
18. ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)

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**Deloitte
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15 January 2001

The Board of Directors
TIME dotCom Berhad
Tingkat 11, Wisma TIME,
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Gentlemen:

**TIME DOTCOM BERHAD
ACCOUNTANTS' REPORT**

A. INTRODUCTION

This report has been prepared for inclusion in the Prospectus of TIME dotCom Berhad ("TIME dotCom" or "the Company") to be dated 22 January 2001 in connection with the following:

- (i) public issue of 169,227,000 new TIME dotCom ordinary shares of RM1.00 each at an issue price of RM3.30 per ordinary share, payable in full on application, to the Malaysian public, eligible dealers of TIME Wireless Sdn Bhd ("TWSB") and eligible employees of the holding company, TIME Engineering Berhad ("TIME"), and certain of its subsidiaries;
- (ii) placement of 5,455,000 new TIME dotCom ordinary shares of RM1.00 each at a placement price of RM3.30 per ordinary share, payable in full upon placement, to Tanjung Serbaneka Holdings Sdn Bhd, a turnkey contractor of TWSB;
- (iii) public offer for sale by TIME of 173,774,000 TIME dotCom ordinary shares of RM1.00 each at an offer price of RM3.30 per ordinary share, payable in full on application, to the Malaysian public;
- (iv) restricted offer for sale by TIME of 144,538,930 TIME dotCom ordinary shares of RM1.00 each at an offer price of RM3.30 per ordinary share, payable in full on application, on a non-renounceable basis, to entitled shareholders of TIME whose names are registered on the register of members of TIME as at 5.00 p.m. on 17 January 2001;
- (v) placement by TIME of 78,700,000 TIME dotCom ordinary shares of RM1.00 each at a placement price of RM3.30 per ordinary share, payable in full upon placement, to specific investors; and
- (vi) the listing of and quotation for the entire issued and fully paid up share capital of the Company on the Main Board of the Kuala Lumpur Stock Exchange ("KLSE").

18. ACCOUNTANTS' REPORT (Cont'd)

B. GENERAL INFORMATION**B.1 Incorporation**

TIME dotCom was incorporated on 11 December 1996 as a public company under the Companies Act, 1965 in Malaysia under the name of TIME Telecommunications Holdings Berhad. On 17 January 2000, the Company changed its name from TIME Telecommunications Holdings Berhad to TIME dotCom Berhad.

B.2 Restructuring and Flotation Scheme

In conjunction with, and as part of the proposed listing of and quotation for the entire issued and paid up capital of the Company on the Main Board of the KLSE, the Company undertook a restructuring exercise involving the following transactions:

- (a) the acquisitions of
- (i) TIME's entire equity interest in TT dotCom Sdn Bhd ("TT dotCom") (formerly known as TIME Telecommunications Sdn Bhd) (100%), TWSB (75%), TIME Reach Sdn Bhd ("TRSB") (75%) and TIMESat Sdn Bhd ("TSAT") (100%) for a total consideration of RM862.706 million satisfied by the issue of 862.706 million new TIME dotCom ordinary shares of RM1.00 each credited as fully paid up at par.
 - (ii) 59.75 million ordinary shares of RM1.00 each representing approximately 25% equity interest in the share capital of TWSB from Sapura Holdings Sdn Bhd for a consideration of RM59.75 million satisfied by the issue of 59.75 million new TIME dotCom shares of RM1.00 each credited as fully up at par.
 - (iii) 1.25 million ordinary shares of RM1.00 each representing 25% equity interest in the share capital of TRSB from Uniphone Telecommunications Berhad for a consideration of RM1.25 million satisfied by the issue of 1.25 million new TIME dotCom ordinary shares of RM1.00 each credited as fully paid up at par.

TIME dotCom and its subsidiaries acquired ("the Telcos") are collectively referred to as "TIME dotCom Group".

- (b) upon the completion of the acquisitions above, TIME dotCom Group undertook a debt conversion exercise which involved the following steps:
- (i) TIME dotCom Group novated to TIME a total amount of RM3,945.83 million owing by the TIME dotCom Group to its scheme creditors under its scheme of debt arrangement pursuant to Section 176 of the Companies Act, 1965.
 - (ii) the Telcos then novated all debts owing to TIME after (i) above of RM3,350.33 million to TIME dotCom, thereafter, resulting in the total amount owing by TIME dotCom to TIME of RM4,294.16 million (including RM348.33 million owing by TIME dotCom to TIME).
 - (iii) in satisfaction of the net amount owing to TIME of RM4,294.16 million, TIME dotCom issued 1,431.39 million new ordinary shares of RM1.00 each credited as fully paid-up to TIME on the basis of one (1) new TIME dotCom share for every RM3.00 debt owing to TIME.
 - (iv) the novation of debts in (ii) above resulted in the Telcos owing to TIME dotCom an aggregate amount of RM4,291.40 million after including the existing inter-company balances owing by the respective Telco to TIME dotCom of approximately RM941.07 million.

In satisfaction of the aggregate amount owing to TIME dotCom, each Telco issued one (1) new ordinary share of RM1.00 each credited as fully paid up to TIME dotCom for every RM1.00 owing to TIME dotCom.

18. ACCOUNTANTS' REPORT (Cont'd)

In addition, as part of the restructuring scheme, the following proposed capital reduction would also be undertaken by the Telcos:

(a) TT dotCom

Cancellation of RM0.10 from every ordinary share of RM1.00 each and consolidation of the resultant approximately 1.11 ordinary shares of RM0.90 into one (1) ordinary share of RM1.00 each.

(b) TWSB

Cancellation of RM0.30 from every ordinary share of RM1.00 each and consolidation of the resultant approximately 1.43 ordinary shares of RM0.70 into one (1) ordinary share of RM1.00 each.

(c) TRSB

Cancellation of RM0.10 from every ordinary share of RM1.00 each and consolidation of the resultant approximately 1.11 ordinary shares of RM0.90 into one (1) ordinary share of RM1.00 each.

(d) TSAT

Cancellation of RM0.86 from every ordinary share of RM1.00 each and consolidation of the resultant approximately 7.14 ordinary shares of RM0.14 into one (1) ordinary share of RM1.00 each.

B.3 Share Capital

As at the date of incorporation, the authorised share capital of the Company was RM100,000 comprising 100,000 ordinary shares of RM1 each and the issued and fully paid-up share capital was RM2 comprising 2 ordinary shares of RM1 each.

The current authorised share capital of the Company is RM5,000,000,000 divided into 5,000,000,000 ordinary shares of RM1.00 each and the issued and paid-up share capital is RM2,356,093,000 consisting of 2,356,093,000 ordinary shares of RM1.00 each.

Following the above restructuring exercise, the changes in the issued and paid-up share capital of TIME dotCom are as follows:

	Number of shares of RM1 each	Cumulative Total
Existing shares as at 31.12.1999	1,000,000	1,000,000
Share issued as a consideration for the acquisition of the Telcos	923,706,000	924,706,000
Shares issued arising from the debt-equity conversion	1,431,386,454	2,356,092,454
Shares issued for cash	546	2,356,093,000
Initial public offering	174,682,000	2,530,775,000

18. ACCOUNTANTS' REPORT (Cont'd)

B.4 Principal Activities

The principal activity of the Company is that of investment holding and the provision of management services. Pursuant to the implementation of the restructuring scheme referred to in the foregoing, the Company became the holding company of the subsidiaries as listed below.

The subsidiaries, all incorporated in Malaysia, and their principal activities are as follows:

Name	Date of incorporation	Effective equity interest	Principal Activities
<u>Direct subsidiary</u>			
TT dotCom	17 November 1979	100%	Provision of voice, data, video and image communication services through its established domestic and international network.
TWSB	20 July 1981	100%	Provision of the transmission of voice and data through the cellular system.
TRSB	25 January 1972	100%	Provision of payphone services.
TSAT	26 February 1990	100%	Provision of data communications facilities and services using satellite and microwave.
<u>Indirect subsidiary</u>			
TIME dotNet Berhad ("TIME dotNet") (formerly known as TIMEOnline dotCom Berhad)	7 March 2000	100%	Carrying on the business of providing and marketing of internet services to customers including providing access to the world wide web, the organisation and aggregation of content, on-line call center, on-line services, on-net advertising and virtual data storage and application services including provision of electronic mail, chat room, instant messaging, web-hosting and bulletin boards.

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18. ACCOUNTANTS' REPORT (Cont'd)

C. AUDITORS' REPORTS

We have acted as auditors of the Company and its subsidiaries for the financial periods as follows:

Company	Financial period/years
TIME dotCom	since its incorporation on 11 December 1996
TT dotCom	for all the relevant financial periods under review
TWSB	since the financial period 1 February 1997 to 31 December 1997
TRSB	since the financial period 1 February 1997 to 31 December 1997
TSAT	for all the relevant financial periods under review
TIME dotNet	since its incorporation on 7 March 2000

We have reported on the accounts of the above companies for those relevant financial periods which we have acted as auditors without any qualification except for the financial years ended 31 December 1998 and 1999.

The accounts of TWSB and TRSB for other relevant financial periods under review were audited by another firm of auditors and were reported on without any reservations.

In 1998, TIME, the Company and eight (8) other related companies (inclusive of TT dotCom, TWSB, TRSB and TSAT) (collectively refer to as "the Scheme Companies") made an application to the High Court of Malaya under Section 176(10) of the Companies Act, 1965 for a restraining order. The order was granted on 14 July 1998 and restrained all further actions and proceedings or the institution or commencement of any proceedings against the Scheme Companies for a period of nine (9) months from the date of the order to facilitate the formulation and subsequent implementation of a debt restructuring scheme ("the Scheme").

TIME, on 15 March 1999, applied to the Corporate Debt Restructuring Committee ("CDRC") for assistance to improve the Scheme in order to enhance the recovery to lenders and creditors of amount owing by the Scheme Companies. On the application of the Scheme Companies, the restraining order obtained on 14 July 1998 was extended to 24 January 2001 to facilitate the finalisation and implementation of a Scheme based on the debt restructuring proposal formulated by CDRC as announced by TIME on 28 January 2000.

No provision/write down has been made against the carrying value of the following assets as at 31 December 1998 and 1999.

	31 December 1998	31 December 1999
	RM'million	RM'million
TIME dotCom		
- amount owing by other related companies that are also protected under the restraining order obtained from the High Court of Malaya	819	915
TT dotCom		
- telecommunications network	2,205	2,340
- expenditure carried forward	30	-
- amount owing by other related companies that are also protected under the restraining order obtained from the High Court of Malaya	72	90
TWSB		
- telecommunications network	1,204	1,279
TRSB		
- payphones, casings and booths	256	178

18. ACCOUNTANTS' REPORT (Cont'd)

Any provision/write down, if required, for the above assets was determinable only upon the finalisation and implementation of the Scheme.

As at 31 December 1998 and 1999, the Company and its subsidiaries had capital deficiencies as follows:

	31 December 1998 RM'million	31 December 1999 RM'million
TIME dotCom	3	6
TWSB	176	286
TRSB	N/A	42
TSAT	18	19

Given the above circumstances, our auditors' reports on the accounts of the Company and its subsidiaries for the years ended 31 December 1998 and 1999 have been qualified on the basis that the accounts do not include any adjustment that may be required to be made to the carrying amount of the assets referred to above. We have also qualified our opinion in respect of the appropriateness of preparing the accounts of the Company and all the Telcos for the years ended 31 December 1998 and 1999 on a going concern basis as the appropriateness of preparing these accounts on a going concern basis is dependent upon, among others, the successful implementation of the Scheme, the availability and sufficiency of new funds for the development of the telecommunications, internet and multimedia businesses of the Telcos and the continued improvement in the economic environment.

Without qualifying our opinion on the accounts of TT dotCom for the years ended 31 December 1996 to 1999 and for the period 1 January 2000 to 30 September 2000 and of TWSB for the period 1 February 1997 to 31 December 1997, the years ended 31 December 1998 and 1999 and the period 1 January 2000 to 30 September 2000, we drew attention to the accounting policy adopted by TT dotCom and TWSB to capitalise interest on loans obtained to finance the construction of the commissioned phases of the telecommunications network incurred subsequent to commissioning until full repayment of such loans. The capitalisation of interest in this manner represents a departure from the provisions of International Accounting Standard 23 "Capitalisation of Borrowing Costs". Having regard to the matters mentioned in Section I.3, we concurred with the opinion of the directors that this accounting policy matches more appropriately TT dotCom's and TWSB's interest charges incurred on borrowings for the construction of the telecommunications network with its revenue during the period of their telecommunications licences.

Our auditors reports on the accounts of the Company and its subsidiaries for the period 1 January 2000 to 30 September 2000 were prepared at the request and for the use of management of the respective company.

D. DIVIDENDS

The Company has not paid or declared any dividends since its incorporation.

No dividend have been declared or paid by the subsidiaries during the relevant periods under review except for TRSB.

Details of dividends declared and paid by TRSB for the last five relevant periods under review are as follows:

	Gross rate of dividend %	Net dividends paid/payable RM'000
31 January 1996	100	3,500
31 January 1997	100	3,500
1 February 1997 to 31 December 1997	-	-
31 December 1998	-	-
31 December 1999	-	-

The net dividends in respect of the years ended 31 January 1996 and 1997 were paid after deducting income tax at 30%.

18. ACCOUNTANTS' REPORT (Cont'd)**E. SUMMARISED PROFIT AND LOSS ACCOUNTS****E.1 Proforma Consolidated Profit and Loss Accounts**

The summarised proforma consolidated profit and loss accounts of TIME dotCom Group set out below have been prepared for illustrative purposes only and on the assumption that the TIME dotCom Group structure had been in existence throughout the relevant periods under review.

	Year ended 31 December					9 months ended
	1995	1996	1997	1998	1999	30 September 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	500,523	419,339	479,284	591,896	626,542	567,390
Profit/(Loss) before interest, depreciation, taxation and amortisation	65,958	(35,799)	(31,368)	(56,226)	75,253	77,147
Amortisation/Write off of telecommunications network and capitalised interest	(53,921)	(59,999)	(71,426)	(110,038)	(147,380)	(52,876)
Amortisation/Write off of deferred expenditure and expenditure carried forward	(5,446)	(28,397)	(79,435)	(68,235)	(32,151)	(10,203)
Depreciation	(10,499)	(21,277)	(27,163)	(35,260)	(32,770)	(20,974)
Fixed assets written off	(116)	(213)	(428)	(258)	(9,993)	(46)
Interest expense	(21,834)	(31,736)	(41,639)	(65,057)	(90,994)	(58,497)
Loss before exceptional items and taxation	(25,858)	(177,421)	(251,459)	(335,074)	(238,035)	(65,449)
Exceptional items	-	-	(3,206)	-	-	43,693
Loss before taxation	(25,858)	(177,421)	(254,665)	(335,074)	(238,035)	(21,756)
Taxation	(8,405)	(6,927)	14,000	2,069	19,265	-
Net loss	(34,263)	(184,348)	(240,665)	(333,005)	(218,770)	(21,756)
Number of ordinary shares of RM1.00 each in issue ('000)	2,530,775	2,530,775	2,530,775	2,530,775	2,530,775	2,530,775
Loss per share (sen)	(1.4)	(7.3)	(9.5)	(13.2)	(8.6)	(1.1)*

* annualised

18. ACCOUNTANTS' REPORT (Cont'd)

Note:

- (i) The profit and loss accounts of TWSB and TRSB which have been included in the proforma consolidated profit and loss accounts for the financial years ended 31 December 1995 to 1997 were for the following accounting periods:

Financial year	Accounting period of TWSB and TRSB
31 December 1995 to 1996	Financial years ended 31 January 1996 and 1997
31 December 1997	11 months from 1 February 1997 to 31 December 1997

- (ii) Exceptional item for the year ended 31 December 1997 represents the net loss incurred on the disposal of all TRSB's businesses other than the operations and maintenance of payphone services in Malaysia to its former shareholders at a nominal sale consideration of RM2 as part of the agreement for the acquisition by TIME of 75% equity in TRSB.
- (iii) Exceptional item for the period 1 January 2000 to 30 September 2000 represents the credit arising from the reduction in the cumulative amortisation of commissioned network and cumulative amortisation of post commissioning interest capitalised as at 31 December 1999 as a result of a review of accounting estimates undertaken by the directors of TT dotCom and TWSB.
- (iv) The loss per ordinary share of the Group for the respective financial year under review is calculated based on the proforma consolidated net loss divided by the enlarged issued and paid-up share capital of 2,530,775,000 ordinary shares of RM1.00 each following the restructuring scheme mentioned under section B.2 of this report.

E.2 TIME dotCom

	Year ended 31 December 1998	Year ended 31 December 1999	9 months ended 30 September 2000
	RM'000	RM'000	RM'000
Revenue	140	115	-
Loss before interest, depreciation, taxation and amortisation	(3,514)	(2,758)	(1,767)
Depreciation	(159)	(159)	(152)
Fixed assets written off	-	-	(25)
Interest expense	-	-	-
Loss before taxation	(3,673)	(2,917)	(1,944)
Taxation	-	-	-
Net loss	(3,673)	(2,917)	(1,944)
Number of ordinary shares of RM1.00 each in issue ('000)	1,000	1,000	1,000
Loss per share (RM)	(3.67)	(2.92)	(2.59)*

* annualised

Note:

The Company commenced operations in 1998 and accordingly, its profit and loss account was drawn up for the first time in the financial year ended 31 December 1998.

18. ACCOUNTANTS' REPORT (Cont'd)**E.3 TT dotCom**

	Year ended 31 December				9 months ended
	1996	1997	1998	1999	30 September 2000
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	13,115	89,535	255,083	302,136	259,535
(Loss)/Profit before interest, depreciation, taxation and amortisation	(47,573)	(19,430)	(34,294)	32,890	25,579
Depreciation	(5,837)	(11,554)	(16,604)	(14,408)	(8,210)
Amortisation/Write off of telecommunications network and post commissioning interest capitalised	(79)	(7,528)	(17,716)	(51,486)	(11,561)
Amortisation of expenditure carried forward	(9,889)	(13,186)	(13,186)	(13,186)	(9,889)
Fixed assets written off	(5)	-	-	-	-
Interest expense	(12)	(9)	(1,342)	(12,333)	(17,252)
Loss before exceptional item and taxation	(63,395)	(51,707)	(83,142)	(58,523)	(21,333)
Exceptional item	-	-	-	-	22,974
Profit/(Loss) before taxation	(63,395)	(51,707)	(83,142)	(58,523)	1,641
Taxation	-	-	-	-	-
Net profit/(loss)	(63,395)	(51,707)	(83,142)	(58,523)	1,641
Average number of ordinary shares of RM1.00 each in issue ('000)	90,000	640,000	640,000	640,000	640,000
Earnings/(Loss) per share (RM)	(0.70)	(0.08)	(0.13)	(0.09)	0.003*

* annualised

Notes:

- i) TT dotCom commenced commercial operations on 1 April 1996 and accordingly, its profit and loss account was drawn up for the first time in the financial year ended 31 December 1996.
- ii) Exceptional item for the period 1 January 2000 to 30 September 2000 represents the credit arising from the reduction in the cumulative amortisation of commissioned network and cumulative amortisation of post commissioning interest capitalised as at 31 December 1999 as a result of a review of accounting estimates undertaken by the directors of TT dotCom as fully explained in section I.6.

18. ACCOUNTANTS' REPORT (Cont'd)**E.4 TWSB**

	Financial year ended 31 January		11 months ended 31 December	Financial year ended 31 December		9 months ended 30 September
	1996 RM'000	1997 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000
Revenue	7,921	59,728	143,807	140,099	136,328	178,717
(Loss)/Profit before interest, depreciation, taxation and amortisation	(39,056)	(90,787)	(65,888)	(72,695)	(20,480)	10,219
Depreciation	(3,321)	(8,106)	(9,917)	(12,900)	(9,208)	(7,581)
Amortisation of telecommunications network and post commissioning interest capitalised	(31)	(794)	(2,367)	(23,127)	(16,291)	(9,358)
Amortisation of deferred expenditure and expenditure carried forward	(5,446)	(18,508)	(49,514)	(55,049)	(18,965)	(165)
Fixed assets written off	-	-	-	-	(9,383)	-
Interest expense	(2,087)	(5,512)	(2,351)	(8,374)	(35,969)	(20,303)
Loss before exceptional item and taxation	(49,941)	(123,707)	(130,037)	(172,145)	(110,296)	(27,188)
Exceptional item	-	-	-	-	-	20,719
Loss before taxation	(49,941)	(123,707)	(130,037)	(172,145)	(110,296)	(6,469)
Taxation	-	-	-	34	-	-
Net loss	(49,941)	(123,707)	(130,037)	(172,111)	(110,296)	(6,469)
Average number of ordinary shares of RM1.00 each in issue ('000)	52,083	100,000	213,727	239,000	239,000	239,000
Loss per share (RM)	(0.96)	(1.24)	(0.66)*	(0.72)	(0.46)	(0.04)*

* annualised

18. ACCOUNTANTS' REPORT (Cont'd)

Notes:

- i) During the financial period 1 February 1997 to 31 December 1997, TWSB changed its accounting policy on the amortisation of commissioned telecommunications network cost to the revenue method. Prior to the change, commissioned telecommunications network cost of TWSB was amortised on a straight line basis over ten years. The change was made in order for TWSB to comply with the group accounting policy on the amortisation of commissioned telecommunications network cost adopted by TIME which the directors are of the opinion that such amortisation method matches more appropriately TWSB's amortisation charges with its revenue during the licence period. During the same financial period, TWSB also capitalised interest on loans obtained to finance the construction of the commissioned phases of the network incurred subsequent to commissioning until full repayment of the loans. Post commissioning interest capitalised is amortised to the profit and loss account using the revenue method. In prior years, capitalisation of such interest cost ceased upon the commissioning of the phases. The effects of such changes, which have been applied retrospectively, on the profit and loss account of TWSB for the relevant periods under review are as follows:

	Year ended 31 January		11 months ended 31 December	Year ended 31 December		9 months ended 30 September
	1996	1997	1997	1998	1999	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Decrease in loss before taxation	11,331	49,109	-	-	-	-

- ii) Exceptional item for the period 1 January 2000 to 30 September 2000 represents the credit arising from the reduction in the cumulative amortisation of commissioned network and cumulative amortisation of post commissioning interest capitalised as at 31 December 1999 as a result of a review of accounting estimates undertaken by the directors of TWSB as fully explained in Section I.6.

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18. ACCOUNTANTS' REPORT (Cont'd)**E.5 TRSB**

	Financial year ended		11 months	Financial year ended		9 months
	31 January		ended	31 December		ended
	1996	1997	31 December	1998	1999	30 September
	RM'000	RM'000	1997	RM'000	RM'000	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	491,450	345,756	252,296	242,163	248,824	186,117
Profit before interest, depreciation, taxation and amortisation	104,719	101,741	52,878	53,655	65,427	44,139
Amortisation/ Write off of telecommunications network	(53,890)	(59,126)	(61,531)	(69,195)	(79,603)	(31,957)
Depreciation	(6,445)	(6,639)	(4,510)	(4,416)	(7,586)	(3,773)
Fixed assets written off	(57)	(159)	(218)	-	(610)	(21)
Interest expense	(18,622)	(25,285)	(38,525)	(55,016)	(42,419)	(20,464)
Profit/(Loss) before taxation and exceptional item	25,705	10,532	(51,906)	(74,972)	(64,791)	(12,076)
Exceptional item	-	-	(3,206)	-	-	-
Profit/(Loss) before taxation	25,705	10,532	(55,112)	(74,972)	(64,791)	(12,076)
Taxation	(8,405)	(6,927)	14,000	2,035	19,265	-
Net profit/(loss)	17,300	3,605	(41,112)	(72,937)	(45,526)	(12,076)
Number of ordinary shares of RM1.00 each in issue ('000)	5,000	5,000	5,000	5,000	5,000	5,000
Earnings/(Loss) per share (RM)	3.46	0.72	(8.97)*	(14.59)	(9.11)	(3.22)*

Note:

As part of the agreement for the acquisition by TIME of 75% equity interest in TRSB, TRSB disposed of all its businesses other than the operations and maintenance of payphone services in Malaysia to its former shareholders at a nominal sale consideration of RM2.

The net loss incurred on the disposal of RM3,206,000 was recognised as an exceptional item in the accounts of TRSB for the financial period ended 31 December 1997.

18. ACCOUNTANTS' REPORT (*Cont'd*)

E.6 TSAT

	Year ended 31 December					9 months ended
	1995	1996	1997	1998	1999	30 September 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,152	740	1,086	704	224	60
Profit before interest, depreciation, taxation and amortisation	295	820	1,072	622	174	15
Depreciation	(733)	(695)	(1,182)	(1,181)	(1,409)	(1,229)
Fixed assets written off	(59)	(49)	(210)	(258)	-	-
Expenditure carried forward written off	-	-	(16,735)	-	-	-
Interest expense	(1,125)	(927)	(754)	(325)	(273)	(211)
Loss before taxation	(1,622)	(851)	(17,809)	(1,142)	(1,508)	(1,425)
Taxation	-	-	-	-	-	-
Net loss	(1,622)	(851)	(17,809)	(1,142)	(1,508)	(1,425)
Number of ordinary shares of RM1.00 each in issue ('000)	39,706	39,706	39,706	39,706	39,706	39,706
Loss per share (RM)	(0.04)	(0.02)	(0.45)	(0.03)	(0.04)	(0.05)*

* annualised

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18. ACCOUNTANTS' REPORT (Cont'd)

E.7 TIME dotNet

	7 March 2000 to 30 September 2000 RM'000
Revenue	<u>507</u>
Loss before interest, depreciation, taxation and amortisation	(1,038)
Depreciation	(29)
Amortisation of expenditure carried forward	(149)
Interest expense	<u>(267)</u>
Loss before taxation	(1,483)
Taxation	<u>-</u>
Net loss	<u>(1,483)</u>
Average number of ordinary shares of RM1.00 each in issue (RM)	<u>2</u>
Loss per share (RM'000)	<u>(1,271)*</u>

* annualised

Notes:

- i) TIME dotNet commenced commercial operations on 25 August 2000 and accordingly, its profit and loss account was drawn up for the first time in the financial period ended 30 September 2000.

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18. ACCOUNTANTS' REPORT (Cont'd)**F. SUMMARISED BALANCE SHEETS**

The summarised balance sheets of the TIME dotCom and its subsidiaries based on their respective audited accounts are set out as follows:

F.1 TIME dotCom

	As at 31 December			As at
	1997	1998	1999	30 September
	RM'000	RM'000	RM'000	2000
				RM'000
Fixed Assets	-	637	478	558
Expenditure Carried Forward	2	-	-	-
Total Current Assets	777,522	835,568	923,610	989,133
Total Current Liabilities	776,524	838,878	929,678	997,225
Net Current Assets/(Liabilities)	998	(3,310)	(6,068)	(8,092)
Net Assets/(Liabilities)	1,000	(2,673)	(5,590)	(7,534)
Represented By:				
Share Capital	1,000	1,000	1,000	1,000
Accumulated Loss	-	(3,673)	(6,590)	(8,534)
Shareholder's Funds/(Capital Deficiency)	1,000	(2,673)	(5,590)	(7,534)

Note:

The Company was incorporated on 11 December 1996 and its first set of accounts was drawn up for the period ended 31 December 1997.

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18. ACCOUNTANTS' REPORT (Cont'd)

F.2 TT dotCom

	As at 31 December					As at
	1995	1996	1997	1998	1999	30 September 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed Assets	25,717	39,364	48,088	47,785	31,012	25,452
Expenditure Carried Forward	51,550	56,039	42,854	29,668	16,482	6,593
Investment In Subsidiary Company	-	-	-	-	-	2,591
Telecommunications Network	1,046,920	1,597,732	2,090,707	2,205,117	2,339,751	2,474,400
Total Current Assets	36,877	49,825	105,066	230,068	321,085	372,182
Total Current Liabilities	1,121,064	1,166,355	1,761,817	2,070,595	2,325,013	2,496,344
Net Current Liabilities	(1,084,187)	(1,116,530)	(1,656,751)	(1,840,527)	(2,003,928)	(2,124,162)
Hire Purchase Creditors	-	-	-	(287)	(84)	-
Net Assets	40,000	576,605	524,898	441,756	383,233	384,874
Represented By:						
Share Capital	40,000	640,000	640,000	640,000	640,000	640,000
Accumulated Loss	-	(63,395)	(115,102)	(198,244)	(256,767)	(255,126)
Shareholder's Equity	40,000	576,605	524,898	441,756	383,233	384,874

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18. ACCOUNTANTS' REPORT (*Cont'd*)

F.3 TWSB

	As at 31 January		As at 31 December			As at
	1996	1997	1997	1998	1999	30 September 2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Fixed Assets	40,228	51,079	64,686	47,800	34,008	36,856
Expenditure Carried Forward	2,101	1,607	1,154	659	165	-
Deferred Expenditure	9,378	33,776	43,005	11,633	-	-
Telecommunications Network	329,240	495,558	932,816	1,204,370	1,279,464	1,337,926
Total Current Assets	61,418	191,428	194,330	97,439	109,199	154,897
Total Current Liabilities	191,000	344,948	782,637	1,090,979	1,308,530	1,455,003
Net Current Liabilities	(129,582)	(153,520)	(588,307)	(993,540)	(1,199,331)	(1,300,106)
Hire Purchase Creditors	(1,029)	(374)	(1)	-	-	-
Long-Term Loans	-	(301,497)	(456,761)	(446,441)	(400,121)	(366,960)
	250,336	126,629	(3,408)	(175,519)	(285,815)	(292,284)
Represented by:						
Share Capital	100,000	100,000	239,000	239,000	239,000	239,000
Share Premium	61,000	61,000	61,000	61,000	61,000	61,000
Accumulated Loss	(49,664)	(173,371)	(303,408)	(475,519)	(585,815)	(592,284)
	111,336	(12,371)	(3,408)	(175,519)	(285,815)	(292,284)
Irredeemable Convertible Unsecured Loan Stocks	139,000	139,000	-	-	-	-
	250,336	126,629	(3,408)	(175,519)	(285,815)	(292,284)

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