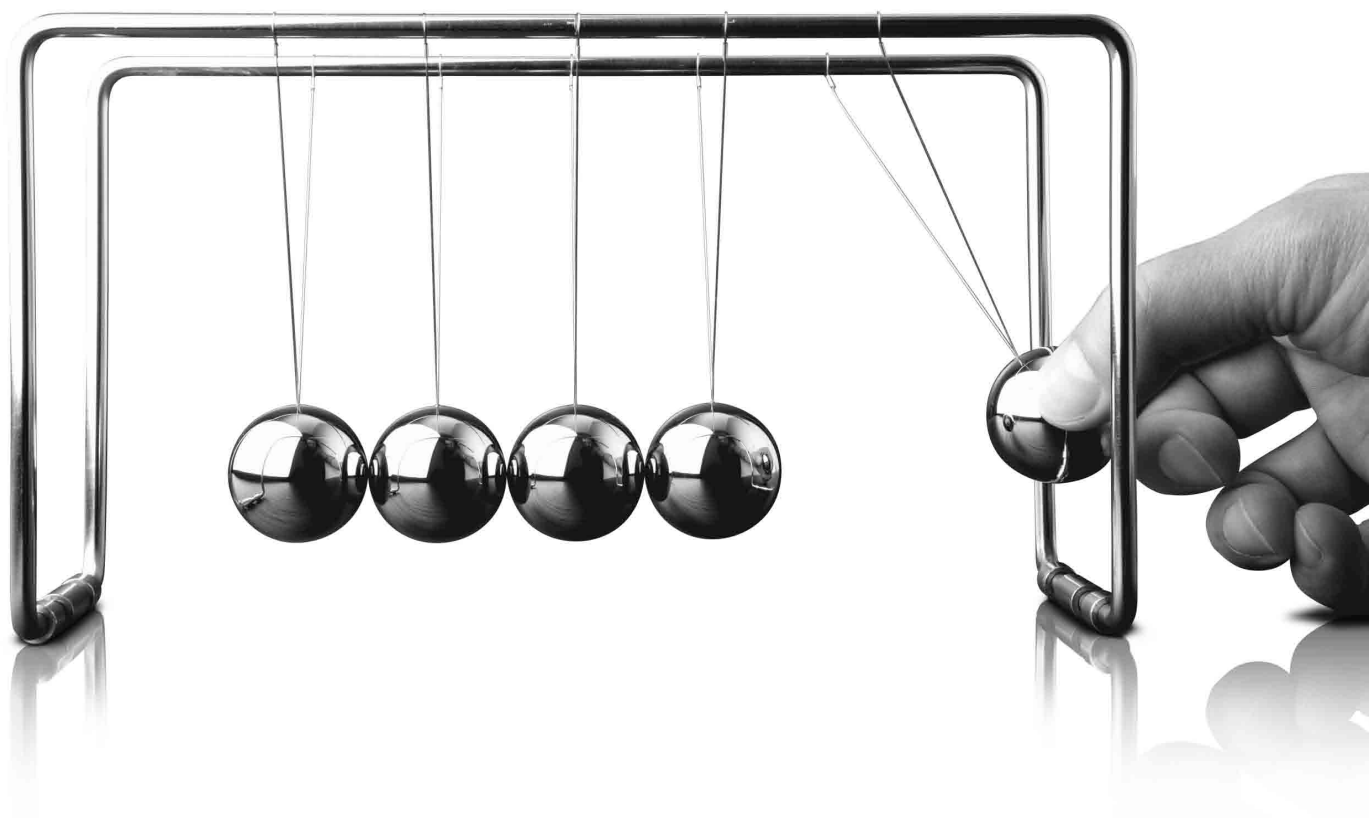


2007 ANNUAL REPORT





Cover Rationale

TIME keeps on moving

Like a Newton pendulum set in perpetual motion, TIME never comes to a stop. It keeps advancing with every new innovation. New insights, new offerings, and always a new way to add value to life, work and play. Every component plays its role in pushing the envelope further... and pushing each other to surpass the ordinary. Whether it's expertise, products or services, every fibre of TIME works towards delighting our consumers.

Content

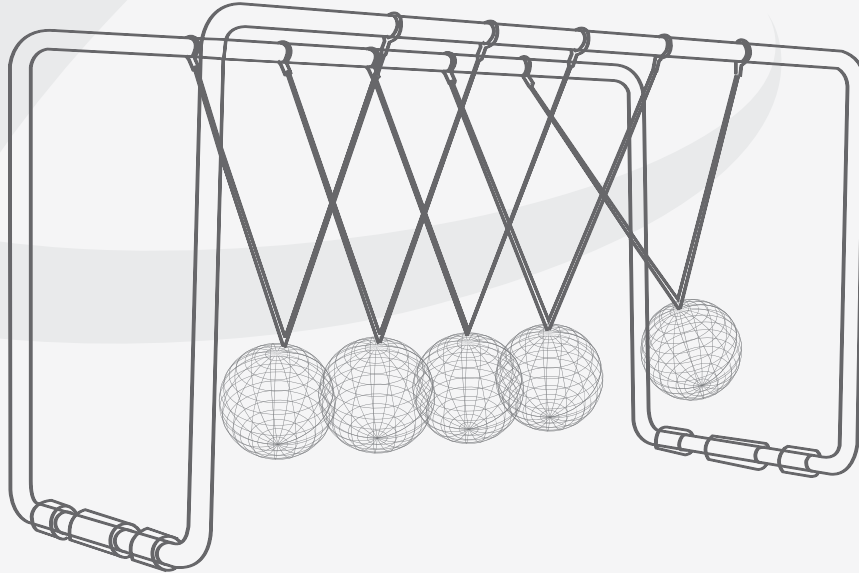
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Our Vision

To be Malaysia's preferred communications solutions provider

Our Mission

- To contribute towards nation development through achieving the national policy objectives for the communications and multimedia industry
- To deliver supreme customer experience
- To optimise shareholders' value
- To grow and nurture talent; and be the employer of choice
- To be the partner of choice
- To be an opinion leader



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 11th Annual General Meeting of the Company will be held at the Banquet Hall, Kuala Lumpur Golf and Country Club, (KLGCC) No.10 Jalan 1/70D off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 9 May 2008 at 9.30 a.m. for the purpose of transacting the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A.**

As Ordinary Business:

2. To re-elect the following Directors retiring in accordance with Article 94 of the Company's Articles of Association and, being eligible, they have offered themselves for re-election:
 - i) Elakumari a/p Kantilal **Resolution 1**
 - ii) Azian binti Mohd Noh **Resolution 2**
3. To re-elect Ronnie Kok Lai Huat who retires in accordance with Article 99 of the Company's Articles of Association and, being eligible, he has offered himself for re-election. **Resolution 3**
4. To re-elect Dato' Shaik Daud bin Md Ismail, aged 72, in accordance with Section 129(6) of the Companies Act 1965. **Resolution 4**
5. To approve the Directors' fees for the financial year ended 31 December 2007. **Resolution 5**
6. To re-appoint Messrs KPMG as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

As Special Business:

To consider and if thought fit, pass the following as resolutions:

7. Ordinary Resolution – Authority to Issue Shares Pursuant to Section 132D of the Companies Act 1965 **Resolution 7**

“THAT subject always to the Companies Act 1965 and the Articles of Association of the Company, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting; and FURTHER THAT the Directors be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.”
8. Special Resolution – Proposed Amendments to the Articles of Association of the Company **Resolution 8**

“THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix 1 attached to the 2007 Annual Report be and are hereby approved AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the proposed amendments to the Articles of Association of the Company.
9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

MISNI ARYANI BINTI MUHAMAD (LS 08983)

Secretary

17 April 2008
Kuala Lumpur

Notice of Annual General Meeting

(continued)

Note A:

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

Notes:

1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.
2. The instrument of proxy shall be in writing and signed by the appointer or by his attorney and in the case of a corporation, either under its common seal or signed by its attorney or officer on behalf of the corporation.
3. A member who holds 1,000 shares or less in the Company is entitled to appoint one (1) proxy whilst a member holding more than 1,000 shares in the Company is entitled to appoint a maximum of two (2) proxies. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of holding to be represented by each proxy is specified.
5. The instrument appointing a proxy or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office, **Mega Corporate Services Sdn Bhd at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50774 Kuala Lumpur** not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting, or in the case of a poll not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Explanatory Note on Special Business:

Ordinary Resolution 7

The proposed adoption of Ordinary Resolution 7 is to give flexibility to the Directors to issue and allot shares at any time without convening a general meeting, in order to avoid any delay and cost involved in convening one.

Special Resolution

The proposed Special Resolution is to incorporate the changes as a result of the amendments on the Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Directors who are standing for re-election are:
 - a) Elakumari a/p Kantilal
 - b) Azian binti Mohd Noh
 - c) Ronnie Kok Lai Huat
 - d) Dato' Shaik Daud bin Md Ismail

Details of attendance of Directors at Board Meetings held during the financial year are set out on page 18.

Further details of Directors who are standing for re-election at the 11th Annual General Meeting are set out on pages 15 -17.

Corporate Information

BOARD OF DIRECTORS

Dato' Ir. Wan Muhamad bin Wan Ibrahim
(Chairman)

Dato' Shaik Daud bin Md Ismail
Independent, Non-Executive Director

Elakumari a/p Kantilal
Non-Independent, Non-Executive Director

Abdul Kadir bin Md Kassim
Non-Independent, Non-Executive Director

Kamaludin bin Abdul Kadir
Independent, Non-Executive Director

Amiruddin bin Abdul Aziz
Non-Independent, Non-Executive Director

Azian binti Mohd Noh
Non-Independent, Non-Executive Director

Ronnie Kok Lai Huat
Independent, Non-Executive Director

EXECUTIVE COMMITTEE

Dato' Ir. Wan Muhamad bin Wan Ibrahim (Chairman)

Abdul Kadir bin Md Kassim

AUDIT COMMITTEE

Dato' Shaik Daud bin Md Ismail (Chairman)

Elakumari a/p Kantilal

Ronnie Kok Lai Huat

NOMINATION AND REMUNERATION COMMITTEE

Abdul Kadir bin Md Kassim (Chairman)

Kamaludin bin Abdul Kadir

Dato' Shaik Daud bin Md Ismail

Ronnie Kok Lai Huat

TENDER BOARD COMMITTEE

Dato' Ir. Wan Muhamad bin Wan Ibrahim (Chairman)

Elakumari a/p Kantilal

Kamaludin bin Abdul Kadir

COMPANY SECRETARY

Misni Aryani binti Muhamad (LS 08983)

REGISTERED OFFICE

Level 1, Wisma TIME
249 Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Tel : +603 2720 8000
Fax : +603 2720 3743

SHARE REGISTRAR

Mega Corporate Services Sdn Bhd
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel : +603 2692 4271
Fax : +603 2732 5399

AUDITORS

Messrs KPMG
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur
Malaysia

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

WEBSITE

www.time.com.my

Corporate Profile

TIME dotCom Berhad (TIME dotCom), Malaysia's preferred communications solutions provider, is a public company listed on the Main Board of Bursa Malaysia Security Berhad.

Licensed under the Malaysian Communications and Multimedia Act 1998, TIME dotCom's full suite of telecommunications licences has enabled the Group to operate and offer its services to both the domestic and international markets, from voice and data communications to dial-up and broadband Internet provision, payphones and multimedia solutions.

TIME dotCom's fibre trunk network consists of over 3,600 km of terrestrial fibre-optic cable routes and over 1,600 km of submarine festoon fibre optic cable backup system with landing points around the perimeter of Peninsular Malaysia. The Metropolitan Area Network within the central business districts of major cities complements this trunk network.

With this infrastructure in place, TIME dotCom is ideally positioned to meet the demands of emerging technologies and services such as multimedia, broadband, managed services, application service and Internet service. Voice, data and video transmissions through fibre-optics are resilient and dependable. Data is sent through at a very fast rate and with high assurance of data integrity. Two international gateway facilities augment international telecommunications access via satellite and undersea cable routes, linking businesses and private customers to each other and to the world.

TIME dotCom's highly reliable and resilient trunk network is based on Synchronous Digital Hierarchy technology, which has a self-healing alternative route protection feature that ensures high system availability and minimal system downtime. The digital nature of TIME dotCom's network also ensures a high level of data transmission quality, with high data security and integrity thereby allowing minimal data loss and degradation. In addition, a Network Operations Control Centre constantly monitors all network elements 24 hours a day, 7 days a week and manages TIME dotCom's advanced network to ensure uninterrupted service and top performance. As part of its enhancement initiatives, TIME dotCom has introduced the Metro Ethernet Backbone Network (Metro-E) project that progressively transforms its existing network into an Internet Protocol (IP) based network. As TIME's IP backbone infrastructure, Metro-E will continue to undergo capacity enhancements to facilitate new service requirements.

To further enhance its existing fibre infrastructure resiliency, TIME dotCom initiated the Metro Transmission Enhancement project that saw a replacement of its existing last-mile network equipment with the Next Generation Synchronous Digital Hierarchy (SDH) equipment, as well as the introduction of a dual connections concept to reduce dependency on one single hub.

TIME dotCom continually develops new products that fulfil its customers' needs as well as devise new ways to effectively communicate and market these products to potential customers.

One of TIME dotCom's missions is to deliver supreme customer experience. To drive this mission, significant investments were made to establish a state-of-the-art, 24-hour call centre that consolidates calls from all customers nationwide, including those subscribing and utilising TIME dotCom's fixed line, broadband and Internet, as well as payphone products and services.

Through this shared resources capability, TIME dotCom is able to provide its customers with greater convenience by minimising waiting time, thus ensuring that customers' needs are fulfilled as quickly and effectively as possible. In addition, TIME dotCom's qualified and dedicated technical experts are stationed throughout the country, ready to attend to problem resolution and assist the customers in any possible way.

Superior technology combined with superior customer service is what distinguishes TIME dotCom as a leading Business Communications Specialist in the industry. TIME dotCom's skilled and professional Account Management teams are always ready to offer expert advice to create cost-effective solutions that meet the customers' communications needs.

Company Name : TIME dotCom Berhad
 Industry : Communications Solutions
 Share Listing : Main Board, Bursa Malaysia
(since 2001)

Location : Level 1, Wisma TIME
(Head Office) 249 Jalan Tun Razak
 50400 Kuala Lumpur
 Malaysia

Telephone : +603-2720 8000
 Facsimile : +603-2720 0199

Products & Services

Business Segment

- Managed Services
- Corporate/Government Solutions
- Wholesale & Carrier Services
- Fixed Line Services (Data)
- Broadband
- Internet

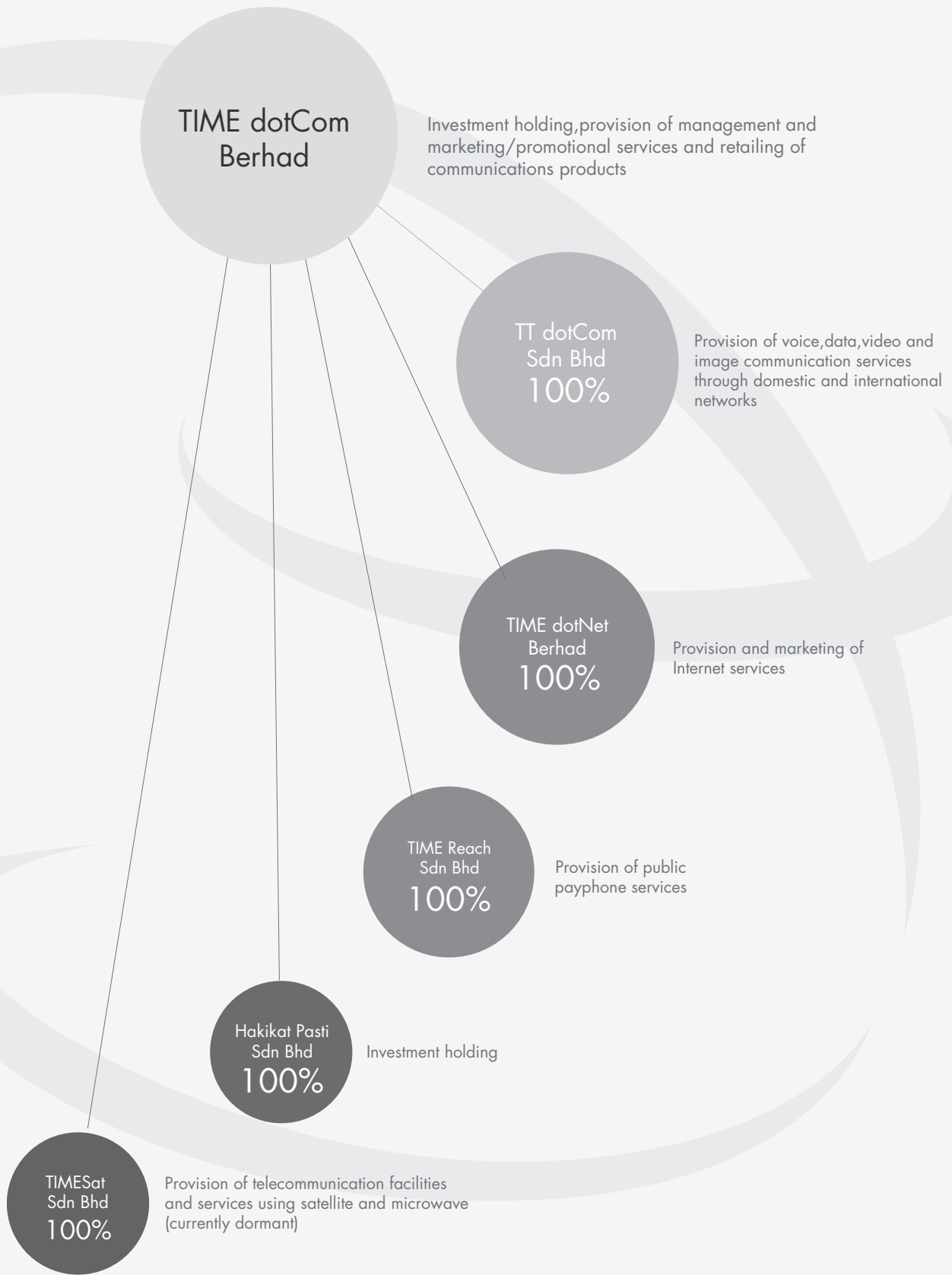
Consumer Segment

- Fixed Line Services (Voice)
- Broadband
- Internet
- Payphone

For Inquiries

Telephone : +603-2730 5287
 Facsimile : +603-2720 9006
 E-mail : customerservice@time.com.my
 Website : www.time.com.my
 Portal : www.time.net.my

Corporate Structure



Chairman's Statement

“ **Dear shareholders,**
On behalf of the Board of Directors, I am pleased to present the annual report and audited financial statements of TIME dotCom Berhad for the financial year ended 31 December 2007. ”

TIME dotCom Berhad (the Group)'s overall performance in 2007 was affected by aggressive pricing by competitors resulting in the decline in the usage of fixed-line and payphone services. The Group's focus in managed services and broadband services, however, has begun to show encouraging results. We remain positive of the Group's prospects of sustaining the growth for these two services.

Industry Overview

Although the Malaysian economy grew by 6.3 percent in 2007, the usage of fixed-line voice services in the market has experienced a steady decline over the years. On the other hand, broadband services continued to enjoy an increased take-up rate. This was evidenced by the penetration rate for telephone stagnating at 15.8 percent while broadband services increasing to 5.0 percent as at fourth quarter of 2007.

Financial Performance

The Group registered revenue of RM301.1 million in 2007 compared to RM335.4 million in 2006. The lower revenue was mainly attributable to stiffer competition resulting in lower usage of fixed-line voice and payphone services.

Nonetheless, the main revenue contributors during the year under review were the Group's voice and payphone services, which contributed RM175.9 million or 58.4 percent to TIME dotCom's total revenue. Other significant contributions to the revenue are data and broadband services which amount to 30.1 percent of the total revenue.

For the period under review, the Group was able to reduce its loss before tax from RM177.1 million in 2006 to RM160.9 million. The lower losses are mainly due stringent control over operational costs and lower depreciation and amortisation as more assets are now fully depreciated. However, the performance was offset by finance costs of RM13.4 million incurred as a result of the loan taken by the Group's subsidiary, Hakikat Pasti Sdn Bhd to acquire 50.25 million shares in DiGi.Com Berhad (DiGi).

Corporate Development

On 14 November 2007, the Board made a strategic decision to enter into an alliance with DiGi, which will result in the transfer of the Group's 3G spectrum to DiGi in return for 27.5

million new DiGi shares, representing 3.5 percent of its enlarged paid-up share capital.

To strengthen the alliance, the Group also participated through its subsidiary Hakikat Pasti in the placement exercise of DiGi shares by Telenor Asia Pte Ltd, where TIME dotCom was allocated 50.25 million DiGi's ordinary shares on 15 November 2007, representing 6.5 percent of the enlarged paid-up share capital of DiGi. Upon completion of the transfer of the 3G spectrum, TIME dotCom will eventually hold a total interest of 10.0 percent of DiGi's enlarged paid up share capital.

The transaction will result in both companies forging an alliance that would enable us to collaborate and draw from each other's strengths to further build our respective businesses. Through this alliance, TIME dotCom can still provide 3G services via a mobile virtual network operator (MVNO) arrangement with DiGi.

Operational Highlights

Pursuant to our Network Optimisation strategy, TIME dotCom has deployed its Internet Protocol (IP)-based network within the Klang Valley and partially in Johor in accordance with our plans.

TIME dotCom has further initiated collaborations with strategic partners to develop IP-based services such as voice over IP (VOIP), voice over broadband (VOBB), IP television (IPTV), broadband television (BBTV) and high-speed broadband access with speeds in excess of 5 megabits per second (mbps).

The Group has also teamed up with satellite and very small aperture terminal (VSAT) communications operators to provide affordable broadband services to the underserved areas. Strategic business arrangements have also been forged with foreign carriers such as VSNL International and Hutchison Global Communications Ltd to jointly market our services domestically and offshore.

In the area of managed services, the Group has secured major contracts from among others, the International Islamic University Malaysia (IIUM) and Bank Negara Malaysia, which are expected to contribute positively to the Group's bottom line in the coming years.

Outlook and Prospects

Developments in the industry such as the demerger of TM Berhad and the award of WiMax licences by the Government to 4 industry players will present stiffer competition to the Group. The rollout of the Mobile Number Portability (MNP) by the Malaysian Communications and Multimedia Commission (MCMC) in 2008 will result in fierce competition among mobile operators and will bring the mobile rates even lower. Thus will further affect the Group's voice services.

In anticipation that competition in the industry to further intensify, the Group is taking a customer-centric approach to provide value to existing and future customers and to differentiate itself from the competitors.

The Group expects to complete the deployment of its IP-based network platform in major cities by the third quarter of 2008 and thereafter to launch IP-based services. This will further improve our cost structure whilst simultaneously offer better quality IP-based services to our customers. For timely deployment of our IP-based services, TIME dotCom will work with strategic partners on a win-win basis.

Change of Board Members

With regret we report that Dato' Ir. Abdul Rahim Abu Bakar has resigned from the Board on 31 December 2007, while Dato' Baharum Salleh has resigned from the Board and as Managing Director of TIME dotCom effective 31 January 2008. We thank both of them for their valuable insights and dedication during their tenure with TIME dotCom, and wish them all the best in their future undertakings.

Meanwhile, we would like to welcome our new Board member, Mr Ronnie Kok Lai Huat, who has been appointed as an Independent and Non-Executive Director, and as a member of the Audit Committee and Board Nomination and Remuneration Committee of TIME dotCom effective 31 January 2008. Mr Kok's vast experience and expertise in marketing will be beneficial to the Group and we look forward to his professional advice and assistance.

Dividends

The Board of Directors does not recommend any payment of dividends for the financial year ended 31 December 2007.

Acknowledgement

On behalf of the Board, I would like to take this opportunity to extend our gratitude and appreciation to our shareholders, customers, the government and regulatory authorities, bankers, business associates and all other stakeholders for their support and cooperation.

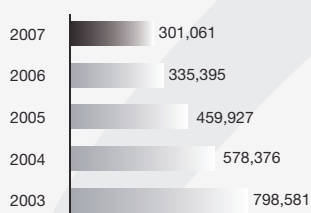
Lastly, to my fellow Directors, the Group's management team and staff, I thank them for their commitment to TIME dotCom and more importantly, for their professionalism and determination through the challenges of 2007. I look forward to their continued support and commitment towards achieving the vision and goals of TIME dotCom.

Dato' Ir. Wan Muhamad bin Wan Ibrahim

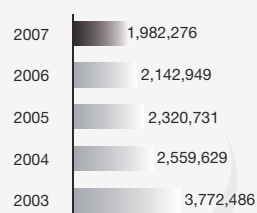
Chairman

Group Financial Highlights

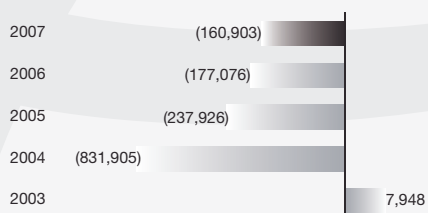
(in RM'000)	2003	2004	2005	2006	2007
Revenue	798,581	578,376	459,927	335,395	301,061
Profit/(Loss) Before Tax	7,948	(831,905)	(237,926)	(177,076)	(160,903)
Profit/(Loss) After Tax	7,794	(833,241)	(238,898)	(177,782)	(160,673)
Total Shareholder's Equity	3,772,486	2,559,629	2,320,731	2,142,949	1,982,276
Total Assets	4,030,693	2,773,787	2,491,786	2,285,105	3,228,636
Loans and Borrowings	-	-	-	-	1,087,809
Net Tangible Assets per Share (RM)	1.24	0.76	0.68	0.61	0.55
Net Assets per Share (RM)	1.49	1.01	0.92	0.85	0.78



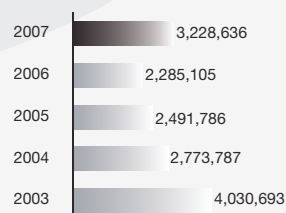
Revenue (in RM'000)



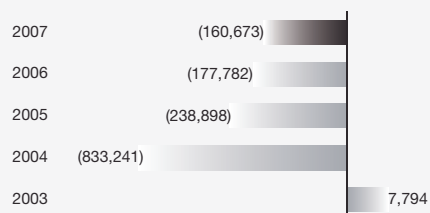
Total Shareholder's Equity (in RM'000)



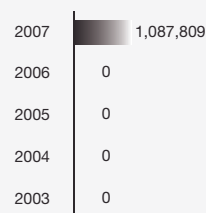
Profit/(Loss) Before Tax (in RM'000)



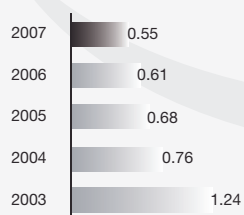
Total Assets (in RM'000)



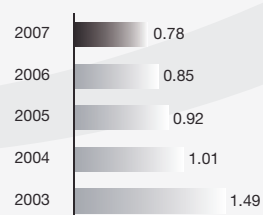
Profit/(Loss) After Tax (in RM'000)



Loans and Borrowings (in RM'000)



Net Tangible Assets per Share (RM)



Net Assets per Share (RM)

Review of Operations

During the year under review, TIME dotCom operated in a dynamic business environment characterized by intense competition and rapidly evolving technology. To address these challenges, TIME dotCom undertook a number of strategic initiatives during the year to ensure that the Group continues to progress. Primarily, these entail:

- Developing new innovative products and services that cater to the demands of the market
- Creating distinctive selling propositions for the Group's products and services by improving functionality and value in order to create brand difference
- Forging partnerships and alliances with established industry players in order to increase TIME dotCom's market reach and product offerings
- Enhancing TIME dotCom's network infrastructure to become fully IP-based in order to support the Group's new business direction and allow the Group to provide better, more reliable and cutting-edge solutions
- Greater emphasis on human capital development; focusing on measuring performances and building competencies

TIME dotCom offers a comprehensive suite of telecommunications and ICT solutions to a wide range of customers. The services provided by the Group include:

- Voice
- Data
- Broadband
- International and Wholesale
- Managed Services
- Payphone

VOICE

TIME dotCom's fixed-line voice services continued to be a major revenue contributor, generating approximately 30.9 percent of the Group's total revenue in 2007. However, the posted revenue was 7.7 percent lower than the previous financial year, due to a declining trend in usage as a result of increased competition and cheaper rates from mobile service operators.

To combat the steady erosion of fixed voice services, the Group has planned to implement a series of measures in 2008, which include, amongst others; enhancing product features, revising call rates, having strategic promotions to entice customers and increasing co-operation with dealers. These initiatives are expected to further promote usage of the Group's voice offerings and subsequently maintain revenue performance.

Simultaneously, IP-based services such as VOIP, IP PBX and IP Centrex will be introduced within the third quarter of 2008 to meet customers' requirements for advanced features and competitive call rates for voice services.

DATA

For data, the Group was able to ride on strong industry uptrend to record a total revenue of RM53.9 million, representing a marginal growth of 1.1 percent from the previous year.

One of the Group's key data offerings is the provision of leased line service that offers high bandwidths of up to 155 mbps, with full resiliency point-to-point communications for customers.

Whilst the Group recognises the immense potential of the data services market, it is aware of the decline in dedicated Leased Lines with IPVPN fast becoming the solution-of-choice. To this end, the Group has begun focusing on providing IPVPN to its customers as a managed services offering on an IP-based network platform, and will continue to intensify efforts in this area in order to leverage on the high growth potential of a fast-growing market.

BROADBAND

In line with the Government's objective to provide broadband access to at least 50 percent of households by 2010 and together with the continued execution of the National Broadband Policy and the Ninth Malaysia Plan (9MP), TIME dotCom's broadband services is undoubtedly an area of growth potential.

To meet the future growth of the broadband services, the Group spent a considerable amount of effort and capital in 2007 to upgrade its network infrastructure, transforming its existing network to become fully IP-based. Expected to be completed in 2008, the IP-based network will significantly contribute to cost efficiency and flexibility, while enabling the Group to offer more reliable and varied services to the market.

The Group also plans to make inroads towards expanding its broadband services especially in underserved areas. Currently the Group is negotiating with several parties to look into the possibilities of offering broadband services via satellite.

The highlight of the Group's broadband endeavour in 2007 was the launching of TIME dotCom's 'Netlynx' – Malaysia's first 10 mbps high-speed broadband service. This cutting-edge service is expected to boost the Group's broadband offerings. Currently available at selected areas in the Klang Valley and Johor, Netlynx will be gradually rolled out to other parts of the country.

Review of Operations

(continued)

The Group's aspiration in broadband services has taken it beyond providing access to the development of broadband-related content and applications. During the year, the Group successfully launched a trial of its IP television (IPTV) service at Nusa Perdana. The Group also plans to explore the development of other IP-based value added services and applications especially for the SMI/SME market. With the availability of broadband connectivity, voice over broadband service has been tested in October 2007 and will be ready to roll out in 2008. Meanwhile, the Group's TIMENet portal continues to be enhanced with exciting new features and content.

Looking forward, the Group will adopt a fresh approach in providing its broadband content and application offering to the market, by strategically allying itself with several established partners. New services such as broadband television (BBTV) and shared application services are expected to be launched within 2008, whilst other initiatives to improve and increase the Group's Broadband offering are in the pipeline. As such, the Group is optimistic towards making good progress for its broadband services business in 2008.

INTERNATIONAL AND WHOLESALE

For the year under review, the Group undertook several measures to improve its performance in the International and Wholesale market. The first of such efforts was the bundling of attractive voice packages to provide IDD minutes with PSTN quality to corporate customers with the aim of boosting IDD traffic.

To position TIME dotCom as the preferred bandwidth provider, the Group continued to form strategic partnerships and collaborations in order to expand its influence and market share in the region. In 2007, the International and Wholesale Division established new partnerships in Thailand and Singapore and put in place strategic points-of-presence (POPs) in these countries to drive data sales. In addition, strategic partnerships were also formed with Tier-1 operators in offering the Group's IPVPN services to complement its focus in the managed services sector.

A major focus for International and Wholesale during the year was to improve cost-efficiency. To bring about enhancement in this area, the Group undertook several initiatives in quality-enhancement, cost rationalisation and account management.

Looking ahead to 2008, key initiatives have been identified to reposition the International and Wholesale business. For the International market, the Group is targeting the expansion of global presence in high-growth areas such as India, Middle East, China and Indonesia through strategic partnering with

local carriers. The Group is also looking to increase its global connectivity through continuous investment in submarine cabling, which allows TIME dotCom to provide alternate global connectivity routes to regional customers and partners at more competitive prices.

On home ground, the Group will continue to leverage on its extensive fiber presence in high-value commercial buildings to deliver reliable high-speed data services to the corporate and wholesale segments through its next-generation Metro-E network. In addition, the Group is looking to optimise its trunk assets by offering compelling packages through bundling programmes to Application Service Providers in support of the National Broadband Policy. Concurrently, efforts will also be made to tap into an increasing demand on infrastructure services by positioning TIME dotCom as a preferred provider of IP-Transit, Metro-E and high-speed Trunk Network services and a consultant in network and capacity planning.

MANAGED SERVICES

Managed services has been identified by the Group as a key thrust moving forward, and significant milestones were achieved within 2007.

During the year, managed services secured an encouraging number of new IPVPN projects with a total contract value of more than RM60 million. The clients included established entities such as International Islamic University Malaysia (IIUM), Bank Negara Malaysia, the Malaysian Communications and Multimedia Commission (MCMC), UEM Group, DagangNet Sdn Bhd and Malaysian Machinery and Heavy Equipment Sdn Bhd. With an average contract period of 3 years, these projects are expected to contribute significantly to the Group's 2008 earnings.

In the meantime, the Group has also introduced Data Centre services as a new managed services offering to customers. With this development, TIME dotCom is officially ready to offer co-location services such as server hosting, web hosting, data recovery as well as disaster recovery and, data replication and storage.

Moving forward, the Group will continue to ride on the increasing demand for IPVPN, particularly in financial services, manufacturing as well as government sectors, to grow its managed services business. In line with a growing focus on governmental projects at the state level, the Group will relocate a number of key personnel to selected regions across Malaysia. In the meantime, development of new, innovative and in-demand solutions to the market are also on the cards; all in all pointing to a much-improved performance for the Group's managed services business in the coming years.

PAYPHONE

TIME dotCom, through its subsidiary TIME Reach Sdn Bhd (TIME Reach), is principally engaged in the operations and maintenance of its network of almost 30,000 unit payphones throughout Malaysia. The locations of the Group's payphone are mostly in heavily populated areas, where accessibility and convenience are prime considerations.

For the financial year ended 31 December 2007, TIME Reach registered a revenue of RM82.8 million compared to RM110.8 million in 2006. The lower revenue is due mainly to aggressive promotions and cheaper packages offered by mobile operators which have drawn potential and loyal payphone users away. New entrants into the payphone market have given rise to increased competition.

Despite the lower revenue, TIME Reach managed to reduce its loss before tax from RM6.9 million in 2006 to RM5.0 million. The losses were mitigated by various initiatives, including stringent cost control efforts.

The major challenges faced by TIME Reach will continue to be cheaper call rates offered by mobile operators, prepaid call cards providers and other payphone players in the market. However, TIME Reach aims to maintain and improve its revenue collections by enhancing its service levels as well as deploying its payphones to new high-traffic locations. TIME Reach will also pursue more cost-effective ways to manage its daily operations, whilst seeking to further reduce interconnect cost to ultimately contribute to the Group's overall financial performance.

NETWORK SERVICES

TIME dotCom's network capability forms the spine from which its array of services and solutions are delivered. Network Services' primary role is to maintain and improve on this capability in order to support the Group in delivering high-quality services and deploying new innovative solutions, apart from the deployment of network services and network migration to be IP-based.

In 2007, Network Services undertook and completed a number of projects and initiatives to improve TIME dotCom's network infrastructure. The significant enhancements were:

- Establishment of the Group's new IP-based network which allows TIME dotCom to deliver innovative IP-based services such as IPVPN and high-speed Broadband services
- Expansion of the Group's Ready-For-Service buildings by another 30 premises
- Implementation of fiber to the home concept at Nusajaya to provide 10mbps high-speed Broadband access

- Setting up of POPs in Bangkok and Singapore which will act as the Group's remote nodes to provide Data services to international customers
- Upgrading of the Group's Internet core router from 20 Giga bits per second (Gbps) processing capacity to 60 Gbps, which will vastly improve Internet service performance
- Improvement on the Group's IP security system to prevent unlawful traffic and service denial attacks to ensure maximum Internet service availability to customers
- Completion of Cherating's third Point of Access for APCN2 at STM4 capacity.
- Introduction of a new Multi Service Access Network platform

Moving forward, Network Services will continue to develop the Group's IP Core and expand its Metro-E network to increase service coverage. Efforts will also be undertaken to increase the Group's Internet international gateways capacity to ensure maximum performance of the Internet services provided.

In addition, the Group is aiming to increase its trunk network capacity by connecting to all major cities within Malaysia using the Dense Wavelength Division Multiplexing (DWDM) technology, which will allow future upgrades to be conducted within shorter timeframes. Also in the pipeline is the migration of the Group's existing international connectivity and part of its domestic connectivity from the legacy Time Division Multiplexing (TDM) switch to NGN softswitch. Meanwhile, a Mobile Number Portability (MNP) platform will be established to support MCMC's directive on its implementation.

CUSTOMER SERVICE

Operating in a highly-competitive arena among many telecommunications and solution providers for data, voice and broadband products and services, the Group understands the key to driving TIME dotCom's businesses is to focus on providing excellent customer service for differentiation as well as to promote customer loyalty. This is reflected by TIME dotCom's customer service mission - *to promote and provide supreme customer experience*.

In its efforts to meet customers' needs, TIME dotCom's customer service team continues to review its processes, systems and the manner it supports customers. As a result of this dedication, the Group was able to maintain its ISO 9000:2001 certification for the Customer Service Division in 2007. This accreditation in operating standards has been consistently achieved by TIME dotCom since 2003.

The key milestone for the Group's customer service activities was the setting up of a Service Operations Centre (SOC) at TIME dotCom's corporate office - Wisma TIME. The SOC is a dedicated customer service and support helpdesk operating 24 hours everyday throughout the year, backed by the sole objective of enhancing support for TIME Priority Plus customers subscribing to the Group's broad range of solutions.

Adopting best practice processes under the Group's Operating Support System and manned by highly-experienced customer service engineers, the SOC is a testament to TIME dotCom's dedication to customer service excellence. With the SOC in operation, TIME Priority Plus customers now enjoy a dedicated and proactive problem-management and resolution process and most importantly, a higher level of customer satisfaction.

HUMAN CAPITAL DEVELOPMENT

The development of human capital continued to play a pivotal role in the long-term strategy of TIME dotCom. In 2007, numerous initiatives and programmes were rolled out by the Group's Human Capital and Organisational Development Division in order to enhance the competency of the employees, energise the workforce and ensure the availability of future leaders in leading the Group to new frontiers.

Over the years, the Group has put in place a comprehensive training and development framework as well as a methodical performance tracking system to maintain and manage the quality of its workforce. In 2007, the Group rolled out a total of 326 courses focusing principally on new technology, products, and leadership development ensuring the continuous growth of TIME dotCom's human capital to meet the demands of a fast-growing market. Meanwhile, new Key Performance Indicators were set and reflected within the Group's Performance Management System so that staff were measured and rewarded in tandem with the Group's new initiatives and strategies.

Realising the importance of having an energised workforce to drive TIME dotCom forward, the Group implemented a "TIME 2B Great" programme designed to enhance team spirit and reinforce a sense of belonging amongst employees. In order to simultaneously foster closer relationship between the Group's leaders and staff, special efforts were made to ensure at least one senior management personnel was present during the weekly "TIME 2B Great" sessions. This far-reaching initiative was successfully implemented for TIME dotCom and all its subsidiaries during the year.

Meantime, to nurture talents and develop future leaders from within the Group, the TIME Talent Pool programme continued to be executed in order to identify and develop high-potential employees. Adding to existing trainings and other development efforts for participants of the TIME Talent Pool programme, the year saw the holding of dialogue "kopitiam" sessions between selected employees and the

managing director of the UEM Group, which allowed for better understanding of the Group's roles and direction as a forward-looking GLC.

Reflecting TIME dotCom's seriousness in caring for its workforce, the Group actively promoted workplace health and work-life balance for staff during 2007, rolling out several programmes and activities targeting at various aspects of employees' well-being. Amongst the initiatives carried out were workplace health talks, blood donation campaigns, periodic body mass index and blood pressure checks, and a successfully-conducted fire drill.

CORPORATE SOCIAL RESPONSIBILITY

In positioning itself as a socially responsible organisation, TIME dotCom continued to be guided by "The Silver Book: Achieving Value Through Social Responsibility" - a publication by the Putrajaya Committee on GLC High Performance that outlines key thrusts and principles in implementing CSR efforts amongst GLCs.

Building on its Internet awareness programmes in previous years, TIME dotCom launched a new campaign called "We Web Wisely" aimed at educating Internet users especially students and their parents on safety measures and positive habits and attitude in the cyberspace. The campaign was implemented alongside industry programmes organised by the KTAK and the MCMC, such as the Sehari Bersama Pelanggan consumer programme in rural areas, School ICT Day and the World Information Society Day. For 2008, TIME dotCom will ride on TIME Engineering Berhad's PINTAR programme to further promote "We Web Wisely" to participating schools in Perak, Kedah and Penang.

Following up on its sponsorship of an IT Centre at Rumah Titian Kasih shelter home in Taman Tasik Titiwangsa, Kuala Lumpur, TIME dotCom dispatched corporate volunteers during the year to help solve technical issues and provide computer lessons for the residents. This activity was carried out in the first quarter of 2007, after which it had to be stopped for re-evaluation. Meantime, plans are underway to continue support for the home in 2008, with the main emphasis on raising funds for the home to acquire its own permanent premises.

As part of its continuous efforts in supporting local education especially in the area of ICT, TIME dotCom sponsored three Awards of Excellence for top final year students from the Faculty of Engineering, Universiti Putra Malaysia (UPM). The awards were presented to the Best Graduate in Academic, Excellent Graduate in Project and Best Overall Graduate for the faculty's Bachelor of Engineering (Computer and Communication Systems) programme for 2006/2007.

Under the auspices of the MCMC, TIME dotCom staff from the Regional Office East in Kuantan also participated in a mass gotong-royong to help out flood victims in Pahang in December 2007. This was followed by a charity drive that raised proceeds of RM1, 500 from TIME dotCom employees.

Profile of the Board of Directors

Dato' Ir. Wan Muhamad bin Wan Ibrahim

Non-Independent, Non-Executive Director (Chairman)

Dato' Ir. Wan Muhamad bin Wan Ibrahim, Malaysian, aged 66, was appointed to the Board of TIME dotCom Berhad on 26 July 2001 and as Chairman on 15 November 2001. He is also the Chairman of the Tender Board Committee and Board Executive Committee (Exco).

Dato' Ir. Wan Muhamad holds a Diploma in Electrical Engineering (Light Current) from Brighton College of Technology, United Kingdom. He began his career as Assistant Controller with the then Jabatan Telekom Malaysia and served in various capacities before he was appointed to the post of Director of Telekom in 1985. Upon privatisation of Jabatan Telekom Malaysia, he joined Syarikat Telekom Malaysia Berhad (now known as TM Berhad) and retired in 1996 as Senior Vice President of Marketing. Thereafter, he served as the first Chief Executive Officer of TM Touch until 1999. He has over 33 years of experience in the telecommunications industry.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

Dato' Shaik Daud bin Md. Ismail

Independent, Non-Executive Director

Dato' Shaik Daud bin Md. Ismail, Malaysian, aged 72, was appointed to the Board of TIME dotCom Berhad on 21 June 2004. He is also the Chairman of the Audit Committee and a member of the Board Nomination and Remuneration Committee.

Dato' Shaik Daud obtained his Barrister-at-Law from Lincoln's Inn, London and was called to the English Bar in December 1962. He served in the Malaysian Government Judicial and Legal services for 38 years until his retirement on 25 June 2001. His last appointment was as a Judge of the Court of Appeal. He also sits on the Board of Perduren (M) Berhad (formerly known as Formis (Malaysia) Berhad).

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

Elakumari a/p Kantilal

Non-Independent, Non-Executive Director

Elakumari a/p Kantilal, Malaysian, aged 52, was appointed to the Board of TIME dotCom Berhad on 8 March 2001. She is also a member of the Audit Committee and Tender Board Committee.

Elakumari holds a Master of Science in Finance & Accounting from University of East Anglia, United Kingdom. She started her career with the Accountant General's Office in 1981 and later served the Division on Monitoring of Government-Owned enterprises at the Ministry of Finance from 1986 to 1994. She joined Khazanah Nasional Berhad in 1994 and is currently the Director, Investments. She also sits on the Board of TIME Engineering Berhad and Faber Group Berhad.

She has no securities holdings in the Company and/or its subsidiaries. She also has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

She has not been convicted of any offence in the past 10 years.

Abdul Kadir bin Md Kassim

Non-Independent, Non-Executive Director

Abdul Kadir bin Md Kassim, Malaysian, aged 67, was appointed to the Board of TIME dotCom Berhad on 22 October 2001. He is a member of the Board Nomination and Remuneration Committee and also a member of the Board Executive Committee.

He holds a Bachelor of Laws degree from University of Singapore. He served in the Malaysian Administrative and Diplomatic Service and in the Judicial and Legal Service between 1966 and 1973, holding various positions. He is currently the Managing Partner of Messrs Kadir, Andri & Partners. He is also a Director of UEM Group Berhad, UEM World Berhad, Suria Capital Holdings Berhad, Ho Hup Construction Company Berhad, Proton Holdings Berhad, Sino Hua-An International Berhad, Petroliaam Nasional Berhad and a few private companies, including being the Chairman of the Committee of Labuan International Financial Exchange.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Director and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

Kamaludin bin Abdul Kadir

Independent, Non-Executive Director

Kamaludin bin Abdul Kadir, Malaysian, aged 65, was appointed to the Board of TIME dotCom Berhad on 24 October 2001. He is a member of the Board Nomination and Remuneration Committee and Tender Board Committee.

Kamaludin holds a Bachelor of Engineering (Elect.) degree from the University of Auckland, New Zealand. He has extensive experience in the telecommunications industry and hands-on experience in ICT systems. He was also involved in major technology matters during his service with the Ministry of Defence from 1972 to 1983. He was formerly the Executive Director of Perwira Ericsson Sdn Bhd and a nominee of Lembaga Tabung Angkatan Tentera on the Board of Ericsson (Malaysia) Sdn Bhd. He is also a Board member of Boustead REIT Managers Sdn Bhd, a private limited company managing Al-Hadharah Boustead REIT.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

Azian binti Mohd Noh

Non-Independent, Non-Executive Director

Azian binti Mohd Noh, Malaysian, aged 55, was appointed to the Board of TIME dotCom Berhad on 29 March 2006. She is a graduate of Universiti Malaya with a Bachelor of Economics and Advanced Diploma in Accounting and has a Master of Business Administration from Universiti Kebangsaan Malaysia. She is also a member of the Malaysian Institute of Accountants.

Azian started her career as a Treasury Accountant and served at the Accountant General's Department and Ministry of Public Enterprise between 1980 to 1982. She has held several senior positions at the Accountant General's Office prior to her appointment as Director of Kumpulan Wang Amanah Pencen (KWAP) in 1991. On 1 March 2007, Azian was appointed as the first Chief Executive Officer of Kumpulan Wang Persaraan Diperbadankan (Retirement Fund Incorporated), a newly incorporated statutory body.

Azian also sits on the Boards of Rashid Hussain Berhad, Malakoff Corp Berhad, iVCap Management Sdn Bhd and Valuecap Sdn Bhd.

She has no securities holdings in the Company and/or its subsidiaries. She also has no family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company.

She has not been convicted of any offence in the past 10 years.

Amiruddin Bin Abdul Aziz

Non-Independent, Non-Executive Director

Amiruddin bin Abdul Aziz, Malaysian, aged 48, was appointed to the Board of TIME dotCom Berhad on 24 March 2004. He graduated with a Bachelor of Business Administration degree from the Ohio University, USA. He has been serving the UEM Group since 1988 in various senior positions - beginning with the Head of Treasury Department in Projek Lebuhraya Utara Selatan Berhad or PLUS. In January 1994, he was appointed the General Manager of Group Corporate Affairs in HBN Management Sdn Bhd (now known as UEM Group Management Sdn Bhd).

From January 1997 to January 1999, Amiruddin was the Chief Financial Officer of Projek Usahasama Transit Ringan Automatik Sdn Bhd (PUTRA). He was later appointed the Chief Operating Officer of EPE Power Corporation Berhad (now known as Ranhill Power Berhad) from February 1999 to August 2000. At the end of his tenure with EPE, he was transferred to Renong Berhad (now known as UEM Land Sdn Bhd) as its Chief Operating Officer. Furthering his career, he was appointed Chief Operating Officer of TIME Engineering Berhad on 18 November 2001, before being appointed Managing Director in April 2003.

In the initial eight years of his career, he was in the financial industry having served the Malaysian Industrial Development Finance Berhad, a development financial institution and the Malaysian French Bank Berhad, a commercial bank.

Amiruddin currently sits on the Board of TIME Engineering Berhad and several other private limited companies.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

Ronnie Kok Lai Huat

Independent, Non-Executive Director

Ronnie Kok Lai Huat, Malaysian, aged 53, was appointed to the Board of TIME dotCom Berhad on 31 January 2008. He is a member of the Audit Committee and Board Nomination and Remuneration Committee.

Kok holds a Degree in Business Administration from the University of Strathclyde, UK. Prior to joining the Board of TIME dotCom Berhad, Kok held the position of Global Head of Marketing at Sampoerna International from September 2004 to January 2007 and was Sampoerna Malaysia's Marketing Director from June 2002 to August 2004. Between 1996 and 2002, he served as the Vice President of Marketing & Sales at JT International Tobacco Sdn. Bhd. where he also held the position of Executive Director on the Board of the company.

He has no securities holdings in the Company and/or its subsidiaries. He also has no family relationship with any Directors and/or major shareholders nor any conflict of interest with the Company.

He has not been convicted of any offence in the past 10 years.

Attendance of Directors

at Board of Directors' Meetings

The Board of Directors met sixteen (16) times during the financial year ended 31 December 2007. Details of the Directors' attendance are as follows:

	Date of Appointment/ Resignation during the year	Attendance	Percentage of Attendance
Dato' Ir. Wan Muhamad bin Wan Ibrahim	-	16/16	100%
Dato' Ir. Abdul Rahim bin Abu Bakar	Resigned on 31 December 2007	14/16	88%
Dato' Shaik Daud bin Md Ismail	-	14/16	88%
Elakumari a/p Kantilal	-	16/16	100%
Abdul Kadir bin Md Kassim	-	11/16	69%
Kamaludin bin Abdul Kadir	-	16/16	100%
Amiruddin bin Abdul Aziz	-	14/16	88%
Azian binti Mohd Noh	-	8/16	50%
Dato' Baharum bin Salleh	Resigned on 31 January 2008	16/16	100%
Ronnie Kok Lai Huat	Appointed on 31 January 2008	-	-

Profile of Senior Management

Mek Yam Jusoh, *Senior Vice President*

Head, International & Wholesale Business Division of TIME dotCom Berhad

Mek Yam holds a Bachelor of Technology in Electrical Electronics from Brunel University, UK, and a MBA from Cranfield Business School. Prior to joining TIME in 1993, she held several portfolios in the telecommunications industry. Her wide experience includes functions in the Regulatory, Strategic Planning, Customer Care, Sales and Marketing for both domestic and international business in the industry.

Tan Eng Suan, *Vice President*

Head, New Business Development Division of TIME dotCom Berhad

Tan joined TIME dotCom in 1995. He holds a Bachelor of Engineering (Hons) in Mechanical Engineering from Imperial College, University of London, UK and is an associate member of City and Guilds Association, London. Prior to joining TIME in 1995, Tan specialised in the telecommunications and utilities sectors with Anderson Consulting for seven years.

Misni Aryani Muhamad, *Vice President*

Head, Legal & Secretarial Division of TIME dotCom Berhad

Misni joined TIME dotCom in 2003. She obtained her LL.B (Hons) from the International Islamic University in 1988. She was admitted as Advocate & Solicitor of the High Court of Malaya in 1989 and practised law until 1991. Since then and prior to joining TIME dotCom, she has held positions as in-house Counsel and Company Secretary in two major Main Board public-listed companies.

Baharudin Abdul Aziz, *Vice President*

Head, Marketing & Product Division of TIME dotCom Berhad

Baharudin has been in the telecommunications industry for over 25 years, covering various aspects of the industry including business, technology, product, marketing and technical. He graduated from the University of Manchester, England with a Bachelor of Science (Hons), Electronic and Electrical Engineering. Prior to joining TIME dotCom in 2007, he served Telekom Malaysia, Celcom, Fiberail and AtlasOne.

Abdul Aziz Mohd Noor

Acting Chief Operating Officer of TIME Reach Sdn Bhd and Head, Consumer, SMI & SME Division of TIME dotCom Berhad

Abdul Aziz joined TIME dotCom in 2005. He holds a Bachelor of Science in Business Studies from the American University, USA and a Diploma in Business Studies from Universiti Teknologi MARA. Prior to joining TIME dotCom, he served as General Manager attached to ISR Tech (M) Sdn Bhd. He has more than 10 years of experience in the telecommunications industry, mainly in the areas of sales, marketing, channel/partner management and operations.

Rusilawati Dato' Mohd Noor-Ghio, *Vice President*

Head, Corporate Division of TIME dotCom Berhad

Rusilawati joined TIME dotCom in 2007. She holds a Bachelor of Science Degree in Computer Science from the University of the Pacific, California, USA and a Master in Management Information System from the Golden Gate University, San Francisco, USA. Prior to joining TIME dotCom, she was the Country Manager, Malaysia and Regional Account Director, Societe International Telecommunication Aeronautique (SITA). She has a total of 21 years of experience in the area of Sales and Information Technology.

Profile of Senior Management

(continued)

Fawzi Che Embi, *Vice President*

Head, Government & MS PMO Division of TIME dotCom Berhad

Fawzi joined TIME dotCom in 2006. He holds a Bachelor of Science from the University of Salford, United Kingdom and a Diploma of Computer Science from Universiti Teknologi MARA. Prior to joining TIME dotCom, Fawzi was attached to VADS Berhad and Heitech Padu Berhad.

Zulkepli Haji Hamid, *Vice President*

Head, Information Technology Division of TIME dotCom Berhad

Zulkepli joined TIME dotCom in 2001. He holds a Bachelor of Science degree from Universiti Sains Malaysia, majoring in Computer Science. Before joining TIME dotCom, Zulkepli had spent 15 years in the national petroleum corporation Petronas and over 5 years in Bank Bumiputra Malaysia Berhad.

Ivan Oh, *Vice President*

Acting Head, Strategy Division of TIME dotCom Berhad

Ivan joined TIME dotCom in 2000 and since then, he has undertaken various financial and strategic functions including the setting up of Revenue Assurance function in July 2004 and a one-year stint managing the payphone operations. Prior to joining TIME dotCom, Ivan has 14 years consulting experience with PricewaterhouseCoopers.

Fong Swee Hock, *Vice President*

Head, Group Internal Audit Division of TIME dotCom Berhad

Fong joined TIME dotCom in 2007. He holds a Masters' Degree in Business Administration from the Charles Sturt University, Australia, and professional degrees from the Association of Certified Chartered Accountants (ACCA) and the Malaysian Institute of Certified Public Accountants (MICPA). Fong has a total of 13 years experience in audit including internal and external audit, risk management and change management.

Kamal Redzuan Dato' Abd Malek

Head, Human Capital & Organizational Development Division of TIME dotCom Berhad

Kamal Redzuan joined TIME dotCom in February 2008. He has more than 23 years experience in Human Resources covering various industries. He holds a Higher National Diploma in Business Studies from the UK. Prior to joining TIME dotCom, he was attached to various multi-national corporations and local conglomerates.

Kamaruzzaman Che Daud

Head, Group Procurement Division of TIME dotCom Berhad

Kamaruzzaman joined TIME dotCom in 2006. He holds a Bachelor of Arts (Hons) majoring in Economics from York University, Canada. Kamaruzzaman has more than 20 years' experience in procurement and materials management. Kamaruzzaman was with Syarikat Prasarana Negara Berhad (SPNB) prior to joining TIME dotCom.

Haji Raimee Ahmad

Head, Network Development Division of TIME dotCom Berhad

Raimee joined TIME dotCom in 2003. He holds Bachelor of Engineering (Hons) in Electrical and Electronic Engineering from Strathclyde University, Glasgow, Scotland. He has more than 24 years of experience in the telecommunications industry, both in fixed and mobile/wireless networks. Prior to joining TIME dotCom, Raimee was attached to Telekom Malaysia and its mobile business unit TMTouch.

Faizatul Akmar Abu Bakar

Acting Chief Financial Officer of TIME dotCom Berhad

Faizatul joined TIME dotCom in 1995. She holds a qualification as an Accountant from the Association of Chartered Certified Accountants (ACCA), United Kingdom, and is a member of the Malaysian Institute of Accountants (MIA). She was attached to the Federal Land Development Authority (Felda) prior to joining TIME dotCom.

Shakirin Ismail

Acting Head, Network Operations Division of TIME dotCom Berhad

Shakirin joined TIME dotCom in 1994. He holds a degree in Electrical/Electronic Engineering from the University of New Haven, Connecticut, USA. He has 25 years experience mostly in the telecommunications industry. He was previously with Telekom Malaysia Berhad.

Nor Hayati Shaari

Head, Customer Service Division of TIME dotCom Berhad

Nor Hayati graduated with Bachelor and Master degrees in Business Administration from the Western Michigan University, USA. She specialises in customer interaction centre operations, including after sales service support. Prior to joining TIME dotCom in 1995, she spent a total of 7 years in American Express.

Corporate Events 2007

New Year Gathering for Customers 17 January 2007

OMNii, the managed services arm of TIME dotCom, organised a New Year Appreciation Gathering for its valued customers at a restaurant in Kuala Lumpur.

TIME dotCom hosted welcome dinner for foreign delegates 19 March 2007

TIME dotCom hosted a welcome dinner for visiting delegates, representing the ICT concerns from their respective countries, who were on a familiarization visit to Malaysia. The visitors were from Laos, the USA, Luxembourg and France.

TIME dotCom Signs Deals with Global Partners 13 June 2007

TIME dotCom entered into an agreement with Hutchison Global Communications Limited (HGC) to enhance the scope of cooperation between both organisations in the area of broadband services offering for corporate customers in Malaysia. The Company also signed pacts with other carriers and network operators including VSNL International and Orange Business Services.

TIME Signs MOU to Establish International Digital Business Exchange for Terengganu 21 March 2007

TIME dotCom, in collaboration with TIME Engineering Berhad (TEB) entered into a memorandum of understanding (MOU) with the State Government of Terengganu for the implementation of the Terengganu International Digital Business Exchange (TRENG-IDBX).

CommunicAsia 2007 @ Singapore 19-21 June 2007

TIME dotCom participated in CommunicAsia 2007, along with the others telecommunications companies under the Malaysia Pavilion. Our presence at the event, dubbed Asia's largest telecommunications show, allowed TIME dotCom to secure business leads and increase its brand exposure and promotion in an international environment.

TIME Technology Seminar 2007 15 - 17 June 2007

In order to continually attract new Managed Services projects and drive better customer relationships, a technology update seminar showcasing Managed Services' offerings was held for 150 existing and potential customers.

**'The King & I' Corporate Night
at Istana Budaya
18 July 2007**

As part of TIME dotCom's relationship building with customers and stakeholders, the Company hosted a corporate night for key business associates, customers, government and regulatory bodies as well as the media.

**TIME dotCom promotes IP-based
Services at MyBroadband
10-12 September 2007**

Highlighting IP-based products and services such as IPTV and virtual office attendance, TIME dotCom participated in the 3-day conference and exhibition held at the Matrade Exhibition and Convention Centre, Kuala Lumpur.

**Hari Raya Open House
6 November 2007**

TIME dotCom organised a corporate Hari Raya Open House for customers and associates at the UEM Leadership Centre in Petaling Jaya.

**TIME dotCom, DiGi Forge
Alliance
14 November 2007**

TIME dotcom and DiGi.Com Berhad signed a Head of Agreement to forge an alliance by pooling their resources across several service categories and infrastructure sharing.

**TIME Business Convergence
Seminars
August-October 2007**

The Company organised a series of awareness seminars specially targeted at corporate organisations and the government sector. A dedicated seminar was held for members of the UEM Group at Renaissance Hotel Kuala Lumpur on 7 August 2007, followed by other corporate customers at JW Marriott Hotel Kuala Lumpur on 4 September 2007 and concluded with the government sector at the Putrajaya Marriott Hotel on 30 October 2007.

**TIME dotCom Donates
RM10,000 to IIUM Endowment
Fund
24 October 2007**

As part of its Corporate Social Responsibility programmes, TIME dotCom donated RM10,000 to the International Islamic University Malaysia (IIUM) Endowment Fund that focuses on financing of students.

**TIME dotCom Sponsors
UPM Excellence Awards
28 November 2007**

As part of its continuous effort in supporting local education especially in the area of information and communication technology (ICT), TIME dotCom has sponsored three Awards of Excellence for top final year students from the Faculty of Engineering, Universiti Putra Malaysia (UPM).

Corporate Governance Statement

The Board is not only committed towards ensuring the highest standards of corporate governance in the Group as articulated in the Principles and Best Practice promulgated in the Malaysian Code of Corporate Governance (the "Code") but also continually strives to enhance the effectiveness by improving the Board of Directors' practices and processes. This is in line with the objective of the GLC Transformation Initiative to Enhance Board Effectiveness as laid down in the Green Book produced by Putrajaya Committee on GLC High Performance for all GLCs.

The Board views corporate governance as synonymous with four key concepts of the Group; namely transparency, integrity and accountability as well as corporate performance. The group adopts these key concepts in the Group's operation and management and consciously applies the principles and best practices of the Code and other global standards.

The Board is pleased to provide the following statement which outlines the main corporate governance that was in place throughout the financial year.

Principles statement

A. Directors

The Board

An effective Board that leads and controls the Group is vital in the stewardship of its direction and operations and ultimately the enhancement of long-term shareholder value. Thus, the Board is responsible for the strategic direction, establishing goals for management and monitoring the achievement of these goals. All Directors are from diverse professional backgrounds with a wide range of business and financial experience. The profile of each Director is presented from pages 15 to 17.

The diversity of the Directors' background is pivotal towards providing depth and specific experience and perspective to the leadership of the Group, as needed by the Group's business which is a highly regulated and supervised telecommunications industry.

In discharging its stewardship, the Board has adopted a formal schedule of matter which includes:

- review, decide and adopt a strategic plan and direction for the Group as well as providing guidance and input on the overall strategic plan and direction to the management;
- setting and establishing targets and goals for the management and monitoring the achievement of these targets and goals;
- review and oversee the corporate performance of the Group;
- identify and manage principal risks in the Group's business; and
- oversee, supervise and plan the Group's future leaders, human capital and their succession.

The schedule ensures that the governance of the Group is in its hands.

Board Balance

The Board currently consists of eight (8) members, comprising one (1) Non-Independent Non-Executive Chairman ("Chairman"), three (3) Independent Non-Executive Directors and four (4) Non-Independent Non-Executive Directors.

This complies with paragraph 15.02 of the Listing Requirements which requires that at least two (2) Directors or one third of the Board of the Company, whichever is higher, are independent Directors. The Board's current size and composition are also in line with the GLC guidelines and appropriate for its purposes. The composition of the Board reflects an impressive spectrum of experiences and skills with a mix of legal, financial, technical and business experience which are relevant and vital to the direction and management of the Group. It also fairly reflects the interests of the minority shareholders of the Group.

The roles and responsibilities of the Chairman and the Managing Director are separate with clear distinctions between them. The Chairman leads the Board and is responsible to ensure the effective and smooth interaction of the overall Board and individual Directors, both within and outside the Boardroom as well as driving the discussion toward consensus and to achieve closure in every discussion. The Managing Director is responsible for developing and implementing strategy of the Group, reflecting long term objectives as well as priorities established by the Board. The Managing Director assumes full

responsibility and accountability to the Board for all aspects of Company operations and performance. He also represents the Company to major customers, employees, suppliers and professional associations.

The present size and composition of the Board is optimum and well balanced. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and control. The Independent Directors play pivotal roles towards ensuring that the business strategies of the Group and any other matters or agendas discussed are properly and fully deliberated and examined with a view to protect the interests of shareholders and the stakeholders of the Group. They provide independent and unbiased views in determining the final decisions taken or endorsed by the Board.

Meetings

The Board meets regularly. In addition to the scheduled meetings, the Board also convenes special meetings when urgent and important decisions need to be taken between scheduled meetings. During the past financial year, the Board met 16 times.

For all the meetings, due notices were given and structured formal agenda and papers relating to the agenda items were forwarded to all the Board members for their perusal prior to and in most cases, in advance of the date of each meeting.

All proceedings of the meetings were properly minuted and filed. The minutes are circulated to each and every Board member for their perusal prior to the confirmation of the minutes before the commencement of the next Board meeting. The members may request for clarification or raise comments on the minutes before they are confirmed.

The Board deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions, the business directions of the Group and Corporate Governance matters during the financial year. Details of Directors' attendance at Board Meetings held during the financial year ended 31 December 2007 are as follows:

Date of Board Meeting	Directors' Attendance			Total No. of Attendance/Total
	Independent	Non-Independent Director	Managing Board Members	
30 January 2007	3	5	1	9/9
7 February 2007	3	4	1	8/9
22 February 2007	3	4	1	8/9
28 March 2007	3	5	1	9/9
13 April 2007	3	5	1	9/9
29 May 2007	3	5	1	9/9
18 June 2007	2	3	1	6/9
26 July 2007	3	4	1	8/9
20 August 2007	3	5	1	9/9
29 August 2007	2	4	1	7/9
6 September 2007	3	3	1	7/9
9 October 2007	3	4	1	8/9
29 October 2007	3	4	1	8/9
13 November 2007	3	4	1	8/9
14 November 2007	2	3	1	6/9
23 November 2007	2	4	1	7/9

The Board of Directors delegates certain responsibilities to Board Committees. All Committees have written terms of reference and operating procedures to ensure a clear division of duties between the full Board and Board Committees. The Board is kept informed of all proceedings and deliberations of its Board Committees through minutes of Board Committees' meetings which are tabled at the Board meetings, for notation.

Corporate Governance Statement

(continued)

The details of meetings and activities of these Committees are discussed in the following paragraphs.

Supply of information

The Board has unrestricted access to information required so as to enable it to discharge its duties, as the decision making process is highly contingent on the strength of information furnished. The Board is provided with regular and updated information and briefings on the performance of the Group and the Company prior to every meeting to enable them to make informed decisions. The Board papers include, amongst others, the following details.

- Annual business plan;
- Quarterly performance reports of the Group;
- Management monthly reports;
- Major operational and financial issues;
- Market share and market responses to the Group's strategies;
- Major investments, acquisitions and disposals of assets;
- Manpower and human resource issues; and
- Minutes of meetings of all the Committees of the Board.

Senior management and key operational managers are informed and made aware of the quality and timeliness required by the Board with respect to the contents, presentation and delivery of Board papers for each Board meeting.

Key matters such as approval of annual and interim results, annual business plans and budget; major investment, financial decisions, key policies, major proposals and announcements are reserved for the Board. These reserved matters are set out in the Group's Discretionary Authority Limits ("DAL"). The DAL also specifies the levels of authority delegated to the Management by the Board.

The Board, whether as a full Board or its members in their individual capacity, can seek independent professional advice at the Company's expense in the course of fulfilling their responsibilities. Every Director also has unhindered access to the advice and services of the Company Secretary. The Company Secretary constantly advises and updates the Board on the statutory and regulatory requirements in relation to their duties and responsibilities. Appointment and removal of the Company Secretary can only be made by the Board as a whole.

Director's Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. During the financial year, the Directors have also attended seminars and briefings conducted by the Regulatory Authorities and the professional bodies in order to keep abreast with relevant developments in laws and regulations and the business environment. Some of the seminars and briefings attended by the Directors during the financial year were as follows:

- Bursa Malaysia – MAICSA Roadshow 2007 "Updates on Listing Requirements: Issues and Challenges"
- Bursa Malaysia Breakfast Dialogue: CSR: The Pulse of the Corporates
- Training Session for Directors on Amendments to the Companies Act 1965 and Malaysian Code on Corporate Governance
- Management Development Series 2007: Leading Organisational Change

Re-election of retiring Directors

In accordance with the Company's Articles of Association and the Bursa Malaysia Listing Requirements, one-third of the Directors shall retire by rotation at every Annual General Meeting and all directors are subject to retirement at an interval of at least once every three (3) years. The Nomination Committee shall, upon reviewing and assessing performance levels, recommend to the Board the re-election of the Directors who are due for retirement at each Annual General Meeting.

Board Appraisal Process

In line with the Government's intention to raise and enhance GLC Boards effectiveness and to structure high performing Boards, the Company has adopted an evaluation framework comprising Board Effectiveness Assessment and Board of

Directors' Self/Peer Assessment. These assessments are designed to identify the areas that need to be improved to increase the Board's effectiveness and at the same time maintain the cohesiveness of the Board.

Among key performance indicators employed to evaluate the Board's current effectiveness are board composition, board administration, board accountability, responsibility and conduct whereas the indicators for individual director's assessment include their interactive contributions, understanding of their roles and quality of input.

The Company carries out the assessment process annually and the Board continuously identifies the areas to be addressed and is committed to align its effectiveness towards the recommended best practices.

B. Board Committees

Appointments of Board Committees

The Board has delegated certain responsibilities to the Board Committees and each and every Board Committee has written terms of reference of its own. The Board receives reports from the Board Committees and is constantly updated of their proceedings and deliberations. In cases where the Board Committee has no authority to decide on certain matters, the Board Committees will assess and examine the issue and subsequently provide their recommendations which are highlighted in their respective reports for the Board's endorsements.

Audit Committee

Paragraph 15.10 of the Bursa Malaysia Listing Requirements requires an Audit Committee to be established. The Company's Audit Committee comprises three (3) Non-Executive Directors headed by an Independent Non-Executive Director. Further details of its composition, roles and activities during the financial year are set out in pages 32 to 35.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises four (4) members and all of them are Non-Executive Directors. Among them, three (3) are Independent Directors and one (1) is a Non-Independent Director. The Nomination and Remuneration Committee held a total of five (5) meetings during the past year. The details are as follows:

		No. of meetings attended
Dato' Ir. Abdul Rahim bin Abu Bakar (Chairman)*	<i>Independent, Non-Executive Director</i>	5/5
Abdul Kadir bin Md Kassim	<i>Non-Independent, Non-Executive Director</i>	3/5
Kamaludin bin Abdul Kadir	<i>Independent, Non-Executive Director</i>	5/5
Dato' Shaik Daud bin Md Ismail	<i>Independent, Non-Executive Director</i>	4/5

* Dato' Ir. Abdul Rahim bin Abu Bakar resigned from the Company on 31 December 2007

Throughout the year 2007, the Nomination and Remuneration Committee has taken the following steps to ensure proper discharge of its duties:

- Made recommendations to the Board with respect to the Directors who shall retire at the Company's 10th Annual General Meeting.
- Reviewed the required mix of skills, experience and other qualities of Non-Executive Directors and implemented Board assessment survey forms to assist the Committee in the review.
- Made available training opportunities to Board members from time to time.

Corporate Governance Statement

(continued)

- Reviewed and implemented the recommendations for Board effectiveness by the GLC Transformation Green Book.
- Conducted interviews with various candidates for the position of the Managing Director and subsequently recommended to the Board the appointment of the Managing Director.
- Reviewed and made some changes to the Non-Executive Directors' monthly fixed fee and entitlement recommended by UEM Group.

In carrying out its duties and responsibilities, the Nomination and Remuneration Committee has full and unrestricted access to the Company's records, properties and personnel and it may also obtain the advice of external advisors if so required. The Directors are paid annual fees and attendance allowance for each Board meeting and Board Committee meeting that they attended.

Details of the Directors' remuneration (including benefits-in-kind) for each Director during the financial year ended 31 December 2007 are as follows:

Name of Directors	Fixed Fees (RM)	Allowances (RM)	Benefits-in-Kind (RM)	Salary (RM)	EPF (RM)	Total Amount (RM)
Dato' Ir. Wan Muhamad bin Wan Ibrahim	¹ 89,500	19,750	12,548	-	-	121,798
Puan Elakumari a/p Kantilal	² 49,000	20,500	300	-	-	69,800
En Abdul Kadir bin Md Kassim	35,600	13,250	300	-	-	49,150
En Kamaludin bin Abdul Kadir	35,600	21,500	300	-	-	57,400
Dato' Ir. Abdul Rahim bin Abu Bakar	³ 49,000	22,250	300	-	-	71,550
En Amiruddin bin Abdul Aziz	35,600	14,000	-	-	-	49,600
Dato' Shaik Daud bin Md Ismail	⁴ 59,500	19,000	300	-	-	78,800
Puan Azian binti Mohd Noh	35,600	8,000	-	-	-	43,600
Dato' Baharum bin Salleh	-	-	45,302	480,000	76,176	601,478

Tender Board Committee

The Tender Board Committee was established to facilitate the procurement process. Its main objective is to examine the tenders received and ensure that all necessary criteria, specifications and requirements of the Company have been met and complied with.

The Tender Board Committee consists of Dato' Ir. Wan Muhamad bin Wan Ibrahim (Chairman), Elakumari a/p Kantilal and En Kamaludin bin Abdul Kadir. The Board has delegated the authority to it to approve up to RM10.0 million for the budgeted transactions for the acquisition/disposal of fixed assets, trade or stock purchase and the award of contracts after taking into consideration various factors such as the list of tenders received, nature of procurement and the technical and commercial evaluation.

During the year, the Tender Board Committee held two (2) meetings.

¹Inclusive of the fees paid for sitting as director for subsidiaries

²Inclusive of the fees paid for sitting in Audit Committee

³Inclusive of the fees paid for sitting in Audit Committee

⁴Inclusive of the fees paid for sitting in Audit Committee

Executive Committee

The Executive Committee which comprises Dato' Ir. Wan Muhamad bin Wan Ibrahim and En Abdul Kadir bin Md Kassim was formed in October 2007. The key objective of the Executive Committee is to facilitate decisions to be made by the Board and timely response to changes affecting the Company through more frequent meetings of smaller number of appointed members of the Board who have the power to provide direction to the management of the Company.

C. Shareholders

Investors / Shareholders Relations

The Group recognises and acknowledges that the key element of good corporate governance is being transparent and accountable to all stakeholders. It is fundamental for the Group to establish a provision of clear, relevant and comprehensive information readily accessible to all stakeholders at anytime. Acknowledging this fact, the Group maintains a high level of disclosure and communicates regularly and proactively with its stakeholders, particularly to investors and shareholders, through transparent, effective and readily accessible communication channels. Information on the Group's business activities and financial performance are disseminated through press releases, quarterly reports, annual report and the Annual General Meeting in a timely and efficient manner. In addition, the Company's website at <http://www.time.com.my> provides a broad range of information to the shareholders.

The Company has taken great care and control to ensure that no market sensitive and any other information that require to be reported or announced to the Bursa Malaysia for public release are disseminated or informed to any party without first making such official report or announcement to ensure equal dissemination and information to all investors. Any information released by the Company totally complies with and strictly adheres to disclosure rules and regulations of Bursa Malaysia Listing Requirements.

The Board has identified Dato' Shaik Daud bin Md Ismail as the Senior Independent Non-Executive Director to address minority shareholders' issues and to whom minority shareholders' concerns may be conveyed.

Annual Report and Annual General Meetings

The key channel of communication regarding the Group's business activities and financial performance is via the Company's annual report. The annual report discloses comprehensive details about the Group's business activities and financial performance for the financial year.

The Annual General Meeting is the principal open forum at which shareholders and investors are informed of the current development. An interactive dialogue is conducted for them to inquire about the Group's activities and prospects as well as communicate their expectations and concerns. Adequate time is allocated for the question and answer sessions between the Directors and the Group's external auditors with the shareholders at the Annual General Meeting held by the Company.

Each item of special business included in the Notice of Annual General Meetings is accompanied by a full explanation of the effects of the proposed resolution. Special resolutions are proposed for different transactions and the Chairman declares the outcome of the votes cast for and against each resolution.

D. Accountability and Audit

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, the Board aims to present a clear and balanced assessment of the Group's position and prospects. The Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of such financial reporting.

Corporate Governance Statement

(continued)

Directors' Responsibility Statement in respect of the Preparation of the Audited Financial Statements

The Board of Directors is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of their results and cash flows for the period then ended.

In preparing the financial statements, the Directors have considered and ensured that:

- Applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied;
- Suitable and appropriate accounting policies have been adopted and applied consistently; and
- Reasonable and prudent judgments and estimates were made.

The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 44 of the Financial Statements section of the annual report.

Internal Control

The Board acknowledges its responsibility in maintaining a sound system of internal control to safeguard shareholders' investments and for reviewing the effectiveness, adequacy and integrity of those systems. The Board and Audit Committee are provided with sufficient information as to the Group's risk profile and Risk Management procedures and Management Information System to ensure that the Group's internal controls and systems are effective.

The Statement on Internal Control furnished on pages 36 to 38 of the annual report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 36 to 38 of the annual report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 36 to 38 of the annual report.

Compliance statement

The Company has complied with all the best practices of corporate governance set out in Part 2 of the Code throughout the financial year.

Additional Compliance Information

1. Material contracts Involving Directors' and Major Shareholders' Interest

Save as disclosed below, there were no material contracts entered by the Company and/or its subsidiaries involving shareholders' interest either subsisting as at 31 December 2007 or entered since the end of the previous financial year are as follows:

Wayleave and Right of Use Agreement between Projek Lebuhraya Utara-Selatan ("PLUS") and TT dotCom Sdn Bhd ("TT dotCom") dated 12 May 2000

The Agreement grants an exclusive right to TT dotCom to use the fibre optic telecommunications network and infrastructure installed by PLUS for an annual sum of RM10,800,000 for the calendar year 2000 with an incremental amount of 5% compounded annually up to the calendar year 2014. Thereafter, the annual sum will remain at RM4,240,000 until the expiry of the Agreement.

The Agreement shall expire upon the lapse of the concession as granted by the Government of Malaysia to PLUS which is on 30 May 2030, unless renewed by the Government of Malaysia (in which event the Agreement shall terminate upon the renewed terms of the PLUS Concession).

TT dotCom did not exercise the option to purchase the fibre optic cable and ducts from PLUS under the Supplemental Agreement dated 19 May 2000 which expired on 11 November 2002. The expiration of the option, however, does not affect TT dot Com's exclusive right to use the telecommunications facilities under the Agreement.

PLUS Expressways Berhad is the holding company of PLUS and an associate company of UEM World Berhad ("UEM World"). UEM Group Berhad is a major shareholder of UEM World and a wholly-owned subsidiary of Khazanah Nasional Berhad. ("Khazanah"). Khazanah is a major shareholder of the Company.

2. Imposition of Sanctions/Penalties

A penalty was imposed by Malaysian Communications and Multimedia Commission on the company's wholly-owned subsidiary for the financial year ended 31 December 2007 which amounted to RM5 million for non compliance with the conditions of 3G Spectrum assignment.

3. Non-audit fees

The non-audit fees paid to external auditors for the financial year ended 31 December 2007 was RM25,000.

Audit Committee Report

The Board of Directors is pleased to present the Report of the Audit Committee (“Committee”) for the year ended 31 December 2007.

Composition

The Committee presently comprises three (3) members, of whom two (2) are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The members of the Audit Committee during the financial year ended 31 December 2007 are as follows:

Dato’ Shaik Daud bin Md Ismail (Chairman)	Independent, Non-Executive Director
Dato’ Abdul Rahim bin Abu Bakar (Resigned on 31 December 2007)	Independent, Non-Executive Director
Elakumari a/p Kantilal	Non Independent, Non-Executive Director
Ronnie Kok Lai Huat (Appointed on 31 January 2008)	Independent, Non- Executive Director

The profiles of the Audit Committee members are contained in “Profile of Board of Directors” set out on pages 15 to 17.

Terms of reference

The Committee was established on 27 September 2000 to act as a Committee of the Board of Directors, with the terms of reference as set out on pages 34 to 35.

Meetings

The Audit Committee convened four (4) meetings during the financial year ended 31 December 2007. The details of attendance are as follows:

Name	Number of meetings attended
Dato’ Shaik Daud bin Md Ismail	4/4
Dato’ Abdul Rahim bin Abu Bakar (Resigned on 31 December 2007)	4/4
Elakumari a/p Kantilal	4/4

The Managing Director and the Company Secretary were present by invitation at all meetings. The external auditors, Head of Internal Audit, Chief Financial Officer and Senior Management members were also present during discussions to brief the Audit Committee on specific issues.

Minutes of meetings of the Committee were circulated to all members of the Board and significant issues were discussed at Board meetings.

Summary of activities

The Committee carried out its duties in accordance with its terms of reference during the year. The main activities undertaken by the Committee were as follows:

- Reviewed the audited financial statements for the financial year ended 31 December 2006 and the unaudited quarterly financial results of the Group for 2007 with the external auditors prior to the Board of Directors' approval and subsequent announcements.
- Reviewed the scope of work, programmes and plans of the Group Internal Audit Division and the resources allocated to carry out its work.
- Reviewed the internal audit reports issued, which covered the areas of information technology security, capital and operational expenditure, human resources and key operational areas audit on Johor Bahru branch, revenue assurance, procurement, sales incentive, project implementation and management, status of tendered projects, Red Book and Green Book gap analysis, fault escalation, post sales management, compliance with corporate governance requirements and related party transactions.
- Discussed with management to undertake the corrective measures to address gaps and deficiencies identified in the internal audit reports.
- Recommended to the Board improvements in risk management, internal control and governance processes.
- Reviewed the reappointment of external auditors and the annual audit fee.
- Reviewed the Audit Committee Report and the Statement on Internal Control for 2007 before being tabled to the Board.
- Reviewed the Group's procedures in respect of recurrent related party transactions ("RPTs") to ensure that the RPTs were not more favourable to the related parties than those generally available to the public and not detrimental to minority shareholders.
- Reviewed the Group's compliance with the Listing Requirements of Bursa Malaysia, Malaysian Accounting Standards Board ("MASB") and other relevant legal and regulatory requirements.
- Recommended the appointment of external auditor to conduct a special review the 2005 accounts for submission to Malaysian Communications And Multimedia Commission to recalculate the telecommunication licence fee of 2006.
- Recommended the bad debts to be written off for the year ended 2007.
- Appointed Fong Swee Hock as Vice President for Group Internal Audit as replacement for Tang Tat Chun.

The Audit Committee continuously engages with and monitors the services of the external auditors to ensure independence, objectivity and effectiveness of the existing auditors.

Internal Audit function

The Board of Directors is committed to establishing and maintaining an efficient and effective internal audit function to obtain sufficient assurance of regular review and appraisal of the effectiveness of the Group's system of internal controls. The internal audit function is guided by its Audit Charter and reports to the Audit Committee. Its primary role is to assist the Audit Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and integrity of the Group's system of internal controls.

In 2007, Group Internal Audit executed a range of audit assignments covering locations at Corporate Headquarter and regional offices focusing on business processes, human capital and systems. Group Internal Audit also coordinates the follow up reviews on the resolutions of both internal audit controls issues and reports the status to the Audit Committee accordingly.

Findings and recommendations for improvements are communicated to senior management and the Audit Committee with half yearly follow up on the implementation status of action plans. The Group Internal Audit function adopts a risk-based approach in the review of internal controls based on an annual audit plan approved by the Audit Committee.

In line with The Institute Auditors (IIA) Standards, Group Internal Audit Division has on 8 October 2007 commenced an internal audit assessment on the entire spectrum of audit work performed by the internal auditors via a Quality Assessment Review (QAR) by an independent reviewer.

Audit Committee Report

(continued)

Terms of reference of the Audit Committee

Objectives

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

Composition

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, a majority of whom shall be independent Directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or should have 3 years working experience and passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967 or is a member of one of the Associations of Accountants specified in Part II of the 1st Schedule of the Act.

All Audit Committee members shall be non-executive directors. The members of the Audit Committee shall elect a Chairman from amongst their number.

In the event of any vacancy in the Audit Committee, the Board shall within three (3) months of that event, appoint such number of new members as may be required to fill the position. The Nomination Committee will review and recommend, to the Board for approval, another director to fill up such vacancies.

No alternate Director is appointed as a member of the Audit Committee. The terms of office and performance of the Audit Committee must be reviewed by the Board once every 3 (three) years. All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company.

Members of the Audit Committee may relinquish their membership in the Committee with prior written notice to the Company Secretary and may continue to serve as Director of the Company. All committee members including the Chairman should be persons of good social standing and possess relevant skills and a good track record in the corporate or business field.

Meetings

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. In order to form a quorum in respect of a meeting of an audit committee, the majority of members present must be independent non-executive Directors.

The Audit Committee shall aim to reach a consensus on issues discussed, failing which a poll shall be taken through a show of hands. The Chairman of the Committee should report on each meeting to the Board. Minutes of each meeting should be kept and distributed to each member of the Committee and of the Board. The Company Secretary shall be appointed Secretary of the Committee.

The Managing Director, Chief Financial Officer, Head of Internal Audit and a representative of the external auditors shall normally be entitled to attend the meetings of the Committee and to make known their views on any matter under consideration by the Committee, or which in their opinion, should be brought to the Committee's attention.

The Audit Committee must ensure that other directors and employees attend meetings only at the Audit Committee's invitation, specific to the relevant meeting.

Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference. It shall have:

- the authority to investigate any matter within its terms of reference;
- the resources which are required to perform its duties;
- full and unrestricted access to information;
- direct communication with the external auditor and Head of Internal Audit department/function;

- the right to obtain external professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- the right to convene meetings with the external auditors together with non-executive committee members whenever deemed necessary.

Functions and duties

In fulfilling its primary objectives, the Audit Committee will need to undertake the following functions:

- i) To determine that established policies, procedures and guidelines, operating and internal accounting controls are adequate, functioning, effective, and are complied with in promoting efficiency and proper conduct of the Company's business.
- ii) To act as an independent and objective party in reviewing the financial information of the Company presented by Management.
- iii) To review the quarterly and year-end financial statements of the Company for recommendation to the Board for approval, focusing particularly on:
 - Any changes in accounting policies and practices
 - Significant adjustments arising from the audit
 - The going concern assumption
 - Compliance with accounting standards and legal requirements
- iv) To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- v) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved.
- vi) To discuss problems and reservations arising from the interim and final audits, and any other matter the auditor may wish to discuss (in the absence of Management where necessary).
- vii) To review the external auditor's management letter, their evaluation of the systems of internal control and management's responses thereof.
- viii) To ensure that assistance is given by the employees of the company in following the best practices in providing full and faithful disclosure of any material information, to the external auditor.
- ix) To do the following where an internal audit function exists:
 - Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work
 - Review the internal audit plan and results of the internal audit process and ensure that appropriate action is taken on the recommendations of the internal audit function
 - Review any appraisal or assessment of the performance of members of the internal audit function
 - Approve any appointment or termination of senior staff members of the internal audit function.
 - Inform itself of resignations of internal audit staff members and provide the resigning staff to submit his/her reasons for resigning
- x) To consider any related party transactions that may arise within the Company or Group.
- xi) To consider the major findings of internal investigations and Management's response.
- xii) To review pertinent operational matters in relation to the Group's quarterly financial performance and quarterly announcement to Bursa Malaysia.
- xiii) To monitor operational performance against targets set in the Business Plan and Executive Dashboard in relation to the Group's quarterly financial performance and quarterly announcement to Bursa Malaysia.
- xiv) To consider other topics as defined by the Board.

Statement of Internal Control

The Board of Directors is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement on internal control that outlines the nature and scope of internal control of the Group during the year pursuant to paragraph 15.27 (b) of Bursa Malaysia's Listing Requirements.

Board responsibility

The Board acknowledges its responsibility in maintaining a sound system of internal control to safeguard shareholders' investments and for reviewing the effectiveness, adequacy and integrity of those systems. The system of internal control addresses the corporate objectives on the need for effective and efficient business operations, sound financial reporting and internal controls and compliance with relevant laws and regulations. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of non-achievement of the Group's objectives. Therefore, the internal control system can only provide reasonable but not absolute assurance against the occurrence of any material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks that may materially affect the achievement of its corporate objectives. This process has been in place throughout the year under review up to the date of this report.

On-going reviews are carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets and shareholders' interests in the Group.

Risk management framework

The risk management framework has been adopted and this includes the establishment of the Risk Management Steering Committee ("RMSC") in 2002. The Managing Director is tasked to head the RMSC. The Risk Management Secretariat reports to the RMSC to assist it in the undertaking of its functions.

The RMSC is tasked with developing and maintaining an effective risk management system within the Group. Formal risk policy and guidelines have been established for the risk management framework. Under the existing risk management framework, risks are managed on a day to day basis by the operating units, divisions and departments assisted by the Risk Management Secretariat with oversight function provided by the Managing Director and the RMSC. The internal audit function and the Audit Committee provide further independent assurance.

Following the enterprise risk management exercise, risk registers were established for the Group and key risks were identified. During the financial year, RMSC reviewed the enterprise risk profile and management's action plan on significant risks which were presented to the Board. The Board was further updated on the status of the management action plan in mitigating these risk factors on a regular basis.

Designated risk coordinators were tasked with maintaining the risk registers for their operating units and following up on action plans to manage and mitigate the risk factors. The risk coordinators meet with their respective divisions at least once every three months to discuss developments pertaining to the enterprise risk and update the registers accordingly.

Control environment and structure

The Board recognizes that in order to achieve a sound system of internal control, a conducive control environment and framework must be established. The Board is fully committed to the maintenance of such control environment within the Group and, in discharging their responsibilities, adopted the following key system of internal control within the Group to govern the manner in which the Group and its employees conduct themselves. The key elements of internal controls comprised of the following:

- **Board Committees** were set up by the Group to promote corporate governance and transparency with specific terms of reference and authority. The Board Committees formed by the Group are the Audit Committee, Nomination and Remuneration Committee and Tender Board Committee. These Committees report to the Board and make recommendations for the Board's decision.

- **Board meetings** are scheduled regularly. Board papers are distributed to the members ahead of the meetings and Board members have access to all relevant information. Decisions are made by the Board only after the required information is presented and deliberated. This ensures that the Board maintains full and effective control on the direction of the Group.
- **Audit Committee** composition, which majority comprised of Independent Directors, was maintained throughout the financial year. All members of the Committee were non-executive. The members of the Committee have brought with them a wide variety of experience from different industries and background. They met and have full access to both the internal as well as external auditors during the financial year.
- **The Discretionary Authority Limits Table** delineates authority limits to ensure accountability and segregation of duties. The Discretionary Authority Limits Table is reviewed on a regular basis at various levels for it to be more effective and efficient in supporting the business operations. The last revision was presented and approved by the Board of Directors on 29 May 2007.
- **Internal Audit** function reports to the Audit Committee and is guided by the Audit Charter. Findings and recommendations for improvements are communicated to senior management and the Audit Committee with regular follow up on the implementation status of action plans. The Internal Audit function adopts a risk-based approach in the review of internal controls based on an annual audit plan approved by the Audit Committee. The Internal Audit function undertakes a review of the Company's application and compliance with the corporate governance principles and best practices of the Malaysian Code on Corporate Governance. The Internal Audit function also examines the adequacy and effectiveness of the verification, recording and disclosure procedures for related party transactions, recurrent or otherwise, in conformance with Bursa Malaysia Listing Requirements on related party transactions.
- **Revenue assurance** functions as continuous monitoring of potential revenue leakage that may arise from day-to-day operations. Processes and controls within the revenue value chain are reviewed on regular basis to ensure effectiveness and efficiency. Identified revenue leakage issues with recommendations for mitigation are circulated to the relevant departments for action. Actions plan and status are reported to management in Management Meetings.
- **Fraud control and credit management** functions are in place to ensure that subscriber usage patterns are continuously monitored, appropriate actions taken immediately for suspected fraud, and customer acceptance and credit management procedures are adhered to.
- **Financial and operational information** is prepared and presented to the Board. Annual budgets and business plans are prepared by all business units and consolidated at Group level for the Board's approval. Operating results are monitored by Senior Management against budgets on a monthly basis. The Audit Committee and Board review the results on a quarterly basis to enable it to track the Group's achievement against its annual targets.
- **Operational and accounting manuals** are in place to guide key business processes and regularly updated for application across the Group. Financial statements are prepared in compliance with Financial Reporting Standards. In addition, ISO 9001:2000 procedures for billing, activation, collections and customer service assurance are regularly monitored to ensure compliance.
- **Procedures for hiring, termination, appraisal and training** of employees are in place to ensure that the Group's human resource requirements are met in achieving its business objectives.
- **Human resource policies and code of conduct** are available to all employees via the intranet. All employees are required to sign confidentiality agreements and Declaration of Non-Conflict of Interests upon their appointments and renew their Declaration of Non-Conflict of Interest every year.
- **Policies and procedures** are continuously updated during the financial year and deposited in a central repository to enable all employees to gain easy access for their reference.
- **Quality of Service ("QoS")** processes that measure and monitor billing performance, customer complaints, service availability, service restoration performance and network performance, are in place to ensure mandatory compliance with Mandatory Standard for Quality of Service issued by Malaysian Communications and Multimedia Commission.

Statement of Internal Control

(continued)

- **Management meetings** comprising Management Committee and Operation Performance Review attended by Senior Management and both Senior Management & Functional Managers respectively were held regularly. The meetings were held to review how business is executed against key strategic objectives/plans and discuss action items, initiatives, key issues & other forward-looking operational subjects in a cross-functional environment.

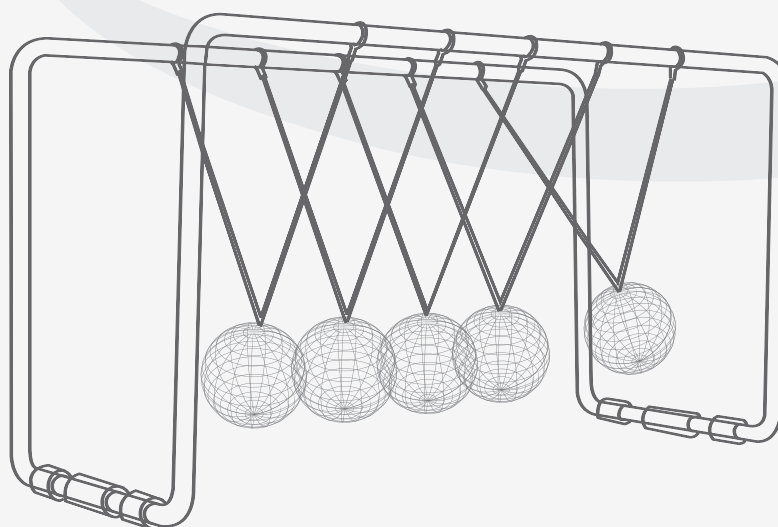
Review by External Auditors

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Group for the year ended 31 December 2007 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Financial Statements

for the year ended 31 December 2007

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Directors' Report

for the year ended 31 December 2007

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

Principal activities

The principal activities of the Company are investment holding and the provision of management and marketing/promotional services and retailing of telecommunications products.

The principal activities of the subsidiary companies are disclosed in Note 7 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

Results

	Group RM'000	Company RM'000
Loss for the year	160,673	13,831

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year.

Dividends

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the year under review.

Directors of the Company

Directors who served since the date of the last report are:

Dato' Ir. Wan Muhamad bin Wan Ibrahim

Dato' Shaik Daud bin Md. Ismail

Elakumari a/p Kantilal

Abdul Kadir bin Md. Kassim

Kamaludin bin Abdul Kadir

Amiruddin bin Abdul Aziz

Azian binti Mohd Noh

Ronnie Kok Lai Huat (appointed on 31 January 2008)

Dato' Abdul Rahim bin Abu Bakar (resigned on 31 December 2007)

Dato' Baharum bin Salleh (appointed on 1 January 2007; resigned on 31 January 2008)

None of the Directors holding office as at 31 December 2007 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or corporate shareholder) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and legal fees paid to a firm in which a Director is a member as disclosed in Note 24 of the Financials Statements.

There were no arrangements during and at the end of the financial year, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report

for the year ended 31 December 2007 (continued)

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events during the year

During the year, the Group through its wholly-owned subsidiary had acquired 50.25 million of DiGi.Com Berhad ("DiGi") shares at a price of RM 21.50 per DiGi share amounting to RM1,080.4 million representing 6.5% of the enlarged issued and paid-up share capital of 777.5 million DiGi shares. The acquisition was financed through a bank loan secured over all the DiGi shares.

On 14 November 2007, the Company and its subsidiary company, TT dotCom Sdn Bhd, have entered into a Heads of Agreement with DiGi and DiGi Telecommunications Sdn Bhd ("DiGi Telecom") for a proposed alliance which includes proposed transfer of the third generation ("3G") spectrum and proposed joint business planning exercise (hereinafter "Proposed Alliance")

The consideration will be satisfied by an issuance of 27,500,000 new shares by DiGi representing 3.5% of the enlarged issued and paid-up share capital of 777.5 million DiGi shares at an issue price to be determined at completion date.

Subsequent events

On 25 January 2008, both parties have entered into a Definitive Agreement in relation to the Proposed Alliance.

On 5 March 2008, the Groups' subsidiary, TT dotCom Sdn Bhd has been granted conditional approval by the Malaysian Communications And Multimedia Commission ("MCMC") in relation to the transfer of the 3G spectrum assignment to DiGi Telecom.

On 25 March 2008, the Group held an Extraordinary General Meeting to table the following resolutions:

- Proposed ratification of the acquisition of 50.25 million Ordinary Shares of RM0.10 each in DiGi from Telenor Asia Pte Ltd for a total cash consideration of RM1,080.4 million and,
- Proposed transfer of the 3G spectrum assignment No. SA/01/2006 over the frequency bands of 1965MHz-1980MHz, 2155MHz-2170MHz and 2010MHz-2015MHz by TT dotCom Sdn Bhd to DiGi Telecom to be satisfied by the issuance of 27,500,000 new shares in DiGi credited as fully paid-up to TT dotCom Sdn Bhd or its nominees (comprising TIME dotCom Berhad and all its subsidiaries).

The shareholders duly passed both the above-mentioned resolutions.

Directors' Report

for the year ended 31 December 2007 (continued)

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



Dato' Ir. Wan Muhamad bin Wan Ibrahim



Elakumari a/p Kantilal

Kuala Lumpur, Malaysia

Date: 8 April 2008

Statement by the Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the Financial Statements set out on pages 47 to 78 are drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of the results of their operations and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



Dato' Ir. Wan Muhamad bin Wan Ibrahim



Elakumari a/p Kantilal

Kuala Lumpur, Malaysia

Date: 8 April 2008

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Faizatul Akmar binti Abu Bakar**, the officer primarily responsible for the financial management of TIME dotCom Berhad, do solemnly and sincerely declare that the financial statements set out on pages 47 to 78 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 8 April 2008.



Faizatul Akmar bt Abu Bakar

Before me:



Unit No 50-8-1, Tkt 10
Wisma UOA Damansara
50 Jalan Dungan
Damansara Heights
50490 Kuala Lumpur

Report of the Auditors

to the members of TIME dotCom Berhad

We have audited the Financial Statements set out on pages 47 to 78. The preparation of the Financial Statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the Financial Statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

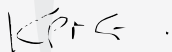
We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the Financial Statements are properly drawn up in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2007 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the Financial Statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

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

The audit reports on the Financial Statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.



KPMG
Firm Number: AF 0758
Chartered Accountants



Mohamed Raslan bin Abdul Rahman
Partner
Approval Number: 1825/05/09(J/PH)

Kuala Lumpur, Malaysia

Date: 8 April 2008

Balance Sheet

at 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000 Restated	2007 RM'000	2006 RM'000
Assets					
Property, plant and equipment	3	35,742	45,085	89	1,143
Prepaid lease payment	4	5,019	5,451	-	-
Telecommunications network	5	1,274,654	1,401,025	-	-
Goodwill on consolidation	6	591,401	591,401	-	-
Investment in subsidiaries	7	-	-	2,913,132	2,913,132
Other investments	8	1,081,457	-	-	-
Total non-current assets		2,988,273	2,042,962	2,913,221	2,914,275
Inventories	9	6,153	7,903	-	-
Receivables, deposits and prepayments	10	92,038	86,864	408,638	413,502
Cash and cash equivalents	11	142,172	147,376	3,711	9,156
Total current assets		240,363	242,143	412,349	422,658
Total assets		3,228,636	2,285,105	3,325,570	3,336,933
Equity					
Share capital	12	2,530,775	2,530,775	2,530,775	2,530,775
Share premium	13	1,570,758	1,570,758	1,570,758	1,570,758
Accumulated losses		(2,119,257)	(1,958,584)	(794,121)	(780,290)
Total equity		1,982,276	2,142,949	3,307,412	3,321,243
Liabilities					
Loans and borrowings	14	1,087,809	-	-	-
Total non-current liabilities		1,087,809	-	-	-
Payables and accruals	15	136,604	119,186	18,158	15,690
Deferred Income	16	21,947	22,488	-	-
Taxation		-	482	-	-
Total current liabilities		158,551	142,156	18,158	15,690
Total liabilities		1,246,360	142,156	18,158	15,690
Total equity and liabilities		3,228,636	2,285,105	3,325,570	3,336,933

Income Statement

for the year ended 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	17	301,061	335,395	3,040	3,391
Cost of sales	18	(316,657)	(371,247)	-	-
Gross (loss)/profit		(15,596)	(35,852)	3,040	3,391
Other income		4,095	3,025	940	383
Distribution expenses		(42,590)	(40,200)	(1,598)	(714)
Administrative expenses		(79,201)	(90,281)	(15,230)	(16,379)
Other expenses		(19,184)	(20,264)	(1,129)	(1,171)
Results from operating activities		(152,476)	(183,572)	(13,977)	(14,490)
Interest income	19	4,944	6,548	146	1,205
Finance costs	20	(13,371)	(52)	-	-
Loss before tax	21	(160,903)	(177,076)	(13,831)	(13,285)
Tax benefit / (expense)	22	230	(706)	-	-
Loss for the year		(160,673)	(177,782)	(13,831)	(13,285)
Basic loss per ordinary share (sen):	23	(6.3)	(7.0)		
Group					

Statement of Changes in Equity

for the year ended 31 December 2007

	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total RM'000
Group				
At 1 January 2006	2,530,775	1,570,758	(1,780,802)	2,320,731
Loss for the year	-	-	(177,782)	(177,782)
At 31 December 2006	2,530,775	1,570,758	(1,958,584)	2,142,949
Loss for the year	-	-	(160,673)	(160,673)
At 31 December 2007	2,530,775	1,570,758	(2,119,257)	1,982,276
	Note 12	Note 13		
Company				
At 1 January 2006	2,530,775	1,570,758	(767,005)	3,334,528
Loss for the year	-	-	(13,285)	(13,285)
At 31 December 2006	2,530,775	1,570,758	(780,290)	3,321,243
Loss for the year	-	-	(13,831)	(13,831)
At 31 December 2007	2,530,775	1,570,758	(794,121)	3,307,412
	Note 12	Note 13		

Cash Flow Statement

for the year ended 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash flows from operating activities					
Cash receipts from customers		317,778	377,356	5,139	2,572
Cash receipts from Government		7,808	6,870	-	-
Cash payments to suppliers		(219,626)	(271,673)	(7,800)	(7,879)
Cash payments to employees and for administrative expenses		(65,730)	(87,548)	(11,669)	(10,696)
Cash received from subsidiary companies		-	-	19,422	34,725
Cash advance to subsidiary companies		-	-	(11,129)	(56,953)
Cash generated from / (used in) operations		40,230	25,005	(6,037)	(38,231)
Tax paid		(1,005)	(994)	-	-
Tax refund		378	1,085	378	713
Net cash generated from/(used in) operating activities		39,603	25,096	(5,659)	(37,518)
Cash flows from investing activities					
Purchase of property, plant and equipment and telecommunications network	(ii)	(48,435)	(89,732)	(67)	(38)
Purchase of property, plant and equipment for USP Project	(ii)	(1,229)	(4,961)	-	-
Proceeds from disposal of property, plant and equipment		164	392	-	21
Interest received		4,693	6,395	281	1,353
Net cash (used in) / generated from investing activities		(44,807)	(87,906)	214	1,336
Net decrease in cash and cash equivalents		(5,204)	(62,810)	(5,445)	(36,182)
Cash and cash equivalents at 1 January	(i)	147,376	210,186	9,156	45,338
Cash and cash equivalents at 31 December		142,172	147,376	3,711	9,156

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash and bank balances	11	4,160	10,800	329	324
Deposits placed with licensed bank	11	88,012	86,576	3,382	8,832
Deposits pledged with licensed bank	11	50,000	50,000	-	-
		142,172	147,376	3,711	9,156

ii) Acquisition of property, plant and equipment and telecommunications network

During the year, the Group acquired property, plant and equipment and telecommunications network with an aggregate cost of RM61,417,000 (2006 - RM99,789,000). During the financial year, the Group paid RM49,664,000 (2006 - RM94,693,000) to suppliers of which RM6,099,000 is in respect of payments made to suppliers for property, plant and equipment and telecommunications network acquired in the prior financial years and RM17,852,000 will be paid after 2007.

Notes to the Financial Statements

TIME dotCom Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Group is as follows:

Level 1 Wisma TIME
249 Jalan Tun Razak
50400 Kuala Lumpur

The consolidated Financial Statements of the company as at and for the year ended 31 December 2007 comprise the Company and its subsidiaries. The Financial Statements of the Company as at and for the year ended 31 December 2007 do not include other entities.

The Company is principally engaged in investment holding and the provision of management and marketing / promotional services and retailing of telecommunications products whilst the principal activities of the subsidiaries are stated in the Note 7.

The Financial Statements were approved by the Board of Directors on 8 April 2008.

1. Basis of preparation

(a) Statement of compliance

The Financial Statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards (FRSs) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act 1965. These Financial Statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The accounting policies adopted by the Group and Company is consistent with those adopted in the previous years except for the adoption of the new and revised FRSs issued by MASB that are effective for the financial period beginning on 1 January 2007 as follows:

FRS 117, Leases
FRS 124, Related party disclosures

The effect of adopting the new/revised FRSs in 2007 are set out in Note 30. In addition to the above, the Group has also taken the option of early adoption effective on 1 January 2007 of the following revised FRSs:

FRSs / Interpretations	Effective Date
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007

The adoptions of the above revised FRSs do not have any impact to the existing accounting policies of the Group.

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 January 2007, and that have not been applied in preparing these Financial Statements.

Notes to the Financial Statements

(continued)

FRSs / Interpretations	Effective date
FRS 111, <i>Construction Contracts</i>	1 July 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</i>	1 July 2007
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

The Group and Company plans to apply the above-mentioned FRSs (except for FRS 111, IC Interpretations 2,5,6,7 and 8 as explained below and FRS 139 which effective date has yet to be announced) for annual periods beginning 1 January 2008. The initial application of the said FRSs and Interpretations are not expected to have any material impact on the Financial Statements of the Group and Company.

FRS 111, IC Interpretations 2,5,6,7 and 8 are not applicable to the Group and Company. Hence, no further disclosure is warranted.

The impact of applying FRS 139 on the Financial Statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in paragraph 103AB of FRS 139.

(b) Basis of measurement

The Financial Statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statement.

(c) Functional and presentation currency

These Financial Statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the Financial Statements other than those disclosed in the following notes:

- Note 6 - measurement of the recoverable amounts of cash-generating units

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The remaining net book value of the replaced part is written-off to the income statement. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Notes to the Financial Statements

(continued)

(b) Property, plant and equipment (continued)

The estimated useful lives for the current and comparative periods are as follows:

• buildings	50 years
• improvements	5 years
• office equipment, furniture and fittings	2 - 20 years
• loose tools	2 - 10 years
• computer systems	3 - 10 years
• motor vehicles	5 years

The depreciable amount is determined after deducting the residual value.

Depreciation method, useful lives and residual values are reassessed at the reporting date.

(c) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Other leases are operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the patterns of benefits provided, except for leasehold land classified as investment property.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2. Significant accounting policies (continued)

(d) Telecommunications network

(i) Recognition and measurement

The telecommunications network is constructed under the telecommunications licensed granted by the Ministry of Energy, Water and Communications ("the Ministry").

Network cost comprises construction costs, materials, consultancy, borrowing and other related costs incurred in connection with the construction of the telecommunications network. Network cost also includes the costs of dismantling and removing the items and restoring the site on which they are located.

The construction of the telecommunications network is carried out in phases based generally on geographical areas as determined by the Group. The commissioning of the network is accordingly carried out at the completion of each phase of construction. Pre-commissioning network cost is not amortised until commissioning.

(ii) Subsequent costs

The cost of replacing part of an item of telecommunications network is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The remaining net book value of the replaced part is written-off to the income statement. The costs of the day-to-day servicing of telecommunication network are recognised in the income statement as incurred.

(iii) Depreciation

The Group depreciates its telecommunications network cost over the term of their estimated useful lives:

Telecommunications assets	Estimated useful lives
Telecommunications network	3 to 25 years

The depreciable amount is determined after deducting the residual value.

Depreciation method, useful lives and residual values are reassessed at the reporting date.

(e) Intangible asset

Goodwill

Goodwill arises on the consolidation of subsidiaries.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment. When the excess is negative (negative goodwill), it is recognised immediately in the income statement. With the adoption of FRS 3, the carrying amount of negative goodwill at 1 January 2006 is derecognised with a corresponding adjustment to the opening balance of retained earnings.

Goodwill is allocated to cash-generating units and is tested annually for impairment (refer to Note 2(n)) or more frequently if events or changes in circumstances indicate that it might be impaired.

Notes to the Financial Statements

(continued)

(f) Investments

Investment in subsidiary companies

Investment in subsidiary companies is stated in the Company's Financial Statements at cost less accumulated impairment losses (refer to Note 2(n)).

(g) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition:

- Investments in non-current equity securities are stated at cost less allowance for diminution in value,
- Investments in non-current debt securities are stated at amortised cost using the effective interest method less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value, determined on portfolio basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debt securities, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(i) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(j) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

(k) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(l) Inventories

Inventories are valued at the lower of cost (determined on the moving-average method) and net realisable value. The costs of spares, phone cards and trading merchandise comprise the original purchase price plus costs of bringing these stocks to location. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distributions costs and all other estimated costs to completion.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of cash flow statement, cash and cash equivalent are presented inclusive of pledged deposits.

(n) Impairment of assets

The carrying amounts of assets except for inventories and financial assets (other than investment in subsidiaries and other investments) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(o) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial

Notes to the Financial Statements

(continued)

recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(q) Income recognition

(i) Services

Revenue of the Company consists of management fee and gross invoiced value of telecommunications products sold net of discounts and returns. Fees are recognised when services are rendered while sales of products are recognised upon delivery of products and when the risks and rewards of ownership have passed.

Revenue of the Group consists of gross billings of a wide range of telecommunications and internet services provided net of discounts, income from payphone operations and gross invoiced value of goods sold net of discounts and returns. Revenue for billings is recognised when services are rendered while revenue for payphone operations is recognised on receipt basis.

(ii) Government grants

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

Government grants are recognised as income over the periods necessary to match them with the related costs, which they are intended to compensate.

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

(iii) Dividend income

Revenue on dividend income is recognised when the right to receive payment is established.

3. Property, plant and equipment

Group	Lands, buildings and improvements RM'000	Office equipment, furniture and fittings RM'000	Loose tools RM'000	Computer systems RM'000	Motor vehicles RM'000	Total RM'000
Cost						
<i>At 1 January 2006</i>	49,872	38,606	11,788	62,830	11,356	174,452
Effect of adopting FRS 117	(10,381)	-	-	-	-	(10,381)
<i>At 1 January 2006, restated</i>	39,491	38,606	11,788	62,830	11,356	164,071
Additions	203	484	-	5,472	66	6,225
Disposals	-	(31)	-	(98)	(1,079)	(1,208)
Write off	-	(245)	-	-	-	(245)
<i>At 31 December 2006/ 1 January 2007</i>	39,694	38,814	11,788	68,204	10,343	168,843
Additions	261	528	-	4,590	-	5,379
Disposals	-	-	-	(59)	(581)	(640)
Write off	(7,416)	(11,719)	-	(7,841)	(26)	(27,002)
<i>At 31 December 2007</i>	32,539	27,623	11,788	64,894	9,736	146,580
Depreciation						
<i>At 1 January 2006</i>	19,044	29,738	9,963	44,100	10,392	113,237
Effect of adopting FRS 117	(4,496)	-	-	-	-	(4,496)
<i>At 1 January 2006, restated</i>	14,548	29,738	9,963	44,100	10,392	108,741
Depreciation for the year	1,985	2,901	706	10,377	379	16,348
Disposals	-	(20)	-	(50)	(1,079)	(1,149)
Write off	-	(182)	-	-	-	(182)
<i>At 31 December 2006</i>	16,533	32,437	10,669	54,427	9,692	123,758
<i>At 1 January 2007</i>	16,533	32,437	10,669	54,427	9,692	123,758
Depreciation for the year	1,682	2,869	568	8,653	322	14,094
Disposals	-	-	-	(53)	(577)	(630)
Write off	(7,294)	(11,230)	-	(7,834)	(26)	(26,384)
<i>At 31 December 2007</i>	10,921	24,076	11,237	55,193	9,411	110,838
Carrying amounts						
<i>At 1 January 2006</i>	30,828	8,868	1,825	18,730	964	61,215
<i>At 1 January 2006, restated</i>	24,943	8,868	1,825	18,730	964	55,330
<i>At 31 December 2006/ 1 January 2007</i>	23,161	6,377	1,119	13,777	651	45,085
<i>At 31 December 2007</i>	21,618	3,547	551	9,701	325	35,742

Notes to the Financial Statements

(continued)

3. Property, plant and equipment (continued)

Company	Improvements RM'000	Office equipment, furniture and fittings RM'000	Computer systems RM'000	Motor vehicles RM'000	Total RM'000
Cost					
<i>At 1 January 2006</i>	3,021	1,764	8,282	207	13,274
Additions	-	38	-	-	38
Disposal	-	-	-	(114)	(114)
<i>At 31 December 2006/1 January 2007</i>	3,021	1,802	8,282	93	13,198
Additions	63	19	-	-	82
Write off	(2,853)	(1,398)	(170)	-	(4,421)
<i>At 31 December 2007</i>	231	423	8,112	93	8,859
Depreciation					
<i>At 1 January 2006</i>					
Accumulated depreciation	2,764	1,696	5,695	207	10,362
Depreciation for the year	199	56	1,552	-	1,807
Disposals	-	-	-	(114)	(114)
<i>At 31 December 2006/1 January 2007</i>	2,963	1,752	7,247	93	12,055
Accumulated depreciation	2,963	1,752	7,247	93	12,055
Depreciation for the year	47	29	1,034	-	1,110
Write off	(2,829)	(1,396)	(170)	-	(4,395)
<i>At 31 December 2007</i>	181	385	8,111	93	8,770
Accumulated depreciation	181	385	8,111	93	8,770
Carrying amounts					
<i>At 1 January 2006</i>	257	68	2,587	-	2,912
<i>At 31 December 2006/1 January 2007</i>	58	50	1,035	-	1,143
<i>At 31 December 2007</i>	50	38	1	-	89

Land, buildings and improvements comprise the following:

Group	Cost	Accumulated depreciation	Net book value	
	RM'000	RM'000	2007 RM'000	2006 RM'000
Freehold land	11,154	-	11,154	11,154
Buildings	4,924	1,394	3,530	3,629
Buildings and improvements	16,461	9,527	6,934	8,378
	32,539	10,921	21,618	23,161

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use, with cost amounting to RM77,859,000 (2006 - RM74,856,000) and RM8,724,000 (2006 - RM7,280,000) respectively.

4. Prepaid lease payments

Group	Leasehold land		Total RM'000
	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	
Cost			
At 1 January 2006	-	-	-
Effect of adopting FRS 117	2,892	7,489	10,381
At 1 January 2006, restated/31 December 2006	2,892	7,489	10,381
At 1 January 2007/31 December 2007	2,892	7,489	10,381
Amortisation			
At 1 January 2006	-	-	-
Effect of adopting FRS 117	1,486	3,010	4,496
At 1 January 2006, restated	1,486	3,010	4,496
Amortisation for the year	145	289	434
At 31 December 2006/1 January 2007	1,631	3,299	4,930
Amortisation for the year	145	287	432
At 31 December 2007	1,776	3,586	5,362
Carrying amounts			
At 1 January 2006	-	-	-
At 1 January 2006, restated	1,406	4,479	5,885
At 31 December 2006/1 January 2007	1,261	4,190	5,451
At 31 December 2007	1,116	3,903	5,019

Notes to the Financial Statements

(continued)

5. Telecommunications network

Group	Total RM'000
Cost	
<i>At 1 January 2006</i>	2,808,251
Additions	93,564
Write off	(45,161)
<hr/>	
<i>At 31 December 2006/1 January 2007</i>	2,856,654
Additions	56,038
Write off	(53,207)
<hr/>	
<i>At 31 December 2007</i>	2,859,485
<hr/>	
Depreciation	
<i>At 1 January 2006:</i>	
Accumulated depreciation	1,305,073
Accumulated impairment loss	1,336
<hr/>	
	1,306,409
Charge for the year	193,422
Write off	(44,202)
<hr/>	
<i>At 31 December 2006/1 January 2007</i>	
Accumulated depreciation	1,454,293
Accumulated impairment loss	1,336
<hr/>	
	1,455,629
Charge for the year	180,165
Impairment loss	312
Write off	(51,125)
Impairment loss written off	(150)
<hr/>	
<i>At 31 December 2007</i>	
Accumulated depreciation	1,583,333
Accumulated impairment loss	1,498
<hr/>	
	1,584,831
<hr/>	
Carrying amounts	
<i>At 1 January 2006</i>	1,501,842
<hr/>	
<i>At 31 December 2006/1 January 2007</i>	1,401,025
<hr/>	
<i>At 31 December 2007</i>	1,274,654
<hr/>	

5. Telecommunications network (continued)

	Total	
	2007	2006
	RM'000	RM'000
Network cost:		
Commissioned network	2,729,123	2,740,516
Network in progress	130,362	116,138
	2,859,485	2,856,654
Less: Impairment loss	(1,498)	(1,336)
Less: Accumulated depreciation	(1,583,333)	(1,454,293)
At end of year	1,274,654	1,401,025

Included in telecommunications network of the Group are fully depreciated assets which are still in use, with cost amounting to RM863,421,000 (2006 - RM770,053,000).

6. Goodwill on consolidation

	Group	
	2007	2006
	RM'000	RM'000
Net Book Value		
At beginning of year	591,401	591,401
Less: Impairment losses for the year	-	-
At end of year	591,401	591,401

Impairment test for goodwill

The Group undertakes an annual test for impairment of its cash-generating units. Based on the assessment as at 31 December 2007, no impairment loss was required for the carrying amount of the goodwill as the recoverable amounts exceed the carrying value.

Goodwill is allocated to the Group's cash-generating units identified according to business segments. The following cash-generating units, being the smallest identifiable group of assets that can generate independent cash flows, have carrying amounts of goodwill that are considered significant in comparison with the Group's total goodwill:

	2007	2006
	RM'000	RM'000
TT dotCom Sdn Bhd	581,093	581,093
TIME dotNet Berhad	10,308	10,308
At end of year	591,401	591,401

Notes to the Financial Statements

(continued)

Key assumptions used in the value-in-use calculations.

The recoverable amount of a cash-generating units is determined based on value in use calculations.

The calculation use pre-tax cash flow projections based on the most recent Board approved financial forecast covering a period of 5 years. The cash flow projections were based on reasonable and supportable assumptions that represent management's best estimate of the set of economic condition that will exist over the remaining useful life of the asset. Cash flows beyond these periods are extrapolated using a steady growth rate of 5% for subsequent years. These rates have been determined with regards to projected growth rates for the respective markets in which the cash-generating units participate and are not expected to exceed the long-term average rates for those markets.

The discount rate applied to the cash flow forecasts is 13.76%.

The forecasts are most sensitive to changes in growth rates and discount rates in the forecast period. Based on the sensitivity analysis performed, the Board have concluded that no reasonable change in the base case key assumptions would cause the carrying amounts of cash-generating units to exceed its recoverable amounts.

7. Investment in subsidiary companies

	Company	
	2007 RM'000	2006 RM'000
At cost:		
Unquoted shares	3,116,838	3,116,838
At beginning of year	(203,706)	(203,706)
Less: Impairment loss	-	-
At end of year	(203,706)	(203,706)
	2,913,132	2,913,132

Details of the subsidiaries companies are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2007 %	2006 %
TT dotCom Sdn Bhd	Malaysia	Provision of voice, data, video and image communication services through its established domestic and international network.	100	100
TIME Reach Sdn Bhd	Malaysia	Operation and maintenance of payphone services.	100	100
TIMESat Sdn Bhd	Malaysia	Provision of telecommunication facilities and services using satellite and microwave. The company is currently dormant.	100	100
TIME dotNet Bhd	Malaysia	Provision and marketing of internet services to customers. This includes the provision of access to the world wide web, the organisation and aggregation of content, provision of virtual private network, on-line call center, internet telephony, on-line services,	100	100

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2007 %	2006 %
Hakikat Pasti Sdn Bhd	Malaysia	on-net advertising and virtual data storage and provision of application services. Acquiring and holding for investment purposes shares, stocks, debenture bonds, notes, obligations and securities and every other kind and description of movable and immovable property.	100	-

During the year the Group acquired two (2) ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Hakikat Pasti Sdn Bhd ("Hakikat Pasti") for the cash consideration of RM2.00.

8. Other investments

	Group	
	2007 RM'000	2006 RM'000
Current		
At cost:		
Quoted shares in Malaysia	1,081,457	-
Market value:		
Quoted shares in Malaysia	1,246,200	-

During the year, the group through its wholly-owned subsidiary had acquired 50.25 million of DiGi shares at a price of RM21.50 per DiGi share representing 6.5% of the enlarged issued and paid-up share capital of 777.5 million DiGi shares.

9. Inventories

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost:				
Spares	9,607	9,834	-	-
Trading merchandise	-	151	-	151
Phone cards	50	51	-	-
	9,657	10,036	-	151
Less: Allowance for obsolescence	(3,504)	(2,133)	-	(151)
Net	6,153	7,903	-	-

Notes to the Financial Statements

(continued)

10. Receivables, deposits and prepayments

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade					
Trade receivables	a	65,705	97,891	-	-
Less: Allowance for doubtful debts		(10,423)	(57,051)	-	-
		55,282	40,840	-	-
Amount due from affiliated company		2,214	-	-	-
		57,496	40,840	-	-
Non - trade					
Amounts due from subsidiaries	b	-	-	407,042	411,330
Other receivables		29,185	41,696	38	391
Prepayments		3,638	2,986	986	832
Tax recoverable		1,719	1,342	572	949
		34,542	46,024	408,638	413,502
		92,038	86,864	408,638	413,502

Note a

During the financial year, net allowance for doubtful debts of RM3,458,000 (2006 – RM5,847,000) was written back and an amount of RM43,171,000 (2006 – nil) was written off against the provision for doubtful debt.

Note b

The amounts due from subsidiary companies are interest free, have no fixed repayment terms and arose mainly from inter-company advances and expenses paid on behalf.

11. Cash and cash equivalents

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash and bank balances	4,160	10,800	329	324
Deposits placed with licensed banks	88,012	86,576	3,382	8,832
Deposits placed with licensed banks (pledged)	50,000	50,000	-	-
	142,172	147,376	3,711	9,156

12. Capital and reserves

	Group and Company	
	2007	2006
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1 each	5,000,000	5,000,000
Issued and fully paid:		
Ordinary shares of RM1 each	2,530,775	2,530,775

13. Share premium (non-distributable)

	Group and Company	
	2007	2006
	RM'000	RM'000
At the beginning and end of year	1,570,758	1,570,758

14. Loans and borrowings

	Group	
	2007	2006
	RM'000	RM'000
Non-current		
Secured Bank loan	1,087,809	-

Security

The bank loans are secured over all the DiGi.Com Berhad ("DiGi") shares with a carrying amount of RM1,081,457,000 (see note 8) and an escrow account to capture dividends from the pledged securities.

Repayment

The loan is repayable by six instalments commencing from 20 November 2009 to 20 November 2014. Interest is chargeable at 1.5% per annum plus lender's cost of funds and interest rate will be reduced to 1.35% per annum plus lender's cost of funds upon receipt of the additional new DiGi shares pursuant to transfer of the 3G license.

Notes to the Financial Statements

(continued)

15. Payables and accruals

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade					
Trade payables	a	39,147	27,034	-	-
Non - trade					
Other payables		18,782	14,617	2,200	2,399
Accrued expenses		41,325	42,999	1,400	1,113
Accrued interest on bank loan		7,014	-	-	-
Unearned revenue		16,754	14,095	-	-
Deposit payables		7,647	7,278	-	-
Amounts due to a subsidiary company		-	-	14,558	12,178
Amounts due to affiliated companies		5,935	13,163	-	-
		136,604	119,186	18,158	15,690

Note a

The average credit period granted to the Group and to the Company for trade purchases ranges from 30 to 90 days (30 to 90 days in 2006).

16. Deferred income

	Group	
	2007 RM'000	2006 RM'000
Balance at 1 January	22,488	20,406
Received during the year	7,808	6,870
Amortised during the year	(8,349)	(4,788)
Balance at 31 December	21,947	22,488

17. Revenue

	2007 RM'000	2006 RM'000
Group		
Individual license	88,255	79,494
Class license	211,971	254,340
Non licence	835	1,561
	301,061	335,395
Company		
Management fee receivable from subsidiary companies	3,040	3,391

18. Cost of sales

		Group	
	Note	2007 RM'000	2006 RM'000
Interconnect charges		66,886	95,683
Depreciation of telecommunications network	5	180,165	193,422
Telecommunications maintenance charges		13,353	21,400
Payphone line rental		7,403	12,714
Network and leased line charges		20,225	17,198
Fee for wayleave and right of use pertaining to telecommunications facilities		15,197	14,473
Others		13,428	16,357
		316,657	371,247

19. Interest income

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest income from short-term deposits	4,944	6,548	146	1,205

Notes to the Financial Statements

(continued)

20. Finance costs

	Group	
	2007 RM'000	2006 RM'000
Interest on late payment	4	52
Interest on long term loan	7,014	-
Stamp duty, commitment and agency fee	6,353	-
	13,371	52

21. Loss before tax

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Operating loss is arrived at after charging:					
Personnel expenses					
- Contributions to Employee Provident Fund		8,146	9,430	965	1,146
- Salaries and allowances		69,369	72,310	9,513	9,739
Depreciation of property, plant and equipment	3	14,094	16,348	1,110	1,807
Amortisation of prepaid lease payments	4	432	434	-	-
Rental of:					
Premises		6,350	5,791	955	770
Equipment		723	746	131	139
Motor vehicles		116	120	47	48
Telecommunications network written off		40	923	-	-
Property, plant and equipment written off		618	1	-	-
Directors' remuneration	24	1,093	715	1,081	703
Auditor's remuneration		148	105	40	30
Voluntary Separation Scheme expenses		-	13,592	-	2,016
and after crediting:					
Net allowance for doubtful debt no longer required		3,458	5,847	-	-
Gain on disposal of property, plant and equipment and telecommunications network		154	235	-	21
Net realised gain on foreign exchange		79	453	-	-
Rental income		713	144	573	73
Allowance for inventory obsolescence written back		774	-	-	-

22. Tax (benefit)/expense

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Malaysian income tax		468	706	-	-
Overprovision of income tax in prior years		(698)	-	-	-
Tax (benefit) / expense		(230)	706	-	-

Reconciliation of effective income tax expense:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Loss before tax	(160,903)	(177,076)	(13,831)	(13,285)
Tax at statutory tax rate of 27% (2006:28%)	(43,444)	(49,581)	(3,734)	(3,720)
Tax effect of expenses not deductible for tax purposes	4,749	1,504	168	86
Deferred tax assets not recognised	(789)	30,106	(118)	2,705
Effect of changes in tax rate*	20,830	20,089	960	929
Utilisation of tax losses surrendered to subsidiary company	-	-	535	-
Overprovision of deferred tax asset not recognized in prior year	19,122	-	2,189	-
Overprovision of income tax expense in prior year	(698)	-	-	-
Others	-	(1,412)	-	-
Tax (benefit) / expense	(230)	706	-	-

* In the Malaysian Budget 2008, it was announced that the corporate income tax rate will be reduced to 27% in 2007, 26% in 2008 and 25% for 2009. Consequently deferred tax assets are measured using these tax rates.

No deferred tax has been recognised for the following items:

Notes to the Financial Statements

(continued)

22. Tax (benefit) / expense (continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Temporary differences in respect of excess of tax capital allowances over book depreciation	(984,572)	(1,018,994)	196	(566)
Unabsorbed capital allowances	2,428,905	2,340,731	11,818	11,558
Unutilised tax losses	624,380	620,670	86,697	80,062
Deductible temporary differences	14,466	66,541	108	2,665
Current year tax losses surrendered to subsidiary companies	-	-	(2,770)	(790)
Tax asset	2,083,179	2,008,948	96,049	92,929
Net tax asset	541,627	542,416	24,973	25,091

The unutilised tax losses, unabsorbed capital allowances and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Company can utilise these benefits.

23. Loss per share

The basic loss per ordinary share in 2007 is calculated by dividing the Group's net loss of RM160,673,000 (2006 - RM177,782,00) by the number of ordinary shares in issue during the year of 2,530,755,000 (2006 - 2,530,775,000)

24. Directors' remuneration

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive directors:				
Emoluments	556	-	556	-
Non-executive directors:				
Fees	389	320	377	308
Emoluments	-	224	-	224
Other emoluments & expenses	148	171	148	171
	1,093	715	1,081	703

The estimated monetary value of benefits-in-kind received and receivable by directors of TIME dotCom Berhad otherwise than in cash from the Group and the Company amounted to RM59,350 (2006 - RM15,500) and RM59,350 (2006 - RM15,500), respectively.

Included in Directors' remuneration are amounts totalling RM84,600 (2006 - RM72,000) payable to a related party for services rendered by two (2006 - two) Non-executive Directors of the Company.

24. Directors' remuneration (continued)

The number of Directors of the Company whose remuneration fall into the respective bands are as follows:

Range of Remuneration (RM)	Executive Directors	Non-executive Directors
50,000 and below	-	3
50,001 to 100,000	-	4
100,001 and above	1	1

25. Segment information

As the Group is principally involved in the telecommunications industry within Malaysia, segment information has not been presented.

26. Key management personnel compensation

The key management personnel compensations are as follows:

	Group and Company	
	2007 RM'000	2006 RM'000
Directors		
- Fees	389	320
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	704	395
	1093	715
Other key management personnel		
- Short-term employee benefits	8,685	7,405

27. Capital and other commitments**Telecommunications network**

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Authorised but not contracted for:				
Purchase and construction of telecommunications network	23,701	9,160	-	-
Contracted but not provided for in the financial statements:				
Purchase and construction of telecommunications network	51,434	31,597	-	-

Notes to the Financial Statements

(continued)

27. Capital and other commitments (continued)

Lease commitments

	Future minimum lease payments			
	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Non cancellable commitments for rental of office premises, sites and right of use pertaining to telecommunications facilities				
Payable within 1 year	24,712	25,570	4,594	4,539
Payable within 2 – 3 years	47,441	38,145	9,199	1,015
Payable after 3 years	151,854	148,831	3,885	-
	224,007	212,546	17,678	5,554

One of the subsidiary companies entered into an agreement with Projek Lebuhraya Utara-Selatan Berhad (“PLUS”) on wayleave and right of use pertaining to telecommunications facilities of the North-South Expressway (“PLUS Agreement”) for a fee equal to an annual sum of RM10,800,000 for the calendar year 2000 with an incremental amount of 5% compounded annually up to the calendar year 2014.

Thereafter the annual sum will remain at RM4,240,000 until the expiry of the agreement. The PLUS Agreement shall terminate upon the expiry of the concession agreement on 30 May 2030.

28. Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The related parties of the Group and the Company are:

(i) Subsidiary companies

Details of the subsidiary companies are shown in Note 7.

(ii) Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel includes all the Directors and certain members of senior management of the Group and the Company.

(iii) Affiliated companies

Affiliated companies comprise a corporate shareholder who has between 20% to 50% equity interest in the Company and include companies who are related or under significant influence of the said corporate shareholder.

Transactions with key management personnel

Key management personnel compensation is disclosed in Note 26.

Significant transactions with related parties during the financial year are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Subsidiary companies				
Management fees	3,040	3,391	-	-
Key management personnel				
Professional fees	133	266	22	46
Affiliated companies				
Maintenance fee income	(356)	(417)	(356)	(417)
Interconnect charges	50,131	80,229	-	-
Interconnect revenue	(20,666)	(25,510)	-	-
Leased line cost	4,902	1,596	-	-
Rental expenses	3,481	3,364	955	926
Network maintenance	1,376	3,033	-	-
Management fees	291	205	291	205
Fee for wayleave and right of use of telecommunications facilities	15,197	14,473	-	-

The Directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

The outstanding balances from and (due to) the related parties of the Group and the Company are disclosed in Note 10 and 15 respectively.

Notes to the Financial Statements

(continued)

29. Financial instruments

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of the Group's and the Company's business. The overall risk management programme of the Group and the Company seeks to minimise potential adverse effects of these risks on the financial performance of the Group and the Company. There was no trading in financial instruments during the year under review.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are required to be performed on all new customers. In respect of its trade customers, the Group and the Company require deposits as collateral. For other financial assets, the Group and the Company does not require collateral.

At balance sheet date, the significant concentrations of credit risk to the Group comes from four major customers constituting 53% (2006 - 45%) of total trade receivables. As for the Company, there were no significant concentration of credit risk. The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset

Liquidity risk

The Group and the Company holding of short term financial assets minimises liquidity risk as there are sufficient liquid assets to meet the Group's and the Company's operating requirements for the foreseeable future.

Interest rate risk

The Group and the Company are exposed to interest rate risk through the impact of rate changes on interest on short term deposits with licensed banks. The Group and the Company manage its interest rate risk for the interest-earning deposit placements by placing such balances on varying maturities and interest rate terms.

Foreign currency risk

The Group and the Company have a potential currency risk exposure in its trade transactions with a number of foreign companies where amounts owing by/to these companies are exposed to currency translation risks. All foreign exchange gains and losses are taken up in the income statement. Exposure to foreign currency risk is monitored on an ongoing basis and when considered necessary, the Group and the Company will consider using effective financial instruments to hedge its foreign currency risk.

Effective interest rates and repricing analysis

In respect of interest earning financial assets, the effective interest rate at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	More than 1 year RM'000
2007				
Financial assets				
Short term deposits	2.70	138,012	138,012	-
2006				
Financial assets				
Short term deposits	3.22	136,576	136,576	-
2007				
Financial liabilities				
Secured bank loan	5.74	1,087,809	-	1,087,809
Fair value				

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals approximate their fair values due to the relatively short term nature of these instruments.

The fair value of the other investments is disclosed in Note 8. Fair value is based on quoted closing market price at the balance sheet date.

30. Changes in accounting policies

The accounting policies set out in note 2 have been applied in preparing the Financial Statements for the year ended 31 December 2007.

Other than expanded disclosure requirements as shown in Notes 26 and 28, the adoption of FRS 124 does not have any significant financial impact on the Group and the Company.

The changes in accounting policies arising from the adoption of FRS117, *Leases* are summarised below:

FRS 117: Leases

The change in accounting policy was recognised retrospectively in accordance with the transitional provisions, and the comparatives have been restated as shown in Note 31.

31. Comparative figures

The following comparative figures have been reclassified as a result of change in accounting policy as stated in note 30.

	Group and Company	
	2006 As restated RM'000	2006 As previously stated RM'000
Balance sheet		
Property, plant and equipment	45,085	50,536
Prepaid lease payments	5,451	-

Notes to the Financial Statements

(continued)

32. Subsequent events

On 25 January 2008 the Company and its subsidiary company, TT dotCom Sdn Bhd, have entered into Definitive Agreement with DiGi.Com Berhad ("DiGi") and DiGi Telecommunications Sdn Bhd ("DiGi Telecom") in relation to the proposed alliance which includes proposed transfer of the third generation ("3G") spectrum and proposed joint business planning exercise.

On 5 March 2008, the Group's subsidiary, TT dotCom Sdn Bhd has been granted conditional approval by the Malaysian Communications and Multimedia Commission ("MCMC") in relation to the transfer of the 3G spectrum assignment to DiGi Telecom.

On 25 March 2008, the Group held an Extraordinary General Meeting to table the following resolutions:

- Proposed ratification of the acquisition of 50.25 million Ordinary Shares of RM0.10 each in DiGi from Telenor Asia Pte. Ltd. for a total cash consideration of RM1,080.4 million and,
- Proposed transfer of the 3G spectrum assignment No. SA/01/2006 over the frequency bands of 1965MHz-1980MHz, 2155MHz-2170MHz and 2010MHz-2015MHz by TT dotCom Sdn Bhd to DiGi Telecom to be satisfied by the issuance of 27,500,000 new shares in DiGi credited as fully paid-up to TT dotCom or its nominees (comprising TIME dotCom Berhad and all its subsidiaries).

The shareholders duly passed both the above-mentioned resolutions.

Stockholding Analysis

as at 6 March 2008

Authorised Share Capital : RM5,000,000,000.00

Issued and paid-up Capital : RM2,530,775,000.00

Class of Shares : Ordinary Shares of RM1.00 each

No. of Shareholders : 36,034

Voting Right : 1 vote per Ordinary Share

Size of Holdings	No. of Shareholders	Total Holdings	%
Less than 100	105	1,828	Negligible
100 to 1,000	8,187	7,967,269	0.31
1,001 to 10,000	18,920	99,264,911	3.92
10,001 to 100,000	7,847	254,652,648	10.06
100,001 to less than 5% of issued shares	972	422,373,558	16.70
5% and above of issued shares	3	1,746,514,786	69.01
Total	36,034	2,530,775,000	100

Thirty (30) Largest Shareholders as at 6 March 2008

	Names	No. of shares	%
1.	Khazanah Nasional Berhad	760,209,826	30.04
2.	Maju Nominees (Tempatan) Sdn Bhd - Pledged securities accounts for TIME Engineering Berhad	742,739,720	29.35
3.	Kumpulan Wang Persaraan (Diperbadankan)	243,565,240	9.62
4.	Employees Provident Fund Board	19,622,184	0.78
5.	Citigroup Nominees (Asing) Sdn Bhd - Bear Stearns Securities Corp for Third Avenue Global Value Fund LP	15,000,000	0.60
6.	Lembaga Tabung Angkatan Tentera	14,427,900	0.57
7.	Citigroup Nominees (Tempatan) Sdn Bhd - exempt an for Prudential Fund Management Berhad	12,218,300	0.48
8.	Public Invest Nominees (Tempatan) Sdn Bhd - Pledged securities account for Indera Permai (M) Sdn Bhd	9,970,500	0.39
9.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets Fund	8,911,700	0.35
10.	Indera Permai Sdn Bhd	7,159,600	0.28
11.	Mayban Nominees (Tempatan) Sdn Bhd -Mayban Trustees Berhad for MAAKL Balanced Fund (910170)	4,850,000	0.19

Stockholding Analysis

as at 6 March 2008 (continued)

12.	Amanah Raya Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Bersama (Syariah)	4,275,000	0.17
13.	Lim Cher Seng	4,000,000	0.16
14.	HDM Nominees (Tempatan) Sdn Bhd - Pledged securities account for Liew Hon Kong (MO9)	3,900,000	0.15
15.	Amanah Raya Nominees (Tempatan) Sdn Bhd	3,770,000	0.15
16.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for DFA Emerging Markets small cap Series	3,539,400	0.14
17.	HSBC Nominees (Asing) Sdn Bhd - exempt an for Credit Suisse (SG BR-TST-Asing)	3,250,000	0.13
18.	DB (M) Nominee (Tempatan) Sdn Bhd - exempt an for Deutsche Trustees M'sia Berhad (MYETF-DJIM25)	3,167,400	0.13
19.	Cimsec Nominees (Tempatan) Sdn Bhd - CIMB for Indera Permai Sdn Bhd (PB)	3,100,000	0.12
20.	Cartaban Nominees (Tempatan) Sdn Bhd - Meridian Asset Management Sdn Bhd for Malaysian Assurance Alliance Bhd (1/154-6)	2,940,000	0.12
21.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged securities account for Noor Azman @ Noor Hizam B Mohd Nurdin (8037673)	2,928,000	0.12
22.	Chan Ket Kai	2,700,700	0.11
23.	Gan Seong Liam	2,700,000	0.11
24.	Pacific & Orient Insurance Co Bhd	2,510,000	0.10
25.	HDM Nominees (Asing) Sdn Bhd - UOB Kay Hian Pte Ltd for Koh Lee Ling (Margin)	2,278,500	0.09
26.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for MAAKL Al-Faid (4389)	2,250,000	0.09
27.	A.A. Anthony Nominees (Asing) Sdn Bhd - Pledged securities account for Jimmy Phua Swee Pah	2,100,000	0.08
28.	MKW Jaya Sdn Bhd	2,005,500	0.08
29.	Chin Ka Wong	2,000,000	0.08
30.	Mayban Nominees (Tempatan) Sdn Bhd - Pledged securities account for Lau Kwai	2,000,000	0.08
	TOTAL	1,894,089,470	74.86

Substantial Shareholders as of 6 March 2008

Shareholder	Direct Interest	(%)	Deemed Interest	(%)
Khazanah Nasional Berhad	760,209,826	30	742,739,720 (a)	29.35
TIME Engineering Berhad	742,739,720 (b)	29.35	- (b)	-
Kumpulan Wang Persaraan (Diperbadankan)	243,565,240	9.62	-	-

(a) Deemed interest through UEM Group Berhad

(b) 742,739,720 shares are held by Maju Nominees (Tempatan) Sdn Bhd

Statement on Director's Interest in Shares

The Directors, on the Board of TIME dotCom deemed to have interest in the shares of the Company, by virtue of Section 6A(4)(c) of the Companies Act 1965:

- (a) Dato' Ir Wan Muhamad bin Wan Ibrahim and Elakumari a/p Kantilal being nominees of Khazanah Nasional Berhad;
- (b) Abdul Kadir bin Md Kassim being a nominee of TIME Engineering Berhad and a director of UEM Group Berhad; and
- (c) Amiruddin bin Abdul Aziz being a nominee of TIME Engineering Berhad.

List of Properties

as at 31 December 2007

Location	Area (sq metres)	Approx. Age (years)	Tenure	Description of Properties	Acquisition Date	Net Book Value (RM'000)
TT dotCom Sdn Bhd						
Lot No 43 & 54 HICOM Glenmarie Industrial Park Shah Alam Selangor Darul Ehsan	8,995	11	Freehold	Land & building	09/09/1994	3,688
Lot 26 Jalan 225 Petaling Jaya Selangor Darul Ehsan	4,577	32	Leasehold (99 years, expiring 11/04/2072)	Land and a single- storey building	24/03/2003	5,027
Lot 4465 Mukim 1 Daerah Seberang Prai Pulau Pinang	9,004	-	Freehold	Land	-	2,520
Lot PTD 3930 Mukim Tebrau Daerah Johor Bahru Johor Darul Takzim	10,940	10	Freehold	Land	20/10/1995	4,946
102M Lengkok Kampung Jawa 2 MIEL Industrial Estate Bayan Lepas Pulau Pinang	881	24	Leasehold (60 years from 1981 to 2041)	Land & building	21/12/1997	598
Lot 142-A Semambu Industrial Estate Kuantan Pahang Darul Makmur	10,117	22	Leasehold (66 years from 1980 to 2046)	Land & building	06/07/1996	1,325
Kg Sungai Bedaun Daerah Labuan W P Labuan	32,375	-	Leasehold (99 years from 1984 to 2082)	Land	15/02/1996	1,648
PT No 2705 Mukim Ulu Kinta Daerah Ulu Kinta Perak Darul Ridzuan	2,162	-	Leasehold (60 years from 1976 to 2036)	Land	-	137
Lot 37 Kg Sungai Bedaun Settlement Scheme Labuan WP Labuan	12,141	-	Leasehold (99 years from 1984 to 2082)	Land	04/06/1996	31
Lot No 469 Mukim Batu Burok Kuala Terengganu Terengganu Darul Iman	809	-	Leasehold (99 years from 1975 to 2074)	Land	26/01/1998	154
Lot PTD 1474, HS (D) 3432 Mukim Jemaluang Daerah Mersing Johor Darul Takzim	1,237	-	Leasehold (60 years from 2001 to 2061)	Land	26/10/1999	35

Location	Area (sq metres)	Approx. Age (years)	Tenure	Description of Properties	Acquisition Date	Net Book Value (RM'000)
TIME Reach Sdn Bhd						
No. 31 & 32, Komplek Sukan Lebuhraya Sultan Abdul Halim 05400 Alor Setar Kedah Darul Aman	260	14	Leasehold (99 years from 1986 to 2085)	Land and 2 lots double storey shophouse	01/02/1994	253
6765, Jalan Kampung Gajah 12200 Butterworth Pulau Pinang	156	13	Freehold	Land and a 3-storey shop/office	01/09/1994	345
No. 125, Medan Kikik Satu Taman Inderawasih 13600 Seberang Prai Pulau Pinang	120	15	Freehold	Land and a 3-storey shop / office	01/01/1993	259
133G & 135, Jalan Dato' Lau Pak Khuan, Ipoh Garden 31400 Ipoh Perak Darul Ridzuan	260	15	Freehold	Land and 2 lots of double- storey shophouse	01/01/1993	350
No. 21, Taman Bukit Hijau Jalan Temoh 35000 Tapah Perak Darul Ridzuan	149	12	Leasehold (99 years from 1979 to 2078)	Land and a single-storey shop office building	01/02/1996	65
No. 6, Jalan Simpang Kg Bengali 34000 Taiping Perak Darul Ridzuan	130	15	Leasehold (60 years from 1988 to 2048)	Land and a double-storey flatted industry building	01/01/1993	116
No. 80, Jalan Langat 1 Taman Seri Langat, Jalan Reko 43000 Kajang Selangor Darul Ehsan	149	16	Freehold	Land and a 3-storey shophouse	01/10/1991	135
No. 54 & 56, Jalan Sentosa Taman Chi Liung Off Jalan Kim Chuan, Pandamaran 42000 Port Klang Selangor Darul Ehsan	279	13	Freehold	Land and 2 lots of double-storey shop / office	01/01/1995	269
No. 8-1, Jalan 4/4C Desa Melawati 53100 Ulu Klang Selangor Darul Ehsan	164	12	Freehold	Land and a 3-storey shophouse	01/02/1996	355
No. 6 & 8, Jalan Liku 8/B Seksyen 8 40000, Shah Alam Selangor Darul Ehsan	307	13	Leasehold (99 years from 1998 to 2097)	Land and 2 lots of double-storey shophouse	01/01/1995	340

List of Properties

as at 31 December 2007 (continued)

Location	Area (sq metres)	Approx. Age (years)	Tenure	Description of Properties	Acquisition Date	Net Book Value (RM'000)
TIME Reach Sdn Bhd (continued)						
No. 5, Lorong 6B/91 Taman Shamelin Perkasa 56000 Kuala Lumpur	164	15	Leasehold (99 years from 1983 to 2082)	Land and 4-storey shop / office	01/05/1993	353
Lot No. 11, Jalan SS 6/12 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	186	17	Freehold	Land and 4-storey terrace shophouse	01/05/1991	320
No. 363, Taman Bukit Emas Jalan Tampin 70450 Seremban Negeri Sembilan Darul Khusus	164	12	Freehold	Land and a 3-storey shophouse	01/01/1996	274
324A & B Jalan Melaka Raya 1 Taman Melaka Raya 75000 Melaka	167	21	Leasehold (999 years from 1983 to 2082)	Land and a 3-storey shophouse	01/02/1987	173
No. 64 & 66 Jalan Wong Ah Jang 25100 Kuantan Pahang Darul Makmur	297	15	Freehold	Land and 2 lots of 3-storey shophouse	01/07/1993	412
No. 6-01-02, Jalan Molek 1/9 Taman Molek 81100 Johor Bahru Johor Darul Takzim	236	14	Freehold	Land and a 3-storey shophouse	01/05/1994	252
No. 33 & 35, Jalan Suasa 1 Taman Sri Skudai 81300 Johor Bahru Johor Darul Takzim	327	15	Freehold	Land and 2 lots of double-storey shophouse	01/10/1992	250
No. 53, 53A & 53B Jalan Perang, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	178	13	Freehold	Land and a 3-storey shophouse	01/09/1994	310
No. 13, Jalan Timah Hitam 83000 Batu Pahat Johor Darul Takzim	137	16	Leasehold (99 years from 1988 to 2087)	Land and a 3-storey shophouse	01/02/1992	160
No. 1 - 25 Kawasan Perindustrian Batu 1 Tanjung Agas 84000 Muar Johor Darul Takzim	143	19	Leasehold (99 years from 1981 to 2080)	Land and a double- storey shophouse	01/11/1988	77
Block BC, Lot 12, Unit 6 Lorong Ikan Juara 3 Sadong Raya, Karamunsing 88100 Kota Kinabalu Sabah	107	13	Leasehold (99 years from 1902 to 2901)	Land and a 4-storey shophouse	01/01/1995	498

Corporate Group Directory

Group Corporate Directory

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TIME Customer & Service

TIME SelfCare

Tel : +60 3 2730 5287
Fax : +60 3 2720 9006
Email : customerservice@time.com.my

TT dotCom Sdn Bhd

Level 1, Wisma TIME
249 Jalan Tun Razak
50400 Kuala Lumpur
Malaysia
Tel : +60 3 2720 8000
Fax : +60 3 2720 8001

TIME dotNet Berhad (507273-T)

Level 9, Wisma TIME
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Tel : +60 3 2720 8000
Fax : +60 3 2720 4466
Portal : www.time.net.my

TIME Reach Headquarters (11683-W)

Level 6, Menara Maxisegar
Jalan Pandan Indah 4/2
Pandan Indah
55100 Kuala Lumpur
Tel : +60 3 4295 8888
Fax : +60 3 2720 3626

TT dotCom Regional Offices

Central Region

43 & 54, Jalan U1/26
HICOM Glenmarie
40150 Shah Alam
Selangor Darul Ehsan
Tel : +60 3 5032 6000
Fax : +60 3 5032 6003

Northern Region

102M, Lengkok Kampung Jawa 2
MIEL Industrial Zone
11900 Bayan Lepas, Penang
Tel : +60 4 370 0000
Fax : +60 4 370 0001

No 12, Block D1, Jalan Todak 4
Pusat Bandar Seberang Jaya
13700 Prai, Pulau Pinang
Tel : +60 4 370 2000
Fax : +60 4 370 2004

Southern Region

4th Floor, Matang Holdings
No 83B, Jalan Langkasuka
Kawasan Perindustrian Larkin
80350 Johor Bahru, Johor
Tel : +60 7 277 1259
Fax : +60 7 278 2781

Eastern Region

No 142A
Kawasan Perindustrian Semambu
25350 Kuantan, Pahang
Tel : +60 9 556 0692
Fax : +60 9 556 0691

East Malaysia

Suite 9-02 Level 9
Menara Tun Jugah
Jalan Tunku Abdul Rahman
93450 Kuching Sarawak
Tel : +60 82 282 282
Fax : +60 82 282 288

TIME Reach Regional Offices

Central Region 1

Level 6, Menara Maxisegar
Jalan Pandan Indah 4/2
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Fax : +60 3 2720 3626

Central Region 2

Lot 26, Jalan 225
Seksyen 51A
46100 Petaling Jaya
Selangor Darul Ehsan
Tel : +60 3 7688 7100
Fax : +60 3 7625 6773

Northern Region

No. 125, Medan Kikik Satu
Taman Inderawasih
13600 Prai, Seberang Prai
Pulau Pinang
Tel : +60 4 399 9211
Fax : +60 4 399 1211

Southern Region

No. 6, 6-01, 6-02
Jalan Molek 1/9
Taman Molek
88100 Johor Bahru
Johor Darul Takzim
Tel : +60 7 355 6199
Fax : +60 7 355 4424

Eastern Region

No. 64 & 66
Jalan Dato' Wong Ah Jang
25100 Kuantan
Pahang Darul Makmur
Tel : +60 9 514 4300
Fax : +60 9 513 2491

East Malaysia

Block BC, Lot 6
Lorong Ikan Juara 3
Sadong Jaya, Karamusing
88100 Kota Kinabalu
Sabah
Tel : +60 88 240 240
Fax : +60 88 248 100

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FORM OF PROXY



TIME dotCom Berhad
(Company No. 413292-P)

No. of shares	CDS Account No.

I/We, Identification/Company No.
(Name in block letters)

of
(Full Address)

being a member/members of **TIME dotCom Berhad** hereby appoint

of

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 11th Annual General Meeting of the Company will be held at Banquet Hall, Kuala Lumpur Golf and Country Club, No.10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 9 May 2008 at 9.30 a.m. and at any adjournment thereof.

You may indicate with an "X" or "✓" in the boxes provided below how you wish your votes to be cast. Please note that the filling of this form is for indicative purposes only and shall not bind the Company or in any way oblige or require the Company to ensure that your proxy shall vote in the manner as indicated by you.

Please take further note that the Company shall accept the vote cast by your proxy as a valid vote whether or not your proxy has acted in accordance with your instructions.

	For	Against
Resolution 1		
Resolution 2		
Resolution 3		
Resolution 4		
Resolution 5		
Resolution 6		
Resolution 7		
Resolution 8		

Signed this day of 2008.

.....
Signature/Common Seal of Appointer

- NOTES**
1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
 2. The instrument of proxy shall be in writing and signed by the appointer or by his attorney and in the case of a corporation, either under its common seal or signed by its attorney or officer on behalf of the corporation.
 3. A member who holds 1,000 shares or less in the Company is entitled to appoint one (1) proxy whilst a member holding more than 1,000 shares in the Company is entitled to appoint a maximum of two (2) proxies. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
 4. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of holding to be represented by each proxy is specified.
 5. The instrument appointing a proxy or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office, **Mega Corporate Services Sdn Bhd at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50774 Kuala Lumpur** not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting, or in the case of a poll not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

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*affix postage
here*

■ **Mega Corporate Services Sdn Bhd**

Level 15-2, Faber Imperial Court

Jalan Sultan Ismail

50774 Kuala Lumpur

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Appendix 1

Details of the Proposed Amendments to the Articles of Association of TIME dotCom Berhad

No.	Existing Articles	Proposed Amendments	Rationale
1.	<p>Article 2 – Definition</p> <p><u>“Approved Market Place” – means a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) (Exemption) (No.2) Order, 1998.</u></p> <p><u>“Deposited Security” – A security in the Company standing to the credit of a Securities Account of a Depositor subject to the provisions of Central Depositories Act 1991 and the Rules.</u></p> <p><u>“Market Day” – Any day from Monday to Friday which is not a public holiday or a market holiday.</u></p> <p>N/A</p>	<p>To delete the underlined words.</p> <p>To delete the underlined words and substitute with the following: “Depository Security shall have the meaning given in Section 2 of the Securities Industry (Central Depositories) Act 1991.”</p> <p>To delete the underlined words and substitute with the following: “A day on which the stock market of the Exchange is open for trading in securities.”</p> <p>A new Article 2C be inserted as follows: “Listing Requirements means the Listing Requirements of the Stock Exchange including any amendments to the Listing Requirements that may be made from time to time.”</p>	<p>The proposed amendment is to comply with Paragraph 1.01 of the Listing Requirements.</p> <p>The proposed amendment is to comply with Paragraph 1.01 of the Listing Requirements.</p> <p>The proposed amendment is to comply with Paragraph 1.01 of the Listing Requirements.</p> <p>The proposed amendment is to comply with Paragraph 1.01 of the Listing Requirements.</p>

Appendix 1

Details of the Proposed Amendments to the Articles of Association of TIME dotCom Berhad (continued)

No.	Existing Articles	Proposed Amendments	Rationale
2.	<p>Article 45 – <u>Transmission of shares from foreign register</u></p> <p>1) Where</p> <p>a) the securities of the Company are listed on <u>an Approved Market Place</u>; and</p> <p>b) the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities, the company shall, upon request of securities holder, permit the transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the <u>Approved Market Place (hereinafter referred to as “ the Foreign Register”)</u> to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as: the Malaysia Register”) subject that there shall be no change in the ownership of such securities <u>and the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder.</u></p> <p>(2) <u>For the avoidance of doubt, the Company which fulfils the requirements of paragraphs (a) and (b) of Article 45(1) above shall allow any transmission of securities from the Malaysia Register into the Foreign Register.</u></p>	<p>The marginal note on “Transmission of shares from foreign register” be substituted with “Transmission of securities”.</p> <p>To delete the underlined words and to substitute / insert the following words in bold such that the new provision shall read as follows:</p> <p>(1) Where</p> <p>(a) the securities of the Company are listed on another stock exchange; and</p> <p>(b) the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,</p> <p>the Company shall, upon request of securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.</p>	<p>The proposed amendment is in line with Paragraph 7.14 of the Listing Requirements.</p>

No.	Existing Articles	Proposed Amendments	Rationale
3.	<p>Article 54(b) – Record of Depositors</p> <p>The Company shall also request the Central Depository in accordance with the Rules, to issue a Record of Depositors as at a date <u>not less than 3 market days before the general meeting (hereinafter referred to as “the General Meeting Record of Depositors”)</u>.</p>	<p>To insert the following words before the “underlined words” such that the new provision shall read as follows:</p> <p>The Company shall also request the Central Depository in accordance with the Rules, to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than 3 market days before the general meeting (hereinafter referred to as “the General Meeting Record of Depositors”).</p>	<p>The proposed amendment is in line with Paragraph 7.18(2) of the Listing Requirements.</p>
4.	<p>Article 71 – Member entitled to vote</p> <p>Subject to Article 54, a member of the Company shall be entitled to be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the company have been paid.</p> <p>Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint <u>one proxy</u> in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.</p>	<p>To insert the words “at least” before the “underlined words” such that the new provision shall read as follows:</p> <p>Subject to Article 54, a member of the Company shall be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the Company have been paid.</p> <p>Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.</p>	<p>The proposed amendment is in line with Paragraph 7.22 of the Listing Requirements which removes the restriction in the Articles of Association on the number of proxy appointed by an authorised nominee to one (1) proxy per securities account.</p>
5.	<p>Article 81 – Natural person</p> <p><u>No one other than a natural person shall be a Director of the Company.</u></p>	<p>To delete the underlined words in its entirety.</p>	<p>The proposed amendment is in line with Paragraph 7.23 of the Listing Requirements.</p>

Appendix 1

Details of the Proposed Amendments to the Articles of Association of TIME dotCom Berhad (continued)

No.	Existing Articles	Proposed Amendments	Rationale
6.	<p>Article 147 – Profit and Loss Account to be made up and laid before Company</p> <p>A copy of every balance sheet and profit and loss account which is to be laid before a general meeting of the Company (including every documents required by law to be annexed thereto) together with a copy of every report of the auditors relating thereto and of the Directors report shall not less than <u>fourteen (14)</u> days before the date of the meeting (or such shorter period as may be agreed in any year for receipt of notice of the meeting pursuant to Article 59) be sent to every member of, and to every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these Articles provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. The requisite number of copies of each such document shall at the same time be forwarded to each stock exchange upon which the Company is listed.</p>	<p>A copy of every balance sheet and profit and loss account which is to be laid before a general meeting of the Company (including every documents required by law to be annexed thereto) together with a copy of every report of the auditors relating thereto and of the Directors report or in CD-ROM form or in such other form of electronic media shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed in any year for receipt of notice of the meeting pursuant to Article 59) be sent to every member of, and to every holder of debentures of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these Articles provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office. In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a member requires a printed form of such documents, the Company shall send such documents to the member within 4 Market Days from the date of receipt of the member's request. The requisite number of copies of each such document shall at the same time be forwarded to each stock exchange upon which the Company is listed.</p>	<p>The proposed amendment is in line with Paragraph 9.23A of the Listing Requirements.</p>

No.	Existing Articles	Proposed Amendments	Rationale
7.	N/A	<p>A new Article 152A be inserted as follows:</p> <p><u>Article 152A – Report in CD-ROM or DVD-ROM format</u></p> <p>Subject to the compliance with the requirements of the Stock Exchange and any other relevant authorities, if any, the Company may issue its annual report in compact disc read-only memory (“CD-ROM”) or digital video disc read-only memory (DVD-ROM”) format or in any other format whatsoever (whether available now or in the future) through which images, data, information or other material may be viewed whether electronically or digitally or howsoever.</p>	<p>The proposed amendment is in line with Paragraph 9.23A of the Listing Requirements.</p>

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