

Other Subsidiary

VADS BERHAD

VADS Berhad (VADS), a company listed in the Malaysia Securities Exchange Berhad (MSEB), has, for the past 12 years, shown a track record of continued revenue growth. In 2003, VADS achieved a full year's revenue of RM151.3 million and a 12-month profit before tax of RM14.7 million, 8% higher than the preceding year's profit before tax of RM13.6 million. This was the direct result of our consistent and uncompromising focus on achieving profitable growth through a value proposition of quality in terms of our brand, network, customer services, products and services, distribution, financial management and workforce.

Managed Network Services (MNS)

The Group's principal activity lies in the provision of international and national managed network services to businesses and organisations. Revenue from the MNS division was evenly spread across the international and national sales network, contributing 85% to the Group's total turnover.

With the proceeds from the Initial Public Offering (IPO), VADS continued to invest in the state-of-the-art IP VPN service branded as VADS PREMIER. In the year under review, VADS signed an agreement with AT&T Global Network (AGN) to deliver Multiprotocol Label Switching (MPLS) networking services to companies internationally. Under this agreement, VADS is appointed as AGN's managed service provider in Malaysia to deliver AGN's portfolio of global managed networking services. The collaboration enables VADS to become part of AT&T's world class state-of-the-art global network.

VADS has always strived for the highest levels of professionalism in meeting global service standards. The Company is optimistic of the growth potential in this business and one of the commitments is to achieve Cisco's Silver Partner Certification Program in 2004. This achievement would reflect a milestone of the years of dedication and sacrifices in putting in place the right resources and infrastructure to support the business.

VADS e-Services Sdn. Bhd.

VADS e-Services Sdn. Bhd. (e-Services) will focus on Contact Centre Services (CCS) provisioning in both customer implementation and outsourcing projects. e-Services is committed to provide end-to-end outsourcing for CCS via total management and customer care for corporations and enterprises.

Partnering with Teletech, a leading global provider of CRM services and solutions, e-Services is equipped with the means of providing world-standard customer care services and technical support for the customer management centres of large companies here in Malaysia.

The CCS facilities and infrastructure are built according to International Asia Call Center Industry (ACCI) standards with CSR workstations, Quality assurance rooms: conference rooms, training rooms, meeting rooms, client rooms, staff facilities, 24x7 Security, Data center: racks, generators, UPS and Internet Security features.

VADS e-Services will continue to develop comprehensive solutions encompassing technology, process management and innovative resource management to add value to our customer offerings as more corporations and enterprises are realising

the benefits of outsourcing their contact centres. With the two-pronged objective of maintaining focus on their core business and improving customer relations, e-Services CCS is set to carve a niche in Malaysia's IT outsourcing market.

VADS Solutions Sdn. Bhd.

VADS Solutions Sdn. Bhd., a wholly owned subsidiary of VADS specializes in IT systems integration. VADS Solutions main business focus is in the software development turnkey projects, where applications are customized to meet particular requirements. Some of the projects undertaken by VADS Solutions include billing and customer care applications; project management systems; messaging and collaboration; and business intelligence systems.

Under its knowledge management services, VADS Solutions offers Business Intelligence or Data Warehousing solutions, Groupware solutions, Project and Document Management solutions. The Company also provides IT infrastructure support, management services and other e-related services through our highly skilled professionals using proven methodologies.

FIBERAIL SDN. BHD.

Fiberail Sdn. Bhd. (Fiberail) was formed in 1992 as a joint venture between Telekom Malaysia and Keretapi Tanah Melayu Berhad (KTMB), to provide telecommunications network related services utilising fibre optic cables along the railway corridor. To date, the company has installed a 1,600km fibre optics cable along the KTMB railway corridor, thus providing broadband connectivity to all major towns in Peninsular Malaysia.

Fiberail's core products and services include flexible leased fibre optics packages, broadband services and total business solutions. The Company also offers ancillary services such as telecommunications tower space and equipment cabin space. Consultancy services and co-location services have also been introduced to cater to customer demand in various industries.



Total Integrated Software, Turnkey and Business Application Solutions from VADS.

In the third quarter of 2003, Fiberail embarked on a restructuring campaign to achieve business excellence and to sustain a competitive edge while facing the challenges of globalisation. Its successful migration to ISO9001:2001 has motivated the company to expand its services and to venture outside the KTMB corridor, targeting in particular, townships along the East West highway.

Maintaining its leadership position in the digital telecommunications business, Fiberail has completed the installation of a 22-station microwave link network for Celcom and will complete the installation of a second fibre cable system by the end of 2004.

A new Operational Control Centre is in the process of being built and is expected to be completed by February 2004. The centre will coordinate all responses to customers' needs and requests to provide streamlined customer services and thus enhance the image of Fiberail. The Operational Control Centre will also function as a co-hosting site for customers.

The Company recorded a pre-tax profit of RM17.39 million in 2003 compared to RM20.14 million in 2002. At the same time, the Company has maintained a commendable financial standing, with net tangible assets improving from RM8.25 per share in 2002 to RM8.55 per share during the year under review.

In 2004, Fiberail will focus on the realignment of its business planning and marketing strategies to realise its corporate goals and objectives.



Meganet Communications – bringing you integrated telecommunication and IT Solutions.

MEGANET COMMUNICATIONS SDN. BHD.

Meganet Communications Sdn. Bhd. (Meganet) was incorporated as a business subsidiary of Telekom Malaysia on 6 October 1995. It became fully operational on 1 July 1997, as a joint venture between Telekom Malaysia and Nippon Telegraph & Telephone Japan, with equity holdings of 70% and 30% respectively.

Meganet was established to cater to the needs of a diverse and multi-faceted IT-based industry, focusing on intelligent building systems (IBS) consultancy, integrated telecommunications and information technology solutions as well as multimedia applications.

Meganet has diversified its expertise in related businesses within the ICT spectrum, providing solutions for integrated building management systems, security management systems (i.e. card access control systems and digital closed circuit TV) and IT infrastructure (networking systems, structured cabling systems, smart card multi-application systems, and audio visual multimedia and telecommunication systems).

To further strengthen its position in the ICT industry in the country, Meganet is shoring up its capability to provide value-added services to premium and demanding customers with niche packages such as network management systems, intelligent building electrical systems, IT migration services and building automation systems.

Year 2003 saw the commencement and completion of Phase 1 of the Telekom Malaysia National Operations Centre project with a value at RM12 million. Meganet has also completed installing the IT infrastructure (campus network & ICT peripherals) for the Polytechnic Port Dickson, Polytechnic Sabak Bernam and UiTM Seberang Prai. The combined value of the three projects was more than RM15 million. Since commencing business operations in 1997, Meganet has executed a string of IBS and ICT related projects with a total cumulative revenue in excess of RM300 million.

Revenue for 2003 amounted to RM33.3 million with a net profit of RM1.9 million.

With zeal and enthusiasm derived from the company's vision and mission, Meganet will utilise and deploy all its resources to penetrate deeper into the IBS and ICT markets. Given the profound knowledge and expertise of its professionals and the skills and capability of all its employees, the company is confident of generating greater revenue in the near future.

TELEKOM SALES & SERVICES SDN. BHD.

Telekom Sales and Services Sdn. Bhd. (TSSSB) was established on 1 September 1999 as a result of a merger between two entities, Telekom Equipment Sdn. Bhd. (TQSB) and Outlet Business Management (OBM). Both entities have distinct competencies, TQSB being a company that specialises in the supply and installation of Customer Premises Equipment (CPE) and OBM being the operator of the Kedai Telekom chain throughout Malaysia.

The new merged entity, in the form of TSSSB, brings together different strengths under one roof. As a result of this streamlining, TSSSB has become a customer service organization that focuses on the provisioning of one-stop solutions for Telekom Malaysia.

TSSSB's Vision is "To be the best one stop centre for customer service and communication solutions in Malaysia" and TSSSB's Mission is "To consistently provide excellent customer service and quality products that exceeds customer expectations."

Currently TSSSB has 95 ISO certified Kedai Telekom outlets which serves as a primary channel in providing Telekom Malaysia's services such as service provisioning, bill payment collection, inquiries and bureau services.

TSSSB provides a host of Information and Communication Technology (ICT) products and Customers Premises Equipment (CPE) to its customers through the Kedai Telekom outlets, corporate sales division and its network of dealers and agents.

The Company works very closely with Telekom Malaysia's product marketing division, TM Net Sdn. Bhd., vendors, suppliers and business partners in providing key products such as prepaid calling cards and feature phones to Telekom Malaysia's group of customers.

For the Financial Year ended 31 December 2003 the total revenue for the Company recorded a slight increase from RM154.43 million in Year 2002 (un-audited) to RM154.47 million.

For 2004, TSSSB's focus is on Customer Service Excellence. Working together with the Customer Relationship Management (CRM) group and Change Management Office (CMO), TSSSB is taking steps in increasing the customer service level and increasing the Customer Satisfaction Index (CSI) via several key initiatives. The Company continues to be committed to serving Telekom Malaysia's 4.6 million direct exchange line customers and more than 200 corporate organizations.

TELEKOM APPLIED BUSINESS SDN. BHD.

Telekom Applied Business Sdn. Bhd. (TAB) is an MSC-status joint venture between Telekom Malaysia and Prism Holdings Limited, South Africa, that specialises in building ICT solutions in the areas of e-Solutions, telecommunications operating support systems and computer telephony integration.

In 2003, TAB successfully deployed its Ezeephone system in the Republic of Guinea, Africa, through the Société des Télécommunications de Guinée (Sotelgui s.a.), the sole telecommunications company providing fixed line services in the country. Two or three more ventures to market the system overseas are expected to materialise this year.



TAB's Ezeephone comes to Guinea.

The Ezeephone system was deployed in Malaysia in 2002 with one node with a capacity to support 50,000 users. In December 2003, two more nodes were installed to cover Sabah and Sarawak as well as the northern regions of Peninsular Malaysia, bringing the total capacity to 150,000 users. TAB has also successfully introduced a popular Fixed Short Message Service (FSMS) to Telekom Malaysia's fixed line customers.



CRM in focus at Kedai Telekom.

For the year 2003 TAB registered a net profit of RM3.04 million.

TAB aspires to become a active player in the ICT industry by diversifying its product portfolio. Products which have been successfully launched, such as VCS and Ezeephone, shall be replicated and marketed to other countries.

TAB is also looking into business opportunities in the prepaid market both locally and abroad. In this regard, it is considering partnerships with foreign telcos and resellers, as a way to ease its entry into the international market.

TELEKOM PUBLICATIONS SDN. BHD.

Incorporated in August 1989, Telekom Publications Sdn. Bhd. (TPSB) is the official publisher of the Malaysia Telephone Directories (Yellow Pages & White Pages) in both print and multimedia formats, which are referred to by more than 4.9 million users nationwide. Its industrial, commercial and government listings are the most comprehensive, covering over 300,000 companies and 18,000 brands. The listings are very current as the contact numbers are obtained directly from Telekom Malaysia Berhad.

TPSB produces more than 41 different directories, including nine niche directories. Among these are three Neighbourhood directories for Ampang,

Damansara and Subang; the Malaysia Tourist Pages, Malaysia Oil & Gas Directory, Halal Pages, Corporate Agriculture Directory, Dining Out and the Malaysia Information Industry Directory. In addition, there is a Malaysian Chinese Yellow Pages catering to the Mandarin-speaking community.

TPSB registered a total of RM53.16 million in revenue for the financial year ended 31 December 2003 compared to RM52.90 million in 2002. This is an improvement of 0.49%. Total revenue for Yellow Pages & White Pages is RM48.69 million and RM2.13 million respectively. This represents 96% of the overall revenue for the company. For year 2003, the revenue for the Malaysian Chinese Yellow pages is RM1.39 million and that for Niche Directories is RM0.95 million.

TPSB has extended the reach of its Yellow Pages by making it accessible via the Internet at www.yellowpages.com.my and also through the Short Messaging System (SMS). The Malaysia Internet Yellow Pages (MIYP) was officially launched in October 2000, while TMTOUCH SMS Yellow Pages was a joint venture with TM Cellular Sdn. Bhd., now merged with CELCOM. The product was launched in August 2002, following which TMTOUCH subscribers can access directory information through SMS using the short 200200 code.



As a member of the Asian Directory Publishers Association Inc. (ADPAI), TPSB has embarked on a cross-selling arrangement with other members of the association, such as the Yellow Pages of the Philippines, Indonesia, Brunei and Myanmar.

On August 8, 2003, TPSB entered into a collective agreement with the National Union of Telekom Employees to foster a harmonious working environment and encourage higher productivity. TPSB has been awarded the ISO 9001:2000 certification by SIRIM on management systems, reflecting a high standard of business processes as well as quality products and services.

MENARA KUALA LUMPUR SDN. BHD.

2003 was a challenging year to tourism in general. The SARS outbreak caused the world's tourism industry to take a drastic dip. Malaysia was not spared. Tourist arrivals in the country dropped by 60-70%. This was reflected in the number of visitors to Menara Kuala Lumpur which saw a drastic drop by as much as 60%. Therefore, the main challenge faced by Menara Kuala Lumpur in 2003 was to maintain its position as a 'must visit' landmark for both domestic and foreign tourists.

Learning from this experience, Menara Kuala Lumpur organised a workshop for its staff with the view to formulate a more focused and specific corporate vision and mission. The objective is to make Menara Kuala Lumpur the preferred destination for both local and foreign visitors to Kuala Lumpur by year 2005. To achieve this vision, the corporate mission requires all its staff to strive towards creating a truly enjoyable experience for visitors to Menara Kuala Lumpur through providing good service, innovative products and advanced facilities.

Intensive creative promotional activities were held within the country, offering attractive rates to walk-in visitors and better concessions to travel agencies. These initiatives paid off as Menara Kuala Lumpur achieved its targeted sales figures.

New products were also introduced to increase the lure of Menara Kuala Lumpur. For example, the Menara Kuala Lumpur Privilege Card, launched as part of the customer loyalty programme on 15 July 2003, enables visitors to register as members and subsequently enjoy numerous privileges and benefits offered by Menara Kuala Lumpur as well as other collaborating organisations. Along with this programme, a Top of the World contest offering a grand prize of an MPV was organized. By end December 2003, Menara Kuala Lumpur Privilege Card had attracted over 12,000 members.

Another marketing strategy involved enhancing Menara Kuala Lumpur's business relationship with dealers and collaborating partners. Taxi drivers within the Klang Valley were honoured as ambassadors of the tower during a Taxi Appreciation Day on 12 May 2003. The travel agencies and media were feted at an appreciation get-together for their support in promoting Menara Kuala Lumpur. Travel agencies were encouraged to make sure incoming tourists include Menara Kuala Lumpur on their itineraries. This joint effort also involved associates from the hotel industry and other tourist-related bodies.





Menara KL stands tall as a tourist icon on the KL Skyline.

State Tourism Exco members officiated several domestic roadshows themed “*Membawa Menara Kuala Lumpur Kepada Anda*” in Johor Bahru, Kuantan, Ipoh, Pulau Pinang and Melaka. Menara Kuala Lumpur also collaborated with the State Education Department to promote student tourism. Activities targeted at students included inter-school quizzes, treasure hunts and a competition to replicate Menara Kuala Lumpur using recycled materials.

Menara Kuala Lumpur also welcomed foreign dignitaries attending the 12th NAM Conference and the 10th OIC Summit. Apart from that, Menara Kuala Lumpur increased its public profile by achieving two new records in the *Malaysia Book of Records* with “*The Longest Roti Naan in Malaysia*” and “*The Most Participants in Malaysian Carom Competition*”.

To make Menara Kuala Lumpur physically more attractive, a new lighting system was installed at the top of the tower and the lobby was renovated to create a livelier atmosphere. The Mega View Banquet Deck at 288m and situated above the Revolving Restoran Seri Angkasa, was given an exclusive touch, allowing customers to enjoy premium facilities in comfort and exclusive privacy in the clouds.

In addition, various exciting family-oriented activities which allowed children to get up and close to wild and wonderful animals such as the elephant, tiger cub, albino snake and orang utan were organized at the Observation Deck. Families were also enticed by trishaw rides at the tower as one of the traditional modes of transport brought in specially from Melaka. To give value to families visiting the tower a special Happy Family Package with attractive rates were offered to Malaysians.

To cater specifically to the younger generation, Menara Kuala Lumpur organised a *Rentak Merdeka Concert*, featuring artists from *Akademi Fantasia*. Street performances, cultural carnivals, a Children’s Arts Festival and Gerak & Bunyi co-organised by the Ministry of Culture, Art & Tourism gave the younger generation an opportunity to gain a better understanding of traditional Malaysian culture. It was a challenging year, but Menara Kuala Lumpur managed to keep the crowds coming by introducing an array of exciting activities all year round.

Menara Kuala Lumpur is in the business of experience, as such a high standard of customer service is expected from each and every staff. Specific programmes designed to achieve customer delight was carried out for the customer service team. Continuous improvement and efforts are made to build a cohesive team for various staff activities. These served to enhance a spirit of fellowship, instill a harmonious atmosphere at work as well as nurture a culture of excellent service and customer satisfaction at the 4th tallest tower in the world.

GITN SDN. BHD.

In October 1995, the Cabinet approved the setting up of a Government Integrated Telecommunications Network (GITN) to help create an e-Government network infrastructure. In March 1996, GITN Sdn. Bhd. (GSB) was incorporated to manage this network.

GSB provides integrated managed network connectivity – for Intranet, Extranet and Internet access – and managed security services to all government agencies nationwide that have implemented e-Government applications. The network enables government-to-government, government-to-business and government-to-citizens seamless electronic communication.

In December 2003, GSB signed a RM88.7 million agreement with the government for the provision of network, security and other services for the establishment, management, operation and maintenance of the Electronic Government Network (EG*Net) project, an MSC flagship application in Putrajaya.

GSB achieved gross sales of RM51.7 million in 2003, marking a commendable growth of 70.3% against 2002. The company's revenue was generated by Managed Network Services, EG*Net and Value Added Services. The biggest contribution – at 48% of the company's total revenue – came from the EG*Net project.

At the same time, expenditure increased by 65.7% last year to RM41.8 million due primarily to improve customer service and expansion which would result in better profits. Profit after tax stood at RM5.5 million, as compared to RM1.4 million for the year 2002. This is the second consecutive year GSB recorded a profit since its incorporation in 1996.

The prospect for GSB is bright on the back of the government's aggressive efforts to implement EG*Net more extensively. To further improve its services, GSB is seeking a long-term concession with the government which would allow the company to improve its capacity and capability besides offering better value to the government.

GITN – a major player in the government's e-Government initiative.



Our high speed broadband connectivity allows
you more quality time to live life.



Work

Play

Learn



Educational Excellence

PROF. GHAUTH JASMON
PRESIDENT
UNIVERSITI TELEKOM SDN. BHD.

HJ. AHMAD TARMIDI MOHAMAD
CHIEF EXECUTIVE OFFICER
TELEKOM RESEARCH & DEVELOPMENT SDN. BHD.

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TELEKOM SMART SCHOOL SDN. BHD.

DATUK IR. AHMAD ZAINI MOHD AMIN
CHIEF EXECUTIVE OFFICER
TELEKOM TRAINING COLLEGE

UNIVERSITI TELEKOM SDN. BHD.

Universiti Telekom Sdn. Bhd. was set up in June 1997 to manage the country's first private university, namely the Multimedia University (MMU), which offers Diplomas, Bachelors, Masters and Doctorates in IT and multimedia studies. MMU charted exceptional growth in 2003, introducing new courses and outlining visionary expansion plans, with a current student number of 16,000.

The university is positioning itself to capitalise on the international market. Currently, international students number 950 out of the 16,000. Of this, 50 students from China are pursuing MBAs at MMU – and there are plans to attract more students from Singapore, Indonesia, Sudan and India. The MBA programme is innovative and competitive, making it invaluable to the university's partners abroad.

Another attractive programme for the global market is MMU's suite of fully Internet-based degrees which the university is offering to countries like Syria, Thailand and Cambodia. Again, foreign partners have shown much interest in this revolutionary method of teaching and learning, though the programme is still in its infancy. The Syrian Government, for example, is keen on establishing its own virtual university modeled after the Multimedia University. The possible partnership between the two universities would create a truly borderless learning environment.

With regards to the student population, the dramatic increase seen over the last few years has stabilised. Another jump in numbers is expected soon with the completion of the Cyberjaya and Melaka campuses. Comprising residential, administrative and academic facilities, the new campuses will bolster the student population from the current figure of 16,000 to 20,000 when completed.

The number of courses offered has also increased. In 2003, the Ministry of Education approved eight new courses, bringing the total number of courses offered to 44. The new courses include Masters in Knowledge Management with Multimedia, Masters in Multimedia (e-learning Technologies), Bachelor of Multimedia (Hons) Virtual Reality and Bachelor of Information Technology (Hons) Artificial Intelligence.

In 2003, the university recorded a net profit of RM6.7 million on the back of RM132.0 million in revenue. It is envisaged that, with aggressive marketing to increase its international student population and the commercialisation of innovative products through R & D, MMU will be able to sustain its profitability in the years to come.

MMU will continue to expand and upgrade its capabilities to better serve not only the nation, but also the global community.



TELEKOM RESEARCH & DEVELOPMENT SDN. BHD.

Telekom Research & Development Sdn. Bhd. (TMR&DSB) currently employs a total staff of 277 and out of which 176 or 64% are researchers. A Postgraduate Study Scheme (PSS) was introduced mainly to upgrade researchers' skills and knowledge as well as to improve the management knowledge of non-research supporting staff.

Under this scheme, TMR&DSB employees are given the opportunity to pursue higher degrees or diplomas locally by conducting research or attending courses on a part-time basis. In 2003, TMR&DSB organised postgraduate programmes for 12 of its research personnel, which 10 are pursuing Masters Degrees and two PhDs.

In addition, an arrangement has been made with UiTM for an in-house Master of Science in Information Technology (IT) programme.

Diversity enriches student life at MMU.

TMR&DSB has also identified the following Masters and PhD programmes for its staff:

- MSc & PhD in Engineering Business Management at the Business & Advanced Technology Centre, Universiti Teknologi Malaysia (UTM), Kuala Lumpur, in collaboration with Warwick University, UK.
- MBA in (a) Techno Entrepreneurship, (b) Strategic Management, or (c) Venture Capital Management at the International Business School, UTM, Kuala Lumpur, in collaboration with Cranfield University, UK.
- MBA & MSc in IT at the Telekom Training College (TTC), Kuala Lumpur, i.e. a collaboration programme between TTC and Universiti Utara Malaysia (UUM).

In an effort to improve the management skills of non-research supporting staff, TMR&DSB has collaborated with Telekom Training College in coming up with a Graduate Diploma in Management. 20 executives are currently pursuing this programme.



TMR&DSB has encouraged researchers to publish technical papers as to contribute in towards to the enrichment of knowledge. 47 technical papers were published; out of which six were presented at international conferences, one paper presented at a national conference and two published in local technical journals.

Practical students from local universities were accepted to undergo internship in TMR&DSB. We see this as an effort to encourage and promote an R&D culture and to spot talents among the potential young researchers. A total of 27 students from KUITTHO, UTM, UPM, MMU and Polytechnics completing their training programme.

As its contribution to the promotion of R&D in science and technology, senior members of the TMR&DSB Management Team and Senior Principal Researchers are involved as:

- Faculty advisors on engineering to several local universities;
- Fellows at scientific & technological institutes;
- Panel member of IRPA;
- Co-supervisor for post graduate students;
- External examiners of PhD theses.

TELEKOM SMART SCHOOL SDN. BHD.

Established in 1999, Telekom Smart School Sdn. Bhd. (TSS) was incorporated to realise the Malaysian Smart School project, one of the country's Multimedia Super Corridor (MSC) flagship applications. With the Ministry of Education leading the project, TSS has now successfully completed its three-year National Smart School Pilot Project contract, which involved 88 schools throughout the nation.

The project is set to transform the education system to include a highly advanced technology-based process that will revolutionise the way we learn, think and act – and ultimately creating a generation of Malaysian knowledge workers who will lead the nation into the Information Age and beyond.

The year 2003 was spent concluding the proposal for the National Smart School Roll Out Project, which will include enhancements of the Smart School Integrated Solution. TSS also looked at introducing the smart school concept beyond Malaysian shores. Through government-to-government efforts led by the Multimedia Development Corporation (MDC), TSS was actively involved in assisting a few Middle Eastern governments in their quest to “smarten” their respective education systems.

TSS also concentrated on research and development to provide the best solution for the impending roll-out of Smart Schools – 100 for year 2004 and 200 for year 2005.

At the same time, in support of the government's drive to implement the teaching of Mathematics and Science subjects in English, TSS translated the Mathematics and Science components of the Smart School curriculum from Bahasa Melayu to English for Year 1 and Form 1. Two other government projects successfully completed in 2003 included the Malaysian Smart School Pilot Project COINS (Corporate Information Super Highway) extension services and the Helpdesk extension services. All three projects contributed revenue of RM7.4 million, RM4.6 million and RM3.6 million respectively to the company.

This year, TSS will be translating the Mathematics and Science coursewares for Year 2 and Form 2. At the same time, the COINS extension service is still ongoing and is expected to be completed by the second quarter of 2004. The translation is expected to contribute RM11.2 million in revenue, while the COINS extension will earn the company RM2.3 million this year.

TSS has sent a comprehensive proposal to the Ministry of Education to roll out the Smart School Solutions to 300 schools nationwide over the next two years. If secured, the project will generate approximately RM360 million in revenue by the time it concludes in the final quarter of 2005.





Enhancing school education through Telekom Smart School's education applications.

Apart from enhancing the current Smart School Integrated Solution, TSS has developed the School Management Applications and Required Tools (SMA*RT) system, a web-based school management solution comprising School Governance Management, Student Affairs Management and Education Resources Management modules.

Also in its drive to enhance product and service quality, TSS has started work on a Learning Content Management System (LCMS), an infrastructure that can be used to create, modify and manage content delivery for a wide range of learning needs. Concurrently, TSS has also continued to market its brand of multimedia courseware, BestariEd, and extend its e-education consultancy services to a number of interested parties.

Throughout the year, TSS has participated in various exhibitions and outreach programmes either on its own or under the banner of Telekom Malaysia, the Ministry of Education or MDC in order to promote the Smart School Project. More notable among its excursions were the Malaysian Showcase in conjunction with the 2003 NAM Summit, the 2003 MSC exhibition and the Expo OIC 2003.

TSS also provided its courseware for free to various “adopted” schools as part of its community service. At the same time, TSS has collaborated with a leading IT developer to provide a pre-school IT package – which includes a personal computer, child-proof IT furniture and educational software – to 70 pre-schools under the care of the Ministry of Education and the Ministry of Rural Development.

Staying true to its vision of becoming the “leading total e-education solutions provider by 2008”, TSS has endeavoured to make its mark in the e-education industry by providing the best solutions and consultancy services.



TELEKOM TRAINING COLLEGE

Telekom Training College (TTC) is a premier provider of telecommunications training in Malaysia. It was established in 1948 at Jalan Ipoh, Kuala Lumpur, to train staff of the Department of Telecommunications. TTC was given a facelift in 1961, as a result of a joint venture between the United Nations Organisation and the Malaysian Government. In 1966 Telekom Training College was moved from its original site to its present location at Jalan Gurney, Kuala Lumpur.

In the early 1980s, five regional training schools or branch campuses were established in Taiping, Kuala Terengganu, Melaka, Kuching and Kota Kinabalu. Last year, TTC celebrated its 55th anniversary as a telecommunications training institution of choice for both local and international participants.

As an appointed training provider for Commonwealth countries through the Commonwealth Telecommunications Organisation (CTO), TTC has loaned its trainers and provided consultancy and course structures to various Commonwealth countries. The College has also sent participants to courses overseas, mainly with British Telecom (BT). Its partnership with CTO has been mutually beneficial.

In 2003, TTC participated in 23 CTO projects involving 20 countries such as Bangladesh, Barbados, Fiji, Gambia, Ghana, Malawi, Mauritius, Seychelles, Botswana, Trinidad & Tobago, Malta, Cyprus and Zambia. Under these projects, TTC has sent experts from Telekom Malaysia and the Training College to provide training in various fields such as Information and Communications Technology (ICT), Human Resources, Public Relations, Marketing & Sales and Finance.



The College currently conducts more than 200 courses, seminars and workshops in management, IT and multimedia related subjects, each year. On average more than 40,000 local and international trainees have attended these courses.

TTC also supports the Malaysian Technical Cooperation Programme (MTCP), under the purview of the Prime Minister's Department, which encourages IT synergies between developing countries. This has strengthened regional cooperation and nurtures collective self-reliance among members. Last year, in collaboration with the Economic Planning Unit of the Prime Minister's Department, TTC conducted an MTCP programme attended by 60 participants from four countries namely Cambodia, Laos, Myanmar and Vietnam. Riding on the success of the programme, TTC has again been selected to provide training for a fresh batch of MTCP participants this year.



A new focus locally is on courses at tertiary level. TTC currently offers a wide selection of courses at Diploma level that meet the requirements of the k-economy. These include:

- Diploma in Multimedia (Business Computing)
- Diploma in Multimedia Technology
- Diploma in Technology (Telecommunications Engineering)
- Diploma in Computer Science
- Diploma in Marketing with Multimedia
- Diploma in Management with Multimedia

In 2003, TTC conducted six Diploma programmes over two intakes. The April intake attracted 517 students, of whom 464 were school leavers and 53 were Telekom Malaysia's staff. A further 194 students enrolled for the September intake.

TTC has established collaborative links with a number of renowned local and foreign universities, which would enable its students to further their studies to degree programmes.

The institutions are:

- Multimedia University (MMU)
- Universiti Terbuka Malaysia (Open University)
- Universiti Malaysia Sarawak (UNIMAS)
- University of Portsmouth, United Kingdom
- FTMS De Monfort Malaysia/De Monfort University, United Kingdom
- University of Curtin, Australia
- Local IPTA/IPTS

In August 2003, TTC increased its academic partnership network by signing a Memorandum of Understanding with Nilai International College. This arrangement will allow students who have completed any programme, or part of a programme at TTC to continue their studies in an appropriate programme at the Nilai International College.

TTC also manages the training and development needs of top-ranking employees of Telekom Malaysia via its Management & Leadership Institute (MLI). Among the courses conducted here are the Top Management Programme, Senior Management Development Programme, Management Leadership Development Programme and the Management Trainee Programme.

TTC has plans to expand its operations and be more competitive as a reputable private learning institute.



TTC – meeting the training needs of Telekom Malaysia employees.

Human Resources

Human Resources (HR) plays a critical role as Telekom Malaysia shapes itself up into an enterprise that will not just survive, but thrive, in the new global economy. Underlying this mission is also Telekom Malaysia's aspiration to become an employer of choice – one that continuously inspires excellent performance. It was this factor that helped set the priorities in the design and execution of HR programmes and initiatives in 2003. While aiming to improve overall organisational performance, the HR agenda also focused on employee enrichment. This is critical as Telekom Malaysia regards people as its most valuable asset.



One HR initiative that has remained a priority to the organisation over the years is building leadership and managerial skills. Towards this end, a total of 3,552 executives (46.3%) have so far undergone managerial and leadership assessments, such as the Potential "M" Assessment, Senior Manager Assessment and Top Management Appraisal. By identifying potential areas for the development of its managers, Telekom Malaysia is strengthening the capabilities of its staff, as well as fortifying its own ability to deal with challenges. The organisation is also committed to increasing its leadership pool by 5% of its executive population by year 2006.



Telekom Malaysia recognised as one of the best employers in Asia and Malaysia for 2003.

Telekom Malaysia has successfully produced 53 senior executives with Masters degrees through customised Executive Development programmes conducted with renowned international institutions of higher learning. A total of RM2.23 million was invested in the Executive Development programme in 2003.

A structured training programme for executives who aspire to move up the managerial ladder has also been put into place. Meanwhile, a minimum measured Competency Level Index (CLI) of 60% has been enforced to improve the general level of competency. This will motivate the workforce to improve their skills, thus improving the organisation's overall efficiency.

In 2003, the Company spent a total of RM11.14 million on programmes conducted by Telekom Training College, with each

employee clocking an average of 40 hours of training. To further promote employees' knowledge and capabilities, Telekom Malaysia is one of the major contributors to the Human Resources Development Fund, set up by the Human Resource Development Act 1992. A total of about RM6.04 million is contributed to the fund yearly. Out of this contribution, the Company was reimbursed 83% in 2003.

Telekom Malaysia's commitment to providing development opportunities extends to the wider Malaysian public through its scholarships and education loans. The Company allocated RM19.8 million towards its scholarships and education loans in 2003. A total of 1,049 students are currently receiving financial aid to pursue their studies, both domestically and abroad.

Mindful of the fact that the management of human capital involves much more than retaining staff, Telekom Malaysia continues to motivate and inspire its people to maintain an edge in today's competitive environment. To attain greater insight into the level of employee satisfaction, and in order to build some basis on how this can be improved, the management conducted an Employee Satisfaction Survey in 2003. It provided an avenue to gauge employee perceptions on leadership, communication, training and development, career advancement, job tasks, work environment and other HR issues. The survey results are being used to focus on key areas that will have the biggest impact on employee commitment and engagement.

Human Resources Planning – Focus on employee development.



Enriching people's lives is synonymous with keeping them connected, involved and empowered. To facilitate this, e-HR, an electronic communications network of fully integrated HR-related data, information, tools and transactions was set up by the Company. e-HR is an enterprise-wide strategy that uses scalable, flexible and integrated technology to link staff to internal processes and the business objectives of the organisation. It allows employees to access and update HR data, thus reducing the cost of data entry and at the same time empowering employees to be in charge of their own profiling.

The Company believes that in order to achieve its long-term corporate goals, it needs to be guided by fundamental principles. In this regard, the corporate core values, known as KRISTAL, will form a foundation of its corporate culture. An intensive communication programme has been rolled out to educate employees on the three core values: Total Commitment to Customers; Uncompromising Integrity; and Respect and Care. Employees are to internalise these values in their daily work and interaction. Specific documents were also published to assist both employees and vendors to put these KRISTAL values into practice.

In support of the company-wide Culture Transformation initiative and recognising that any move to inculcate organisational behaviour depends on effective management of Human Resources, HR is enhancing its current policies and practices to ensure they are aligned with KRISTAL.

Efforts to ensure employees' well-being are also emphasised. In 2003, Telekom Malaysia spent no less than RM417.3 million on healthcare and employee welfare benefits, various Telekom Malaysia clubs, sports and recreational activities as well as the management of daycare centres. Telekom Malaysia looks at the long term benefits as healthy and satisfied employees are likely to be committed, dedicated and productive.

With a total staff strength of 31,274 at year end, HR expects to continue facing high expectations and significant challenges. At the same time, the division also sees tremendous opportunity to undertake innovative practices to engage employees and forge links between HR and organisational performance. Telekom Malaysia's continuous commitment towards these efforts was duly acknowledged when the Company was recognised as being among the Best Employers in Asia and Malaysia in year 2003. The Award recognises the effectiveness of people practices in optimising organisational performance and its alignment to a company's overall business direction.



Customer Relationship Management



Telekom Malaysia continued to improve its customer care operations and management in year 2003. Its improvement efforts focused on customer contact points, and included many dynamic changes to processes, systems and organisational infrastructure.

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A. CUSTOMER RELATIONSHIP MANAGEMENT (CRM) PROGRAMME

The CRM Programme, launched in late 2002, spearheaded many of the new initiatives to enhance customer satisfaction and to move a step closer towards its objectives of acquiring, satisfying, retaining customers and growing a profitable customer base, in line with Telekom Malaysia's long-term aim of becoming the communications company of choice.

The CRM programme successfully implemented some rigorous quick-win projects, including a real-time data provisional/restoration tracking system and customer retention programmes. In addition, various internal forums and workshops were conducted to integrate the strategies, processes, technologies and the people that will inculcate a customer-oriented work culture. Most of these activities went towards creating a foundation from which a full-fledged CRM system will be implemented in 2004. Existing strategies, guidelines, policies and operations processes and procedures were revisited and revised where necessary to ensure more focused and concerted efforts towards providing a better all-round experience for customers.

A CRM technical team researched various CRM tools and technologies to identify ways of integrating these with key business processes and best practices to achieve maximum advantage. The CRM tools and technologies will allow the Group to leverage on its vast customer database to provide an edge on customer insight.

Among the key projects and achievements of the CRM Programme in 2003 were:

- **Human Competency and Cultural Development**

Through this initiative, which recognises the importance and power of human resources, various cultural and competency training programmes were launched. Studies were also conducted to ensure a good match of right person-right job, while incentives were introduced to the sales group to spur them to higher performance and productivity.

- **SAVE Programme**

To inculcate customer loyalty and to reduce the churn rate, various nationwide campaigns were held to establish direct contact with customers whose subscriptions to services were pending termination with a view to save and retain them. The initiative was met with encouraging response from customers. In a pilot implementation project conducted in an urban center, a high percentage success rate was recorded on the retention of customers to continue with their Telekom Malaysia services.

- **Data Services Provisional/Restoration Tracking System (DPTS/DRTS)**

DPTS/DRTS was launched to demonstrate appreciation of customers' need for timely information on the progress of their service installation and restoration requests. It improves communication with the mobile

field force by enabling remote and direct work order, dispatch functions and near real-time updates on the status of work using SMS. The new process creates an immediate impact with reduced number of calls to 1060 call centres, and indirectly improves service provisional/restoration cycle times as a result of more effective information management. The number of calls to 1060 has reduced by more than 20% and the cycle time rate improved by more than 10%.

- **Customer Service Automation Tools**

To enhance the effectiveness of sales executives and managers, automated tools and applications were developed and implemented to aid the sales process. High-end computing equipment and network resources were also provided to enable better presentation and access to key information.

A key objective of the CRM programme is to offer customers with greater flexibility and access. Towards this end, a project was launched in September 2003 to develop a self-service portal that would allow customers to make contacts and request for new services, report service issues as well as view/analyse and pay their bills online through the Internet. The objective is to enable customers to have as many channels as possible without having to visit Telekom Malaysia offices or calling the contact centres.

- **Customer Friendliness Project**

This special taskforce was set up to achieve a Customer Satisfaction Index (CSI) rating of 85%. To create a customer-friendly environment at the front end, the project team adopted a holistic approach in its endeavour, from understanding the issues on the ground to strengthening customer relations basics and improving office tools and processes. The programme has managed to raise the Customer Satisfaction level on Kedai Telekom operations by more than 10% from a year ago.



Many other programmes to raise the CSI beyond the 85% level have also made significant progress in 2003. Staff development plans to equip them with the right soft and hard skills to enable them to build enduring relationships with customers will continue in 2004.

As much of the foundation for Telekom Malaysia's CRM Programme has already been laid, the focus in 2004 will be to realise the new – and better – customer experience. The key success factor of any CRM Programme, however, is the adoption of the concept by the common workforce, and its application in their respective work areas. Hence, a large portion of the CRM Programme effort will concentrate on introducing and explaining the new system to staff, who will be trained to use the tools and processes via workshops and dialogue sessions. This is vital to induce the envisaged CRM culture transformation. Success of the whole programme will be measured using pre-determined key performance indicators (KPIs).

The CRM initiative to instill a customer-centric culture among the employees is a continuous process within the Company. The role of the employee will change to become one where it will be more relationship oriented.

B. SPECIAL TASK FORCES

- **Go SMART Project (Customer Complaints Management)**

This special project was launched in response to concerns over the customer complaints management process, which was not well reflected in surveys conducted by the Malaysian Communications and Multimedia Commission (MCMC) and Telekom Malaysia itself. The project team implemented several best-in-class practices, including a product and process ownership review; setting targets on shared KPIs; staff retraining; and deploying SMART (Sistem Maklumat Aduan dan Resolusi Telekom). It also conducted regular surveys for feedback on the complaints handling process. The project team successfully resolved 98% of backlogged complaints three months after implementing the changes. The resolution of problems within stipulated time frames also improved 6% to 41% during the same period.

Customer service excellence at Celcom.

C. KEDAI TELEKOM

Besides the Projek Mesra Pelanggan, other major changes made by Kedai Telekom in year 2003 include the following:

- **Customer Service Management training**

Kedai Telekom front-liners were provided with Customer Service Management training by external consultants to increase their level of professionalism and focus. The training included a full-day “live” module at a Kedai Telekom with actual customer encounters and instant feedback. Most of the customers expressed positive views on the new experience.

- **Systems upgrade**

All Kedai Telekom frontline PCs were upgraded, and the network connectivity improved from 128kbps to 2MBps. The much-improved system had shortened the processing period, hence reducing the waiting time of customers for counter service. Kedai Telekom is also introducing a new logo and colour scheme at its outlets to portray a more lively and friendly image.

D. CELCOM

As a result of its dedication to customer service improvement, the Jalan Ampang branch of Celcom was declared winner of the Anugerah Kualiti Y.B. Menteri Tenaga, Komunikasi dan Multimedia 2003.

Year 2004 promises to be another exciting year for Telekom Malaysia as the Group continues to strive further to provide better experiences to its valued customers.





Research and Development

As competition in the Information & Communications Technology (ICT) market intensifies, Research and Development (R&D) has come to play an increasingly important role in maintaining an edge. Recognising this, Telekom Malaysia has strengthened its R&D through its subsidiary, Telekom Research & Development Sdn. Bhd. (TMR&DSB). Aiming to be the leading ICT R&D company in South East Asia by 2008, TMR&DSB is committed to becoming a reference centre for ICT product-oriented research work as well as providing the Group with the technological impetus for data, network and multimedia applications.

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The year 2003 was remarkable for TMR&DSB. Revenue increased by 55.3% to RM69.1 million from RM44.5 million the previous year. R&D revenue itself accounted for 76% of the total i.e. RM52.6 million. A total of 59 research projects were planned and executed in 2003 and 16 projects were completed as planned. Among TMR&DSB's successful products were its Network Forecasting Software (NFS), Traffic Information Planning System (TIPS), SQ2 (Service Quality 2) and CD-R (Call Data Record) Analyser.

Thanks to relentless efforts to satisfy customers, the company scored an exceptional Customer Satisfaction Index (CSI) rating of 4.12 out of 5.00. Another big success came in the form of Intellectual Property Rights (IPR) registration. TMR&DSB successfully submitted IPR applications for two patents, 30 copyrights, eight trademarks, five industrial designs and one layout design for integrated circuits.



The year 2003 also saw the birth of a Strategic Research Management unit to streamline the Company's strategies to achieve its vision as well as to strengthen its research project management.

TMR&DSB's research activities are focused on four main areas:

- Network and Wireless Technology
- Applications and Security Technology
- Modelling and Simulation Technology
- Material and Device Technology

TMR&DSB has also formed a 3G Task Force and a Next Generation Network (NGN) Task Force to identify key research areas in these fields.

Recognising the high risk in R&D investment, TMR&DSB works in close collaboration with various recognised institutions of higher learning and research. It has signed MoUs with the Malaysian Institute of Nuclear Technology (MINT), University Malaya, UiTM and USM.

TMR&DSB continuously reviews its business strategies to ensure a high return on investment and long-term competitiveness. With its state-of-the-art facilities and knowledge capital, TMR&DSB is well positioned to meet the R&D needs of various Telekom Malaysia divisions and subsidiaries as well as the needs of the ICT industry in general.



Towards a Safe and Healthy Work Culture

Telekom Malaysia has zero tolerance for unsafe working practices and is committed to reaching its target of zero fatal incidents. In line with this, there was an unprecedented focus on safety and health throughout the Group in 2003. This involved the conduct of programmes, training and campaigns across the board to improve the Group's safety and health performance.

Numerous safety and health programmes were conducted in collaboration with the various safety & health committees for employees, including seminars, hands-on training and toolbox talk and safety interventions. An OSH (occupational safety and health) Month campaign was also organised.

1. Consultative Arrangement

The Safety and Health Committee Regulation 1996 (under the Occupational Safety and Health Act 1994) provides that any company with 40 or more workers is required to set up a safety and health committee. Telekom Malaysia, however, has gone several steps further by establishing multi-tiered safety and health committees. Each premise in the Company has its own Safety and Health Committee which reports to the State Safety and Health Committee which, in turn, is accountable to the Main Safety and Health Committee. This hierarchical system is implemented to ensure the adequate and effective compliance of safety and health regulations and involvement of all employees, trade union representatives and the management in improving the health and safety environment.

This multi-tiered system was established in Telekom Malaysia in 2002, and was expanded in 2003 to include subsidiaries such as Fiberail Sdn. Bhd. and TM Net Sdn. Bhd. Meanwhile, plans are in place for similar committees to be set up in other subsidiaries.

2. Continuous Awareness

Telekom Malaysia's Safety and Health Policy Statement reads: **"Telekom Malaysia is committed to safeguarding and improving its safety and health performance by conducting its business activities in an organised and responsible manner. We will endeavour to see that our activities, services and products do not harm employees, customers and members of the public who may be affected by our activities."**

To achieve the high standards of safety, it is imperative that contractors and vendors too need to play their role in rendering quality service and work to the Company in a safe manner. In this regard, Telekom Malaysia has set a condition that a contractor or vendor's safety and health track record will be taken into account at the selection stage. To help its existing contractors and vendors achieve standards of safety envisioned, Telekom Malaysia has even organised an *OSH Management for Telekom Malaysia Contractors* programme in all 14 states nationwide. From the encouraging turnout, Telekom Malaysia is optimistic of better and safer services from its partners in the future.

3. Accident Reporting

A total of 39 accidents in the workplace was recorded in year 2003. This increase from 27 reported accidents in 2002 was due largely to greater awareness of reporting and an environment that encourages staff to make reports of all work-related accidents and illnesses, including minor injuries and near misses.

While recording the total number of accidents, including lost-time accidents and no lost-time accidents, has its uses, it is not enough to achieve the highest safety standards. Telekom Malaysia is now focusing on more informative indicators based on near-misses, task-based observations, work surveys and follow-ups, leadership visits, training, enhanced reporting of unsafe conditions and a review of the processes that have been implemented to identify hazards and assess risks.

Telekom Malaysia has always been a caring corporate citizen, and its efforts to create a safer and healthier work environment is another manifestation of its civic consciousness towards the well-being of its workforce.



Quality Initiatives

STRATEGIES FOR TOTAL QUALITY MANAGEMENT

Organisations today face enormous challenges. The world's abundant resources are gradually being exhausted; organisations have less time, less money and fewer managers and supervisors to make decisions; plus there will be less room for mistakes, and absolutely no tolerance for waste. Competition will increase a hundredfold; and customers will be difficult to attract and retain.

In such an environment, organisations around the world realise that they need a new way to manage their businesses. Nothing can be taken for granted. Every accepted practice is being closely scrutinised with the view to create a truly efficient and effective workplace where value is always added and quality enhanced.

Innovative companies are nurturing cultures that support commitment to total quality and delighting customers. This is where Total Quality Management (TQM) can play a role. The management tool encourages changes in organisational structure, information management, employee motivation and team building to create tremendous yet sustainable competitive advantage for any company.

Total Customer Satisfaction (TCS)

Telekom Malaysia has adopted a systematic TQM approach known as Total Customer Satisfaction (TCS). It is built on, the following principles:

- Everyone is responsible for continuous improvement of the organisation, as problem-solving is not the sole responsibility of the management
- Everything in the organisation is subject to change in the pursuit of excellence
- There must be no compromise in the search for total quality. The organisation must be "best-in-class" in every product, service and process
- Quality is defined by the customer. Hence whatever that does not meet or exceed customer expectations is, by definition, not of quality

- Significant costs are incurred due to poor quality. Thus concerted efforts must be made to eliminate waste, reduce unnecessary work, inspection and other costs driven by the failure to "get it right the first time"
- The change process is to be driven by top management, who must be proactive and highly visible in supporting this transformation
- Employees will be trained in quality improvement techniques so that they are empowered to do whatever is necessary to delight the customer

These TCS measures will only be successful, however, if diligently complied. There are no short cuts. Indeed, it requires tremendous patience and perseverance to follow in the footsteps of those companies that have succeeded in their TCS efforts and are now reaping the many benefits.

Telekom Malaysia's Approach To Quality Management

A Quality Improvement and Business Excellence Division (QIBE) was formed in 1999 to spearhead the move towards enhanced quality in Telekom Malaysia. At the official launch of this division, it was announced that the "quality movement" would be known as Total Customer Satisfaction (TCS). Part of QIBE's responsibilities is to promote TCS principles at all levels company-wide, to support the establishment of a Quality Management System (QMS), and to inculcate a culture that recognises quality in achieving operational and business excellence.

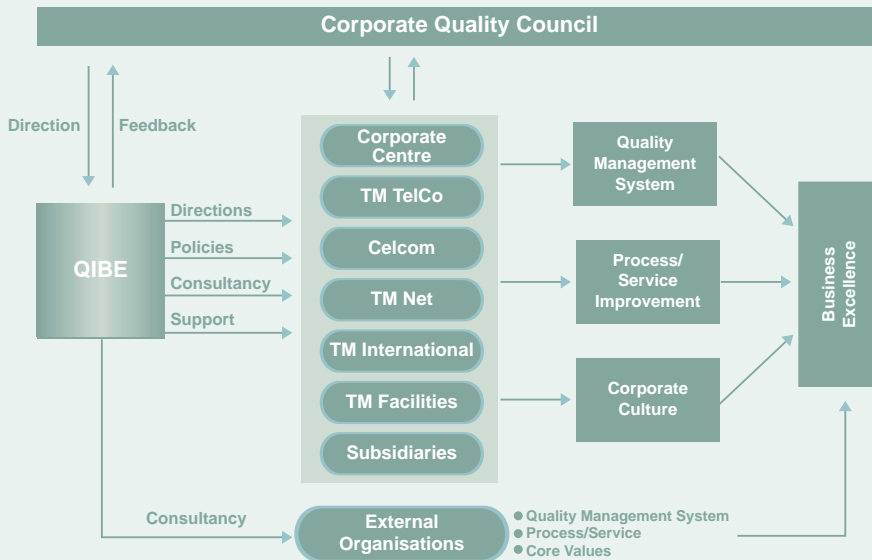
Some of the roles entrusted to the QIBE are as follows:

- Creating a “TCS Roadmap” in line with Telekom Malaysia’s vision and mission
- Implementing a world-class Quality Management System
- Managing quality standards and certification of the different business units
- Reducing cycle times to induce better performance and greater cost effectiveness
- Deploying projects to improve quality, cost effectiveness and productivity
- Implementing systems that enhance effective and efficient business processes
- Implementing a quality improvement programme for key suppliers and ensuring best supplier partnerships

In working towards the stated objectives, QIBE has applied the following Business and Operational model:



QIBE BUSINESS MODEL



Quality Management System (QMS)

Two programmes namely implementation of ISO 9000 certification program and TMBEA review, were conducted by QIBE to ensure TM’s focus on Total Customer Satisfaction (TCS) and Quality Management System (QMS).

ISO 9000 certification program

In 2003, Telekom Malaysia continued to focus on ISO 9000 certification for its critical and frontline functions in order to meet customer satisfaction. The Group sees the certification as building a basic foundation for quality management. The ISO 9000 quality system complements the basic requirements of TMBEA. While the TMBEA review serves as an overall business assessment, the ISO certification ensures compliance with basic quality system

requirements. Besides serving as a marketing strategy to win customer confidence, ISO 9000 is being sought for the following reasons:

- To gain third party assessment on Telekom Malaysia’s quality management systems
- To create consistency in operations and processes
- To be more competitive
- To demonstrate management’s total commitment to quality
- To motivate employees

The following divisions and subsidiaries have been awarded ISO 9000 Certification:

- Information Technology Division
- Telekom Training College
- Network Management & Operations
- COINS (Corporate Information Superhighway)
- Finance Division
- Specialised Network Services
- Customer Assistance Services
- Customer Care Centre
- Product Marketing
- Trunk Network
- Network Centralised Services & Management
- Network Development Zone
- Telekom Sales and Services Sdn. Bhd.
- Government Integrated Telecommunications Network (GITN)

The units awarded certification in 2003 were audited for compliance with the ISO 9001:2000 Standard. Those awarded certification earlier have undergone the annual surveillance audit, which required compliance to a new version of the Standard.

Divisions awarded the ISO 9001 certification would enjoy the following benefits:

- It provides a framework for establishing and reviewing quality objectives
- Staff are fully involved, motivated, committed and dedicated to ensuring business goals and objectives are met
- Effective procedures would ensure all processes are aligned towards achieving the desired results. All Procedures/Work Instructions are documented and can be easily referred to by all relevant personnel
- Suppliers deliver high quality products and services
- Areas that require improvement are identified via satisfaction surveys

Telekom Malaysia Business Excellence Assessment (TMBEA)

Telekom Malaysia Group has adopted the Telekom Malaysia Business Excellence Assessment (TMBEA) to assess the health of the various systems being put in place to achieve the Company's vision of becoming the communications company of choice – one that focussed on delivering exceptional value to customers and other stakeholders. TMBEA sessions also allow for cross-fertilisation of ideas, recognition of achievements, identification of shortcomings and recommendations for continuous improvement.



The TMBEA has been designed to help Telekom Malaysia enhance its competitiveness by focusing on two goals namely increasing value to customers and improving overall performance.

Among others the key benefits of TMBEA assessment are as follows:

- **Accelerated improvement**
The assessment accelerates Telekom Malaysia's improvement efforts by going beyond the internal self-assessment process and introducing a rigorous, objective and external view of the organisation's status quo.
- **Energised employees**
Organisations that participate in the assessment have reported that pursuing such a common goal increases team motivation and general energy levels among staff.
- **Objective perspective**
A team of external experts would undertake a minimum of 40 hours of review on each business application.
- **Useful feedback**
Each area receives a thorough written assessment of its strengths as well as opportunities for improvement.
- **Results oriented**
The TMBEA scoring system allocates 300 out of 1,000 points to results, the bottom line in the review process. Such focus helps an organisation determine its most critical functions and improve performance in key areas such as finance, customer satisfaction and loyalty, and process outcomes (eg cycle time, serviceability and product quality).

TMBEA guidelines

The TMBEA framework is made up of 10 interrelated subsystems, with the Leadership and Strategy subsystem acting as the main "driver". The subsystems designed to assist an organisation improve its overall performance, are supported by elements that describe in a focused manner the requirements for each area. Detailed requirements for each subsystem and the model works are illustrated below:

- **Leadership and Strategy**
The Leadership component addresses how the top management guides the organisation in setting values, direction and performance expectations. Attention is given to the way top management communicate with employees, review performance and create an environment that encourages high performance. The Strategy component looks at how the organisation sets strategic directions and develops objectives, guiding and strengthening overall performance and competitiveness. It also looks at how objectives are converted into action plans and how progress is assessed relative to these plans.

- **Customer Focus**
Customer Focus addresses how the organisation seeks to understand the requirements of customers and the marketplace. This subsystem stresses relationships as an important part of an overall listening, learning and performance excellence strategy. Customer satisfaction/dissatisfaction results provide vital information.
- **Human Resources Development and Involvement**
Human Resources Development and Involvement addresses key human resources practices – those directed towards creating a high performance culture and developing employees to enable them, and the organisation, to adapt to change. It also looks at the work environment, employee support climate and employee satisfaction with the aim of motivating and fostering the well being of all employees.
- **Supplier Management**
This component focuses on how the organisation manages its suppliers, from defining its requirements and selecting its suppliers to ensuring conformance, evaluating the suppliers' performance and formulating strategies for improvement.
- **New Products/Services Development**
This subsystem focuses on a systematic approach to the development of new products and services. Emphasis is placed on the comprehensiveness of the design input, output and review stages are.
- **Process Management and Improvement**
This is a focal point within the model for all key work processes. Built into the subsystem are central requirements for efficient and effective process management, based on preventive activities. It focuses on how key business processes are designed and performed, incorporating input from customers and suppliers. It also looks at how key performance measures – including customer and supplier feedback – are identified to control and improve the business processes.
- **Control of the Operational System and Equipment**
This subsystem focuses on the maintenance of all operational systems and equipment to ensure total service reliability and serviceability. It also looks at how measuring systems and equipment are managed to ensure reliability and accuracy of measurements taken.
- **Information and Data Management System**
This subsystem examines the organisation's selection, management and use of data and information for performance measurement and analysis. It serves as a central collection and analysis point for financial and non-financial data and information. The objective of measurement and analysis is to steer the organisation towards its business goals.

- Prevention and Problem Solving Management**

The culture of continuous improvement is practised in this subsystem. It looks at how the organisation encourages its employees to participate in problem solving using data and information analysis. Employees are trained in problem solving methodology and are assessed on how they apply these tools. Finally, this subsystem also assesses how the organisation deploys, communicates and standardises its problem-solving solutions.

- Business Results**

The Business Results subsystem computes all the results of the other nine subsystems and classifies these into the following areas: Customer-Focused, Finance and Market, Employee Excellence, Supplier Excellence and Operational Excellence. The results are then compared with those of competitors and with best-in-class standards. Trend analysis is used to show performance sustainability and improvement over the years.

Methodology

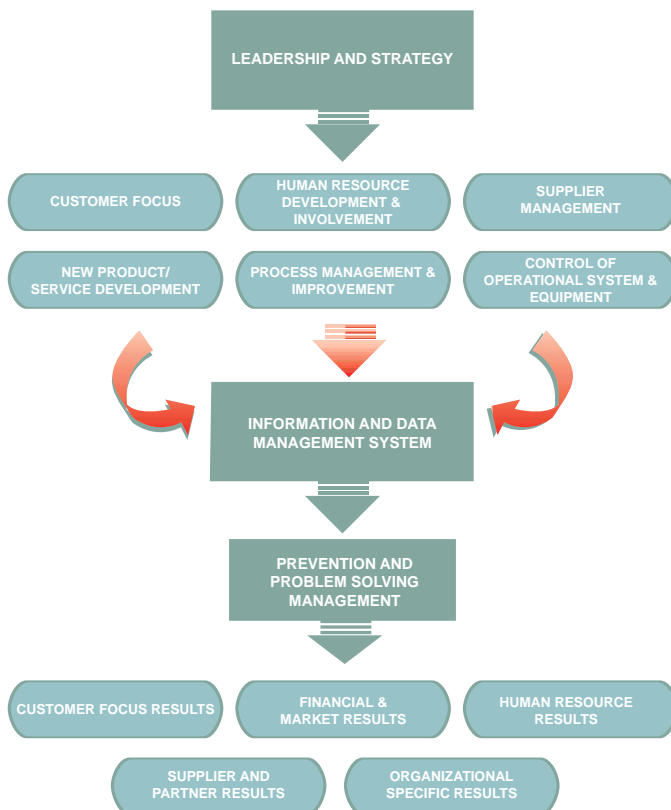
The review is done on a yearly basis. A team led by a representatives of the management assesses each business area. The team typically spends a few days reviewing systems and processes and interviewing the relevant people in each area before making suggestions and implementing these. Agreement is sought from a representative of the business area on the assessed strengths and opportunities for improvement before a score is given.

Process and Service Improvement

In the year 2003, several processes and service improvement programmes were conducted to meet both the organisation's and customers' needs which resulted in improved process performance. Issues were addressed using improvement teams such as QIT/QCC, task forces and the Six Sigma methodology. Process and Service Improvement programmes are conducted with the following objectives:

- Improve frontline services such as outlet and operator services
- Increase the Customer Satisfaction Index (CSI)
- Reduce customer complaints by 30%
- Improve core operational processes by focusing on cycle times and cost effectiveness

TMBEA MODEL



TCS Convention

The annual TCS Convention serves to showcase the best improvement teams, allowing them to present their project findings. The convention allows such employees to be rewarded and recognised. It also serves as an avenue for the sharing of experiences and ideas on standards of best practice.

The TCS Convention is held at the state and national levels. Best teams from the state level are selected to participate at the national convention. In 2003, 15 state TCS conventions were conducted which involved 202 QCC and QIT teams comprising more than 1,600 employees.

The winning teams also participated in the QCC Convention, organized by the National Productivity Corporation (NPC). A total of seven teams participated in the 2003 NPC Convention, of which six were given the Gold rating. One QCC team named "Tempow" from TM Facilities Eastern Zone had the distinction of being chosen to participate in the International Convention Quality Control Circle (ICQCC) in Tokyo, Japan, October 2003.



ICT

Sports

Community



Our Contributions to the Nation

Telekom Malaysia has always taken its role as a responsible corporate citizen seriously. Its core business of improving the quality of telecommunications itself serves as a very important social function. Communication is integral to human nature. In the not so distant past, people generally lived within relatively fixed and not-too-large boundaries such that regular face-to-face communication would satisfy most individuals' needs. In today's borderless world, this is no longer the case. Corporations and businesses have reached the far flung corners around the world. People are sent to work in places away from home and loved ones with the advent of modern transportation. Also, people today like to travel widely and extensively on journeys of discovery.

Technology has made us comfortable despite these changes. We are reachable and accessible despite the long distance. Only 20 years ago, a Malaysian studying abroad, would maintain contact with home through weekly letters. But today the weekly letters are replaced with daily e-mails. Similarly, workforces that are required to spend long periods of time away from the office

have a wide option of communications medium at their fingertips to communicate with the head office. Communication remains highly essential, both in our personal and working lives.

In addition to contributing to the nation's well being by making communication accessible and affordable, Telekom Malaysia also contributes to the community in other areas encompassing, social welfare and development, education, sports and health. Indeed, as the Group grows, so are its efforts in creating a healthier, more educated and equitable society. In many instances, Telekom Malaysia has lent its technological edge to provide extensive global coverage of sponsored events, thus fulfilling yet another important element to national growth – that of creating a stronger national brand identity via a more visible presence on the global map.

In year 2003, Telekom Malaysia continued to play its community role to the best of its ability. In that sense, 2003 was not much different from the previous years.

SPORTS

Sports plays an important role in every nation's holistic development. While intellectual and economic progresses are prerequisites, undoubtedly sports and a generally robust physical make-up go a long way too towards creating a well-balanced and vibrant nation. The spirit of solidarity, patriotism and camaraderie that sporting events could foster is quite likely unsurpassed by any other activity. One only has to witness the excitement and fervour created by events such as the Formula 1 and World Cup to grasp the power of sports. If for only that reason, any effort towards promoting sports at a national level has far-reaching consequences.

Telekom Malaysia recognises the importance of sports and has always played an important role in major sporting events in the country. Apart from contributions in monetary terms, the Company also provides top-level telecommunications and broadcasting services for international events such as the SEA Games, held in Malaysia in 2001, and the annual Telekom Malaysia Le Tour de Langkawi. Indeed, its promotion and support for sporting events held in the country is its direct contribution towards making Malaysia the destination on the world tourism and sports calendar.

The following were some of Telekom Malaysia's more significant contributions to sports in year 2003:

Telekom Malaysia Le Tour de Langkawi

Since its inception in 1996, the Telekom Malaysia Le Tour de Langkawi (TMLTdL) has gained increasing recognition and prestige to emerge as the premier cycling event outside Europe. The race takes participants across the length and breadth of the country, including the scenic East Coast road. In 2003, the race

attracted 22 teams from all over the world. The event was flagged off on 31 January by Youth & Sports Minister Y.B. Datuk Hishammuddin Tun Hussein in Langkawi. The 10-day race covered Kangar, Butterworth, Kulim, Ipoh, Gerik, Tanah Merah, Kota Bharu, Kuala Terengganu, Marang, Cukai, Kuantan, Bentong, Seremban and Genting Highlands, and finally ended in Kuala Lumpur on 9 February 2003.

For the second consecutive year, Telekom Malaysia was the Title Sponsor of the event, and the race was named Telekom Malaysia Le Tour de Langkawi. Title Sponsorship involved a contribution of RM10 million, of which RM6 million was in cash, RM2 million for live telecast and the remaining RM2 million was in kind including telecommunications services. Sponsorship of the event is a Group-wide initiative with TM Cellular Sdn. Bhd. as the Official Cellular Provider and TM Net Sdn. Bhd., the Official Internet Provider.

In conjunction with this race, a cycling workshop was held for the children of Sekolah Menengah Kebangsaan Mahsuri in the Langkawi capital of Kuah. Members of Team Telekom Malaysia – comprising cyclists from Malaysia, Indonesia, Ireland, Hong Kong, Iran and Italy – provided useful cycling and bicycle maintenance tips. Interesting events for the local community were organised at each stage of the race which included an exhibition, carnival, colouring contests for kindergarten children and stage events.

In line with its corporate citizen philosophy, Telekom Malaysia also gave away bicycles to needy primary school students identified with the cooperation of the respective State Education Departments in the States along the race route.

Community service, the cornerstone of Telekom Malaysia's social responsibility.





Formula 1

Since 2002, Telekom Malaysia has been sponsoring free tickets to the Formula 1 car race at the Sepang International Circuit including T-shirts, transport and food, for thousands of students. In 2003, some RM470,850 in total was set aside for this purpose, out of which RM388,600 went towards tickets. Apart from the students, tickets were also distributed to Telekom Malaysia corporate customers.

KL Grand Prix – International Showjumping

The equestrian Grand Prix – *International Showjumping* CSI was held in Malaysia over four days in October 2003. The prestigious showjumping event brought some of the world's top riders from 20 countries to the Putra Stadium in Bukit Jalil. It was an honour for the country as it was the first time the event was being held in an Asian country. While promoting Malaysia as a suitable destination for yet another world-class sporting event, it was also a boost for the local equestrian scene. Telekom Malaysia, as one of the sponsors of the event, contributed RM500,000.



Intellectual Development

As the country develops, there is a strong necessity to keep in touch with global trends, thoughts, attitudes and opinions. One of the many options at our disposal is to participate in intellectual discourse through international forums, seminars and dialogues as platforms to gain insight into current issues of common interest, trends and to help local enterprises and industries to benchmark themselves against global standards of best practices. Telekom Malaysia itself is an avid participant in telecommunication workshops. Realising the need for other Malaysian organisations to keep up with their respective industries, it also provides sponsorship to various initiatives that promote the exchange of ideas and the networking of companies, both at the national and international levels.

Among some of the projects in this area are the following:

Nationwide SMI Roadshow

In February 2003, the SMI Association of Malaysia organised a nationwide roadshow on *Competitive Positioning Towards AFTA & WTO*. The objective was to help small and medium-sized companies prepare themselves for the impending changes and challenges with the advent of AFTA and WTO. Recognising the need for local organisations to be technologically updated to meet such challenges, Telekom Malaysia took up the role as the main sponsor and official telecommunications provider of the event through a contribution of RM300,000. It also took the opportunity to participate in the roadshow to market its own products, particularly those beneficial to the SMEs.



Telekom Malaysia's commitment to sporting excellence.

Telekom Malaysia, a leading supporter of ICT and entrepreneurship development in Malaysia.

Asia Pacific ICT Awards 2003

The Asia Pacific ICT Awards (APICTA) is aimed at providing a platform for ICT innovators and entrepreneurs in the region to mutually benchmark their products. Its other objectives are to stimulate economic and trade relations, sharing of technology and creating business-matching opportunities and to draw the world's focus to this internationally recognised regional awards programme. Telekom Malaysia contributed RM100,000 in cash to APICTA 2003. In addition, it also sponsored The Prime Minister's Award, conferred to the overall winner, who had been judged as the best among winners of the different categories.

Entrepreneurship Programme

Telekom Malaysia's Entrepreneurship Programme was introduced in 1994 in collaboration with the Ministry of Finance and Perbadanan Usahawan Nasional Berhad (PUNB). The programme has two main objectives – to develop competitive, proactive and resilient Bumiputra entrepreneurs; and to increase their efficiency through cost reduction, increased productivity and improved cycle times. In July 2003, Telekom Malaysia had further enhanced the Entrepreneurship Programme. The revamped programme incorporates activities for Entrepreneur Development and vendors.



Since the introduction of the Entrepreneurship Programme, Telekom Malaysia has provided support and assistance to 45 Bumiputra entrepreneurs who were involved in product development, payphone installation and the selling of scrap material, while 119 others were provided by various other services.

Telekom Malaysia works hand-in-hand with TM Research and Development (TMR&D) to help the entrepreneurs with their R&D requirements such as product testing and verification, benchmarking and the transfer of technology. In addition, seminars, workshops, training and industrial visits with the objective of increasing the knowledge and skills of the entrepreneurs were organised.

Organisation of Islamic Conference (OIC) Expo 2003

The OIC Expo was held from 14-19 October 2003, in conjunction with the Organisation of Islamic Conference (OIC) summit at Putra Jaya. It was held for the first time in Malaysia. The exposition was designed to promote and expand trade and investment opportunities among the 57 OIC member countries, showcasing a combination of business, tourism, culture, entertainment and educational opportunities that OIC nations offer.

Telekom Malaysia sponsored RM316,000 in kind to the expo as its official communications provider. This included equipping the press centre and secretariat's office with communication facilities including broadcast services. Telekom Malaysia also made use of the opportunity to showcase its own innovative products and services themed '*Opening Up Possibilities*' at its exhibition booth.

COMMUNITY WELFARE

As a corporate citizen, mindful of its social responsibility, Telekom Malaysia has been actively involved in activities that contribute towards the general well-being of fellow members of the community.

Among the programmes, were the following:

Contribution to the Malaysian AIDS Foundation

The Malaysian AIDS Foundation (MAF) was set up with the objective of providing financial assistance and emotional support to Malaysians with AIDS. In 2003, MAF ran a campaign called *In the Name of Love*, to provide financial assistance to AIDS patients and to create greater awareness of AIDS among the public. Telekom Malaysia contributed RM250,000 to MAF in support of this campaign.

A Booster for Kuala Lumpur General Hospital

Telekom Malaysia contributed RM15,000 to Kuala Lumpur General Hospital (KLGH) for the improvement on its transmission antenna equipment to provide clearer pictures on TV sets in their wards. Part of the contribution also went towards landscaping of the KLGH compound. Telekom Malaysia's *DUTA* (ambassadors) were on hand to take part in the landscaping and *gotong-royong* activities. While there, the *DUTA* interacted with the patients and obtained feedback on Telekom Malaysia's various products and services.

Assistance to Pilgrims

Since 1995, Telekom Malaysia has been providing assistance to Muslims who have been scheduled to perform their pilgrimage. In keeping with this tradition in 2003, the Company donated RM368,600 worth of accessories in the form of 50,000 sling bags, 50,000 shoe bags and 120,000 luggage tags to the pilgrims to make their journey more comfortable.

In addition, Telekom Malaysia also continues to provide the Malaysia Direct Call service to enable pilgrims to call home with the charges being borne by the number in Malaysia. Pilgrims were also able to call home on their prepaid Ring Ring cards. Pamphlets giving instructions on how to use the Malaysia Direct and card service were distributed to all pilgrims before their journey. Telekom Malaysia also stationed its staff in Mecca and Medinah to provide assistance to the pilgrims when needed.

TM Net Golf Series

In March 2003, TM Net Sdn. Bhd. kicked off the TM Net Charity Golf Classic series to raise funds for its cyber school community project, a programme to equip needy schools, especially those from rural areas, with computers connected via tmnet streamyx. The Charity Golf Classic enabled TM Net to contribute 17 computers to the cyber school project. In addition, RM20,000 was channeled to Majlis Kanser Nasional (MAKNA) to finance the treatment of cancer patients.

Awards & Recognition

- Telekom Networks Malawi Limited (TNM) won a platinum *International Arch of Europe Award* on 3 March 2003, for its commitment to quality and technology.
- In 2003, MTN Networks Pvt. Ltd., Telekom Malaysia wholly owned subsidiary in Sri Lanka the GSM Award for “*Best Use of Wireless for Emergency Situations*”. This award was received for a record 3rd consecutive year.
- Telekom Malaysia was placed ninth among the 20 Best Employers in Asia 2003; and third among the Top 10 Employers in Malaysia. The rankings were based on a Hewitt Associates survey on 84,000 employees from 300 companies in eight countries, conducted in association with the *Asian Wall Street Journal* and the *Far Eastern Economic Review*.
- On 9 June 2003, Telekom Malaysia won the *Leader in Telecommunications Sector* and *Most Improved Company by Absolute Increase in Profit* awards given in conjunction with the launch of the Malaysia 1000 Directory.
- Telekom Malaysia’s 2002 Annual Report won the *Industry Excellence Award – Trading & Services* for the seventh time and the *Best Designed Annual Report* for the first time at the National Annual Corporate Report Awards (NACRA) 2003 on 4 December 2003.
- The Good 2 Talk billboard won the *Anugerah Citra Iklan (Papan Iklan)*, organised by the Dewan Bahasa & Pustaka, on 10 December 2003. The caption: “Jauh di Mata, Dekat di Hati” won the judges’ hearts. The award recognises excellence in the use of Bahasa Melayu, as well as presentation creativity.
- TM Facilities Sdn. Bhd. won the *Anugerah Emas Juara Keseluruhan* given by PUSPAKOM (*Pusat Permeriksaan Kenderaan Berkomputer Sdn. Bhd.*) in recognition of excellence in safety and environmental standards in vehicles.
- Telekom Malaysia received an award for being the largest paymaster of service taxes by the Malaysian Royal Customs. The award was received at the *Majlis Perasmian Sambutan Hari Kastam Sedunia XXII* on 26 January 2004.
- The Jalan Ampang branch of Celcom (M) Berhad bagged the *Anugerah Kualiti Menteri Tenaga Komunikasi & Multimedia* for providing the best customer service in 2003.





29 January 2003 [03]

In conjunction with the Telekom Malaysia Le Tour de Langkawi 2003, Telekom Malaysia conducted a bicycle clinic for students of Sekolah Menengah Kebangsaan Mahsuri, Kuah, Langkawi. The objective was to encourage greater participation of the local community, especially school children, in the bicycle race and also to impart tips on how to handle bicycles.

HIGHLIGHTS OF THE YEAR 2003

TELEKOM MALAYSIA BERHAD
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16 January 2003 [01]

Telekom Malaysia held a prize giving ceremony for winners of the Telekom Malaysia "Hello & Menang" RM1,000,000 competition at Menara Kuala Lumpur. This was the third year the competition was organised by Telekom Malaysia, and more than 760,000 entries were received. The lucky winner of the grand prize was Cik Suniati Omar of Kuala Lumpur, who took home cash worth RM100,000 plus a million RealRewards gift points.



26 January 2003 [02]

Telekom Malaysia introduced its Cavalcade vehicles in conjunction with the Telekom Malaysia Le Tour de Langkawi 2003. The Cavalcade was used to promote Telekom Malaysia's products and services such as its fixed line services, VoIP, iTalk card, Ring Ring card, Ezeephone, TM Infoline, TM Net and TMTouch products, the BlueHippo portal and the RealRewards Loyalty Card. With a sponsorship of RM10 million, Telekom Malaysia is the Title Sponsor of the world-class cycling event.

31 January 2003 [04]

Youth & Sports Minister, Y.B. Dato' Hishammuddin Tun Hussein flagged off the Telekom Malaysia Le Tour de Langkawi 2003 at a ceremony in Langkawi. Present at the ceremony was Telekom Malaysia's Chairman, Y.Bhg. Tan Sri Dato' Ir. Md. Radzi Mansor. The 10-day race, which toured Langkawi, Kangar, Butterworth, Kulim, Ipoh, Gerik, Tanah Merah, Kota Bharu, Kuala Terengganu, Marang, Cukai, Kuantan, Bentong, Seremban and Genting Highlands, ended in Kuala Lumpur on 9 February 2003.



10 February 2003 [05]

Former Prime Minister, Y.A.Bhg. Tun Dr. Mahathir Mohamad officiated at the opening of Menara Telekom, the new corporate headquarters of Telekom Malaysia at Jalan Pantai Baharu, Kuala Lumpur. Towering at a height of 310 metres and equipped with state-of-the-art features, Menara Telekom is poised to be the latest landmark in Kuala Lumpur.



13 February 2003 [06]

Telekom Malaysia introduced the new line-up for its football team for the Premier League One 2003. It included two imported players from Ghana. The team, formed in 1996 and registered under the Melaka Football Association, played in the FAM league for four years. It emerged tops in 1999 and qualified to play in the Premier League Two in 2000. In 2003, Telekom Malaysia carried out a major revamp-up of the team by replacing some players as well as the management including the coaches in an effort to shore up its strength and capability.



21 March 2003 [07]

Telekom Malaysia contributed tickets worth RM145,000 to more than 1,400 students from 35 schools around Wilayah Persekutuan Kuala Lumpur and Selangor for the Formula One Petronas Malaysian Grand Prix 2003. Telekom Malaysia also provided t-shirts, caps, transportation to the F1 track and food for the students. Parliamentary Secretary, Ministry of Education, Y.B. Dato' Dr. Mahadzir Mohd Khir gave away the tickets to the students at a ceremony held at Menara Telekom.



9 April 2003 [08]

Telekom Malaysia, in collaboration with the k-Economy Division of the Melaka Chief Minister's Office, launched designation of the Hang Tuah IT Mall and Telekom Training College as the Malacca Community Creative Centre. The programme was aimed at promoting a community-oriented culture by enhancing relationships with customers through the development of innovative products and services. Melaka Chief Minister, Y.A.B. Datuk Seri Haji Mohd Ali Rustam officiated at the launch.

HIGHLIGHTS OF THE YEAR 2003

TELEKOM MALAYSIA BERHAD
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10 April 2003 [09]

Telekom Malaysia held a seminar entitled *Teknologi Maklumat dan Komunikasi Kerajaan Negeri Pahang* in collaboration with the Pahang State Development Corporation (PKNM). It is in support of the State Government's objective to produce a community of k-workers. The seminar aimed at enhancing understanding of the latest telecommunication technologies among the 150 participants. The seminar was also attended by Pahang Menteri Besar, Y.A.B. Dato' Sri Haji Adnan Yaakob, state Exco members, various heads of departments and representatives of state government agencies was also attended the Seminar.

17 April 2003 [10]

The merger between TM Cellular Sdn. Bhd. and Celcom (Malaysia) Berhad was legally completed with the transfer of ownership of TM Cellular from Telekom Malaysia to Celcom. The move gave Telekom Malaysia an increased shareholding in Celcom from 31.25% to 47.93%. The transaction valued at RM6.93 billion represented one of the largest mergers in the Malaysian corporate history. Celcom and TM Cellular were valued at RM5.25 billion and RM1.68 billion respectively.



6 May 2003 [11]

Telekom Research & Development Sdn. Bhd. (TM R&DSB), a wholly owned subsidiary of Telekom Malaysia, was awarded the prestigious ISO 9001:2000 Certification by SIRIM QAS International Sdn. Bhd., a wholly owned subsidiary of SIRIM Berhad. TM R&DSB was incorporated on 1 January 2001, to spearhead Telekom Malaysia's R&D activities and has been gearing up to be the leading research company in communication technologies. The R&D conducts researches on areas such as photonic technology, wired and wireless communications, information and communications security, network technology as well as microelectronics and advanced materials.



22 May 2003 [12]

In conjunction with the "World Telecommunications Day 2003" on 17 May 2003, Telekom Malaysia held a three-day carnival from 22 to 24 May. Besides an exhibition, the Company also organised interesting activities such as quizzes, games and stage performances by well-known local deejays and artists at the lobby of Menara Telekom. Minister of Energy, Communications & Multimedia, Y.B. Datuk Amar Leo Moggie was present to officiate at the opening ceremony.





24 May 2003 [13]

Telekom Malaysia launched the *Erti Merdeka* campaign in collaboration with the Ministry of Education and the Ministry of Culture, Arts & Tourism as part of its Merdeka Day celebrations. The campaign featured three categories of contests, i.e. *sajak* writing, lyrics writing and website design. It was open to Malaysian students aged between 13 and 22 years. The objective of the campaign was to inculcate and build the spirit of patriotism among one youths through creative writings and website design.

10 June 2003 [14]

The seven winners of the second season of the Telekom Malaysia Talking Telephone Numbers (TMTTN) Interactive Quiz received their cash prizes of RM10,000 each at a ceremony held in collaboration with Sistem Televisyen Malaysia Berhad. The winners hailed from all over the country.



1 July 2003 [15]

Telekom Malaysia contributed RM100,000 towards the Asia Pacific ICT Awards 2003 (APICTA), and became the sponsor of the Prime Minister's Award, which was presented to the "Best of the Best" among the winners of all categories. Telekom Malaysia Deputy Chief Executive, Y.Bhg. Dato' Dr. Abdul Rahim Haji Daud presented the mock cheque to the Minister of Energy, Communications & Multimedia, Y.B. Datuk Amar Leo Moggie.

22 July 2003 [16]

Telekom Malaysia launched a New Entrepreneurship Programme to enhance its earlier programme introduced in 1994. The programme aims to develop competitive, proactive and resilient Bumiputera entrepreneurs. It was launched by Y.B. Dato' Seri Mohamed Nazri Abdul Aziz, Minister of Entrepreneurship Development.



1 September 2003 [19]

Telekom Malaysia participated in the four-day Asean Communications & Multimedia (ACM) Expo 2003 from 2 to 5 September, held in conjunction with the Malaysia ICT Week 2003. The Company has been participating in ACM as a major exhibitor over the past five years. Last year, Telekom Malaysia adopted “Opening Up Possibilities” as the theme for its booth in line with the Company’s proactive philosophy of acting as a catalyst in the evolution of communications in Malaysia.

HIGHLIGHTS OF THE YEAR 2003

TELEKOM MALAYSIA BERHAD
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7 August 2003 [17]

Telekom Malaysia signed a sponsorship agreement worth RM316,000 with F&R Exhibition and Conference Sdn. Bhd. and designated as the Official Communications Provider for the OIC Expo 2003. Under the sponsorship, Telekom Malaysia provides the Press Centre and the Secretariat’s Office with communication facilities including leased lines, telephones, fax machines, trunk radios/walkie talkies, hand phones, starter packs and TMTOUCH reload cards as well as broadcast facilities. Y.Bhg. Dato’ Dr. Idris Ibrahim, Chief Operating Officer of TM TelCo, signed the agreement on behalf of Telekom Malaysia.

12 August 2003 [18]

Telekom Malaysia participated in the ICT Baling – Sik 2003 Carnival, organised by the Ministry of Energy, Communications & Multimedia and the Multimedia Development Corporation at the Sekolah Menengah Kebangsaan Kuala Ketil, Kedah. An exhibition themed “Opening Up Possibilities” was held where Telekom Malaysia showcased various products and services. The carnival was officiated by Kedah Menteri Besar, Y.A.B. Dato’ Seri Syed Razak Syed Zain and Y.Bhg. Dato’ Dr. Idris Ibrahim, Chief Operating Officer of TM TelCo.



14 October 2003 [20]

Telekom Malaysia participated in the six-day OIC Expo 2003, held in conjunction with the 10th Organisation of the Islamic Conference Summit. Teaming up with its subsidiaries, the Company showcased a host of innovative products and services. As the leading communications company in the country, Telekom Malaysia has participated actively in international and domestic initiatives to position Malaysia as a key communications and multimedia hub.



18 October 2003 [21]

Telekom Training College held its 8th Convocation Ceremony for 194 students graduating from the School of Telecommunications, Information Technology, Business Management and Multimedia Studies. The students received their diplomas from Y.B. Datuk Tan Chai Ho, Deputy Minister of Energy, Communications & Multimedia. Also present was Chief Executive, Y.Bhg. Dato' Dr. Md Khir Abdul Rahman.



8 November 2003 [22]

Telekom Malaysia participated in a three-day programme, called the Penang I-Land Lifestyle, organised by the Secretariat of the Socio-economic & Environmental Research Institute (SERI). Included in the programme, which was supported by the Penang State Government K-ICT Council, were an exhibition and a two-day seminar targeted at residential consumers and small business users.



23 December 2003 [23]

Telekom Malaysia held a groundbreaking ceremony for the development of its new international Submarine Cable Station at Pengkalan Balak, Melaka. The station will house two new cable systems, namely the Dumai-Melaka Submarine Cable System (DMCS) and the South East Asia-Middle East-Western Europe 4 Submarine Cable System (SEA-ME-WE 4). The DMCS involves collaborative between Telekom Malaysia and PT Telkom Indonesia, and is targeted to be operational by the second quarter of 2004. It will serve as an alternative to the existing cable landing station in Kuala Muda, Kedah, to connect Malaysia and Indonesia.

Corporate & Social Responsibilities



01

... CARING FOR
SHAREHOLDERS >>



02

TELEKOM MALAYSIA BERHAD
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27 February 2003 [01]

Telekom Malaysia registered RM9.83 billion in revenue during the year ended 31 December 2002, marking an increase of 1.7% over the previous year. This increase was due to growth in the fixed line, mobile, Internet and data services sectors. According to Chief Executive, Y.Bhg. Dato' Dr. Md Khir Abdul Rahman, the mobile sector in particular had recorded rapid growth, contributing 18.5% of the Group's revenue. The Company's long-term target is to achieve 30% contribution to the cellular segment of its overall revenue.

20 May 2003 [02]

The Company's 18th Annual General Meeting was held at The Legend Hotel, Kuala Lumpur. Y.Bhg. Tan Sri Dato' Ir. Md. Radzi Mansor, Chairman of Telekom Malaysia chaired the meeting. The Chief Executive, Board of Directors and Management team were also present. Approximately 1,000 shareholders and proxies attended the meeting, during which several resolutions including the declaration of a 10% dividend were passed.



02



01

... CARING FOR CUSTOMERS >>

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4 November 2003 [01]

In conjunction with Hari Raya Aidilfitri, Telekom Malaysia launched a campaign aptly named *Syoknya Raya* at selected locations targeted at those who celebrate Hari Raya. The objective of the campaign was to forge a closer relationship between Telekom Malaysia and the community at large, and at the same time create greater awareness of Telekom Malaysia's latest products and services.

17 December 2003 [02]

Telekom Malaysia launched a Call 'n' Surf and K-Economy Shop in the Melaka Mall in conjunction with the declaration of 2003 as the Year of ICT Melaka. The communications centre provides customers with a wide range of Telekom Malaysia products and services, such as Internet, facsimile, local and international calls, prepaid and postpaid cards, Eazyway Kiosk and Wartel, all under one roof. The project supports the Melaka State Government's aspiration to develop an IT literate community well versed in the use of ICT products and services to improve their standard of living.



... CARING FOR
EMPLOYEES >>



6 January 2003 [01]

Telekom Malaysia treated some 7,000 employees and their families to a Hari Raya celebration at Menara Telekom in Kuala Lumpur. Its objective is to enhance relationships between management and employees. At the annual gathering, Telekom Malaysia also feted 200 orphans. Among them were 30 orphans from among children of the staff while the rest were from four orphanages in the Klang Valley.

14 January 2003 [02]

Telekom Malaysia bade a warm farewell to employees who had opted for the Voluntary Separation Scheme (VSS) in a gathering held at the Putra World Trade Centre. Of the total of 1,761 employees who were leaving, 762 were from the Klang Valley. The reception was held to show Telekom Malaysia's appreciation and recognition of the employees' loyalty, sacrifice and contribution throughout their working years.

19 March 2003 [03]

Telekom Malaysia presented 83 employees with Excellence Awards during a special ceremony held in conjunction with the annual Total Customer Satisfaction Convention. The awards were presented by Chief Executive, Y.Bhg. Dato' Dr. Md Khir Abdul Rahman and Deputy Chief Executive, Y.Bhg. Dato' Dr. Abdul Rahim Haji Daud. The Excellence Award presentation to employees and divisions is an annual event and is part of Telekom Malaysia's programme for quality improvement.

3 July 2003 [04]

Some 600 Telekom Malaysia employees of all ages and levels from 13 state contingents gathered at the Tun Fatimah Stadium, Bukit Serindit, Melaka, to participate in the Company's Twelfth National Athletics Championship (KOTMA XII). The biannual programme is aimed at giving employees the opportunity to work together and strengthen their relationships as well as to encourage closer ties through the spirit of sportsmanship between employees from the different states.

6 July 2003 [05]

Telekom Malaysia treated 331 retired employees and their spouses to a three-day event in Langkawi. At the end of this "holiday" was a special dinner reception, fondly known as *Jasamu Dikenang*, during which the retirees were honoured for their service, dedication and determination in making Telekom Malaysia as one of the most outstanding communication companies in the country. In his speech, Chairman, Y.Bhg. Tan Sri Dato' Ir. Md. Radzi Mansor conveyed his deep appreciation for the contribution of the retirees, adding that their dedication had helped the Company win numerous awards, including the *Leader in Telecommunications Sector and Most Improved Company by Absolute Increase in Profit*, which had been conferred during the launch of the Malaysian Top Corporate Directory. Another *Jasamu Dikenang* for the next batch of retirees was held in December 2003.

23 December 2003 [06]

Telekom Malaysia honoured its 63 scholars at an awards presentation ceremony held at Holiday Villa, Subang. It was held in recognition of their exceptional academic and extra-curricular achievements. Scholars who qualified with First Class Honours and Masters Degrees received RM1,000 in cash, an appreciation certificate and a memento each, while Diploma holders and SPM students received RM500, an appreciation certificate and a memento.

24 December 2003 [07]

Telekom Malaysia feted some 7,000 employees and their families to a Hari Raya celebration at Menara Telekom in Kuala Lumpur aimed at enhancing relationships between the management and employees. The Company also invited 100 orphaned children of ex-staff to the function. Minister of Energy, Communications and Multimedia Malaysia, Y.B. Datuk Amar Leo Moggie was guest of honour while Chairman, Y.Bhg. Tan Sri Dato' Ir. Md. Radzi Mansor and Chief Executive, Y.Bhg. Dato' Dr. Md Khir Abdul Rahman played joint hosts.



... CARING FOR
COMMUNITY >>



14 March 2003 [01]

As a caring corporate organisation, Telekom Malaysia took another step to get closer to the community by organising an event entitled *Sentiasa Bersamamu* at Kuala Lumpur General Hospital (HKL). The objective is to create better rapport between Telekom Malaysia and the hospital. Under this programme the Company contributed RM15,000 to HKL in the form of landscaping and transmission antenna equipment.

28 August 2003 [02]

Telekom Malaysia feted the winners of its *Erti Merdeka* contest held in conjunction with Merdeka Day celebrations in a star-studded event at Menara Telekom. The contest was open to students in the upper secondary schools and institutions of higher learning. It involved writing of poems and lyrics on independence and patriotism as well as “Merdeka” website designs. The winning entries were sung and recited by personalities like Dayang Nurfaizah, Nora, Hazami, Fazley, Ezlynn, Deja Moss, Lim Swee Tin, Ogy Ahmad Daud, Julfekar, Tengku Khalida, Zaibo and Dr. Wan Zawawi. The *Malam Anugerah Erti Merdeka* was brought live from Menara Telekom to Malaysian viewers in collaboration with TV3. Twelve grand winners of the contest walked away with RM4,000 each. Prizes were presented by Y.B. Datuk Amar Leo Moggie, Minister of Energy, Communications & Multimedia Malaysia.

10 November 2003 [03]

Telekom Malaysia organised a *Majlis Berbuka Puasa* with members of the media at the Hilton Hotel, Petaling Jaya. Some 250 media representatives and Telekom Malaysia’s top management were present. The event was held to enhance Telekom Malaysia’s rapport with the media.

18 December 2003 [04]

Telekom Malaysia continued with its noble tradition of contributing 50,000 sets of sling bags, *punjut kasut* and 120,000 sets of luggage tags with a total value of RM368,600 to pilgrims going to Mecca. The Company also provided the pilgrims with Malaysia Direct Service, which would enable them to call home for free with the charges being borne by the local numbers dialed. This service has been provided to pilgrims performing the Haj since 1995.