

Notes to the Financial Statements 31 December 2004

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous financial years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

Notes to the Financial Statements 31 December 2004 (continued)

1. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

Property, plant and equipment, except for freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses. Freehold land and capital work-in-progress are stated at cost.

Depreciation

Freehold land and capital work-in-progress are not depreciated. All other assets are depreciated on a straight-line basis over their estimated useful lives except for leasehold land and buildings which are amortised over their remaining leasehold period.

The principal annual rates used are as follows:

Leasehold land and buildings	30 to 99 years
Freehold buildings	2.0%
Motor vehicles	20.0%
Computer systems	20.0%
Furniture and fittings	10.0%
Telecommunications network	10.0%

(d) Investments in subsidiaries

Investments in subsidiaries are held for long term and are stated at cost. Such investments are only written down when the Directors are of the opinion that there is a diminution in their values which is other than temporary.

(e) Capitalisation of borrowing costs

Interest incurred in connection with financing the construction and installation of property, plant and equipment, if any, is capitalised until the assets are ready for their intended use.

(f) Impairment

The carrying amount of assets, other than inventories and financial assets (other than investment in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(f) Impairment (continued)

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 has been recognised. The reversal is recognised in the income statement.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value and are determined on a weighted average basis. The costs of trading merchandise comprise purchase costs and other incidental costs incurred in bringing these merchandise to their present condition and location.

(h) Cash and cash equivalents

Cash and cash equivalents consists of cash in hand, balances and deposits with licensed banks and financial institutions. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts, if any.

(i) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax 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 expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes to the Financial Statements 31 December 2004 (continued)

1. Summary of significant accounting policies (continued)

(i) Income tax (continued)

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(j) Foreign currency

Transactions in foreign currencies are translated into Ringgit Malaysia at rates approximating those ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated into Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising from translation are recognised in the income statement.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

	2004	2003
1 US Dollar	RM3.80	RM3.80
1 Swiss Franc	RM3.35	RM3.06
1 Special Drawing Rights	RM5.88	RM5.65
1 Euro Dollar	RM5.17	RM4.78
1 Norwegian Kroner	RM0.64	RM0.54

(k) Revenue*(i) Goods sold and services rendered*

Net revenue include all sales of goods and services, net of rebates and discounts. Revenue are recognised when goods are delivered or services are rendered. Revenue from the prepaid cards that have been sold to customers but where services have not been rendered at the balance sheet date is deferred.

(k) Revenue (continued)*(ii) Interest income*

Interest income is recognised in the income statement as it accrues taking into account the effective yield on the asset.

(l) Expenses*(i) Operating leases*

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) Financing costs

All interest and other ancillary costs incurred in connection with borrowings are expensed as incurred except for those as mentioned in Notes 1(e) and 1(n)(ii).

(m) Intangible asset

Intangible asset comprises a fee paid during the financial period ended 31 December 2001 for the provision of technology and transfer of technical know-how pursuant to a technical services agreement signed between the Company and Telenor Mobile Communications AS, a wholly owned subsidiary of Telenor ASA, its ultimate holding company.

The fee paid is amortised on a straight line basis over the remaining period of the telecommunications license of fifteen years.

Notes to the Financial Statements 31 December 2004 (continued)

1. Summary of significant accounting policies (continued)

(n) Deferred expenditure

(i) License fees

License fees are capitalised and amortised over the period of the licenses.

(ii) Ancillary costs of borrowings

Costs specifically incurred to obtain new funding for the purpose of retiring existing loans and finance further network expansion are deferred and amortised over the tenor of the new loans. Any unamortised portion will be written off proportionately as and when there is a prepayment of the outstanding loans or lapsed or cancellation of any undrawn loans amount.

(o) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

Bad debts are written off in the year in which these are identified. Allowances are made for doubtful debts based on a review of all outstanding balances at the year end.

(p) Employee benefits

(i) Short term employee benefit

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when absences occur. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

(p) Employee benefits (continued)*(iii) Defined benefits plans*

The Group operates an unfunded defined benefit plan for its eligible employees. The benefits are calculated based on the length of service and the agreed percentages of eligible employees' salaries over the period of their employment and are payable upon resignation after completion of minimum employment period of 10 years service or upon retirement age of 55 years. The obligations under the retirement benefit scheme are determined based on actuarial valuation by a qualified independent actuary on an annual basis. That benefit is calculated using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when cumulative unrecognised actuarial gains or losses exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Where there are any improvements in benefits for the plan, past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses, if any, and unrecognised past service cost. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service cost, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

(q) Liabilities

Borrowings and trade and other payables are stated at cost.

Notes to the Financial Statements 31 December 2004 (continued)

2. Property, plant and equipment

GROUP	Freehold land RM'000	Freehold buildings RM'000	Long term Leasehold land and buildings RM'000
Cost			
At 1 January 2004	13,912	5,461	9,795
Additions	-	-	-
Written off/Disposals	-	-	-
Transfers	-	2,419	-
At 31 December 2004	<u>13,912</u>	<u>7,880</u>	<u>9,795</u>
Depreciation and impairment losses			
Accumulated depreciation	-	350	639
Accumulated impairment losses	-	-	-
At 1 January 2004	-	350	639
Depreciation charge for the year	-	66	100
Written off/Disposals	-	-	-
Reversal of impairment loss	-	-	-
Accumulated depreciation	-	416	739
Accumulated impairment losses	-	-	-
At 31 December 2004	<u>-</u>	<u>416</u>	<u>739</u>
Net book value			
At 31 December 2004	<u>13,912</u>	<u>7,464</u>	<u>9,056</u>
At 31 December 2003	<u>13,912</u>	<u>5,111</u>	<u>9,156</u>
For the year ended 31 December 2003			
Depreciation charge	-	62	100
Impairment losses	-	-	-

* The reversal of impairment loss was in respect of impaired assets disposed during the financial year.

Short term leasehold land and buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Telecommunications network RM'000	Capital work-in-progress RM'000	Total RM'000
14,405	16,710	241,641	28,551	3,301,348	152,954	3,784,777
-	-	-	-	3,722	519,916	523,638
-	(103)	(452)	(48)	(6,608)	(74)	(7,285)
-	3,104	66,960	7,763	487,718	(567,964)	-
<u>14,405</u>	<u>19,711</u>	<u>308,149</u>	<u>36,266</u>	<u>3,786,180</u>	<u>104,832</u>	<u>4,301,130</u>
2,429	9,190	115,809	15,959	1,001,400	-	1,145,776
-	-	-	-	9,500	-	9,500
2,429	9,190	115,809	15,959	1,010,900	-	1,155,276
298	2,481	41,476	3,072	418,060	-	465,553
-	(103)	(442)	(36)	(2,592)	-	(3,173)
-	-	-	-	(3,482)*	-	(3,482)
<u>2,727</u>	<u>11,568</u>	<u>156,843</u>	<u>18,995</u>	<u>1,416,868</u>	<u>-</u>	<u>1,608,156</u>
-	-	-	-	6,018	-	6,018
<u>2,727</u>	<u>11,568</u>	<u>156,843</u>	<u>18,995</u>	<u>1,422,886</u>	<u>-</u>	<u>1,614,174</u>
11,678	8,143	151,306	17,271	2,363,294	104,832	2,686,956
11,976	7,520	125,832	12,592	2,290,448	152,954	2,629,501
290	1,994	43,044	2,791	368,709	-	416,990
-	-	-	-	9,500	-	9,500

Notes to the Financial Statements 31 December 2004 (continued)

2. Property, plant and equipment (continued)

Long term leasehold land and buildings comprise leasehold interests with an unexpired term in excess of 50 years.

No interest was capitalised during the current and previous financial year in respect of the property, plant and equipment of the Group.

Property, plant and equipment amounting to RM2.685 billion (2003 : RM2.627 billion) belonging to a subsidiary have been charged to financial and other institutions for credit facilities.

Included in additions for the year is an amount of RM3.7 million (2003 : Nil) related to provision for site decommission and restoration costs.

3. Intangible asset

	GROUP	
	2004 RM'000	2003 RM'000
Balance as at 1 January	43,022	46,963
Less: Amount amortised during the year	(3,941)	(3,941)
	<hr/>	<hr/>
Balance as at 31 December	<u>39,081</u>	<u>43,022</u>

4. Deferred expenditure

	GROUP	
	2004 RM'000	2003 RM'000
Licence fees		
Balance as at 1 January	668	743
Less: Amount amortised during the year	(75)	(75)
	<hr/>	<hr/>
Balance as at 31 December	<u>593</u>	<u>668</u>
Ancillary costs of borrowings		
Balance as at 1 January	35,006	42,522
Add: Amount capitalised during the year	-	6,424
Less: Amount amortised during the year (Note 16)	(20,386)	(13,940)
	<hr/>	<hr/>
Balance as at 31 December	<u>14,620</u>	<u>35,006</u>
Total deferred expenditure	<u><u>15,213</u></u>	<u><u>35,674</u></u>

5. Investments in subsidiaries

	COMPANY	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	526,501	526,501

Details of the subsidiary companies, which are incorporated in Malaysia, are as follows:

Name of Company	Principal activity	Effective ownership interest	
		2004 %	2003 %
DiGi Telecommunications Sdn. Bhd.	Establishment, maintenance and provision of telecommunications and related services	100	100
Subsidiaries of DiGi Telecommunications Sdn. Bhd.			
DiGi Services Sdn. Bhd.	Property holding and other related services	100	100
Djuice.Com Sdn. Bhd.	Dormant	100	100

6. Amount due from a subsidiary

	COMPANY	
	2004 RM'000	2003 RM'000
Amount due from a subsidiary	573,439	574,091

The amount due is non-trade, unsecured, interest free and not repayable within the next twelve months. In addition, the amount due has been subordinated to the secured lenders of the subsidiary company.

Notes to the Financial Statements 31 December 2004 (continued)

7. Inventories

	GROUP	
	2004 RM'000	2003 RM'000
Trading merchandise	13,423	14,066

Included in the trading merchandise balance are those stated at net realisable values of RM190,000 (2003 : RM174,000).

8. Trade and other receivables

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade receivables	143,509	145,928	-	-
Other receivables, deposits and prepayments	33,446	40,725	5	5
	<u>176,955</u>	<u>186,653</u>	<u>5</u>	<u>5</u>

Trade receivables are stated net of allowance for doubtful debts of RM8.622 million (2003 : RM15.821 million).

During the financial year, the Group had written off approximately RM14.091 million (2003 : RM15.242 million) of trade receivables balance against the allowance for doubtful debts balance brought forward.

At 31 December 2004, the Group's trade receivables balance includes exposure to foreign currency denominated in US Dollars amounting to USD4.2 million (2003 : USD12.3 million).

9. Cash and cash equivalents

	GROUP	
	2004 RM'000	2003 RM'000
Deposits placed with:		
Licensed banks	74,365	127,956
Other licensed financial institutions	556,108	201,813
	<u>630,473</u>	<u>329,769</u>
Cash and bank balances	4,246	8,747
	<u>634,719</u>	<u>338,516</u>

10. Trade and other payables

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	68,786	50,977	-	-
Other payables	64,492	131,546	-	-
Accruals	614,670	526,685	198	186
Customer deposits	2,873	2,807	-	-
	<u>750,821</u>	<u>712,015</u>	<u>198</u>	<u>186</u>

At 31 December 2004, the Group's trade and other payables balances include exposure to foreign currency denominated in US Dollars amounting to USD13.5 million (2003 : USD9.4 million).

11. Borrowings

	GROUP	
	2004 RM'000	2003 RM'000
Current:		
Syndicated term loan	136,514	122,863
USD Term loan	49,400	49,400
Senior secured credit facilities	38,670	29,670
	<u>224,584</u>	<u>201,933</u>
Non-current:		
Syndicated term loan	245,725	382,239
USD Term loan	24,700	74,100
Senior secured credit facilities	184,845	223,514
	<u>455,270</u>	<u>679,853</u>

The syndicated term loan outstanding was part of a syndicated term loan facility of up to RM551.21 million secured by a subsidiary company during the financial year ended 30 April 2001 to refinance outstanding borrowings and to finance capital expenditure. This is repayable in eight half yearly unequal instalments over a period of four years which commenced on 31 October 2003 and bears interest of 7.5 % (2003 : 7.5% to 7.9%) per annum.

A United States Dollar ("USD") term loan facility of USD65 million (approximately RM247 million) was obtained during the financial period ended 31 December 2001 by the said subsidiary to finance capital expenditure. The loan is subject to interest of between 2.4% to 3.1% (2003 : 2.4% to 3.1%) per annum and repayable in 10 half yearly instalments of USD6.5 million (approximately RM24.7 million) which commenced on 31 July 2001.

Notes to the Financial Statements 31 December 2004 (continued)

11. Borrowings (continued)

During the financial year ended 31 December 2002, the said subsidiary company had secured additional syndicated term loan facilities ("senior secured credit facilities") amounting to approximately RM1.0 billion to finance capital expenditure. Of this, total amount of approximately RM223.5 million has been drawn down (net of repayments made) as at the end of the current financial year. These loans are subject to interest of between 4.0% to 7.5% (2003 : 4.0% to 7.9%) per annum and are repayable in ten to thirteen half yearly instalments, some of which require unequal instalment payments, and with their repayment dates commencing between March 2003 to April 2005.

All the above loans are secured by:

- i) A fixed and floating charge over all the assets of a subsidiary company;
- ii) Corporate guarantee issued by the Company;
- iii) Pledgement of all the shares of a subsidiary company; and
- iv) Negative pledge over all the assets of a subsidiary company.

The borrowings of the Group are repayable as follows:-

	Total RM'000	Current RM'000	1 to 2 years RM'000	3 to 5 years RM'000
Syndicated term loan	382,239	136,514	245,725	-
USD Term loan	74,100	49,400	24,700	-
Senior secured credit facilities	223,515	38,670	106,590	78,255
	<u>679,854</u>	<u>224,584</u>	<u>377,015</u>	<u>78,255</u>

12. Share capital

	GROUP AND COMPANY	
	2004 RM'000	2003 RM'000
Ordinary shares of RM1 each		
Authorised	1,000,000	1,000,000
Issued and fully paid	<u>750,000</u>	<u>750,000</u>

13. Deferred tax liabilities

The amounts, determined after appropriate offsetting, are as follows:

	GROUP	
	2004 RM'000	2003 RM'000
Deferred tax liabilities	385,116	312,105
Deferred tax assets	(188,432)	(244,909)
	196,684	67,196
	196,684	67,196

Deferred tax liabilities and assets above are offset as there is a legally enforceable right to set off current tax assets against current tax liabilities and that the deferred taxes relate to the same taxation authority.

The components of recognised deferred tax assets and liabilities (before offsetting) are as follows:

	GROUP	
	2004 RM'000	2003 RM'000
Property, plant and equipment		
- capital allowances	383,187	309,609
Unabsorbed capital allowances	(124,938)	(177,791)
Unutilised tax losses	(63,494)	(67,118)
Others	1,929	2,496
	196,684	67,196
	196,684	67,196

14. Employee benefits

The defined benefit obligations recognised in the balance sheet are as follow:

	GROUP	
	2004 RM'000	2003 RM'000
Present value of unfunded obligations	3,441	2,907
Unrecognised actuarial gain	151	79
	3,592	2,986
Liability in the balance sheet	3,592	2,986

Notes to the Financial Statements 31 December 2004 (continued)

14. Employee benefits (continued)

Liability for defined benefit obligations

The Group operates an unfunded defined benefit plan for its eligible employees. The obligations under the retirement benefit scheme are determined based on actuarial valuation by a qualified independent actuary on an annual basis.

The principal assumptions used in the actuarial valuation are:

- a) discount rate of 7% per annum; and
- b) salary increases of 8% per annum for year ended 31 December 2004 and thereafter.

Movements in the net liability recognised in the balance sheets

	GROUP	
	2004 RM'000	2003 RM'000
Net liability at 1 January	2,986	2,374
Benefits paid	(49)	(28)
Expense recognised in the income statements	655	640
	<hr/>	<hr/>
Net liability at 31 December	<u>3,592</u>	<u>2,986</u>

Expense recognised in the income statements

	GROUP	
	2004 RM'000	2003 RM'000
Current service cost	451	477
Interest on obligations	204	163
	<hr/>	<hr/>
Amount included under "staff expenses"	<u>655</u>	<u>640</u>

15. Operating profit/(loss)

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Operating profit/(loss) is arrived at after charging:				
Allowance for doubtful debts	6,892	9,568	-	-
Amortisation expense of				
- intangible asset	3,941	3,941	-	-
- license fees	75	75	-	-
Auditors' remuneration				
- current year	86	79	12	11
- under provision in prior year	7	-	1	-
Directors' emoluments	500	308	76	72
Employee benefits				
- defined contribution plans	10,224	8,389	-	-
- defined benefit plans	655	640	-	-
Impairment losses on property, plant and equipment	-	9,500	-	-
Lease of transmission facilities	46,503	52,969	-	-
Realised loss on foreign exchange	397	469	-	-
Rental of equipment	1,711	1,235	-	-
Rental of land and buildings	61,026	48,225	-	-
Unrealised loss on foreign exchange	-	1,639	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
and crediting:				
Bad debts recovered	1,784	1,618	-	-
Gain on disposal of property, plant and equipment	148	21	-	-
Unrealised gain on foreign exchange	160	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The number of employees of the Group and of the Company at the end of the year was 1,549 (2003 : 1,450) and Nil (2003 : Nil), respectively.

16. Financing costs

	GROUP	
	2004 RM'000	2003 RM'000
Interest expense	48,673	54,695
Ancillary costs of borrowings (Note 4)	20,386	13,940
Others	6,392	5,872
	<u> </u>	<u> </u>
	<u>75,451</u>	<u>74,507</u>

Notes to the Financial Statements 31 December 2004 (continued)

17. Tax expense

	GROUP	
	2004 RM'000	2003 RM'000
Current tax expense		
- prior year under provision	-	17
Deferred tax expense		
- current	131,531	62,796
- prior year over provision	(2,043)	(3,500)
	<u>129,488</u>	<u>59,313</u>

Reconciliation of effective tax rate/tax expense

GROUP	2004		2003	
	%	RM'000	%	RM'000
Profit before taxation		446,843		201,536
Income tax using Malaysian tax rates	28.0	125,116	28.0	56,430
Non-deductible expenses	1.6	7,240	3.3	6,743
Other items	(0.2)	(825)	(0.2)	(377)
	<u>29.4</u>	<u>131,531</u>	<u>31.1</u>	<u>62,796</u>
Under provision of tax expense in prior year	-	-	-	17
Over provision of deferred tax expense in prior year	(0.5)	(2,043)	(1.7)	(3,500)
Effective tax rate/Tax expense	<u>28.9</u>	<u>129,488</u>	<u>29.4</u>	<u>59,313</u>

There is no income tax charge for the Group in the current and previous financial year due to tax savings of approximately RM265 million (2003 : RM185 million) arising from the utilisation of unabsorbed capital allowances and utilisation of business tax loss by its subsidiary.

COMPANY	2004		2003	
	%	RM'000	%	RM'000
Loss before taxation		(664)		(390)
Income tax using Malaysian tax rates	(28.0)	(186)	(28.0)	(109)
Non-deductible expenses	28.0	186	28.0	109
Effective tax rate/Tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

18. Earnings per ordinary share — Group

The calculation of earnings per share is based on the Group's net profit attributable to ordinary shareholders of RM317.4 million (2003 : RM142.2 million) and the weighted average number of ordinary shares outstanding during the year of 750.0 million (2003 : 750.0 million).

19. Holding company

The ultimate holding company is Telenor ASA, a company incorporated in Norway and listed on the Oslo Stock Exchange, Norway and NASDAQ, United States of America.

20. Segmental information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting format by business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning and corporate assets, interest-bearing loans and general enterprise expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Business segments

The Group comprises the following main business segments:

Mobile	Provision of mobile communication services to businesses, individuals and other operators through its operating unit, DiGi Telecommunications Sdn. Bhd.
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International	Provision of international gateway network which offers cross border interconnection and related services, through its operating unit, DiGi Telecommunications Sdn. Bhd.
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Geographical segments

The Group's business segments operate mainly in Malaysia, the home country of the Company and its operating subsidiary companies. No other individual country contributed more than 10% of the consolidated revenue and assets.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

Notes to the Financial Statements 31 December 2004 (continued)

20. Segmental information (continued)

GROUP	2004	Mobile	International	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Business segments				
Revenue from external customers	1,947,081	1,464,953	273,933	235,942
Inter-segment revenue	-	-	-	-
Total revenue	<u>1,947,081</u>	<u>1,464,953</u>	<u>273,933</u>	<u>235,942</u>
Segment results	467,877	283,254	78,551	25,895
Unallocated expenses				
Operating profit				
Financing costs				
Interest income				
Profit before taxation				
Tax expense				
Net profit for the year				
Segment assets	2,760,509	2,701,532	133,822	148,863
Unallocated assets				
Total assets				
Segment liabilities	818,585	752,152	74,198	59,119
Unallocated liabilities				
Total liabilities				
Capital expenditure	515,330	553,283	7,446	8,228
Depreciation, amortisation and impairment losses	441,798	397,231	23,463	19,753
Non-cash expenses other than depreciation, amortisation and impairment losses	327	2,142	20	111

Others		Eliminations		Consolidated	
2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
12,689	12,634	-	-	2,233,703	1,713,529
2,703	5,784	(2,703)	(5,784)	-	-
<u>15,392</u>	<u>18,418</u>	<u>(2,703)</u>	<u>(5,784)</u>	<u>2,233,703</u>	<u>1,713,529</u>
1,999	(8,732)	(30)	-	548,397	300,417
				(38,970)	(32,020)
				509,427	268,397
				(75,451)	(74,507)
				12,867	7,646
				446,843	201,536
				(129,488)	(59,313)
				317,355	142,223
18,772	21,112	-	-	2,913,103	2,871,507
				653,244	375,925
				3,566,347	3,247,432
3,143	3,627	-	-	895,926	814,898
				893,228	972,696
				1,789,154	1,787,594
862	1,303	-	-	523,638	562,814
4,308	13,522	-	-	469,569	430,506
-	5	-	-	347	2,258

Notes to the Financial Statements 31 December 2004 (continued)

20. Segmental information (continued)

GROUP	Malaysia		Others+		Consolidated	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Geographical segments						
Revenue from external customers by location of customers	2,115,331	1,557,894	118,372	155,635	2,233,703	1,713,529
Segment assets by location of assets	3,545,396	3,225,502	20,951	21,930	3,566,347	3,247,432
Capital expenditure by location of assets	523,589	562,779	49	35	523,638	562,814

+ Others comprise customers which are mostly located in Asia region

21. Contingent liabilities - secured

	COMPANY	
	2004 RM'000	2003 RM'000
Guarantees given by the Company to financial institutions for credit facilities granted to its subsidiary	699,854	1,411,786

22. Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	GROUP	
	2004 RM'000	2003 RM'000
Less than one year	8,292	19,325
Between one and five years	23,187	1,161
More than five years	20,155	-
	51,634	20,486

Significant operating lease arrangements of the Group include leases for transmission facilities and land and buildings to support its telecommunications operations. The tenure of these leases range between one to nine years, with options to renew. None of the leases include contingent rentals.

23. Commitments

	GROUP	
	2004 RM'000	2003 RM'000
Capital expenditure commitments in respect of property, plant and equipment:		
Authorised and contracted for	250,000	109,000
Authorised but not contracted for	146,000	183,000

24. Related parties

Controlling related party relationships are as follows:

- i) The ultimate holding company as disclosed in note 19.
- ii) Its subsidiaries as disclosed in note 5.

Notes to the Financial Statements 31 December 2004 (continued)

24. Related parties (continued)

Significant transactions and balances with related parties of the Group during the year are as follows:

	Transactions		Balance due from/(to) at	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<i>With the intermediate holding company</i>				
- Telenor Mobile Communications AS Professional and personnel services rendered	-	4,534	-	(324)
<i>With fellow subsidiary companies</i>				
- Telenor Global Services AS Sales of interconnection services on international traffic	1,145	2,620	(291)	249
Purchase of interconnection services on international traffic	1,337	1,172		
- Telenor Consult AS Personnel services rendered	6,171	3,601	(1,682)	(666)
<i>With companies in which a Director of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun is deemed to have an interest</i>				
- Berjaya General Insurance Bhd. Insurance premiums	5,242	6,160	(6)	(52)
- Berjaya Registration Services Sdn. Bhd. Printing and mailing services	4,638	3,494	(783)	(583)
- Convenience Shopping Sdn. Bhd. Sales of prepaid cards and reload coupons	34,562	16,668	3,785	2,837
- Cosway (M) Sdn. Bhd. Sales of prepaid cards and reload coupons	5,326	6,492	798	1,068
- MOL AccessPortal Bhd. Sales of prepaid cards and soft pins	2,746	3,260	232	201
- Pentagon Engineering Sdn. Bhd. Construction of transmission towers and sites	6,160	5,639	-	(2,914)
- Roda Indah Motors Sdn. Bhd. Purchase of motor vehicles	-	1,648	-	(639)

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

25. Financial instruments

Financial Risk Management Objectives and Policies

In the normal course of conducting its business activities, the Group is exposed to a variety of financial risks, which include credit, currency, liquidity and interest rate risk. The Group's overall risk management programme seeks to minimise potential adverse effects of these risks on the financial performance of the Group.

Credit risk

The Group's credit risk arises in the normal course of business primarily with respect to trade and other receivables and cash and cash equivalents. Credit risk is managed through formalised policies on credit assessment and approvals, credit limits and monitoring procedures. Deposits are placed only with licensed banks and financial institutions.

The maximum credit risk exposure in respect of trade receivables is limited to the carrying value of the receivables less allowance for doubtful debts as stated in the financial statements, whereas, the maximum exposure for other receivables, cash and cash equivalents are the reported carrying value in the financial statements.

At balance sheet date, there were no significant concentrations of credit risk.

Foreign currency risk

The Group is exposed to foreign currency risk as a result of transactions denominated in foreign currency arising from the normal business activities and borrowings. The currency giving rise to this risk is primarily US dollars. Exposure to foreign currency risk is monitored on an ongoing basis and when considered necessary, the Group will consider using effective financial instruments to hedge its foreign currency risk.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Interest rate risk

The Group is exposed to interest rates risk primarily from the deposit placements and interest-bearing financial liabilities. The Group manages its interest rate risk for the interest-earning deposit placements by placing such balances on varying maturities and interest rate terms.

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available and by using a mix of fixed and floating rate debts.

Notes to the Financial Statements 31 December 2004 (continued)

25. Financial instruments (continued)

The effective interest rates and maturity terms of the financial assets and liabilities are as follows:

GROUP	Effective interest rate %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	After 5 years RM'000
2004					
Financial assets					
Deposits placed with licensed banks and other financial institutions	2.7	630,473	630,473	-	-
Financial liabilities					
Syndicated term loan	7.5	382,239	136,514	245,725	-
USD Term loan	3.2	74,100	49,400	24,700	-
Senior secured credit facilities	5.9	223,515	38,670	184,845	-
2003					
Financial assets					
Deposits placed with licensed banks and other financial institutions	2.8	329,769	329,769	-	-
Financial liabilities					
Syndicated term loan	7.5	505,102	122,863	382,239	-
USD Term loan	2.4	123,500	49,400	74,100	-
Senior secured credit facilities	5.8	253,184	29,670	223,514	-

Fair value

The following methods and assumptions are used to determine the fair value of each of the financial assets or liabilities for which it is practicable to estimate their values:

- i) Cash and cash equivalents, other receivables and payables

The carrying values of these amounts approximate their fair values due to their short term nature.

- ii) Trade receivables and payables

The carrying values of these amounts approximate their fair values because these are subject to normal trade credit terms and their short term nature.

- iii) Amount due from a subsidiary

No disclosure of fair value is made for amount due from a subsidiary as it is not practicable to determine its fair value with sufficient reliability given this balance has no fixed terms of repayment.

25. Financial instruments (continued)

iv) Borrowings

The fair values of the borrowings carried at the balance sheet date are as below:

	GROUP			
	2004 Carrying amount RM'000	2004 Fair value RM'000	2003 Carrying amount RM'000	2003 Fair value RM'000
Syndicated term loan	382,239	382,239	505,102	505,102
USD Term loan	74,100	74,100	123,500	123,500
Senior secured credit facilities				
- fixed rates	40,000	39,717	40,000	39,625
- floating rates	183,515	183,515	213,184	213,184
	<u>679,854</u>	<u>679,571</u>	<u>881,786</u>	<u>881,411</u>

The fair value of the senior secured credit facilities, a portion of which was obtained on a fixed rate has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date. Apart from this fixed rate loan, the fair values of all the other loans are their carrying amounts as their interest rates are on floating rate basis.

26. Event subsequent to the balance sheet date

Subsequent to year end, the telecommunication subsidiary company had made a partial prepayment amounting to RM300.0 million proportionately on all its credit facilities outstanding as at 31 December 2004 out of its excess cash available.

27. Comparatives

The following comparatives have been reclassified to conform with the current year's presentation:

	GROUP	
	As reclassified RM'000	As previously stated RM'000
Income statements		
Cost of materials and traffic expenses	453,597	-
Sales and marketing expenses	204,357	-
Operations and maintenance	74,634	-
Rental expenses	52,622	-
Operating expenses	-	920,093
Other operating expenses	134,883	-
	<u>920,093</u>	<u>920,093</u>

List of Properties as at 31 December 2004

No.	Location	Tenure
1	H.S. (D) No 92086 & 92087, P.T. No 9 & No 10, Pekan Seremban Jaya, Daerah Seremban, Negeri Sembilan	Freehold
2	Unit No 202-4-11, Sri Bandar Besi, Jalan Sungai Besi, Sungai Besi, Kuala Lumpur	Freehold
3	Unit No C16-2, Indera Subang UEP, Jalan UEP 6/2L, UEP Subang Jaya, Petaling Jaya, Selangor	Freehold
4	No 1-16.2, 16th Floor, Union Height, Taman Yan, Jalan Klang Lama, Kuala Lumpur	Freehold
5	3rd Floor, Unit Pt 4888/4786 C, Block TC-14, Taman Sri Gombak, Jalan Batu Caves, Selangor	Freehold
6	4572, 7th Floor, Sri Jelatek Condominiums, Section 10, Wangsa Maju, Kuala Lumpur	Freehold
7	32, PLO 151 Jln Angkasa Mas Utama, Kawasan Perindustrian Tebrau II, 81100 Johor Bahru	30 years lease (expiring in 2023)
8	HS (D) 77, No. P.T. PTBM/A/081, Mukim 1, Kawasan Perusahaan Perai, District Seberang Perai Tengah, Pulau Pinang	Leasehold 60 years (expiring in 2033)
9	Lot 36, Sedco Light Industrial Estate, Jalan Kelombong, Kota Kinabalu, Sabah	Leasehold 60 years (expiring in 2034)
10	Lot 1220, Section 66, Kuching Town Land District, Sarawak	Leasehold 60 years (expiring in 2036)
11	No 112, Semambu Industrial Estate, Kuantan, Pahang	Leasehold 66 years (expiring in 2041)
12	Unit 16-12-1, 12th Floor, Cloud View Tower, Taman Supreme, Cheras, Kuala Lumpur	Leasehold 99 years (expiring in 2076)
13	Unit No M803, 8th Floor, Sunrise Park, Ampang, Kuala Lumpur	Leasehold 99 years (expiring in 2088)
14	Part of Lot PT 11702, HS(D) 10654, Mukim 1, District of Bentong, Pahang	Leasehold 99 years (expiring in 2091)
15	Plot D-38, Taman Industri Prima Kota Fasa 1, Sector 3, Bandar Indera Mahkota, Kuantan, Pahang	Leasehold 99 years (expiring in 2097)
16	Ptd 1490, Mukim of Jemaluang District of Mersing, Johor Darul Takzim	Leasehold 99 years (expiring in 2098)
17	PN 89926, Lot 191363 Mukim Hulu Kinta, Daerah Kinta, Negeri Perak	Leasehold 90 years (expiring in 2081)
18	Lot No 54, Jalan 6/2, Kawasan Perindustrian Seri Kembangan, 43000 Seri Kembangan, Selangor	Leasehold 99 years (expiring in 2091)
19	Lot 2728, Miri Concession Land District, Lopeng, Miri, Sarawak	Leasehold 60 years (expiring in 2027)
20	H.S.(D) 54842, P.T. No. 152, Mukim of Damansara, District of Petaling Jaya, Selangor	Freehold
21	No. 24, Jalan KIP 7, Taman Perindustrian KIP, 52200 Kuala Lumpur	Freehold

Notes: The Group does not adopt a revaluation policy on landed properties.
N/A denotes "Not Applicable"

Description/ Existing Use	Date of Acquisition	Area	Age Of Building (Years)	Net Book Value As At 31.12.2004 RM'000
Land with a building / Telecommunications Centre	29.12.1997	22,529 sq ft	7	792
Apartment/ Housing base transceiver equipment	26.01.1995	802 sq ft	9	109
Apartment/ Housing base transceiver equipment	04.02.1995	2,429 sq ft	11	581
Apartment/ Housing base transceiver equipment	25.01.1995	1,249 sq ft	10	218
Apartment/ Housing base transceiver equipment	29.03.1995	1,319 sq ft	9	83
Apartment/ Housing base transceiver equipment	07.02.1995	1,115 sq ft	9	169
Land with a building/ Telecommunications Centre	12.05.1995	1.58 acres	10	1,236
Land with a building / Telecommunications Centre	23.03.1995	1 acre	30	2,072
Land with a building/ Telecommunications Centre	12.06.1995	0.938 acre	24	2,297
Land with a building / Telecommunications Centre	15.08.1995	4,124 sq ft	9	1,946
Land with a building / Telecommunications Centre	07.07.1995	4 acres	22	2,242
Apartment/ Housing base transceiver equipment	08.02.1995	1,400 sq ft	16	192
Apartment/ Housing base transceiver equipment	22.03.1995	1,100 sq ft	13	100
Land with a building / Earth Station Complex	07.08.1996	7.5 acres	10	6,150
Land with Fixed Line switch and base transceiver station	14.11.1997	25,521 sq ft	7	401
Land with trunk station	17.08.1999	40,000 sq ft	5	116
Land with a building / Telecommunications Centre	15.07.1999	5,942 sq ft	5	215
Land with a building / Telecommunications Centre	23.05.2000	18,050 sq ft	15	1,888
Land with a building / Telecommunications Centre	29.09.2000	4,937 sq ft	N/A	1,114
Land with a building under construction	19.07.2001	284,485 sq ft	N/A	16,643
Land with a building / Telecommunications Centre	21.08.2002	17,847 sq ft	8	2,780

Disclosure of Recurrent Related Party Transactions

At the Annual General Meeting held on 28 April 2004, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transaction of a revenue or trading nature.

In accordance with Paragraph 4.1.5 of Practice Note No. 12/2001 of Listing Requirement of Bursa Malaysia, the details of recurrent related party transactions conducted during the financial year ended 31 December 2004 pursuant to the shareholders' mandate are disclosed as follows:

DiGi Group with the following Related Parties	DiGi and/or its subsidiary companies	Nature of Transaction undertaken by/provided to DiGi and/or its subsidiaries	Amount transacted during the financial year RM'000
Telenor Group of Companies			
Telenor Consult AS	DTSB	Personnel services payable	6,171
BGroup and its unlisted related companies			
BerjayaCity Sdn Bhd (formerly known as Eminent Capital Sdn Bhd)	DTSB	Rental payable	12
Berjaya Registration Services Sdn Bhd	DiGi DTSB	Receipt of share registration and printing to mailing services	4,638
Berjaya Soutex Sdn Bhd	DTSB	Rental payable	20
Inter-Pacific Trading Sdn Bhd	DTSB	General trading purchases	385
Novacomm Integrated Sdn Bhd	DTSB	Receipt of advertising and publishing services	92
VRS Malaysia Sdn Bhd (formerly known as Berjaya Cycles Sdn Bhd)	DTSB	Rental payable	36
BCapital and its unlisted related company			
Eng Securities Sdn Bhd	DTSB	Rental payable	8
BLand and its unlisted related companies			
Amat Muhibah Sdn Bhd	DTSB	Rental payable	48
Berjaya Georgetown Hotel (Penang) Sdn Bhd	DTSB	Rental payable	40
Berjaya Golf Resort Bhd	DTSB	Rental payable	16
Berjaya Guard Services Sdn Bhd	DTSB	Receipt of security services rendered	635
Berjaya Land Development Sdn Bhd	DTSB	Rental payable	12
Bukit Kiara Resort Bhd	DTSB	Rental payable	24
Gemilang Cergas Sdn Bhd	DTSB	Rental payable	60
Klasik Mewah Sdn Bhd	DTSB	Rental payable	472
Kota Raya Development Sdn Bhd	DTSB	Rental payable	23
Noble Circle (M) Sdn Bhd	DTSB	1. Rental payable 2. Receipt of promotion and advertising services	719 122
Nural Enterprise Sdn Bhd	DTSB	Rental payable	16
Pakar Angsana Sdn Bhd	DTSB	Rental payable	40

DiGi Group with the following Related Parties	DiGi and/or its subsidiary companies	Nature of Transaction undertaken by/provided to DiGi and/or its subsidiaries	Amount transacted during the financial year RM'000
BLand and its unlisted related companies (continued)			
Securiservices Sdn Bhd	DTSB	Rental payable	40
Sinar Merdu Sdn Bhd	DTSB	Rental payable	32
Tiram Jaya Sdn Bhd	DTSB	Rental payable	36
BToto and its unlisted related company			
Sports Toto Malaysia Sdn Bhd	DTSB	Rental payable	119
Cosway Corp and its unlisted related companies			
Singer (M) Sdn Bhd	DTSB	Rental payable	4
Stephen Properties Sdn Bhd	DTSB	Rental payable	120
Unza (M) Sdn Bhd	DTSB	Rental payable	2
DunBush and its unlisted related companies			
Dunham-Bush Industries Sdn Bhd	DTSB	Rental payable	14
Dunham-Bush (Malaysia) Bhd	DTSB	Rental payable	12
Topaire Sales & Services Sdn Bhd	DTSB	Purchase and servicing of air conditioning	75
Hyundai-Berjaya and its unlisted related companies			
Hyundai-Berjaya Sdn Bhd	DTSB	Rental payable	18
Pentagon Engineering Sdn Bhd	DTSB	Construction of transmission tower, design and installation of base transmission sites	6,160
Matrix and its unlisted related company			
Berjaya Times Square Sdn Bhd	DTSB	Rental payable	556
Other companies related to TSVT			
Hyumal Motor Sdn Bhd	DTSB	Repair and purchase of motor vehicles	50
Roda Indah Motors Sdn Bhd	DTSB	Purchase of motor vehicles	200
Quasar Carriage Sdn Bhd	DTSB	Repair & maintenance of motor vehicles	7

Notes:

- Telenor Consult AS is a wholly owned subsidiary of Telenor ASA which is also the ultimate holding company of DiGi.Com Berhad ("DiGi").
- Berjaya Group Berhad ("BGroup"), Berjaya Capital Berhad ("BCapital"), Berjaya Land Berhad ("BLand"), Berjaya Sports Toto Berhad ("BToto"), Cosway Corporation Berhad ("Cosway Corp"), Dunham-Bush (Malaysia) Bhd ("DunBush"), Matrix International Berhad ("Matrix") and other companies are companies in which Tan Sri Dato' Seri Vincent Tan Chee Yiu ("TSVT"), a former Director and an existing substantial shareholder is deemed to have an interest.
- Unza (M) Sdn Bhd ceased to be a subsidiary of Cosway Corp Bhd w.e.f 15 January 2004. The amount disclosed above relates to transactions occurred before the said date.
- Hyundai-Berjaya Corporation Berhad ("Hyundai-Berjaya") and Hyumal Motor Sdn Bhd ceased to be associated companies of BGroup w.e.f 1 December 2004. The amount disclosed above relates to transactions occurred before the said date.
- DiGi Telecommunications Sdn Bhd ("DTSB"), is a wholly owned subsidiary of DiGi.

Statement of Directors' Shareholdings as at 23 March 2005

The Company	No. of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Deemed Interest	%
-	-	-	-	-

Ultimate Holding Company TELENOR ASA	No. of Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Arve Johansen	44,977	0.0026	-	-
Gunnar Johan Bertelsen	350	0.0000	-	-
Christian Storm	1,582	0.0001	-	-
Ragnar Holmen Korsaaeth	3,515	0.0002	-	-

	No. of Options over Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Arve Johansen	200,000	0.0114	-	-
Ragnar Holmen Korsaaeth	43,333	0.0025	-	-

Save as disclosed, none of the other Directors in office have any interest in the shares of the Company or its related corporations as at 23 March 2005.

Substantial Shareholders as at 23 March 2005

Name	No. of Shares			
	Direct Interest	%	Deemed Interest	%
1. Telenor Asia Pte Ltd	457,499,630	61.00	-	-
2. Telenor Mobile Communications AS	-	-	457,499,630 (a)	61.00
3. Telenor Mobile Holding AS	-	-	457,499,630 (b)	61.00
4. Telenor ASA	-	-	457,499,630 (c)	61.00
5. Tan Sri Dato' Seri Vincent Tan Chee Yioun	20,518,432	2.74	30,248,392 (d)	4.03
6. Employees Provident Fund Board	42,965,009	5.73	-	-

Notes:

- Deemed interested by virtue of its 100% interest in Telenor Asia Pte Ltd.
- Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.
- Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.
- Deemed interested by virtue of his interest in Berjaya VTCY Sdn Bhd and deemed interest in Prime Credit Leasing Sdn Bhd, Immediate Capital Sdn Bhd and Berjaya General Insurance Berhad.

Statistics on Shareholdings as at 23 March 2005

Analysis of shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
less than 100	217	5.23	3,445	0.00
100 - 1,000	1,649	39.76	1,416,229	0.19
1,001 - 10,000	1,685	40.62	6,180,102	0.82
10,001 - 100,000	375	9.04	13,789,564	1.84
100,001 - 37,499,999	219	5.28	271,111,030	36.15
37,500,000 * and above	3	0.07	457,499,630	61.00
Total	4,148	100.00	750,000,000	100.00

Note:

1. There is only one class of shares in the paid-up capital of the Company. Each share entitles the holder to one vote.

2. * Denotes 5% of the issued and paid-up capital of the Company.

List of Thirty (30) Largest Shareholders as at 23 March 2005

Name of shareholders	No. of shares	%
1. Citicorp Nominees (Asing) Sdn Bhd Telenor Asia Pte Ltd	247,000,000	32.93
2. Citicorp Nominees (Asing) Sdn Bhd Telenor Asia Pte Ltd (DiGi)	105,499,630	14.07
3. Citicorp Nominees (Asing) Sdn Bhd Telenor Asia Pte Ltd (DiGi / Moratorium)	105,000,000	14.00
4. Employees Provident Fund Board	31,850,820	4.25
5. Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Sri Dato' Seri Vincent Tan Chee Yioun	24,850,666	3.31
6. Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya VTCY Sdn Bhd	23,179,094	3.09
7. Lembaga Tabung Haji	8,034,900	1.07
8. Dato Ahmad Sebi Bin Bakar	6,580,196	0.88
9. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	5,900,594	0.79
10. Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Malpac Management Sdn Bhd (3349 Sban)	5,380,481	0.72
11. AMMB Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For SBB Dana Al-Ihsan (5-2-7)	4,599,500	0.61

List of Thirty (30) Largest Shareholders as at 23 March 2005

(continued)

Name of shareholders	No. of shares	%
12. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Growth Fund</i>	4,252,600	0.57
13. Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad For Public Ittikal Fund (N14011970240)</i>	3,991,495	0.53
14. AM Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (A/C 1)</i>	3,959,500	0.53
15. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Prime Credit Leasing Sdn Bhd For Alam Nusantara Sdn Bhd</i>	3,551,523	0.47
16. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Islamic Equity Fund</i>	3,216,800	0.43
17. Mayban Nominees (Tempatan) Sdn Bhd <i>Mayban Trustees Berhad For Public Regular Savings Fund (N14011940100)</i>	3,040,000	0.41
18. Citicorp Nominees (Tempatan) Sdn Bhd <i>ING Insurance Berhad (INV-IL PAR)</i>	2,831,029	0.38
19. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Equity Fund</i>	2,796,700	0.37
20. Tan Sri Dato' Tan Chee Sing	2,705,000	0.36
21. HSBC Nominees (Asing) Sdn Bhd <i>Abu Dhabi Investment Authority</i>	2,586,800	0.34
22. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Savings Fund</i>	2,577,500	0.34
23. HSBC Nominees (Tempatan) Sdn Bhd <i>Nomura Asset Mgmt Sg For Employees Provident Fund</i>	2,475,589	0.33
24. PM Nominees (Tempatan) Sdn Bhd <i>Malpac Management Sdn Bhd For Ahmad Sebi Bin Bakar</i>	2,460,771	0.33
25. Citicorp Nominees (Asing) Sdn Bhd <i>GSCO For Indus Asia Pacific Fund Ltd</i>	2,293,100	0.31
26. RHB Nominees (Tempatan) Sdn Bhd <i>RHB Asset Management Sdn Bhd For Kumpulan Wang Simpanan Pekerja</i>	2,278,900	0.30
27. HLG Nominee (Tempatan) Sdn Bhd <i>PB Trustee Services Berhad For HLG Growth Fund</i>	2,246,000	0.30
28. Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund 2S6A For Dupont Pension Trust</i>	2,168,000	0.29
29. HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels For JF Asean Fund</i>	2,000,000	0.27
30. Citicorp Nominees (Asing) Sdn Bhd <i>Dresdner BK For Persistency</i>	2,000,000	0.27
	621,307,188	82.84

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of DiGi.Com Berhad will be held at Mayang Sari Grand Ballroom, Lower Level 3, JW Marriott Hotel Kuala Lumpur, 183 Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, 10 May 2005 at 10.00 a.m. for the following purposes:-

Agenda

As Ordinary Business

1. To receive and adopt the audited financial statements of the Company for the year ended 31 December 2004 and the Directors' and Auditors' Reports thereon.

Ordinary Resolution 1

2. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:-

Under Article 98(A)

- i) Arve Johansen

Ordinary Resolution 2

Under Article 98(E)

- i) Christian Storm
- ii) Ragnar Holmen Korsæth

Ordinary Resolution 3

Ordinary Resolution 4

3. To appoint Messrs Ernst & Young, having consented to act, as Auditors of the Company for the financial year ending 31 December 2005 in place of the retiring Auditors, Messrs KPMG, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

Ordinary Resolution 5

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed and marked as "Annexure A" in the 2004 Annual Report) has been received by the Company for the nomination of Messrs Ernst & Young for the appointment as Auditors in place of the retiring Auditors, Messrs KPMG.

As Special Business

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

4. Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965

Notice of Annual General Meeting (continued)

"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, 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 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 of the Company."

Ordinary Resolution 6

5. Proposed Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature and New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature To Be Entered With Telenor ASA ("Telenor") And Persons Connected With Telenor

"That, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with Telenor and persons connected with Telenor as specified in Section 2.3 of the Circular to Shareholders dated 18 April 2005 which are necessary for the day to day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- i) the conclusion of the next annual general meeting of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority conferred by this resolution is renewed;
- ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- iii) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is earlier;

and that in making the disclosure of the aggregate value of the recurrent related party transactions conducted pursuant to the proposed shareholders' approval in the Company's annual reports, the Company shall provide a breakdown of the aggregate value of recurrent related party transactions made during the financial year, amongst others, based on:-

- i) the type of the recurrent related party transactions made; and
- ii) the name of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company

and further that authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions as authorised by this Ordinary Resolution."

Ordinary Resolution 7

6. Proposed Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature and New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature To Be Entered With Persons Connected With Tan Sri Dato' Seri Vincent Tan Chee Yioun

"That, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun as specified in Section 2.3 of the Circular to Shareholders dated 18 April 2005 which are necessary for the day to day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- i) the conclusion of the next annual general meeting of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority conferred by this resolution is renewed;
- ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- iii) revoked or varied by resolution passed by the shareholders at a general meeting;

Notice of Annual General Meeting (continued)

whichever is earlier;

and that in making the disclosure of the aggregate value of the recurrent related party transactions conducted pursuant to the proposed shareholders' approval in the Company's annual reports, the Company shall provide a breakdown of the aggregate value of recurrent related party transactions made during the financial year, amongst others, based on:-

- i) the type of the recurrent related party transactions made; and
- ii) the name of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company

and further that authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions as authorised by this Ordinary Resolution."

Ordinary Resolution 8

By Order of the Board

Tai Yit Chan MAICSA 7009143
Liew Irene MAICSA 7022609
Company Secretaries

Kuala Lumpur
18 April 2005

Notes:-

(A) Appointment of Proxy

- i) A member entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) proxy only to attend and vote in his stead. A proxy may but need not be a member of the Company.
- ii) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint one (1) proxy in respect of each securities account.
- iii) The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.
- iv) The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Setia 1, 15 Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

(B) Special Business

1. Resolution 6 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will give the Directors of the Company, from the date of the above annual general meeting, authority to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
2. Resolutions 7 and 8 if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions in accordance with paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

Statement Accompanying Notice of Annual General Meeting pursuant to Paragraph 8.28(2) of the Bursa Malaysia Securities Berhad Listing Requirements

1. The particulars of Directors who stand for re-election are set out in the relevant pages of the Annual Report as follows:-

	Name of Director	Directors' Profile	Directors' Shareholdings
1	Arve Johansen	Page 8	Page 106
2	Christian Storm	Page 11	Page 106
3	Ragnar Holmen Korsæth	Page 11	Page 106

There were four Board Meetings held during the financial year ended 31 December 2004. The details of Directors' attendance at Board Meetings are set out on Page 14 of the Annual Report.

Tun Dato' Seri Dr Lim Chong Eu will not be seeking re-appointment and pursuant to Section 129 of the Companies Act, 1965, he will retire at the conclusion of the Eighth Annual General Meeting of the Company.

2. Place, date and hour of the Eighth Annual General Meeting of the Company

The Eighth Annual General Meeting of the Company will be held at Mayang Sari Grand Ballroom, Lower Level 3, JW Marriott Hotel Kuala Lumpur, 183 Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, 10 May 2005 at 10.00 a.m.



08 March 2005

The Board of Directors
DiGi.Com Berhad
Level 7, Setia 1
15 Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Malaysia

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS ERNST & YOUNG AS AUDITORS

We, Citicorp Nominees (Asing) Sdn Bhd, being a member of DiGi.Com Berhad **and as instructed by our client** hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of our nomination of Messrs Ernst & Young for appointment as the new Auditors of the Company in place of the retiring auditors, Messrs KPMG.

Yours faithfully
For and on behalf of
CITICORP NOMINEES (ASING) SDN BHD



Authorised Signatories



Form of Proxy

DiGi.COM BERHAD

(Company No.: 425190-X)
(Incorporated in Malaysia)

I/We _____
Name in full

I.C. or Company No. _____ CDS Account No. _____

of _____
Address

being a member of DiGi.COM BERHAD hereby appoint:

_____ I.C. No. _____
Name in full New and Old I.C. Nos.

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Eighth Annual General Meeting of the Company to be held at Mayang Sari Grand Ballroom, Lower Level 3, JW Marriott Hotel Kuala Lumpur, 183 Jalan Bukit Bintang, 55100 Kuala Lumpur on Tuesday, 10 May 2005 at 10.00 a.m. or any adjournment thereof.

This proxy is to vote on the resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Ordinary Resolutions	For	Against
Resolution 1 - To receive and adopt the Audited Financial Statements		
Resolution 2 - To re-elect Arve Johansen as Director		
Resolution 3 - To re-elect Christian Storm as Director		
Resolution 4 - To re-elect Ragnar Holmen Korsaeht as Director		
Resolution 5 - To appoint Messrs Ernst & Young as the Company's auditors in place of the retiring auditors, Messrs KPMG and to authorise the Directors to determine their remuneration		
Resolution 6 - To approve authority to allot and issue shares		
Resolution 7 - To approve the Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions and New Mandate for Additional Recurrent Related Party Transactions to be entered with Telenor ASA ("Telenor") and persons connected with Telenor		
Resolution 8 - To approve the Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions and New Mandate for Additional Recurrent Related Party Transactions to be entered with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun		

No. of Shares

Signature of Shareholder(s) or Common Seal

Signed this _____ day of _____, 2005.

Notes:

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) proxy only to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint one (1) proxy in respect of each securities account.
3. The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Setia 1, 15 Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

fold this flap for sealing

affix
stamp

The Secretary
DiGi.Com Berhad (425190-X)
Level 7, Setia 1
15 Lorong Dungun
Damansara Heights
50490 Kuala Lumpur

2nd fold here

1st fold here



Corporate Directory

List of Operating Offices

Principal Place of Business/Head Office

Lot 30, Jalan Delima 1/3
Subang Hi-Tech Industrial Park
40000 Shah Alam, Selangor
Tel: 03-5721 1800
Fax: 03-5721 1857

Central Operating Offices

Lot 5, Jalan Pemaju U1/15
Hicom Glenmarie Industrial Park
40150 Shah Alam, Selangor
Tel: 03-5721 1800
Fax: 03-5721 1857

Lots 7 & 8, Jalan Delima 1/1
Subang Hi-Tech Industrial Park
40000 Shah Alam, Selangor
Tel: 03-5721 1800
Fax: 03-5721 1857

Lots 28 & 29, Jalan Delima 1/3
Subang Hi-Tech Industrial Park
40000 Shah Alam, Selangor
Tel: 03-5721 1800
Fax: 03-5721 1857

Regional Operating Offices

Northern Region

62, 1st Floor, Jalan Mayang
Pasir 1
Off Jalan Mahsuri
11950 Bayan Baru
Pulau Pinang
Tel: 04-641 2800
Fax: 04-641 3800

Ipoh Sales Office

C-G-2 Persiaran Greentown 3
Greentown Business Centre
30450 Ipoh, Perak

Southern Region

6 & 8, Jalan Molek 1/12
Taman Molek
81100 Johor Bahru, Johor
Tel: 07-351 1800
Fax: 07-352 8016

Eastern Region

3, Jalan Tun Ismail
25000 Kuantan, Pahang
Tel: 09-508 0071
Fax: 09-508 0070

Sabah Region

Lot 36,
Sedco Light Industrial Estate
Jalan Kilang, Kolombong, Inanam
88450 Kota Kinabalu, Sabah
Tel: 088-431 800
Fax: 088-430 016

Sarawak Region

Lot 2087, Block 10,
Bangunan Kueh Boon Teck
Jalan Tun Ahmad Zaidi Aducre
93150 Kuching, Sarawak
Tel: 082-421 800
Fax: 082-427 597

DiGi Centres

Selangor

USJ

Subang Taipan, 19 & 21
Jalan USJ 10/1A, Subang Jaya
47610 Petaling Jaya, Selangor

SS2

24, Jalan SS2/66
47300 Petaling Jaya, Selangor

Selayang Baru

57, Jalan 2/3A,
Pasar Borong Selayang
Off Jalan Ipoh
68100 Batu Caves, Selangor

Klang

35 & 37
Persiaran Sultan Ibrahim
41300 Klang, Selangor

Kuala Lumpur

Pandan Indah

M5A/13, Jalan Pandan Indah 4/1
Taman Pandan Indah
55100 Kuala Lumpur

KL Plaza

Lot G33-8, Ground Floor,
179, KL Plaza
Jalan Bukit Bintang
55100 Kuala Lumpur

Berjaya Times Square

01-36, Berjaya Times Square,
1, Jalan Imbi ,
55100 Kuala Lumpur

Pahang

Kuantan

Lot G22B & G23 (II)
Ground Floor, Berjaya Megamall
Jalan Tun Ismail
25000 Kuantan

Penang

Pulau Tikus

368-1-02, Jalan Burmah
10350 Pulau Tikus
Pulau Pinang

Seberang Jaya

8, Ground Floor
Jalan Todak Dua
Pusat Bandar
Bandar Seberang Jaya
13700 Prai, Pulau Pinang

Beach Street

29A Beach Street
10200 Penang

Melaka

Melaka

523, Taman Melaka Raya
75000 Melaka

Johor

Johor Bahru

6 & 8, Jalan Molek 1/12
Taman Molek
81100 Johor Bahru, Johor

Jalan Tun Abdul Razak
64, Jalan Tun Abdul Razak
Susur 1
80000 Johor Bahru, Johor

Batu Pahat

37, Jalan Kundang
Taman Bukit Pasir
83100 Batu Pahat, Johor

Perak

Ipoh

Lot C-01-04
No 2 Ground Floor
Persiaran Greentown 3
Greentown Business Centre
30450 Ipoh, Perak

Negeri Sembilan

Seremban

301, Taman AST
70200 Seremban
Negeri Sembilan

Sabah

Kota Kinabalu

Lot 5/G3, Ground & 1st Floors
Api-Api Centre
88000 Kota Kinabalu, Sabah

Sarawak

Kuching

Lot 2087, Block 10
Bangunan Kueh Boon Teck
Jalan Tun Ahmad Zaidi Aducre
93150 Kuching, Sarawak

Miri

Lot 938, Ground & 1st Floors
Jalan POS, 98000 Miri
Sarawak

Sibu

13, Ground & 1st Floors
Lorong Kampung Datu 3
96000 Sibu, Sarawak

24-hour DiGi customer service line: 016-221 1800

DiGi.Com Berhad (425190-X)
Lot 30, Jalan Delima 1/3
Subang Hi-Tech Industrial Park
40000 Shah Alam, Selangor

Mailing Address:
P. O. Box 7551
40718 Shah Alam, Selangor
Tel: 03-5721 1800
Fax: 03-5721 1857
www.digi.com.my



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Selangor Darul Ehsan
Malaysia

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