------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| (a) Property, plant and equipment | | | | |
| Commitments in respect of expenditure approved and contracted for | 3,065.3 | 3,896.6 | 2,826.5 | 3,326.8 |
| Commitments in respect of expenditure approved but not contracted for | 24.4 | 12.2 | — | — |

At 31 December 2001, there existed a potential claim for recovery of loss and expenses totalling to RM527.5 million for the construction of Menara Telekom. Following a series of negotiations during the year, the contractor has accepted RM91.0 million as full and final settlement.

| | The Company | |
|--|--|--|
| | 2002 Future minimum lease payments RM | 2001 Future minimum lease payments RM |
| (b) Non-cancellable operating lease commitments | | |
| Not later than one year | 53.2 | 53.2 |
| Later than one year and not later than five years | 226.3 | 226.4 |
| Later than five years | 121.8 | 146.6 |
| | 401.3 | 426.2 |

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

32. CONTINGENT LIABILITIES (Unsecured)

- (a) At 31 December 2002, the Company had contingent liabilities in respect of:
- (i) Guarantees issued to banks amounting to USD26.0 million (RM98.8 million) (2001: USD32.0 million (RM121.6 million)) for banking facilities extended to overseas subsidiary companies.
 - (ii) A corporate guarantee was granted to a financial institution in respect of the USD21.0 million (RM79.8 million) financing facility obtained by a wholly owned subsidiary company, MTN Networks (Private) Limited. The guarantee was executed on 6 May 2002 and will expire in March 2010. The guarantee replaces an earlier guarantee of USD6.0 million dated 20 September 2001 given in favour of the above said financial institution.
 - (iii) Guarantee of a series of Promissory Notes totalling approximately USD6.679 million (RM25.4 million) issued by Sotelgui S.A., a subsidiary company, in favour of an equipment supplier issued on 18 April 2002. The Promissory Notes are payable during the period between November 2003 to December 2005.

32. 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. (to be collectively referred to 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. TM is currently in the process of appealing to JKR over the said decision.

TM filed an appeal for review of the decision by JKR in the High Court. The Court had originally fixed 27 November 2002 as the hearing date for the said application which was subsequently postponed to May 2003.

Apart from the above, the Directors are not aware of any other proceedings pending against the Company and/or its subsidiary companies 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 subsidiary companies.

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.

33. SIGNIFICANT EVENTS

- (a) On 18 September 2002, TM issued a Notification of Claim to the Government of Ghana (GoG) pursuant to the Bilateral International Treaty between the Government of Malaysia and GoG on 11 November 1996 (BIT) in respect of the following disputes:
- (i) GoG's treatment of TM's investment in Ghana Telecommunications Company Limited (GT) held through TM International Sdn. Bhd. and G-Com Limited (refer to note 18(b) to the financial statements for the details).
 - (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 22 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. Upon the receipt of the said Notice of Arbitration by the GoG, the parties will determine the constitution of an Arbitral Tribunal to decide the modalities of the arbitration proceeding. It is expected that the arbitration proceeding would conclude within a period of 18 to 24 months from the date of filing of the said Notice.

33. SIGNIFICANT EVENTS (continued)

- (b) On 28 October 2002, Telekom Malaysia (TM) had executed a sale and purchase agreement with Celcom (Malaysia) Berhad (Celcom) for the injection of 100% of its equity interest in TM Cellular Sdn. Bhd. to Celcom for a total consideration of RM1,684.0 million to be satisfied by the issuance of 635,471,698 new Celcom ordinary shares of RM1.00 each at RM2.65 per Celcom share (Proposed Disposal).

Upon completion of the Proposed Disposal, TM's direct and indirect interests in Celcom would increase from 31.25% to 47.93%. Accordingly, TM and the persons acting in concert (PAC) with TM would be obligated to undertake a Mandatory General Offer (MGO) for the remaining voting shares in Celcom not held by TM and the PAC with TM under Part II of the Malaysian Code on Take-overs and Mergers, 1998 at RM2.75 per Celcom share, being the highest price paid for Celcom shares by TM and the PAC with TM during the six (6) months prior to the date of announcement of the Proposed Disposal.

TM and the PAC with TM have committed to fulfil their obligation to undertake the MGO.

The applications to the relevant authorities on the Proposed Disposal have been made by TM but are still outstanding as at 27 February 2003.

34. SEGMENTAL ANALYSIS

By Business

The Group operates 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

Segment results represent segment operating income 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.

The segment assets disclosed for each segment represent assets directly managed by each segment, primarily include receivables, property, plant and equipment, inventories and cash and cash equivalents. Unallocated corporate assets mainly include staff loans, other long term receivables and investments.

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

Segment capital expenditure comprises additions to property, plant and equipment and additions resulting from acquisition of subsidiary company as shown in note 16 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 3 to the financial statements.

34. SEGMENTAL ANALYSIS (continued)
2002

| | Fixed line, data, internet and multimedia RM | Cellular RM | Others RM | Total RM |
|---|---|----------------|--------------|-------------|
| Operating Income | | | | |
| Total operating income | 8,373.9 | 1,674.6 | 341.5 | 10,390.0 |
| Inter-segment* | (342.4) | (85.7) | (127.8) | (555.9) |
| External operating income | 8,031.5 | 1,588.9 | 213.7 | 9,834.1 |
| Results | | | | |
| Segment result | 1,891.6 | 100.5 | 33.4 | 2,025.5 |
| Unallocated income | | | | 85.4 |
| Corporate expenses | | | | (213.1) |
| Foreign exchange losses | | | | (66.3) |
| Operating profit before finance cost | | | | 1,831.5 |
| Finance cost | | | | (389.6) |
| Finance income | | | | 85.7 |
| Share of profits less losses of associated companies | 38.5 | 4.0 | — | 42.5 |
| Profit before income tax | | | | 1,570.1 |
| Income tax | | | | (487.4) |
| Profit after income tax | | | | 1,082.7 |
| Minority interests | | | | (26.4) |
| Net profit | | | | 1,056.3 |
| Other information | | | | |
| Segment assets | 19,808.5 | 3,922.4 | 1,321.8 | 25,052.7 |
| Associated companies | 986.1 | 552.9 | — | 1,539.0 |
| Unallocated corporate assets | | | | 1,122.0 |
| Total assets | | | | 27,713.7 |
| Segment liabilities | 3,200.4 | 1,587.3 | 157.7 | 4,945.4 |
| Unallocated liabilities | | | | 7,297.3 |
| Total liabilities | | | | 12,242.7 |
| Capital expenditure | 2,162.5 | 1,004.6 | 18.0 | 3,185.1 |
| Depreciation | 2,145.4 | 280.7 | 55.7 | 2,481.8 |
| Property, plant and equipment written off | 50.9 | — | — | 50.9 |
| Significant non-cash expenses | 347.6 | 253.0 | 0.2 | 600.8 |

Notes to the Financial Statements for the year ended 31 December 2002

34. SEGMENTAL ANALYSIS (continued)

| | 2001 | | | |
|--|---|----------------|--------------|-------------|
| | Fixed line, data, internet and multimedia RM | Cellular RM | Others RM | Total RM |
| Operating Income | | | | |
| Total operating income | 8,208.9 | 1,562.5 | 441.2 | 10,212.6 |
| Inter-segment* | (297.2) | (67.9) | (174.3) | (539.4) |
| External operating income | 7,911.7 | 1,494.6 | 266.9 | 9,673.2 |
| Results | | | | |
| Segment result | 2,167.5 | (216.9) | 73.1 | 2,023.7 |
| Unallocated income | | | | 95.4 |
| Corporate expenses | | | | (256.2) |
| Foreign exchange gains | | | | 108.0 |
| Operating profit before finance cost | | | | 1,970.9 |
| Finance cost | | | | (507.3) |
| Finance income | | | | 108.4 |
| Share of profits less losses of associated companies | 54.8 | 807.6 | 9.2 | 871.6 |
| Profit before income tax | | | | 2,443.6 |
| Income tax | | | | (607.8) |
| Profit after income tax | | | | 1,835.8 |
| Minority interests | | | | (23.9) |
| Net profit | | | | 1,811.9 |
| Other information | | | | |
| Segment assets | 21,425.7 | 3,140.0 | 669.5 | 25,235.2 |
| Associated companies | 933.1 | 132.8 | 0.6 | 1,066.5 |
| Unallocated corporate assets | | | | 1,086.4 |
| Total assets | | | | 27,388.1 |
| Segment liabilities | 3,216.4 | 1,301.7 | 163.9 | 4,682.0 |
| Unallocated liabilities | | | | 7,363.2 |
| Total liabilities | | | | 12,045.2 |
| Capital expenditure | 1,937.8 | 741.4 | 37.8 | 2,717.0 |
| Depreciation | 2,117.7 | 220.3 | 39.6 | 2,377.6 |
| Impairment loss | — | 84.3 | — | 84.3 |
| Property, plant and equipment written off | 4.7 | 4.8 | — | 9.5 |
| Significant non-cash expenses | 503.1 | 408.8 | 12.4 | 924.3 |

34. SEGMENTAL ANALYSIS (continued)

* Inter-segment operating income has been eliminated in arriving at respective segment operating income. The inter-segment operating income 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 17 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 income or assets.

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

| | Operating Income | | Total Assets | | Capital Expenditure | |
|------------------------------|------------------|------------|-----------------|------------|---------------------|------------|
| | 2002 RM | 2001 RM | 2002 RM | 2001 RM | 2002 RM | 2001 RM |
| Malaysia | 9,292.8 | 9,179.5 | 23,590.4 | 24,049.3 | 2,897.2 | 2,511.2 |
| Overseas | 541.3 | 493.7 | 1,462.3 | 1,185.9 | 287.9 | 205.8 |
| | 9,834.1 | 9,673.2 | 25,052.7 | 25,235.2 | 3,185.1 | 2,717.0 |
| Associated companies | | | 1,539.0 | 1,066.5 | | |
| Unallocated corporate assets | | | 1,122.0 | 1,086.4 | | |
| Total assets | | | 27,713.7 | 27,388.1 | | |

35. 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 and cross-currency 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 United States Dollar and Japanese Yen.

The Group also has subsidiary and associated companies 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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest Rate Risk

The Group has cash and bank balances and deposits placed with creditworthy licensed banks and financial institutions. The Group manages its interest rate 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.

Credit Risk

Financial assets that potentially subject the Group to concentrations of credit risk consist primarily trade receivables, cash and cash equivalents, 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 equivalent 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.

36. 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 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.

36. INTEREST RATE RISK (continued)

THE GROUP

| RM million | W.A.I.R.* | Fixed interest rate maturing or repriced in | | | | Total interest sensitive | Non-interest sensitive | Balances under Islamic principles | Total |
|--|-----------|---|----------------|------------------|-------------------|--------------------------|------------------------|-----------------------------------|-----------------|
| | | Floating interest rate | 1 year or less | 1 to 5 years | More than 5 years | | | | |
| Financial Assets | | | | | | | | | |
| Amount Owing by | | | | | | | | | |
| Associated Companies | — | — | — | — | — | — | 0.4 | — | 0.4 |
| Long Term Investments | — | — | — | — | — | — | 139.6 | — | 139.6 |
| Long Term Receivables | 4.00% | — | — | 262.7 | 29.0 | 291.7 | 21.4 | 372.3 | 685.4 |
| Trade and Other Receivables | 3.47% | 12.0 | 39.9 | — | — | 51.9 | 3,480.7 | 59.4 | 3,592.0 |
| Short Term Investments | — | — | — | — | — | — | 197.7 | — | 197.7 |
| Cash and Cash Equivalents | 2.17% | (13.8) | 1,132.8 | — | — | 1,119.0 | 197.4 | 504.6 | 1,821.0 |
| Total | | (1.8) | 1,172.7 | 262.7 | 29.0 | 1,462.6 | 4,037.2 | 936.3 | 6,436.1 |
| Financial Liabilities | | | | | | | | | |
| Convertible Bonds | 4.00% | — | — | 1,361.6 | — | 1,361.6 | — | — | 1,361.6 |
| Total Borrowings | 5.14% | 1,506.2 | 669.1 | 964.4 | 2,459.3 | 5,599.0 | 5.8 | 696.3 | 6,301.1 |
| Customers' Deposits | — | — | — | — | — | — | 704.5 | — | 704.5 |
| Trade and Other Payables | — | — | — | — | — | — | 3,596.7 | — | 3,596.7 |
| Total | | 1,506.2 | 669.1 | 2,326.0 | 2,459.3 | 6,960.6 | 4,307.0 | 696.3 | 11,963.9 |
| On-balance-sheet interest sensitivity gap | | (1,508.0) | 503.6 | (2,063.3) | (2,430.3) | | | | |
| Off-balance-sheet interest sensitivity gap | | — | — | — | — | | | | |
| Total interest sensitivity gap | | (1,508.0) | 503.6 | (2,063.3) | (2,430.3) | | | | |

*W.A.I.R. – Weighted Average Interest Rate as at 31 December 2002

Notes to the Financial Statements for the year ended 31 December 2002

36. INTEREST RATE RISK (continued)

The table below summarises the weighted average interest rate as at 31 December 2002 by major currencies for each class of financial asset and liability:

THE GROUP

| | USD % | JPY % | RM % |
|------------------------------|----------|----------|---------|
| Financial Assets | | | |
| Long Term Receivables | — | — | 4.00% |
| Trade and Other Receivables | 1.73% | — | 4.00% |
| Cash and Cash Equivalents | 1.44% | — | 2.92% |
| Financial Liabilities | | | |
| Convertible Bonds | 4.00% | — | — |
| Total Borrowings | 6.24% | 2.09% | 2.73% |

THE COMPANY

| RM million | W.A.I.R.* | Fixed interest rate maturing or repriced in | | | | Total interest sensitive | Non- interest sensitive | Balances under Islamic principles | Total |
|--|-----------|--|-------------------|-----------------|-------------------------|--------------------------------|-------------------------------|--|---------|
| | | Floating interest rate | 1 year or less | 1 to 5 years | More than 5 years | | | | |
| Financial Assets | | | | | | | | | |
| Amount Owing by Subsidiary Companies net of allowances | 1.88% | 1,494.1 | — | 7.7 | — | 1,501.8 | 3,138.1 | — | 4,639.9 |
| Amount Owing by Associated Companies | — | — | — | — | — | — | 0.4 | — | 0.4 |
| Long Term Investments | — | — | — | — | — | — | 98.3 | — | 98.3 |
| Long Term Receivables | 4.00% | — | — | 262.7 | 29.0 | 291.7 | 20.6 | 372.3 | 684.6 |
| Trade and Other Receivables | 4.00% | — | 39.9 | — | — | 39.9 | 2,842.9 | 59.4 | 2,942.2 |
| Short Term Investments | — | — | — | — | — | — | 197.7 | — | 197.7 |
| Cash and Cash Equivalents | 1.94% | — | 828.0 | — | — | 828.0 | 102.0 | 208.2 | 1,138.2 |
| Total | | 1,494.1 | 867.9 | 270.4 | 29.0 | 2,661.4 | 6,400.0 | 639.9 | 9,701.3 |

36. INTEREST RATE RISK (continued)

THE COMPANY

| RM million | W.A.I.R. * | Fixed interest rate maturing or repriced in | | | | Total interest sensitive | Non-interest sensitive | Balances under Islamic principles | Total |
|--|------------|---|----------------|----------------|-------------------|--------------------------|------------------------|-----------------------------------|-----------------|
| | | Floating interest rate | 1 year or less | 1 to 5 years | More than 5 years | | | | |
| 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 | 707.9 | (1,951.8) | (2,859.0) | | | | |
| Off-balance-sheet interest sensitivity gap | | — | — | — | — | | | | |
| Total interest sensitivity gap | | 180.1 | 707.9 | (1,951.8) | (2,859.0) | | | | |

*W.A.I.R. – Weighted Average Interest Rate as at 31 December 2002

The table below summarises the weighted average interest rate as at 31 December 2002 by major currencies for each class of financial asset and liability:

THE COMPANY

| | USD % | JPY % | RM % |
|--|----------|----------|---------|
| Financial Assets | | | |
| Amount Owing by Subsidiary Companies net of allowances | 4.16% | — | 1.54% |
| Long Term Receivables | — | — | 4.00% |
| Trade and Other Receivables | — | — | 4.00% |
| Cash and Cash Equivalents | 1.46% | — | 2.92% |
| Financial Liabilities | | | |
| Convertible Bonds | 4.00% | — | — |
| Total Borrowings | 6.37% | 2.09% | 4.67% |

Due to the transitional provision of MASB 24, the interest rate risk information as at 31 December 2001 is not presented.

Notes to the Financial Statements for the year ended 31 December 2002

37. 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 | |
|-----------------------------------|--|--|
| | Contract or notional principal amount 2002 RM million | Favourable fair value 2002 RM million |
| Long dated swap | 750.0 | 47.5 |
| Cross-currency interest rate swap | 190.0 | 1.8 |
| | 940.0 | 49.3 |

Due to the transitional provision of MASB 24, the information on credit risk concentration as at 31 December 2001 is not presented.

38. 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.

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

(a) On-balance-sheet

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

| | The Group | | The Company | |
|------------------------------|--|---|--|---|
| | 2002 Carrying amount RM million | 2002 Net fair value RM million | 2002 Carrying amount RM million | 2002 Net fair value RM million |
| Financial assets | | | | |
| Long term investments | 139.6 | 184.9 | 98.3 | 143.6 |
| Staff loans | 331.8 | 289.8 | 331.7 | 289.7 |
| Financial liabilities | | | | |
| Convertible bonds | 1,361.6 | 1,378.0 | 1,361.6 | 1,378.0 |
| Total borrowings | 5,604.8 | 6,294.0 | 5,228.4 | 5,627.0 |

The carrying amount and net fair value of total borrowings exclude the swaps which are disclosed in note 38(b) to this financial statements.

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 or 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 balance sheet date as the Company and its subsidiaries charged interest rates on staff loans at below current market rates. The Directors consider the carrying amount fully recoverable as they do not intend to realise the financial asset via exchange with another counterparty but to hold it to contract maturity. Collaterals are taken for these loans and the Directors are of the opinion that the potential losses in the event of default will be covered by the collateral values on individual loan basis.

For convertible education loans and amount owing by subsidiary and associated companies, it is not practicable to determine the fair values of certain loans that do not have fixed repayment terms and are interest free. 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.

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.

Notes to the Financial Statements for the year ended 31 December 2002

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

(b) Off-balance-sheet

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

| | The Group and Company | | |
|---|---|--|----------------------------|
| | Contract or notional principal amount RM million | Net fair value Favourable RM million | Unfavourable RM million |
| Off-Balance-Sheet Financial Derivative Instruments | | | |
| Long dated swap | 750.0 | 47.5 | — |
| Cross-currency interest rate swap | 760.0 | 1.8 | (9.8) |

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 2002 or vice versa.

Due to the transitional provision of MASB 24, the fair value information as at 31 December 2001 is not presented.

39. PRIOR YEAR ADJUSTMENTS

During the first quarter 2002, the Group changed its accounting policy with respect to the recognition of liabilities for dividend proposed in compliance with the new MASB 19 "Events after the Balance Sheet Date".

In previous years, dividends were accrued as a liability when proposed by Directors. The Group has now changed this accounting policy to recognise dividends in shareholders' equity as an appropriation of retained profits in the period in which the obligation to pay is established in accordance with MASB 19. Therefore, final dividends are now accrued as a liability after approval by shareholders at the Annual General Meeting.

This change in accounting policy has been accounted for retrospectively. The effects of the change in accounting policy are as follows:

THE GROUP

| | As previously reported RM million | Effect of change in policy RM million | As restated RM million |
|--|--------------------------------------|--|---------------------------|
| Retained profits – at 1 January 2001 | 8,569.1 | 223.2 | 8,792.3 |
| – at 31 December 2001 | 10,038.6 | 343.2 | 10,381.8 |
| Proposed dividends – at 1 January 2001 | 223.2 | (223.2) | — |
| – at 31 December 2001 | 343.2 | (343.2) | — |

39. PRIOR YEAR ADJUSTMENTS (continued)**THE COMPANY**

| | As previously reported RM million | Effect of change in policy RM million | As restated RM million |
|--|--|--|------------------------------|
| Retained profits – at 1 January 2001 | 10,935.9 | 223.2 | 11,159.1 |
| – at 31 December 2001 | 11,452.1 | 343.2 | 11,795.3 |
| Proposed dividends – at 1 January 2001 | 223.2 | (223.2) | — |
| – at 31 December 2001 | 343.2 | (343.2) | — |

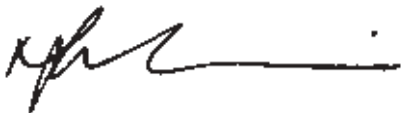
40. CURRENCY

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 185 to 241 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 2002 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 27 February 2003.



TAN SRI DATO' IR. MUHAMMAD RADZI BIN HAJI MANSOR

Chairman



DATO' DR. MD KHIR BIN ABDUL RAHMAN

Chief Executive

Statutory Declaration

I, Gazali bin Harun, 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 185 to 241 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 27 February 2003)



GAZALI BIN HARUN

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 185 to 241. 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 2002 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 17 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.

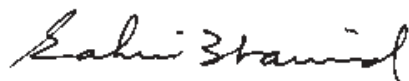
The auditors' reports on the financial statements of the subsidiary companies were not subject to any material qualification and did not include any comment made under subsection (3) of section 174 of the Act.



PRICEWATERHOUSECOOPERS

(AF: 1146)

Chartered Accountants



ABDUL RAHIM HAMID

[904/03/04(J/PH)]

Partner

Kuala Lumpur

Date: 27 February 2003

General Information as at 31 December 2002

1. Telekom Malaysia Berhad is a public limited liability Company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.
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:

| | 2002 | 2001 |
|----------------|---------------|--------|
| Group | 31,940 | 32,694 |
| Company | 24,354 | 24,754 |

Shareholding Statistics as at 17 March 2003

ANALYSIS OF SHAREHOLDINGS

Share Capital

Authorised Share Capital : 5,000,000,001

Issued and Fully Paid-up Capital : 3,171,835,381

Class of Shares : 3,171,835,380 ordinary shares of RM1 each and 1 (one) Special Rights Redeemable Preference Share of RM1 each and fully paid.

Voting Rights : One vote per ordinary share.

The Special Share has no voting right other than those referred to in note 9(a) to the financial statements.

DISTRIBUTION OF SHAREHOLDINGS

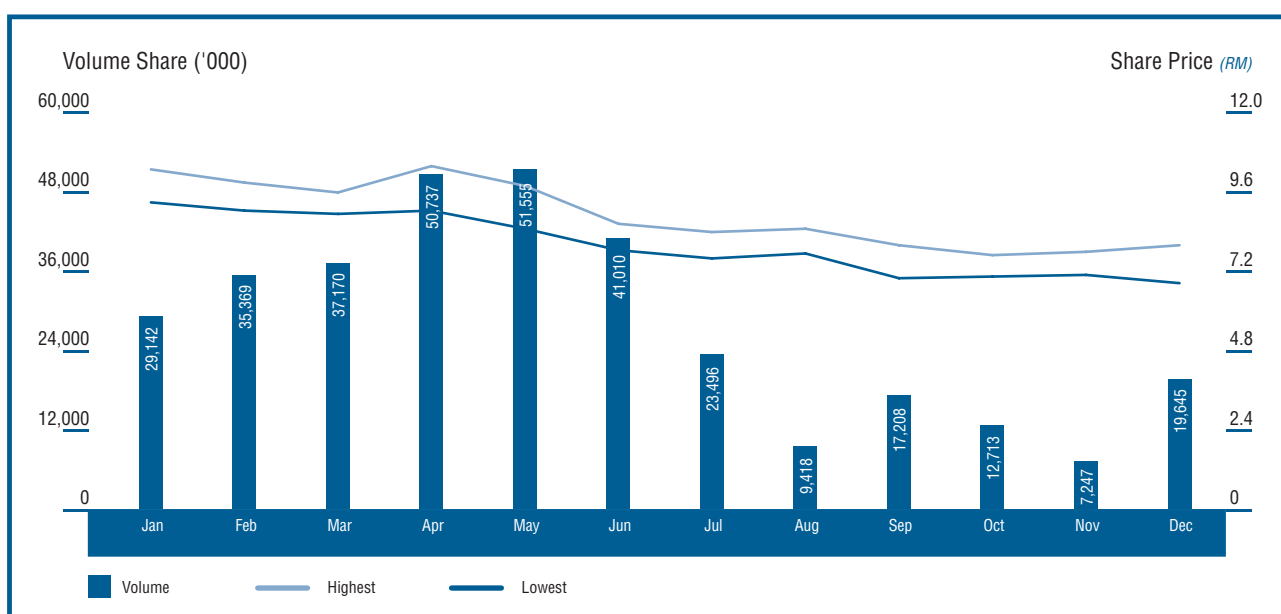
Size of Shareholdings

Shareholders

Shares

| | Malaysian | | Foreign | | Malaysian | | Foreign | |
|--|---------------|--------------|--------------|-------------|----------------------|--------------|-------------------|-------------|
| | No | % | No | % | No | % | No | % |
| Less than 1,000 | 731 | 2.94 | 616 | 2.48 | 230,019 | 0.01 | 254,393 | 0.01 |
| 1,000 – 10,000 | 20,442 | 82.21 | 1,392 | 5.60 | 48,656,994 | 1.53 | 3,704,830 | 0.12 |
| 10,001 – 100,000 | 1,036 | 4.16 | 246 | 0.99 | 28,578,695 | 0.90 | 9,187,392 | 0.29 |
| 100,001 – 158,591,769 (5% of paid-up capital) | 250 | 1.00 | 148 | 0.60 | 465,221,696 | 14.67 | 80,428,224 | 2.53 |
| More than 158,591,769 | 5 | 0.02 | — | — | 2,535,573,138 | 79.94 | — | — |
| TOTAL | 22,464 | 90.33 | 2,402 | 9.67 | 3,078,260,542 | 97.05 | 93,574,839 | 2.95 |

2002 MONTHLY TRADING VOLUME & HIGHEST-LOWEST SHARE PRICE



List of Top 30 Shareholders as at 17 March 2003

| No. | Name | Shares Held | Percentage (%) |
|-----|--|---------------|----------------|
| 1. | Khazanah Nasional Berhad | 1,079,724,854 | 34.04 |
| 2. | Minister of Finance | 605,394,784 | 19.09 |
| 3. | Employees Provident Fund Board | 429,384,500 | 13.54 |
| 4. | Bank Negara Malaysia | 251,680,000 | 7.93 |
| 5. | Permodalan Nasional Berhad | 169,389,000 | 5.34 |
| 6. | Kumpulan Wang Amanah Pencen | 57,551,000 | 1.81 |
| 7. | Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Amanah Saham Malaysia</i> | 28,217,000 | 0.89 |
| 8. | Lembaga Tabung Haji | 26,598,136 | 0.84 |
| 9. | Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i> | 23,571,220 | 0.74 |
| 10. | Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Skim Amanah Saham Bumiputera</i> | 20,410,000 | 0.64 |
| 11. | Bank Simpanan Nasional | 19,822,000 | 0.62 |
| 12. | Valuecap Sdn. Bhd. | 17,498,000 | 0.55 |
| 13. | Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Skim Amanah Saham Nasional</i> | 13,627,000 | 0.43 |
| 14. | Pertubuhan Keselamatan Sosial | 9,797,500 | 0.31 |
| 15. | Kumpulan Wang Amanah Pencen | 7,416,000 | 0.23 |
| 16. | Kumpulan Wang Amanah Pencen | 6,105,000 | 0.19 |
| 17. | Malaysia National Insurance Berhad | 5,966,000 | 0.19 |
| 18. | AMMB Nominees (Tempatan) Sdn. Bhd. <i>AMTrustee Berhad For BHLB Pacific Dana Al-Ihsan (5/2-7)</i> | 5,940,000 | 0.19 |
| 19. | Lembaga Tabung Angkatan Tentera | 5,749,000 | 0.18 |
| 20. | Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Amanah Saham Wawasan 2020</i> | 5,703,000 | 0.18 |
| 21. | Citicorp Nominees (Tempatan) Sdn. Bhd. <i>Ing Insurance Berhad (INV-IL PAR)</i> | 5,250,000 | 0.17 |
| 22. | Kumpulan Wang Amanah Pencen | 5,124,000 | 0.16 |
| 23. | Citicorp Nominees (Asing) Sdn. Bhd. <i>American International Assurance Company Limited (P Core)</i> | 4,867,311 | 0.15 |
| 24. | Kumpulan Wang Amanah Pencen | 4,724,000 | 0.15 |

| No. | Name | Shares Held | Percentage (%) |
|--------------|--|----------------------|----------------|
| 25. | Kumpulan Wang Amanah Pencen | 4,712,000 | 0.15 |
| 26. | Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 2)</i> | 4,686,000 | 0.15 |
| 27. | Kumpulan Wang Amanah Pencen | 4,676,000 | 0.15 |
| 28. | Kumpulan Wang Amanah Pencen | 4,615,000 | 0.15 |
| 29. | Lembaga Tabung Haji | 4,583,500 | 0.14 |
| 30. | Citicorp Nominees (Asing) Sdn. Bhd. <i>CB Ldn For Stichting Shell Pensioenfond</i> | 4,570,000 | 0.14 |
| TOTAL | | 2,837,351,805 | 89.44 |

SUBSTANTIAL SHAREHOLDERS' HOLDINGS (5% AND ABOVE)

| No. | Name | Shares Held | Percentage (%) |
|--------------|--------------------------------|----------------------|----------------|
| 1. | Khazanah Nasional Berhad | 1,079,724,854 | 34.04 |
| 2. | Minister of Finance | 605,394,784 | 19.09 |
| 3. | Employees Provident Fund Board | 429,384,500 | 13.54 |
| 4. | Bank Negara Malaysia | 251,680,000 | 7.93 |
| 5. | Permodalan Nasional Berhad | 169,389,000 | 5.34 |
| TOTAL | | 2,535,573,138 | 79.94 |

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 Kuala Lumpur Stock Exchange 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 2002

| 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 | 15 | 1,152 | 5 | 411 | 9 | 1,343 | – | – | 126.9 | 1,463.1 |
| b. Labuan | – | – | – | – | 4 | 262 | – | – | – | 9.1 |
| 2. Selangor | 8 | 8,720 | 16 | 25,429 | 8 | 295 | 97 | 16,698 | 147.7 | 598.8 |
| 3. Perlis | – | – | 4 | 52 | – | – | 14 | 750 | 0.4 | 4.5 |
| 4. Perak | 4 | 17 | 13 | 616 | 6 | 131 | 119 | 7,780 | 40.8 | 91.2 |
| 5. Pulau Pinang | 2 | 5 | 18 | 1,398 | – | – | 60 | 15,431 | 7.8 | 44.9 |
| 6. Kedah | 7 | 488 | 13 | 1,388 | – | – | 55 | 2,818 | 11.2 | 79.2 |
| 7. Johor | 5 | 106 | 25 | 1,223 | 16 | 539 | 138 | 14,097 | 4.4 | 103.4 |
| 8. Melaka | 2 | 3 | 16 | 50,956 | 4 | 11,563 | 38 | 4,457 | 8.2 | 128.9 |
| 9. Negeri Sembilan | 19 | 47,565 | 9 | 321 | 6 | 317 | 71 | 9,371 | 52.3 | 38.1 |
| 10. Terengganu | – | – | 13 | 713 | 3 | 65 | 41 | 6,285 | 1.4 | 46.2 |
| 11. Kelantan | – | – | 8 | 356 | 2 | 43 | 41 | 2,234 | 0.8 | 28.0 |
| 12. Pahang | 4 | 87 | 25 | 1,420 | 8 | 174 | 98 | 8,409 | 3.6 | 95.5 |
| 13. Sabah | – | – | 13 | 140 | 6 | 196 | 76 | 26,290 | 7.4 | 95.2 |
| 14. Sarawak | 5 | 202 | 27 | 860 | 10 | 218 | 109 | 10,284 | 26.1 | 117.7 |
| 15. Sri Lanka | 7 | 92 | – | – | – | – | – | – | 5.5 | 9.0 |
| 16. Malawi | – | – | 18 | 92 | – | – | – | – | – | 0.7 |
| 17. Republic of Guinea | 61 | 5,751 | – | – | 10 | 162 | – | – | 7.7 | 13.1 |
| 18. Bangladesh | 7 | 357 | – | – | – | – | – | – | 0.9 | 1.2 |
| 19. South Africa | 6 | 53 | – | – | – | – | – | – | 2.4 | 2.1 |
| 20. Cambodia | – | – | – | – | – | – | – | – | – | 1.6 |
| Total | 152 | 64,598 | 223 | 85,375 | 92 | 15,308 | 957 | 124,904 | 455.5 | 2,971.5 |

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 2002

| Location | Transmission | | Office | Residential | Stores/ | Satellite/ Submarine | Resort | Kedai TM/ Primate/ Business | University | Telecom- munication/ Tourism |
|----------------------|--------------|---------|-----------|-------------|------------|-------------------------|--------|-----------------------------------|------------|------------------------------------|
| | Exchanges | Station | Buildings | | Warehouses | Cable Stations | | Centre | | Tower |
| 1. Federal Territory | | | | | | | | | | |
| a. Kuala Lumpur | 25 | 6 | 22 | 27 | 19 | 1 | – | – | – | 1 |
| b. Labuan | 3 | 2 | 1 | 4 | 12 | 2 | – | – | – | – |
| 2. Selangor | 85 | 12 | 17 | – | 41 | – | – | 6 | 1 | – |
| 3. Perlis | 10 | – | – | 2 | 1 | – | – | 1 | – | – |
| 4. Perak | 68 | 19 | 32 | 81 | 42 | – | – | 2 | – | – |
| 5. Pulau Pinang | 23 | – | 17 | 33 | 23 | 2 | 1 | 4 | – | – |
| 6. Kedah | 48 | 10 | 4 | 26 | 11 | – | 1 | 2 | – | 1 |
| 7. Johor | 85 | 16 | 7 | 51 | 22 | 1 | – | 3 | – | – |
| 8. Melaka | 18 | 2 | 5 | 23 | 7 | 2 | – | 1 | 1 | – |
| 9. Negeri Sembilan | 31 | 14 | 4 | 16 | – | 1 | 2 | 1 | – | – |
| 10. Terengganu | 33 | 12 | 5 | 15 | 6 | – | – | – | – | – |
| 11. Kelantan | 23 | 3 | 7 | 18 | 13 | – | – | 1 | – | – |
| 12. Pahang | 44 | 20 | 13 | 49 | 17 | 3 | 4 | 1 | – | – |
| 13. Sabah | 40 | 33 | 21 | 22 | 22 | 2 | 1 | 3 | – | – |
| 14. Sarawak | 72 | 39 | 24 | 47 | 25 | 1 | – | – | – | – |
| 15. Sri Lanka | – | 2 | 3 | – | 2 | – | – | – | – | – |
| 16. Malawi | – | 21 | – | – | – | – | – | – | – | – |
| 17. Guinea | 19 | 78 | 26 | 5 | 4 | 1 | – | – | – | – |
| 18. Bangladesh | – | 7 | – | – | – | – | – | – | – | – |
| 19. South Africa | – | – | – | 6 | – | – | – | – | – | – |
| 20. Cambodia | 1 | – | – | – | – | – | – | – | – | – |



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 Operation

TELEKOM MALAYSIA BERHAD

Tingkat 25, 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

Tingkat 1A, Bangunan Bukit Mahkamah

Jalan Raja Chulan, 50200 Kuala Lumpur

Tel. : 03-2026 1010

Fax : 03-2031 4460

Primatel Business Centre

TELEKOM MALAYSIA BERHAD

Tingkat 25, Menara Weld

76, Jalan Raja Chulan

50200 Kuala Lumpur

Tel. : 03-2020 5335

Fax : 03-2070 2020

Kedai Telekom

BUKIT MAHKAMAH

Tingkat 1B, Bangunan Telekom

Jalan Raja Chulan, 50200 Kuala Lumpur

Tel. : 03-2072 9191

Fax : 03-2031 6730

MUZIUM

Tingkat Bawah, Bangunan Muzium Telekom

Jalan Raja Chulan, 50200 Kuala Lumpur

Tel. : 03-2072 6084

Fax : 03-2070 2569

KOMPLEKS DAMAI

Tingkat 1, 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

Tingkat Bawah, 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

Tingkat Bawah, Wisma Telekom

Jalan Pantai Baharu

59200 Kuala Lumpur

Tel. : 03-2020 2059

Fax : 03-7956 4543

TMTOUCH Service Centres

REGIONAL OFFICE

7th Floor, Wisma Telekom Semarak

82, Jln Raja Muda Abdul Aziz

50300 Kuala Lumpur

Tel. : 03-2687 3838

Fax : 03-2681 0385

CHERAS

62, Jalan Manis 3

Taman Segar, Cheras

56100 Kuala Lumpur

Tel. : 03-9132 4379

Fax : 03-9132 4373

SELAYANG

No 115, Jalan 2/3A

Pusat Bandar Utara, KM 12

Jalan Ipoh, 68100 Kuala Lumpur

Tel. : 03-6136 9766/9813

Fax : 03-6136 9866/9877

WISMA TELEKOM SEMARAK

Level 1 No. 82, Wisma Telekom Semarak

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

TM Net Service Centre

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

Group Directory

SELANGOR/PETALING JAYA

General Manager, State Business Operation
TELEKOM MALAYSIA BERHAD
Tingkat 1, 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
Tingkat Bawah, Wisma Telekom Shah Alam
No. 6, Persiaran Damai, Seksyen 11
40000 Shah Alam
Tel. : 03-5518 8888
Fax : 03-5518 8800

Kedai Telekom

PORT KLANG

2-1, Tingkat 2, Hentian Pelabuhan Klang
Persiaran Raja Muda Musa
42000 Port 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

Tingkat 1, Ibusawat Telekom
Kuala Kubu Bahru, Jalan Rasathurai
44000 Kuala Kubu Baru
Tel. : 03-6064 1191
Fax : 03-6064 3700

BUKIT RAJA (KELANG)

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

Tingkat Bawah, Bangunan Ibusawat
Telekom Kajang
Bt 14 1/2, Jalan Cheras, 43400 Kajang
Tel. : 03-8736 9191
Fax : 03-8733 2000

TMTOUCH Service Centres

PETALING JAYA

No. 12B, Jalan 14/20
46100 Petaling Jaya
Tel. : 03-7958 7299
Fax : 03-7958 6466/7466

AMPANG

Unit B2/1/1, One Ampang Business Avenue
Jalan Ampang Utama, Off Jalan Ampang
68000 Ampang
Tel. : 03-4253 5400
Fax : 03-4257 4299/5299

KLANG SERVICE CENTRE

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

DAMANSARA UTAMA SERVICE CENTRE

43-45 Gound & Mezz Floor
Jalan SS21/1A, Damansara Utama
47400 Petaling Jaya
Tel. : 03-7729 3600
Fax : 03-7727 3600

TM Net Service Centre

HOUSE OF INTERNET

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 Operation
TELEKOM MALAYSIA BERHAD
Jalan Kolam Air
05672 Alor Setar
Tel. : 04-730 2552
Fax : 04-733 9090

Customer Service Centre

TELEKOM MALAYSIA BERHAD
Jalan Kolam Air
05672 Alor Setar
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 Setar
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 SETAR

Menara Alor Setar
Lebuhraya Darul Aman
05100 Alor Setar
Tel. : 04-731 9191
Fax : 04-733 2733

JITRA

19A, Jalan PJ 1, Pekan Jitra 2
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. : 04-420 9186
Fax : 04-421 9912

KULIM

71 & 72, Jalan Raya, 09000 Kulim
Tel. : 04-496 1011
Fax : 04-490 1667

TMTOUCH Service Centre

ALOR SETAR

No 163, Jalan Putra, 05100 Alor Setar
Tel. : 04-734 3030
Fax : 04-734 3131

SG. PETANI

No. C-68 Jalan Permatang Gedong
Taman Sejati Indah, 08000 Sungai Petani
Tel. : 04-431 1313
Fax : 04-431 0303

LANGKAWI

No. 2 Jalan Pandak Mayah 1
Pusat Bandar Kuah, 07000 Langkawi
Tel. : 04-966 1800
Fax : 04-966 2800

TM Net Service Centre

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PULAU PINANG

General Manager, State Business Operation

TELEKOM MALAYSIA BERHAD

Tingkat 1, Bangunan ESK
10400 Pulau Pinang
Tel. : 04-227 8000
Fax : 04-227 3122

Customer Service Centre

TELEKOM MALAYSIA BERHAD

Tingkat 1, Jalan Burmah
10050 Pulau Pinang
Tel. : 04-226 9595
Fax : 04-226 0254

Kedai Telekom

BAYAN BARU

No. 68, Tingkat Bawah
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

LEBUH DOWNING

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

BUTTERWORTH

4819, Tingkat 1, Jalan Pantai
Taman Selatan, 12000 Butterworth
Tel. : 04-331 9191
Fax : 04-332 3399

BUKIT MERTAJAM

Jalan Amurugam Pillai
14000 Bkt. 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

TMTOUCH Service Centres

REGIONAL OFFICE

Plot 1, Lot 5344, Lorong Jelawat 4
Seberang Jaya, 13700 Pulau Pinang
Tel. : 04-397 3030
Fax : 04-397 4040/398 3232

SEBERANG JAYA

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

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.

Group Directory

PERAK

General Manager, State Business Operation

TELEKOM MALAYSIA BERHAD

Aras 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

Aras Mezzanine, 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

GRIK

No. 68, Jalan Tun Saban, 33300 Grik
Tel. : 05-791 1191
Fax : 05-791 1701

SUNGAI SIPUT

Jalan Sungai Buloh
31000 Sungai Siput
Tel. : 05-598 9191
Fax : 05-598 5519

SITIAWAN

178 & 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

TMTOUCH Service Centre

IPOH

95 & 97, Jalan Sultan Iskandar Shah
30000 Ipoh
Tel. : 05-253 3313
Fax : 05-254 3313

TM Net Service Centre

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NEGERI SEMBILAN

General Manager, State Business Operation

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 1010/1257
Fax : 06-761 3366/9696

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

TMTOUCH Service Centre

SEREMBAN

Lot 3-G & 3-1 Wisma Arab-Malaysian
Jalan Tuanku Munawir
70000 Seremban
Tel. : 06-761 5080
Fax : 06-764 0920

TM Net Service Centre

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MELAKA

General Manager, State Business Operation
TELEKOM MALAYSIA BERHAD
Aras 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 Peringgit Point
Jalan Batu Hampar
75350 Peringgit 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 14 1/2, Jalan Melaka Kendong
78000 Alor Gajah, Melaka
Tel. : 06-556 2292
Fax : 06-556 5724

TMTOUCH Service Centre

MELAKA

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

TM Net Service Centre

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

JOHOR

General Manager, State Business Operation
TELEKOM MALAYSIA BERHAD
Aras 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
Tingkat 4, 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

Tingkat Bawah Ibusawat Telekom
Bt. 9 1/2 Jalan Skudai, 81300 Skudai
Tel. : 07-557 9191
Fax : 07-557 1999

PONTIAN

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

Group Directory

KLUANG

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

SEGAMAT

Jalan Pawang, 85000 Segamat
Tel. : 07-933 3235
Fax : 07-933 2517

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 1191
Fax : 07-883 4999

KULAI

Jalan Air Hitam, 81000 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. : 07-467 1191
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

TMTOUCH Service Centres

REGIONAL OFFICE

No. 6, Jalan Permas 10/7
Bandar Baru Permas Jaya
81750 Masai, Johor
Tel. : 07-387 8633
Fax : 07-388 1623

PERMAS JAYA

No. 6, Jalan Permas 10/7
Bandar Baru Permas Jaya
81750 Masai, Johor
Tel. : 07-387 8662/8613
Fax : 07-387 6268

JOHOR BAHRU

No. 1, Jalan Kuning 2, Taman Pelangi
80400 Johor Bahru, Johor
Tel. : 07-335 3199
Fax : 07-335 3200/332 7200

BATU PAHAT

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

TM Net Service Centre

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

PAHANG

General Manager, State Business Operation

TELEKOM MALAYSIA BERHAD

Tingkat 5, Bangunan UMNO
Jalan Hj. Abdul Aziz, 25000 Kuantan
Tel. : 09-512 9353
Fax : 09-513 6644

Customer Service Centre

TELEKOM MALAYSIA BERHAD

Tingkat 4, Bangunan Telekom
Jalan Mahkota, 25000 Kuantan
Tel. : 09-515 2292
Fax : 09-514 5151

Kedai Telekom

KUANTAN

Tingkat Bawah, Bangunan UMNO
Jalan Hj. Abd. Aziz, 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 7977
Fax : 09-222 8050

KUALA LIPIS

10, Jalan Bukit Bius, 27200 Kuala Lipis
Tel. : 09-312 2191
Fax : 09-312 3191

RAUB

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

TMTOUCH Service Centre

REGIONAL OFFICE

45, Jalan Tanah Putih
25100 Kuantan
Tel. : 09-512 1265/1088
Fax : 09-515 8686

KUANTAN

45, Jalan Tanah Putih
25100 Kuantan
Tel. : 09-513 8686
Fax : 09-512 1088

TM Net Service Centre

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

TERENGGANU

General Manager, State Business Operation
TELEKOM MALAYSIA BERHAD
Tingkat 4, 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

TMTOUCH Service Centre

KUALA TERENGGANU

Ground & Mezz. Floor
No. 42 Wisma Isaacs, Jalan Dato' Isaacs
20000 Kuala Terengganu
Tel. : 09-622 6800/624 1186
Fax : 09-623 0800/624 6161

TM Net Service Centre

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KELANTAN

General Manager, State Business Operation
TELEKOM MALAYSIA BERHAD
Tingkat 1, Bangunan Pentadbiran
Jalan Doktor, 15000 Kota Bharu
Tel. : 09-743 4545
Fax : 09-744 3447

Customer Service Centre

TELEKOM MALAYSIA BERHAD
Tingkat 3, 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 8079

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

TMTOUCH Service Centre

KOTA BHARU SERVICE CENTRE

Lot PT166, Seksyen 26
Jalan Dusun Muda
15400 Kota Bharu, Kelantan
Tel. : 09-747 8800
Fax : 09-747 9800

TM Net Service Centre

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

Group Directory

SABAH

General Manager, State Business Operation

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

Tingkat Bawah 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 3, Sadong Jaya Complex

88100 Kota Kinabalu, Sabah

Tel. : 088-299 257

Fax : 088-269 696

Kedai Telekom

SADONG JAYA

Bangunan Telekom, 88100 Sadong Jaya

Tel. : 088-299 380

Fax : 088-257 979

L. TERBANG K. KINABALU

88100 K. Kinabalu

Tel. : 088-261 261

Fax : 088-232 311

TAWAU

T.B. 307, Blok 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

SANDAKAN

Tingkat 6, Wisma Khoo Siak Chiew

Jalan Buli Slim, 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, 89058 Kudat

Tel. : 088-611 022

Fax : 088-612 690

TMTOUCH Service Centres

REGIONAL OFFICE

2nd & 3rd Floor, Lot 4

Block B, Damai Plaza

Phase 3, Jalan Damai, Luyang

88000 Kota Kinabalu

Tel. : 088-282 811/812/810

Fax : 088-235 522

DAMAI, LUYANG

Wisma CTF, Lot 4

Block B, Damai Plaza Phase 3

Luyang, 88300 Kota Kinabalu

Tel. : 088-282 802/808

Fax : 088-282 805

ASIA CITY

Block E, Lot 36 & 37

Phase 1B Asia City

88000 Kota Kinabalu

Tel. : 088-268 800/263 036

Fax : 088-261 779

SANDAKAN

Lot 78, Ground Floor

Bandar Pasaraya, Jalan Utara Batu 4

90000 Sandakan

Tel. : 089-201 800/313

Fax : 089-201 333/224 800

TAWAU

TB330A, Ground Floor, Block 42

Jalan Merdeka 2, Fajar Complex

91000 Tawau

Tel. : 089-769 800/777 800

Fax : 089-771 013

LAHAD DATU

Lot 53, MDLD 3318

Ground Floor, Fajar Centre

91100 Lahat Datu

Tel. : 089-888 802

Fax : 089-887 800

KENINGAU

c/o Kedai Telekom Keningau

P.O. Box 113, 89008 Keningau

Tel. : 087-336 800

Fax : 087-338 179

KUDAT

c/o Kedai Telekom

P.O. Box 340, 89058 Kudat

Tel. : 088-615 800

Fax : 088-612 690

TM Net Service Centre

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

SARAWAK

General Manager, State Business Operation

TELEKOM MALAYSIA BERHAD

Tingkat 6, TM 100

Jalan Simpang Tiga, 93672 Kuching

Tel. : 082-200 200

Fax : 082-257 505

Primatel Business Centre

TELEKOM MALAYSIA BERHAD

Sub Lot 14, Section 11 KTLD

Jalan Kulas Utara Satu, 93400 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 : 085-285 248

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

KUCHING (SATOK)

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

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

SIBU

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

MIRI

Lot 935, Ground & 1st Floor
Blok 9, MCLD Jalan Asmara
98000 Miri, Sarawak
Tel. : 085-420 800/429 235
Fax : 085-439 445

TMTOUCH Service Centres

REGIONAL OFFICE

1st Floor, 2nd & 3rd Floor
No. 322, Lot 2734
Central Park Commercial Centre
3rd Mile, Jln Tun Ahmad Zaidi Adruce
93150 Kuching
Tel. : 082-203 888
Fax : 082-203 851

KUCHING (CENTRAL PARK)

Ground Floor, No 322, Lot 2734
Central Park Commercial Centre
3rd Mile, Jln Tun Ahmad Zaidi Adruce
93150 Kuching
Tel. : 082-203 888/865
Fax : 082-419 084

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

TMTOUCH Service Centre

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

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 Doun Penh, Phnom Penh
Kingdom of Cambodia
Tel. : +855-16-810081
Fax : +855-16-810006

MTN NETWORKS (PVT) LTD

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

SAMART CORPORATION PLC

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

SOTELGUI s.a.

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

TELEKOM NETWORKS MALAWI LIMITED

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

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 Telekom
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. : 03-20205446
Fax : 03-20342609

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
Lebuh Silikon
43400 Serdang
Selangor
Tel. : 03-8933 1820
Fax : 03-8945 1591

TELEKOM SALES & SERVICES SDN. BHD.

Menara Mutiara Bangsar
Jalan Liku Off Jalan Riang
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, Wisma Telekom Semarak
No. 82, Jalan Raja Muda Abdul Aziz
50300 Kuala Lumpur
Tel. : 03-2681 2681
Fax : 03-2681 2680

TM CELLULAR SDN. BHD.

10th Floor, Wisma Telekom Semarak
No. 82, Jalan Raja Muda Abdul Aziz
50300 Kuala Lumpur
Tel. : 03-2687 8888
Fax : 03-2681 0998

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

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

of _____
or failing him _____
of _____
or failing him, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at the Legend Grand Ballroom, 9th Floor, The Legend Hotel, 100 Jalan Putra, 50350 Kuala Lumpur on Tuesday, 20 May 2003 at 10:00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

| Resolutions | For | Against |
|---|-----|---------|
| 1. Adoption of Audited Accounts and Reports for the year ended 31 December 2002 – Ordinary Resolution 1 | | |
| 2. Declaration of final dividend of 10 sen per share (less 28% Malaysian Income Tax) – Ordinary Resolution 2 | | |
| 3. Re-election of the following Directors under Article 103:- (i) Dato' Dr. Abdul Rahim bin Haji Daud – Ordinary Resolution 3 (ii) Dato' Dr. Md Khir bin Abdul Rahman – Ordinary Resolution 4 | | |
| 4. Approval of Directors' fees and remuneration – Ordinary Resolution 5 | | |
| 5. Appointment of Messrs. PricewaterhouseCoopers as Auditors of the Company – Ordinary Resolution 6 | | |
| 6. Special Business: – Section 132D, Companies Act 1965 – Ordinary Resolution 7 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 discretion.)

Signed this _____ day of _____ 2003

| 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.



1. Fold here

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

3. Fold here

Annual Report **2002**
Laporan Tahunan

OPENING UP
POSSIBILITIES

MEMBUKA JALAN...
MENCIPTA
KEMUNGKINAN

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

Date :
Tarikh :

Please send me/us a copy of the 2002 Annual Report in Bahasa Malaysia :
Sila hantar kepada saya/kami senaskhah Laporan Tahunan 2002 dalam Bahasa Malaysia :

Name / Nama :

Address / Alamat :

Signature of Shareholder / Tandatangani Pemegang Saham :

 **TELEKOM**
MALAYSIA

1. Fold here/*Lipat di sini*

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

3. Fold here/*Lipat di sini*