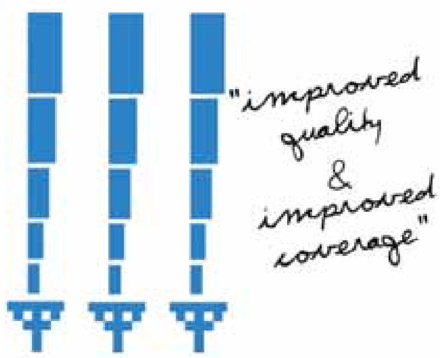
To improve competency levels, we converted 200 contractual staff into permanent positions after subjecting them to a thorough selection process. Training for new staff was also revamped to ensure greater focus and cost-efficient learning through hands-on training and using real life scenarios.

D'Chat, a new channel which operates 24/7, gives postpaid customers the opportunity to interact with 19 agents real time via the Online Customer Service (OCS). We also introduced new language support to our Mandarin, Indonesian and Tamil speaking customers, which we believe has contributed significantly to an improved Customer Service Index score of 72%, an increase from 64% in 2006.

Overall, service levels at contact centres were up 80% while an average 75% of customers were satisfied with our service. 92% enjoyed first call resolution.

Q8. What about improving network quality and increasing coverage areas?



Establishing better quality network services was a top priority for us. We added 610 sites nationwide, bringing the cumulative total of 4,300 GSM sites and population coverage to 93%. This was achieved through infrastructure sharing, new sites, upgrades, and portable solutions to provide quick interim coverage. Improved voice and data services were achieved through capacity upgrades and EDGE coverage expansion in many major cities and towns. Overall network efficiency increased by about 10% through reduced outages. As a result of our efforts, customer complaints dropped by 50% in 2007.

Untuk memperbaiki tahap daya saing, kami menerapkan seramai 200 kakitangan kontrak menjadi kakitangan tetap selepas melalui proses pemilihan yang terperinci. Latihan untuk kakitangan baru telah dipertingkatkan untuk memastikan tumpuan yang lebih baik dan pembelajaran yang kos efisyen menerusi latihan amali dalam senario sebenar.

D'Chat, saluran baru yang beroperasi 24 jam setiap hari dalam seminggu yang memberi peluang kepada pelanggan pasca bayar DiGi untuk berinteraksi dengan 19 agen secara langsung menerusi Perkhidmatan Pelanggan Online (OCS). Kami juga memperkenalkan sokongan untuk bahasa lain bagi membantu pelanggan yang berbahasa Mandarin, Indonesia dan Tamil, di mana kami percaya bahawa ia telah menyumbang secara signifikan kepada penambahbaikan pencapaian Indeks Perkhidmatan Pelanggan kepada 72% berbanding 64% pada 2006.

Secara keseluruhannya, tahap perkhidmatan di pusat panggilan kami telah meningkat 80% yang mana purata 75% pelanggan didapati amat berpuas hati dengan perkhidmatan kami. 92% daripada masalah pelanggan berjaya diselesaikan pada panggilan pertama.

S8. *Bagaimana pula dengan penambahbaikan kualiti rangkaian dan meningkatkan kawasan liputan?*

Mewujudkan perkhidmatan rangkaian yang berkualiti tinggi adalah keutamaan kami. Kami telah menambah 610 tapak di seluruh negara untuk menjadikan keseluruhannya 4,300 tapak GSM dan kini ia meliputi kira-kira 93% kawasan populasi. Ia berjaya dicapai menerusi perkongsian infrastruktur, tapak baru, peningkatan dan rumusan mudah alih untuk menyediakan penyelesaian interim yang pantas. Penambahbaikan perkhidmatan suara dan data pula berjaya menerusi penambahan kapasiti dan perluasan kawasan liputan EDGE ke lebih banyak bandar-bandar utama dan pekan-pekan. Keseluruhan kecekapan rangkaian DiGi telah ditingkatkan sebanyak 10% melalui pengurangan kadar gangguan litar perkhidmatan. Hasil daripada usaha-usaha kami, jumlah aduan pelanggan dapat dikurangkan sebanyak 50% pada 2007.

Q9. What were the key technology initiatives in 2007?

Internally, the technology team continued to support the business by providing stable, high quality value-creating and cost-effective services to DiGi. Key projects include Business Intelligence System, Revenue Assurance (RAID), Flexi eBilling and enhancements to the ERP system. Billing printing costs were reduced by 57% while the Service Tax Automation in the ERP resulted in considerable savings.

In mid-2007, we also embarked on DiGi Mega Projects. These key projects are expected to contribute significantly to DiGi's competitiveness by focusing on improved coverage, network latency and stability, and ability to offer unique products and services to Malaysia and other Asian markets.

Q10. How much of DiGi's success is due to its people?

All of it. While we are a business that provides services to make life simpler, we believe strongly that it is the people behind the business who ultimately make it successful. Therefore, it makes sense to hire, develop and retain the best talents in the industry and to create an environment that allows them to contribute in the best possible way.

In 2007, we settled into D'House. Within its walls, there are no boundaries. Instead, what has evolved is a way of life, a community of DiGizens, who are self-driven, creative and without fear. Advocating a belief in "open mind, open hearts", we also began hiring physically challenged individuals, fully believing in the chance for individuals to make a difference. We also completed renovation and upgrades to all of DiGi's regional offices, providing all of them the same look, the same positive and energetic environment that can be found in D'House.

S9. Apakah inisiatif teknologi utama pada 2007?

Di peringkat dalaman, pasukan teknologi kami terus menyokong perniagaan dengan pelaksanaan perkhidmatan yang stabil, berkualiti tinggi dan kos efektif. Projek utama kami termasuk Sistem Kebijaksanaan Perniagaan, Jaminan Pendapatan (RAID), e-bil fleksi dan peningkatan kepada sistem ERP. Kos mencetak bil dapat dikurangkan sebanyak 57% sementara Automasi Cukai Perkhidmatan di dalam ERP berjaya memberi penjimatan yang amat menggalakkan.

Pada pertengahan 2007, kami juga memperkenalkan Projek Mega DiGi. Projek utama itu dijangka menyumbang secara signifikan kepada tahap daya saing DiGi dengan menumpukan kepada penambahbaikan kawasan liputan, memperbaiki latensi dan kestabilan rangkaian serta memperbaiki keupayaan untuk menawarkan produk dan perkhidmatan unik di Malaysia dan lain-lain pasaran di Asia.

S10. Berapa banyakkah sumbangan kakitangan kepada kejayaan DiGi?

Kesemuanya. Walaupun syarikat menjalankan perniagaan yang menyediakan perkhidmatan untuk menjadikan kehidupan lebih mudah, kami percaya bahawa semua kakitangan memainkan peranan penting untuk menentukan kejayaan syarikat. Oleh kerana itu, wajar bagi kami untuk mengambil, membangun dan mengekalkan kakitangan terbaik di dalam industri dan mewujudkan satu persekitaran yang membolehkan mereka menyalurkan sumbangan terbaik.

Pada 2007, kami berpindah ke D'House. Tiada sempadan pemisah di antara dinding-dinding yang dibina. Apa yang berjaya dikembangkan ialah satu gaya hidup, satu masyarakat DiGi yang memacu diri sendiri, kreatif dan tanpa rasa ragu. Menekankan kepercayaan "minda terbuka, hati terbuka", kami turut mengambil Orang-orang Kurang Upaya ("OKU") kerana percaya sepenuhnya untuk memberi peluang kepada setiap individu untuk melakukan kelainan. Kami juga mengubahsuai dan menambahbaikan semua pejabat DiGi di seluruh negara dengan menggunakan reka bentuk yang serupa, persekitaran positif dan bertenaga sebagaimana yang ada di D'House.

Q11. In what way has DiGi given back to the community or the country?

We completed the third and final year of our Amazing Malaysians programme in 2007. During its run, the programme aimed at rediscovering and conserving aspects of local heritage by recognising their champions and nurturing interest in young Malaysians. With the completion of its third year, we plan to reshape our corporate responsibility programme to become more aspirational.

What made the programme successful was the enthusiastic involvement of DiGi's employees alongside the children and the teams of volunteers for the project. DiGi believes in Doing Great while Doing Good. In this way, it takes our corporate responsibility programme beyond monetary contribution and into engagement of people at many levels.

One of most significant recognitions that DiGi received for its corporate responsibility was when we were named the overall winners of the Prime Minister's CSR Awards in 2007.

Q12. How does 2008 look?

As mobile penetration increases, the growth rate of subscribers in the market continues to slow down and competition will heat up even further. There will be shrinking overall market growth, emergence of new players, and mobile broadband will gain greater use. DiGi anticipates that growth in the mobile industry in 2008 will be lower than that of 2007.

S11. *Apakah pendekatan yang diambil oleh DiGi untuk memberi semula kepada masyarakat dan negara?*

Kami berjaya menyempurnakan tahun ketiga dan terakhir bagi program Amazing Malaysians pada 2007. Program ini bertujuan untuk mendapatkan semula serta menekankan aspek pemuliharaan warisan tempatan dengan cara mengiktirafkan kecemerlangan peneraju projek, selain mewujudkan rasa minat di kalangan generasi muda Malaysia. Dengan sempurnanya tahun ketiga projek ini, kami merancang untuk membentuk program tanggungjawab korporat kami untuk memberi lebih aspirasi kepada para peserta.

Apa yang membuatkan program ini berjaya ialah pembabitan penuh semangat dari kalangan kakitangan DiGi sendiri bersama kanak-kanak dan pasukan sukarelawan di dalam projek terbabit. DiGi percaya dalam mencapai kehebatan sambil membuat kebaikan yang menjadikan program tanggungjawab korporat ini lebih dari hanya sumbangan wang ringgit dan pembabitan semua orang di pelbagai peringkat pelaksanaan.

Satu daripada pengiktirafan terbesar ialah apabila tanggungjawab korporat DiGi diumumkan sebagai pemenang keseluruhan Anugerah CSR Perdana Menteri pada 2007.

S12. *Pendapat mengenai 2008?*

Apabila kadar penembusan pengguna telefon bimbit sudah meningkat, maka kadar pertumbuhan pasaran pelanggan menjadi perlahan dan persaingan pula semakin sengit. Akan terjadi penguncupan di keseluruhan pertumbuhan pasaran, ditambah pula dengan kehadiran syarikat baru dan jalur lebar mudah alih yang akan mewujudkan gaya penggunaan yang lebih baik. DiGi mengunjurkan pertumbuhan lebih rendah dalam industri mudah alih pada 2008 ini berbanding 2007.

The advent of Mobile Number Portability (MNP) will precipitate churning customers while 3G and WiMax will continue to redefine the new product landscape. 2008 will be a year filled with immense challenges and opportunities.

DiGi is looking forward to compete in this exciting landscape, for we understand that through these challenges great opportunities exist for DiGi to grow. We will continue to introduce simple, smart solutions to create a wider usage spectrum for our products amongst our customers. And while we are already recognized as one of Interbrand's Top Ten Brands in Malaysia, we will seek to crystallize further our brand messages, and also expand our appeal into targeted market segments. Enhanced customer experience will be a top priority to cultivate increased preference and loyalty, and minimize migration in a MNP scenario. We are completely committed to embracing the burgeoning broadband era and aim to become a significant player in this exciting new marketplace in 2008.

Q13. Time to Change?

Yes, I have had four wonderful years in DiGi and Malaysia. It's now time to change, and I am looking forward to my next step. Having worked closely with Johan Dennelind, who was previously DiGi's Chief Financial Officer and later its Chief Marketing Officer, I am happy to leave DiGi in his very capable hands. I cannot imagine anyone else with his breadth of skill, experience, and familiarity to the company, the business, and most important of all, the people. He will definitely steer DiGi towards greater engagement and success.

Morten Lundal
Chief Executive Officer
25 March 2008

Pengenalan Portabiliti Nombor Telefon Mudah Alih (MNP) akan mengakibatkan pelanggan berpindah rangkaian secara tiba-tiba, sementara 3G dan WiMax pula akan terus mengenalpasti landskap kepada pengwujudan produk-produk baru. Oleh itu, 2008 akan menjadi tahun yang penuh dengan cabaran dan peluang.

DiGi bersedia untuk bersaing di dalam landskap yang menarik ini, kerana kami memahami bahawa menerusi cabaran hebat itulah terdapatnya peluang-peluang untuk DiGi terus berkembang. Kami akan terus memperkenalkan rumusan yang pintar dan mudah untuk mencipta spektrum kepenggunaan produk yang lebih luas di kalangan pengguna.

Walaupun kami sudah diiktiraf sebagai salah satu daripada 10 Jenama Terbaik Interbrand di Malaysia, kami akan terus berusaha untuk memperkukuhkan jenama di samping memperluaskan daya tarikan di setiap segmen sasaran. Merangsangkan pengalaman pelanggan akan menjadi keutamaan kami untuk mempertingkatkan minat dan kesetiaan mereka, di samping mengurangkan perpindahan dalam senario MNP. Kami sentiasa komited untuk mengambil kesempatan ke atas era jalur lebar yang semakin meluas dan berharap akan menjadi pemain utama dalam pasaran baru itu pada tahun 2008.

S13. *Masa untuk beralih?*

Ya, saya lalui empat tahun yang cemerlang bersama DiGi dan Malaysia. Sampai masanya untuk bertukar angin dan mencari hala tuju baru. Saya pernah menjadi rakan sekerja dengan Johan Dennelind ketika beliau menjadi Ketua Pegawai Kewangan dan Ketua Pegawai Pemasaran di DiGi. Saya tidak berasa ragu untuk meninggalkan DiGi di tangan seseorang yang amat berkaliber. Saya berpendapat tiada sesiapa yang lebih layak dengan kemahiran, pengalaman dan kebiasaan beliau di dalam syarikat, perniagaan, dan yang paling penting ialah para kakitangan DiGi. Sudah tentu beliau akan membawa DiGi ke era kejayaan yang lebih cemerlang di masa depan.

Morten Lundal
Ketua Pegawai Eksekutif
25 Mac 2008

DiGi Management Team

Morten Lundal

Chief Executive Officer

43 years of age, Norwegian

Morten has been the CEO of DiGi since 26 July 2004. Previously, he was Executive Vice-President, Corporate Strategy and Business Development in Telenor and also a member of the Telenor Board for two years, 2000-2002. He was CEO, Business Solutions after joining as CEO Internet Business area for Telenor in 1997. His previous experience was with Gemini Consulting, A.T. Kearney and Dyno Industries. He has a Master in Business and Economics from the Norwegian School of Management and an MBA from IMD, Switzerland.

Save as disclosed, the CEO does not have any:

1. *Interest in the securities of DiGi;*
2. *Directorship of public companies;*
3. *Family relationships with any Director and/or major shareholders of the Company;*
4. *Conflict of interest with the Company; and*
5. *Conviction for offences within the past 10 years other than traffic offences.*

Khor Choo Lin

Head, Corporate Administration

Prior to joining DiGi in 1997, Choo Lin spent 17 years at Intel in various local and regional positions. She was the Compensation and Benefits Manager for Intel Malaysia, Regional Compensation and Benefits Manager for Intel Asia-Pacific, and Human Resource Manager for Intel Singapore and Intel Australia. Choo Lin holds a Bachelor's degree in Mathematics from Queen's University, Canada.

Tunku Alizakri Raja Muhammad Alias

Head, Strategy & Corporate Affairs

Zakri joined DiGi in April 2005. He was previously Vice-President and Head of Maybank Group Strategic Planning for four years, from 2001-2005. Zakri is qualified as a Barrister-at-Law at Lincoln's Inn, London and holds an LLB from King's College, University of London. He has an MBA from Cornell University.

Stefan Carlsson

Chief Financial Officer

Stefan joined the team in November 2006, coming from a position as CFO of the greenfield startup Telenor Pakistan. Previously, he was the CFO of Telenor Mobile Sweden for 3 years, and prior to that CFO of Mobyson in Sweden and Norway, one of the first MVNOs in Scandinavia. Stefan has a background as an auditor & consultant at PricewaterhouseCoopers in Sweden as well as the banking industry. He holds a Master in Finance & Business Administration from University of Uppsala, Sweden.

Kjersti Wiklund

Chief Technology Officer

Kjersti joined DiGi as CTO in August 2007. She has extensive telco and IT experience. Prior to this, she was the Executive Vice President Telenor Nordic. Kjersti has held two positions as Vice President in EDB Telescienses; VP Head of Network Management and VP Head of Professional Services. Previous positions include Vice President, Telenor Business Solutions; Head of Strategy and Business Development, and Head of Product Portfolio Management, Telenor Consumer. Kjersti holds a Master of Science in Electronics from Chalmers University of Technology and a Master of Science in Business Management from BI Norwegian School of Management.

Adzhar Ibrahim

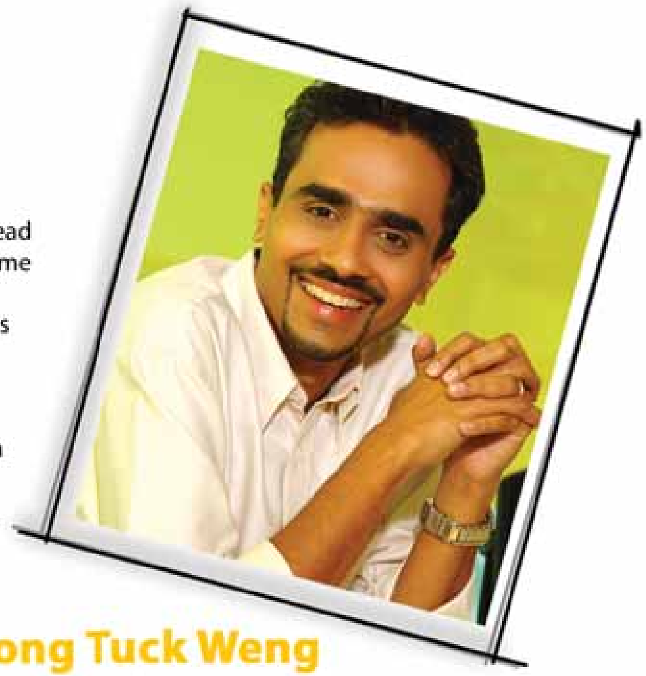
Head, Human Resource Development

Joining DiGi in April 2005, Adzhar brings with him HR experience derived from many industries. He was previously Group HR Head with Sime Darby, Country Head of HR with Standard Chartered Bank Malaysia, a member of the startup management team at Maxis Communications Berhad and Group HR Manager for a major American healthcare company. Adzhar holds a Diploma in Management from the Malaysian Institute of Management.

Albern Murty

Acting Co-Chief Marketing Officer

Albern joined DiGi in May 2002 as a Senior Manager in Project Planning and Control. He was later appointed to lead Product Development. In 2006, he was promoted to become the Head of Product Development and Management, a position he continues to hold until today in addition to his role as Acting Co-Chief Marketing Officer. His previous experience includes business and commercial management in Lucent Technologies. Albern holds a Bachelor of Science in Marketing & Bachelor of Science in Advertising Management from Portland State University, Oregon, USA.



Loong Tuck Weng

Acting Co-Chief Marketing Officer

Loong returned to DiGi as Head of Segments & Marketing in February 2007, and was made Acting Co-Chief Marketing Officer in August 2007. He has had over 20 years' experience in marketing of consumer goods across various multinational companies e.g. Sony, Phillips and most recently the United Overseas Bank Malaysia as Sr Division Head for Personal Financial Services. He was also in DiGi from 2000-2006 as Head of Strategy and Planning, and later as Head of Product Management. Loong holds a Bachelor of Business Administration and a Master of Arts (Ed Media) from the University of Mississippi, USA.

Johan Dennelind

Chief Executive Officer (w.e.f. 1 April 2008)

38 years of age, Swedish

Johan will return to DiGi as Chief Executive Officer after a brief stint as Chief Marketing Officer of Telenor's Swedish Operations. He was previously DiGi's Chief Marketing Officer from 2006-2007, after serving as DiGi's Chief Financial Officer since 2004. Previously, he was CFO and Deputy CEO of Telenor AB and Director of International Business for the Nextra Group. He has been in the telecommunications business since 1995 when he worked with Telia AB. Johan graduated from University of Orebro, Sweden with a Master of Science in Business Administration.

Statement of Corporate Governance

Corporate Objective

DiGi.Com Berhad's ("DiGi" or the "Company") Group Objective is to create long-term shareholder value through providing innovative, easy-to-use and best value telecommunications services in the Malaysian market.

In pursuing this corporate objective, the Board of Directors ("Board") of DiGi.Com Berhad strives to achieve high standards of corporate governance as it believes that there is a link between high-quality governance and creation of shareholder value.

Our major shareholder, Telenor ASA, had during the year de-registered itself voluntarily from NASDAQ. Recognising the continued importance of internal controls requirement of Section 404 of the Sarbanes Oxley Act over financial reporting, DiGi has continued with the management activities related to internal control implemented in 2006.

This Statement describes how the Company has applied the key principles and the extent of its compliance with the best practices set out in Malaysian Code on Corporate Governance, revised in 2007 ("Code") for the financial year ended 31 December 2007 save where otherwise identified and has been approved by the Board on 28 February 2008.

(A) Board of Directors

1) Board Responsibilities and Functions

The Board's role is to control and provide stewardship of the Group's business and affairs on behalf of shareholders. By pursuing its objective of creating shareholders' value, the Board take into account the interests of all stakeholders in their decision making.

The Board is guided by a charter ("Instructions to the Board") and a Delegation Authority Matrix, which sets out the practices and processes in the discharge of its responsibilities; the matters it reserved for consideration and decision making; the authority it has delegated to the Chief Executive Officer ("CEO"), including the limits, which the CEO can execute the authority; and provides guidance on the division of responsibilities between the Board and CEO.

The Board responsibilities include providing strategic direction and approving corporate ambitions and targets, monitoring and reviewing corporate performance, ensuring adequate systems for good internal control and risk management are in place and overseeing the development of Company's future leaders and human capital.

The Board has specifically reserved the following matters, amongst others, for its decision:

- Appointment to the positions of CEO and Chief Financial Officer ("CFO")
- Approval of strategies, ambitions and targets
- Acquisition and disposal of assets that are material to the Group
- Major investments and contracts with significant profit impact
- Changes to control structure of the Group, including key policies and authority limits
- Key strategic commercial decisions

In 2007, the Board approved the adoption of a new management performance model. The model is based on a forward looking and dynamic mindset, allowing management in a proactive way to identify areas of possible non performance, to respond to changes in the market and to put in place the necessary corrective actions. The fundamental of the model is a holistic long term ambition and target setting, a quarterly rolling planning, forecasting and monitoring cycle, which has replaced the yearly budget. The Board regularly reviews a performance report comprising status of the Company's performance vs. set targets and ambitions.

Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objective to the CEO in accordance to the Instructions for CEO. The CEO remains accountable to the Board for the authority that is delegated to him, and for the performance of the Group. The Board monitors the decisions and actions of the CEO and the performance of the Group to gain assurance that progress is being made towards the corporate objective, within the limits it has imposed.

The Board in overseeing the development of human capital and succession planning has also delegated to the CEO the implementation of a Talent Development Plan that identify, develop and manage potential leaders.

2) Board Composition and Balance

The Board currently has five (5) members, comprising two (2) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. Together, the Directors have the range of skills, knowledge and experience necessary to govern the Group. The Non-Executive Directors contribute international and operational experience and understanding of the financial and capital markets. The Independent Directors bring the knowledge and experience of the regulatory environment and accounting regime in Malaysia.

All Directors have the relevant experience in the telecommunications industry. A brief description of the background of each Director is presented on pages 16 to 18 of the Annual Report. Directors commit to the collective decision making processes of the Board. Individual directors are required to debate issues openly and constructively, and be free to question and challenge the opinions of others.

The Independent Directors meet the definition set out in the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). DiGi fulfills the requirement to have at least one third of the Board comprising Independent Non-Executive Directors. The Board is satisfied that the current composition of directors provides the appropriate balance and size in the Board necessary to promote all shareholder interests and to govern the Group effectively. It also fairly represents the ownership structure of the Company with appropriate representations of minority interests through the Independent Directors. The Board has appointed Tan Sri Leo Moggie as the Senior Independent Non-Executive Director. Tan Sri Leo Moggie is available to shareholders who have concerns that cannot be addressed through the Chairman and CEO.

3) Division of roles and responsibilities between the Chairman and CEO

There is a clear division of responsibility between the Chairman and the CEO to ensure that there is a balance of power and authority. The Chairman leads the Board and facilitates its work. He is responsible for ensuring the processes of the Board are effective in carrying out its duties and responsibilities, including the timely provision of sufficient relevant information on financial and non-financial matters. The Chairman, in conjunction with the CEO, CFO and Company Secretary, sets agendas for the meetings of the Board that focus on strategic direction and performance of the Group. The CEO is responsible for the day-to-day management of the Group's operations and business as well as implementation of the Board's policies and decisions.

4) Board Meetings

Meetings for the coming year are scheduled at the end of the preceding year. The Board meets for both scheduled meetings and on other occasions to deal with urgent and important matters that require attention between scheduled meetings. Due notice is given of all scheduled and additional meetings. The Board met four (4) times during the year and attendance by Directors are set out as below:

Name	Attendance
Arve Johansen *Non-Independent/Non-Executive*	4/4
Tan Sri Leo Moggie *Senior Independent/Non-Executive*	3/4
Dato' Ab. Halim Bin Mohyiddin *Independent/Non-Executive*	4/4
Christian Storm *Non-Independent/Non-Executive*	4/4
Ragnar Holmen Korsaeth *Non-Independent/Non-Executive*	4/4

The CEO, CFO and other members of senior management attend meetings of the Board by invitation.

The proceedings of, issues deliberated and resolutions passed at each Board and Board Committee meetings are minuted and kept in the statutory register at the registered office of the Company.

5) Appointments to the Board and Re-election of Directors

The Nomination Committee assists the Board in ensuring that the Board is comprised of individuals of a required calibre whose background, skills, experience, integrity and professionalism will augment the present Board and meet its future needs. Where there is a need to appoint new Directors, the Nomination Committee will assess the suitability of candidates and recommend to the Board for appointment. Newly appointed Directors must submit themselves to shareholders for election at the first Annual General Meeting following their appointment.

DiGi's Articles of Association requires that other than those Directors appointed during the year, one-third of remaining Directors are required to retire by rotation and submit themselves for re-election at each Annual General Meeting at least once every three years. Retiring Directors who are seeking re-election are subject to a Director assessment overseen by the Nomination Committee. Following the assessment, the Board, on the recommendation of the Nomination Committee, makes a determination as to whether it will endorse a retiring Director for re-election. Directors over seventy (70) years of age are required to seek shareholders' approval for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

6) Directors' Assessment

The Board regularly evaluates the performance of the Board as a whole, its Committees, the Chairman, individual Directors and the governance processes that support Board work. Performance of individual Director is assessed against a range of dimensions including the ability of the Director to consistently take the perspective of creating shareholders' value, to contribute to the development of strategy, to provide clear direction to management; to contribute to Board cohesion; to listen to and respect the ideas of fellow Directors and members of management.

7) Directors' Training

All Directors have completed the Mandatory Accreditation Programme (MAP). The Directors are mindful that they continue to update their skills and knowledge to maximise their effectiveness as Directors during their tenure. During the financial year, the Directors have attended individually or collectively the various programmes and briefings on amongst others, corporate governance, updates on the recent amendments to Companies Act, 1965 and the revised Malaysian Code of Corporate Governance. Arve Johansen, Christian Storm and Ragnar Holmen Korsaeth also attended the 3GSM World Congress in Barcelona in February 2007.

8) Supply of Information

• Access to Information

All the Directors have access to all information whether as a full board or in their individual capacity, in furtherance of their duties. Open lines of communication between the individual members of the Board and Management are encouraged to enable Directors to gain a better understanding of the Group's business. The Directors have access to information through the following means:

i) CEO, CFO and members of senior management attend Board and Committee meetings by invitation to report on areas of the business within their responsibility including financial, operational, regulatory and strategic information.

ii) Board and Committee papers are prepared for each item in the agenda to the established criteria on content and presentation format. These papers are issued to the Directors at least seven (7) days before the Board and Committee Meetings.

iii) Board Committees, in particular the Audit Committee Chairman meets with Management regularly to review the reports regarding internal control system and financial reporting.

iv) Informal communications between the Directors and the CEO and other employees.

• Access to Advice

The Board or individual Director may seek professional expert advice at the Company's expense with the prior approval of the Board on any matter connected with the discharge of their responsibilities. No Director availed himself of this right during the year.

• Company Secretary

Hee Chew Yun is the Company Secretary in DiGi. She is supported by two (2) other external Company Secretaries, Tai Yit Chan and Liew Irene. Together they are responsible for developing and maintaining the processes that enable the Board to fulfill its role and for ensuring that the Board procedures are complied with. The Board appoints and removes the Company Secretaries. All Directors have access to the advice and services of the Company Secretaries.

9) Committees of the Board

The Board delegates certain responsibilities to the Board committees to assist in the discharge of its responsibilities. The Board Committees are:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The role of Board Committees is to advise and make recommendations to the Board. The Chairman of the various committees provide a verbal report on the outcome of their committee meetings to the Board, and any further deliberation is made at the Board level, if required. In addition, the minutes of various committees are tabled to the Board for information.

Each Committee operates in accordance with a written terms of reference approved by the Board. The Board appoints the members and the Chairman of each committee. A brief description of each Committee is provided below:

(a) *Audit Committee*

The members of the Committee are Dato' Ab. Halim Bin Mohyiddin (Chairman), Tan Sri Leo Moggie and Christian Storm. All of them are Non-Executive Directors and financially literate.

The Audit Committee Report provides details of the composition of the Audit Committee, its terms of reference and a summary of its activities are set out on pages 50 to 52 of this Annual Report.

(b) *Nomination Committee*

The Nomination Committee met once during the year and the meeting was attended by all its members. The members of the Committee are Christian Storm (Chairman), Tan Sri Leo Moggie and Dato' Ab. Halim Bin Mohyiddin. All members of Committee are Independent Non-Executive Directors except for Christian Storm, who is a Non-Independent Non-Executive Director.

Role and focus

The role of the Nomination Committee is to assist the Board in ensuring that the Board is comprised of individuals with the required skills, knowledge, experience, integrity and professionalism. It does this by focusing on:

- Review annually the required mix of skills and experience and other qualities including core competencies that the Non-Executive Directors should bring to the Board and identifying skills that may be required.
- Oversee the assessment of the performance of the Board, Committee and individual directors.
- Recommend suitable candidates for directorship to the Board and Board Committees.

Activities undertaken

During the financial year, the Nomination Committee assessed the overall effectiveness of the Board as a whole, its Committees and the contribution and performance of each individual Director. The Committee concluded that the Board generally has a good mix of skills, experience and professional qualifications required to contribute positively to the Group.

The Committee recommended to the Board on the endorsement of the retiring Directors, Christian Storm and Ragnar Holmen Korsaeth who sought re-election at the 2007 AGM.

In early 2008, the Committee assessed and recommended to the Board the appointment of Johan Dennelind as the new CEO.

(c) *Remuneration Committee*

The Remuneration Committee met once during the year and the meeting was attended by all its members. Its members are Arve Johansen (Chairman), Christian Storm and Ragnar Holmen Korsaeth. All the members are Non-Executive directors.

Role and focus

The role of the Remuneration Committee is to assist the Board in its oversight of the remuneration policy and its specific application to the Executive Directors and CEO, the determination of levels of reward to the CEO and annual evaluation of the performance of the CEO.

Non-Executive Directors' remuneration is a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration.

Activities undertaken

The Chairman of the Remuneration Committee was authorised by the Board to assess and evaluate the CEO against the performance criteria set by Telenor to measure the CEOs' performance in all its subsidiary companies and to fix the compensation package.

(B) Directors' Remuneration

The objective of the Company's policy on Director's remuneration is to attract and retain Directors needed to run the Company successfully. Non-Executive Directors' remuneration reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Director concerned.

Details of the Directors' Remuneration

The aggregate Directors' remuneration paid or payable to all Directors of the Company by the Group and categorised into appropriate components for the financial year ended 31 December 2007 are as follows:

	Allowances RM'000	Total RM'000
Non-Executive Directors	244	244

The number of Directors of the Company whose total remuneration fall within the respective band are as follows:

	Number of Non-Executive Directors RM'000
RM100,001 to RM150,000	2

The Board has chosen to disclose the remuneration in bands pursuant to the Listing Requirements of Bursa Securities as the separate and detailed disclosure of individual director's remuneration will not add significantly to the understanding and evaluation of DiGi's governance. There are no executive directors on DiGi's Board during the year 2007.

(C) Code of Conduct

The Board has adopted and implemented a Code of Conduct ("Code") with values of integrity, respect, trust and openness. It provides clear direction on conducting business, interacting with community, government and business partner; and general workplace behaviour.

All the members of the Board and employees have certified in writing that they have read and understood the Code. Ongoing training programmes are provided to employees on the Code and in particular on how to deal with situations involving ethical dilemma. In addition, DiGi had during the year conducted an integrity programme to increase awareness on business and individual integrity.

DiGi has established helplines so that employee can seek guidance or express concerns on the Code of Conduct related issues. Reports can be made anonymously and without fear of retaliation. Arrangements are in place for the proportionate and independent investigations and appropriate follow-up action.

(D) Shareholders

1) Communication between the Company and its shareholders

Shareholders vote on important matters affecting DiGi, including changes to the Company's constitutional documents, receipt of annual financial statements and significant corporate proposals. The Board recognises that in order to vote in an informed manner, shareholders must receive high-quality, relevant information in a timely manner. During the year, the Board adopted a Corporate Disclosure Procedures and Policies ("CDPP"), which outlines how DiGi identifies and releases material information in a complete, timely and accurate manner to Bursa Securities. This will ensure that the market has equal access to information issued by the Company. This CDPP embraces the "Best Practices in Corporate Disclosure" issued by Bursa Securities.

Copies of announcements to Bursa Securities, investor briefings, quarterly results, annual reports and other relevant information are available in the Investor Relations section of the Company's website.

On a regular basis, DiGi's management hold one-on-one meeting with analysts, fund managers and shareholders to provide updates on quarterly financial performance, regulatory issues as well as changes in operating environment, which may impact the Group's operations. In addition, DiGi held an analyst teleconference and a media conference on the same day it announced to Bursa Securities the alliance with Time dotCom Berhad to present the proposal and address queries from the investment community based on permissible disclosure.

In terms of one-on-one meetings, DiGi met during the year with more than 60 fund managers and shareholders, and also potential shareholders at the corporate office for an update on the Company.

DiGi's CFO/CEO annually hosts two luncheon sessions for both local and regional analysts, which served as a two-way dialogue sessions between the parties.

DiGi's management is also an active participant in various investor conferences held both locally and in major financial centres around the world throughout each financial year. In 2007, DiGi participated in Invest Malaysia, an annual investment conference jointly organised by selected investment houses and Bursa Securities. Following thereto, DiGi co-hosted an event, entitled *The Best IR Approach to Releasing Price-Sensitive Information* with the Malaysian Investor Relations Association (MIRA) in which DiGi is one of its founding board members.

They were also actively on the road on non-deal roadshows in 2007 that covers Singapore, Hong Kong and London to update investors and interested parties on the Company's outlook and strategies moving forward. The participation in these non-deal roadshows are on a quarterly basis outside the Group's "closed period". DiGi enforces a "closed period", which is typically about a month before the release of each quarterly results in which the management will not meet up with any analysts, fund managers and shareholders. This is to ensure that all material information pertaining to each financial quarter are disseminated equally to the public at the same time.

Any queries regarding DiGi from shareholders will be dealt with as promptly possible. These queries may be directed to:

Audrey Ho, Head of Investor Relations
DiGi Telecommunications Sdn Bhd
Lot 10, Jalan Delima 1/1
Subang Hi-Tech Industrial Park
40000 Shah Alam,
Selangor Darul Ehsan
Tel: 03-5721 1800
Email: sfho@digi.com.my

2) Annual General Meeting ("AGM")

The key element of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from both private and institutional shareholders on all issues relevant to the Group at the AGM.

The highlights of the Group's performance and financial results are presented by the CEO and CFO at the AGM. At the AGM, shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish shareholders with a written answer after the AGM. The Chairman of the Board also provides shareholders with a review of the Group's operations for the financial year and outlines the prospects of the Group for the subsequent financial year. The External Auditor attends the AGM as well and is available to answer questions from shareholders.

To promote transparency, we opened our 2007 AGM to the financial media. These media representatives were invited to observe the AGM proceedings, attending as observers. We believe this practice will eventually be adopted in Malaysia as this is now widely seen as a best practice in Europe and the US.

(E) Accountability and Audit

1) Financial Reporting

DiGi aims to provide a balanced and meaningful assessment of the Group's financial performance and prospects primarily through the annual report, quarterly results, financial statements and analyst presentations. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting process and the quality of its financial reporting.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year, which have been drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia, and give a true and fair view of the financial position of the Group and of the Company, and of the results and cash flows of the Group and of the Company for that year.

- adopted suitable accounting policies and applied them consistently.
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- made judgments and estimates that are reasonable and prudent.
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Group and of the Company, and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

2) Internal Control

The Statement on Internal Control set out on pages 47 to 48 of the Annual Report provides an overview on the state of internal controls within the Group.

3) Related Party Transactions

The Audit Committee reviewed the related party transactions on a quarterly basis.

Details of these transactions are set out under Notes to the Financial Statement on pages 93 to 95 of the Annual Report.

4) Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the internal audit function and external auditors are detailed on pages 50 to 52 of the Annual Report. A summary of the activities of the Audit Committee during the year are set out on page 50 of the Annual Report.

The external auditors provide mainly audit related services to the Group. Due to its strong knowledge of the Group, the external auditors also undertake certain non-audit services such as interim reviews, regulatory reviews and reporting, and other services. The external auditors have confirmed their independence in providing both audit and non-audit services up to the date of this statement.

The external auditors attended all the Audit Committee meetings held to review the quarterly results and the financial statements.

STATEMENT OF INTERNAL CONTROL

Introduction

The Board of Directors ("Board") is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year. The external auditors have reviewed this Statement for compliance with the Bursa Malaysia Securities Listing Requirements and the review was performed in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control of the Group.

Board Responsibility

The Board is ultimately responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss. Further, when designing and evaluating possible controls, the Management is required to apply its judgment with respect to the relevant costs and benefits of the various controls.

Risk Management

The Group has in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The Board reviews the process on a regular basis to ensure proper management of risks and measures are taken to mitigate any weaknesses in the control environment. The risk management process, and practical guidance on its application, has been documented in the Risk Management Manual. DiGi Management Team (which comprises the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and senior members of management) is responsible for ensuring that key risks to the Group's business are identified, evaluated and that effective responses are developed for their management. The Audit Committee is also provided with quarterly updates on the progress of risk management activities in managing the key risks identified.

Key Elements of the System of Internal Control

The following sets out the key elements of the system of internal control of the Group, which have been in place throughout the financial year and up to the date of the Directors' Report:

- There is in place a defined organisational structure within the Group with clear lines of responsibility, delegation of authority and accountability to ensure that management acts in the best interests of shareholders.

- Significant changes in the business and the external environment are reported to the Board during the Board meetings. Quarterly results and other information are also provided to the Audit Committee and the Board. This oversight review enables the Board to control and evaluate the business performance so as to ensure that the Group is achieving its corporate objectives. The role of the Audit Committee in respect of its review of the system of internal control is described in the Audit Committee Report included in this annual report.

- There is an annual budgeting and business planning process where the management prepares the plan and budget for the forthcoming financial year, which is submitted to and approved by the Board. In 2007, DiGi initiated a new management performance model. The premise behind the new model is to provide the Group with the ability to act readily in response to changes in the market. Instead of annual budgets, for 2008 DiGi has in place a set of holistic targets approved by the Board with monitoring through quarterly rolling forecasts for financial indications as well as continuous alignment between strategies and operational plans to meet these targets.

- The review of monthly financial and operational information that includes the monthly and year to-date financial results and comparisons to the pre-determined key performance indicators is empowered to the DiGi Management Team. Based on this monitoring of results against the key performance indicators, significant variances are identified and appropriate management action taken, where necessary.

- The Investment Committee ("IC"), comprising the CEO, CFO, Chief Technology Officer and Chief Marketing Officer, supports the decision-making process in connection with capital investments for the Group. The Commercial Forum, comprising the same members as the IC supports decision-making in relation to commercial launches of the Group's products and services.

- The Assurance function under the Quality & Assurance Department ("Q&A") assists both the Board and Audit Committee in conducting appropriate reviews to ensure that key financial, operational, system and compliance controls established by the Board and management are operating effectively. To ensure independence from Management, the Head of Q&A as well as key personnel in the Assurance function have a direct reporting line to the Audit Committee. The annual audit plan is established on a risk-based approach and has been presented to and approved by the Audit Committee. Notwithstanding, the plan is dynamic and evaluated on an ongoing basis to ensure relevance and to cater for changes in risks or management emphasis. On a quarterly basis, audit reports and the audit plan's status are presented to the Audit Committee for their review.

- DiGi continues to undertake the necessary management testing to comply with the requirements of the Sarbanes Oxley Act with regards to the assessment of the effectiveness of internal controls over financial reporting even though it is no longer required as Telenor ASA has delisted from NASDAQ.

- All key policies and procedures are available via the Group's intranet site, which are also revised periodically to meet changing business, operational and statutory reporting needs. This includes the Information Technology Governance Policies including Information Security policy and Safeguarding of Asset policy which are established to achieve and maintain confidentiality, integrity, availability, authenticity and reliability of information or information processing facilities.

- All employees are required to sign and confirm that they have read, understood and adhered to the Code of Conduct, which outlines the minimum standard of behaviour and ethical conduct expected of employees in all business matters.

- Communication channels have also been established through which concerns on the Code of Conduct related issues could be reported anonymously and without fear of retaliation. Arrangements are in place for the proportionate and independent investigations with appropriate follow-up action.

- DiGi has a formalised Anti-Corruption policy with the purpose of ensuring that the Group's business is conducted in accordance with the applicable anti-corruption laws. The policy sets out the scope of activities considered to be corruption in nature, responsibility of employees of the Group in identifying, preventing, monitoring and reporting of corrupt practices.

- The Group has adopted a set of values to act as framework for its people to exercise judgment and make decisions on a consistent basis.

Conclusion

There were no significant internal control weaknesses that resulted in material losses to the Group for the financial year under review.

ADDITIONAL COMPLIANCE INFORMATION

In accordance with Appendix 9C of the Listing Requirements

The following information is provided in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad:

1. **NON-AUDIT FEES**
   The amount of non-audit fees paid to external auditors for the financial year ended 31 December 2007 is RM412,450.

2. **SHARE BUYBACK**
   The Company did not enter into any share buyback transactions during the financial year.

3. **AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME**
   The Company did not sponsor any ADR or GDR programme during the financial year.

4. **IMPOSITION OF SANCTIONS/PENALTIES**
   There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, directors or management by the relevant regulatory bodies during the financial year.

5. **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**
   The Company has not issued any options, warrants or convertible securities during the financial year ended 31 December 2007.

6. **VARIATION IN RESULTS**
   There was no profit estimation, forecast or projection made or released by the Company during the financial year under review. There were no variances of 10% or more between the results for the financial year and the unaudited results.

7. **PROFIT GUARANTEE**
   There was no profit guarantees given by the Company during the financial year under review.

8. **MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**
   There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors and major shareholders' interests either subsisting as at 31 December 2007 or entered into since the end of the previous financial year.

9. **REVALUATION POLICY**
   The Company has not made any revaluation policy or revaluation on its landed properties during the financial year.

10. **RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE**
    At the Annual General Meeting ("AGM") held on 8 May 2007, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

    The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2007 are set out on pages 101 of the Annual Report.

11. **CORPORATE RESPONSIBILITY**
    The corporate responsibility activities and/or practices undertaken by the Company and its subsidiaries during the financial year ended 31 December 2007 are set on pages 4 to 7 of the Annual Report.

Audit Committee Report

Composition

The members of the Committee are:

Dato' Ab. Halim Bin Mohyiddin
(Chairman/Independent Non-Executive Director)

Tan Sri Leo Moggie
(Member/Senior Independent Non-Executive Director)

Christian Storm
(Member/Non-Independent Non-Executive Director)

Meetings

The Audit Committee met four times during the financial year ended 31 December 2007 and these meetings were attended by all the members. The Chief Executive Officer, Chief Financial Officer, Head of Quality & Assurance and the external auditors were also invited to attend and brief the members on specific issues.

The Audit Committee met once with the external auditors separately without the presence of management. During the year, the Audit Committee Chairman held a number of meetings with Quality & Assurance ("Q&A") Department to obtain updates on the activities of the function without the presence of management.

Summary of Activities

In February 2008, the Audit Committee assessed its performance for the financial year ended 31 December 2007 and is satisfied that it has carried out its duties in accordance with its Terms of Reference. At the same meeting, the Audit Committee reviewed its Terms of Reference and recommended amendments to the said Terms of Reference in line with the Revised Malaysian Code on Corporate Governance and the Listing Requirements of Bursa Malaysia Securities Berhad in relation to Corporate Governance. The revised Terms of Reference for the Audit Committee was approved by the Board on 28 February 2008.

In addition to overseeing the internal activities described below, other key areas reviewed by the Committee include the Group Risk Management (including Business Continuity Planning and Crisis Management) and Revenue Assurance Programmes.

Internal Audit Function

Internal audit activities are conducted in-house by the Q&A Department. The Head of Q&A reports directly to the Audit Committee on Assurance matters and assists the Committee in the discharge of its duties and responsibilities. Q&A's role is to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal control, risk management and governance. The Audit Committee reviews the scope of work to ensure it is appropriate in light of the risks the Group faces as well as approving the annual Assurance Plan.

In 2007, Q&A conducted a wide range of audit assignments covering amongst others, operational controls, critical computer applications systems and telecommunications infrastructure and compliance with established procedures and regulatory requirements. In addition, Q&A participated in new business products and system implementation in evaluating potential risk exposures and ensuring adequate controls are in place before these products and systems are launched. Follow-up reviews were also performed on the implementation of audit recommendations and the status of the implementation was reported to the Audit Committee accordingly.

Training

During the year, the Committee members have attended the following conferences, seminars and training programmes:

- Appraising Board Performance
- Board Development Program 2007
- Chairman's Forum "Driving a Board to High Performance"
- Amendments to Companies Act, 1965
- Revised Malaysian Code of Corporate Governance

- Enterprise Agenda for Public Listed Companies' Directors
- Scenario Planning Programme
- 3GSM World Congress

Terms of Reference
(effective 28 February 2008)

1. Membership

The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members. All members shall be non-executive directors, a majority of whom shall be Independent Directors. All members shall be financially literate and at least one member must be a member of the Malaysian Institute of Accountants or such other qualifications and experience as approved by Bursa Malaysia Securities Berhad.

A quorum shall consist of two members and a majority of the members present must be Independent Directors. If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

2. Chairman

The Chairman of the Committee shall be an Independent Director appointed by the Board. He shall report on each meeting of the Committee to the Board.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members prior to each meeting. The Secretary shall also be responsible for keeping minutes of meetings of the Audit Committee and circulating them to the Committee members and to the other members of the Board of Directors.

4. Frequency of Meetings

Meetings shall be held not less than four times a year and will normally be attended by the Officer charged with the responsibilities of the Group's finance and Head of Quality & Assurance. The presence of external auditors will be requested if required and the external auditors may also request a meeting if they consider it necessary. The Committee shall meet with the external auditors without the presence of management at least twice a year. The Committee may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconferencing or any other means of audio or audio-visual communications.

5. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors, and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary. The Committee is also authorised to convene meetings with the external auditors, Quality & Assurance or both excluding the attendance of the other directors and management, wherever deemed necessary.

6. Duties

The duties of the Committee shall be:

A) Review the adequacy and effectiveness of risk management, internal control and governance systems put in place in the Group.

B) To consider the appointment or reappointment, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as external auditors.

C) To discuss with external auditors where necessary, on the nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved as well as with the Quality & Assurance Department.

D) To review and monitor the external auditor's independence and objectivity, taking into consideration the local professional and regulatory requirements.

E) To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

F) To review the quarterly results, year-end financial statements and any formal announcements relating to the company's financial performance prior to the approval by the Board, focusing on:

- going concern assumption
- compliance with accounting standards and regulatory requirements
- any changes in accounting policies and practices
- significant issues arising from the audit
- major judgmental areas

G) To prepare Audit Committee Report at the end of each financial year.

H) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary).

I) To review the external auditor's management letter and management's response.

J) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises question of management integrity.

K) To do the following in respect of the Quality & Assurance Department:

- Review the organisation, responsibilities, competencies and resources of the Department in respect of the assurance function and that it has the necessary authority to carry out its work.

- Approve the annual plan for the Department and review results of these activities and where necessary, ensure that appropriate action is taken on the recommendations of the activities.

- Concur with the appointment, assessment and termination of the Head of Quality & Assurance and key assurance positions.

L) To monitor related party transactions entered into by the company and its subsidiaries, and to ensure that the Directors report such transactions annually to shareholders via the annual report.

M) To review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to ensure arrangements are in place in terms of the proportionate and independent investigation of such matters, and for appropriate follow-up action.

N) To consider the major findings of internal investigations and management's response.

O) To review and monitor the effectiveness of internal control systems, and to evaluate the systems with the external auditors.

P) To carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit Committee and the Board of Directors from time to time.

Q) In compliance with Paragraph 15.17 of Bursa Malaysia Securities Berhad ('Bursa Securities') Listing Requirements, where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to Bursa Securities.

FINANCIAL STATEMENTS

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

Principal activities

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are stated in Note 13 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

	GROUP RM'000	COMPANY RM'000
Profit for the year	1,062,595	1,262,828
Attributable to:		
Equity holders of the Company	1,062,595	1,262,828

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effect arising from the revision of estimated useful life of an intangible asset as disclosed in Note 4 to the financial statements.

Dividends

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2006:	
Final dividend of 57.5 sen per ordinary share, less income tax at 27%, declared on 8 May 2007 and paid on 15 June 2007	314,813
In respect of the financial year ended 31 December 2007:	
Interim dividend of 68.5 sen per ordinary share, less income tax at 27%, declared on 20 July 2007 and paid on 28 August 2007	375,038
Special dividend of RM1.00 per ordinary share, less income tax at 27%, declared on 19 October 2007 and paid on 28 November 2007	547,500

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 4.75 sen per ordinary share, less income tax at 26%, and 54.5 sen single-tier exempt dividend per ordinary share (58.0 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2008.

Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Arve Johansen
Tan Sri Leo Moggie
Dato' Ab. Halim bin Mohyiddin
Christian Storm (Director and Alternate Director to Arve Johansen)
Ragnar Holmen Korsaeth

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 7 to the financial statements or the fixed salary of full-time employees of a related corporation) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

According to the Register of Directors' Shareholdings, the interest of Directors in office at the end of the financial year in the shares and options over shares of the Company or its related corporations during the financial year were as follows:

	Number of Ordinary Shares of NOK6 Each			
	1 January 2007	Acquired	Sold	31 December 2007
Ultimate Holding Company Telenor ASA				
Direct Interest:				
Arve Johansen	50,247	4,926	-	55,173
Christian Storm	1,852	38	-	1,890

	Number of Options Over Ordinary Shares of NOK6 Each			
	1 January 2007	Granted	Exercised	31 December 2007
Ultimate Holding Company Telenor ASA				
Direct Interest:				
Arve Johansen	265,000	-	-	265,000
Ragnar Holmen Korsaeth	83,333	-	-	83,333
Christian Storm	20,000	-	-	20,000

None of the other Directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

Issue of shares

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

Issue of debentures

There was no issue of debentures of the Company during the financial year.

Options granted over unissued shares

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

Other statutory information

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provisions had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the provision for doubtful debts, in the financial statements of the Group and of the Company, inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Other statutory information (cont'd.)

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant event

Significant event during the year is as disclosed in Note 29 to the financial statements.

Subsequent event

Subsequent event is disclosed in Note 30 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 February 2008.

Arve Johansen
Director

Christian Storm
Director

Statement by Directors
Pursuant to Section 169 (15) of the Companies Act, 1965

We, Arve Johansen and Christian Storm, being two of the Directors of DiGi.Com Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 59 to 98 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 February 2008.

Arve Johansen
Director

Christian Storm
Director

Statutory declaration
Pursuant to Section 169 (16) of the Companies Act, 1965

I, Stefan Carlsson, being the officer primarily responsible for the financial management of DiGi.Com Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 59 to 98 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Stefan Carlsson at
Kuala Lumpur in Wilayah Persekutuan
on 28 February 2008.

Stefan Carlsson

Before me,

Commissioner for Oaths
Soh Ah Kau, AMN
Licence No. W 315
Kuala Lumpur

Report of The Auditors to The Members of DiGi.Com Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 59 to 98. These financial statements are the responsibility of the Company's Directors.

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

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

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:

   (i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF : 0039
Chartered Accountants

Lim Saw Keng
No. 2215/10/09 (J)
Partner

Kuala Lumpur, Malaysia
28 February 2008

Income Statements for the year ended 31 December 2007

	Note	GROUP 2007 RM'000	GROUP 2006 RM'000	COMPANY 2007 RM'000	COMPANY 2006 RM'000
Revenue		4,362,635	3,652,536	1,730,940	401,707
Other income		12,610	13,479	-	-
Cost of materials and traffic expenses		(888,908)	(776,546)	-	-
Sales and marketing expenses		(503,056)	(460,909)	-	-
Operations and maintenance expenses		(117,321)	(113,443)	-	-
Rental expenses		(139,274)	(128,976)	-	-
Staff expenses		(226,592)	(182,904)	-	-
Depreciation expenses and impairment losses		(598,566)	(584,581)	-	-
Amortisation expenses		(82,657)	(43,230)	-	-
Other expenses		(390,111)	(308,527)	(812)	(1,293)
Finance costs	6	(15,226)	(15,845)	-	-
Interest income		31,780	36,085	23	9
Profit before tax	7	1,445,314	1,087,139	1,730,151	400,423
Taxation	8	(382,719)	(281,486)	(467,323)	(112,358)
Profit for the year		1,062,595	805,653	1,262,828	288,065
Attributable to:					
Equity holders of the Company		1,062,595	805,653	1,262,828	288,065
Earnings per ordinary share (sen)	9	141.7	107.4		

The accompanying notes form an integral part of the financial statements.

Balance Sheets as at 31 December 2007

	Note	GROUP 2007 RM'000	GROUP 2006 RM'000	COMPANY 2007 RM'000	COMPANY 2006 RM'000
Non-current assets					
Property, plant and equipment	11	2,676,555	2,680,246	-	-
Prepaid lease payments		12,500	12,717	-	-
Intangible assets	12	251,010	254,487	-	-
Investments in subsidiaries	13	-	-	75,000	75,000
		2,940,065	2,947,450	75,000	75,000
Current assets					
Inventories	14	8,659	8,189	-	-
Trade and other receivables	15	351,623	297,843	156	128
Amount due from a subsidiary	16	-	-	36,143	8,117
Cash and cash equivalents	17	577,144	869,549	69	2,559
		937,426	1,175,581	36,368	10,804
TOTAL ASSETS		3,877,491	4,123,031	111,368	85,804
Equity					
Share capital	18	75,000	75,000	75,000	75,000
Reserves		1,502,645	1,677,401	35,908	10,431
Total equity - attributable to equity holders of the Company		1,577,645	1,752,401	110,908	85,431
Non-current liabilities					
Borrowings	19	200,000	300,000	-	-
Deferred tax liabilities	20	355,521	371,707	-	-
Provision for liabilities	21	18,270	13,398	-	-
		573,791	685,105	-	-
Current liabilities					
Trade and other payables	22	1,180,105	1,295,328	460	373
Provision for liabilities	21	102,731	75,619	-	-
Borrowings	19	100,000	-	-	-
Deferred revenue		227,001	244,769	-	-
Taxation		116,218	69,809	-	-
		1,726,055	1,685,525	460	373
Total liabilities		2,299,846	2,370,630	460	373
TOTAL EQUITY AND LIABILITIES		3,877,491	4,123,031	111,368	85,804

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity for the year ended 31 December 2007

GROUP	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
		Attributable to equity holders of the Company			
			Non-Distributable	*Distributable*	
At 1 January 2006		750,000	352,651	1,145,497	2,248,148
Profit for the year, representing total recognised income and expenses for the year		-	-	805,653	805,653
Share capital and share premium repayment per ordinary share					
- RM0.75		(562,500)	-	-	(562,500)
- RM0.60		(112,500)	(337,500)	-	(450,000)
Dividend for the financial year ended 31 December 2006					
- interim	10	-	-	(288,900)	(288,900)
At 31 December 2006		75,000	15,151	1,662,250	1,752,401
Profit for the year, representing total recognised income and expenses for the year		-	-	1,062,595	1,062,595
Dividend for the financial year ended 31 December 2006					
- final	10	-	-	(314,813)	(314,813)
Dividend for the financial year ended 31 December 2007					
- interim	10	-	-	(375,038)	(375,038)
- special	10	-	-	(547,500)	(547,500)
At 31 December 2007		75,000	15,151	1,487,494	1,577,645

COMPANY	Note	Share capital RM'000	Non-Distributable Share premium RM'000	Distributable (Accumulated losses)/ Retained earnings RM'000	Total RM'000
		Attributable to equity holders of the Company			
At 1 January 2006		750,000	352,651	(3,885)	1,098,766
Profit for the year, representing total recognised income and expenses for the year		-	-	288,065	288,065
Share capital and share premium repayment per ordinary share					
- RM0.75		(562,500)	-	-	(562,500)
- RM0.60		(112,500)	(337,500)	-	(450,000)
Dividend for the financial year ended 31 December 2006					
- interim	10	-	-	(288,900)	(288,900)
At 31 December 2006		75,000	15,151	(4,720)	85,431
Profit for the year, representing total recognised income and expenses for the year		-	-	1,262,828	1,262,828
Dividend for the financial year ended 31 December 2006					
- final	10	-	-	(314,813)	(314,813)
Dividend for the financial year ended 31 December 2007					
- interim	10	-	-	(375,038)	(375,038)
- special	10	-	-	(547,500)	(547,500)
At 31 December 2007		75,000	15,151	20,757	110,908

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements for the year ended 31 December 2007

		GROUP		COMPANY	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash flows from operating activities					
Profit before tax		1,445,314	1,087,139	1,730,151	400,423
Adjustments for:					
Dividend income		-	-	(1,730,940)	(401,707)
Depreciation expenses and impairment losses	11	598,566	584,581	-	-
Amortisation expenses of intangible assets		82,440	43,007	-	-
Amortisation expenses of prepaid lease payments		217	223	-	-
Allowance for doubtful debts		21,555	17,633	-	-
Finance costs	6	15,226	15,845	-	-
Interest income		(31,780)	(36,085)	(23)	(9)
Share-based payment		4,889	3,284	-	-
Property, plant and equipment written off		8,261	1,584	-	-
Gain on disposal of property, plant and equipment		(58)	(33)	-	-
Unrealised foreign exchange gain		(1,052)	(3,531)	-	-
Provision for liabilities		236,649	167,280	-	-
Operating profit/(loss) before working capital changes		2,380,227	1,880,927	(812)	(1,293)
(Increase)/decrease in inventories		(470)	8	-	-
(Increase)/decrease in receivables		(76,421)	(53,498)	3	(2)
(Increase)/decrease in amount due from a subsidiary		-	-	(28,026)	564,474
(Decrease)/increase in payables		(115,805)	244,546	87	41
(Decrease)/increase in deferred revenue		(17,768)	23,997	-	-
Cash generated from/(used in) operations		2,169,763	2,095,980	(28,748)	563,220

	Note	GROUP 2007 RM'000	GROUP 2006 RM'000	COMPANY 2007 RM'000	COMPANY 2006 RM'000
Cash flows from operating activities (cont'd.)					
Interest paid		(14,700)	(14,660)	-	-
Payments under customer loyalty programme	21	(209,386)	(166,610)	-	-
Payments for employee related benefits		(3,575)	(2,818)	-	-
Taxes paid		(352,527)	(212,870)	-	-
Net cash generated from/(used in) operating activities		1,589,575	1,699,022	(28,748)	563,220
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets		(678,137)	(746,148)	-	-
Proceeds from capital repayment by a subsidiary		-	-	-	451,501
Dividends received from a subsidiary		-	-	1,263,586	289,229
Interest received		32,898	34,991	23	9
Proceeds from disposal of property, plant and equipment		610	122	-	-
Net cash (used in)/generated from investing activities		(644,629)	(711,035)	1,263,609	740,739

Cash Flow Statements for the year ended 31 December 2007 (cont'd.)

		GROUP		COMPANY	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash flows from financing activities					
Capital repayments		-	(1,012,500)	-	(1,012,500)
Dividends paid	10	(1,237,351)	(288,900)	(1,237,351)	(288,900)
Net cash used in financing activities		(1,237,351)	(1,301,400)	(1,237,351)	(1,301,400)
Net (decrease)/increase in cash and cash equivalents		(292,405)	(313,413)	(2,490)	2,559
Cash and cash equivalents at beginning of year		869,549	1,182,962	2,559	-
Cash and cash equivalents at end of year	17	577,144	869,549	69	2,559

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements - 31 December 2007

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 13 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The principal place of business is located at Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.

The immediate holding and ultimate holding companies of the Company are Telenor Asia Pte Ltd and Telenor ASA, incorporated in Singapore and Norway respectively. The ultimate holding company is listed on the Oslo Stock Exchange, Norway.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 February 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below. The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are entities over which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has such power over another entity.

Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the Group’s interest in the net fair values of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary represents goodwill. Any excess of the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary over the cost of acquisition is recognised immediately in the income statement.

Intragroup transactions, balances and resulting unrealised gains are eliminated in full on consolidation and the consolidated financial statements reflect only external transactions. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(c) Investments in Subsidiaries

The Company's investments in subsidiaries are held for long term and are stated at cost less any accumulated impairment losses. On the disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(d) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other items used for repair and maintenance are charged to the income statement during the period in which they are incurred.

Subsequent to initial recognition, property, plant and equipment, except for freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land and capital work-in-progress are stated at cost.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress is also not depreciated as these assets are not available for intended use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates or periods:

Freehold buildings	2.0%
Leasehold buildings	30 to 99 years
Motor vehicles	20.0%
Computer systems	20.0% - 33.3%
Furniture and fittings	20.0%
Telecommunications network	3.3% - 33.3%

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

(e) Impairment of Property, Plant and Equipment, Intangible Assets and Investments in Subsidiaries

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts.

For assets with an indefinite useful life and intangible assets not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indication of impairment is evident.

(e) Impairment of Property, Plant and Equipment, Intangible Assets and Investments in Subsidiaries (cont'd.)

Recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. For such assets, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. An impairment is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount, and the impairment loss is recognised as an expense in the income statement in the period in which it arises.

The recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. 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 in prior years. The reversal is recognised in the income statement.

(f) Intangible Assets

Intangible assets acquired separately are initially recorded at cost. Following initial recognition, intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised on a straight-line basis over the estimated useful lives, and the amortisation periods and amortisation method are reviewed at least at each balance sheet date. Such assets are assessed for impairment whenever there is an indication that they may be impaired.

(i) Technological support and technical know-how

It 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 service agreement signed between the Company and Telenor Mobile Communications AS, a wholly-owned subsidiary of Telenor ASA, its ultimate holding company. The amount is amortised on a straight-line basis over the remaining period of the telecommunications license of 15 years.

During the year, the management revised the useful life of the intangible asset as disclosed in Note 4 to the financial statements.

(ii) Computer software

Costs incurred to acquire computer software, that are not an integral part of the related hardware, are capitalised as intangible assets and amortised on a straight-line basis over the estimated useful life of 3 years.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(f) Intangible Assets (cont'd.)

(iii) License fee

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

(g) Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of trading merchandise comprises costs of purchases and other incidental costs incurred in bringing these merchandise to their present condition and location.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(h) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability to the present value of the expenditure expected to be required to settle the obligation.

(i) Customer loyalty programme

Customer loyalty programme costs are provided based on management's best estimate on the amount of incentives realisable to the customers based on the past trend of customers' usage and utilisation.

(ii) Employee leave entitlements

Employees' entitlement to annual leave are recognised when the associated services performed by employees increase their entitlement to annual leave. A provision is made for the estimated liability for the annual leave as a result of services rendered by employees up to the balance sheet date.

(iii) Site decommissioning and restoration costs

Provision for site decommissioning and restoration costs is in respect of the management's best estimate on the costs necessary to be incurred to decommission and restore the telecommunications sites.

The estimated amount is determined after taking into consideration the time value of money, and the initial estimated sum is capitalised as part of the cost for property, plant and equipment. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(iv) Defined benefit plan

Provision for defined benefit plan for eligible employees is as disclosed in Note 2(j)(iii) to the financial statements.

(i) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All other leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. For the purpose of lease classification, the land and buildings elements of leases of land and buildings are considered separately.

Operating lease payments, net of any incentives received from the lessor, are recognised as an expense in the income statement on a straight-line basis over the lease term. 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.

For leases of land and buildings, the minimum lease payments or up-front payments made are allocated, wherever necessary, between the land and buildings in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease. Upfront payments incurred to acquire leasehold land are classified as prepaid lease payments and are amortised on a straight-line basis over the lease term.

(j) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Where payment or settlement is deferred and the effect would be material, these amounts are discounted to their present value.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund, and will have no legal or constructive obligation to make further contributions in future. The contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plan

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 the minimum employment period of 10 years or upon retirement age of 55 years. The Group's obligations under the retirement benefit scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted 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 eligible employees when the cumulative unrecognised actuarial gains or losses for the retirement benefit scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of the plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(j) Employee Benefits (cont'd.)

(iii) Defined benefit plan (cont'd.)

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

Gains or losses on the curtailment of a defined benefit plan will be recognised when the curtailment occurs. The gains or losses would comprise any resulting change in the present value of the defined benefit obligation and any related actuarial gains and losses and past service costs that had not previously been recognised.

The Group amended the defined benefit plan effective from 1 January 2006 to restrict new entries into the plan and the benefits payable are to be calculated based on the employees' length of service up to 31 December 2005.

(iv) Share-based payment

The Group operates a scheme to award its eligible employees with the Company's shares. The eligible employees, who have served for more than 10 years, are entitled to certain number of shares which are directly acquired under the employees' names in the open market. The transactions are recorded as share-based cash-settled transactions, and the expense recognised under this scheme is determined by reference to the number of employees qualifying for the scheme, the number of shares entitled and the market price of the shares at each balance sheet date.

(k) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year, measured using the tax rates that have been enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(l) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, and deposits with licensed banks. For the purpose of the cash flow statements, cash and cash equivalents are net of outstanding bank overdrafts, if any.

(ii) Receivables

Receivables are carried at anticipated realisable values, which is cost less allowances for doubtful debts. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-bearing borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received.

Borrowing costs directly attributable to the acquisition, construction and installation of property, plant and equipment, if any, are capitalised during the period of time necessary to prepare the assets, until they are ready for their intended use.

All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(v) Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(m) Revenue Recognition (cont'd.)

(i) Sale of goods and services

Revenue relating to sales of goods and services are recognised net of rebates and discounts upon the transfer of risks and rewards when goods are delivered and services are performed. 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.

(ii) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(n) Foreign Currency Transactions

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements of the Group are presented in RM, which is also the functional currency of all entities in the Group.

(ii) Foreign currency transactions

Transactions in foreign currencies are initially converted into RM at exchange rates ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into RM at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition.

All exchange rate differences are taken to the income statement.

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS RESULTING FROM ADOPTION OF REVISED FRSs

The following revised FRSs were adopted mandatory for the financial period beginning on or after 1 January 2007:

FRS 119_{2004} (Revised)	Employee Benefits
FRS 124	Related Party Disclosures

The adoption of the above revised FRSs does not result in significant changes in accounting policies of the Group.

3. **CHANGES IN ACCOUNTING POLICIES AND EFFECTS RESULTING FROM ADOPTION OF REVISED FRSs** (cont'd.)

The Group has not early adopted the following FRSs and Issues Committee Interpretations which have effective dates as follow:

FRSs and Issues Committee Interpretations		**Effective for financial periods beginning on or after**
FRS 107	Cash Flow Statements	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Int. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Int. 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Int. 8	Scope of FRS 2	1 July 2007

The adoption of the above is not expected to have any significant effects on the financial statements of the Group for the year ending 31 December 2008.

The Group also has not early adopted FRS 139 Financial Instruments: Recognition and Measurement, for which the effective date of application has been deferred.

4. **CHANGES IN ESTIMATES**

As part of the annual review of the estimated useful lives, amortisation periods and amortisation method, the Group revised the estimated useful life of an intangible asset for technological support and technical know-how to 31 December 2007. As a result, the unamortised carrying amount of the intangible asset as at 31 December 2007 was fully amortised in the income statement.

Consequently, the amortisation expenses of the Group for the financial year ended 31 December 2007 has increased by approximately RM27.3 million.

5. **SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

There were no significant judgement made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

The management makes key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd.)

The following represents a summary of the critical accounting estimates and the associated key sources of estimation uncertainty:

(a) Depreciation and amortisation

Depreciation and amortisation is based on management's estimates of the future estimated average useful lives and residual values of property, plant and equipment and intangible assets. Estimates may change due to technological developments, expected level of usage, competition, market conditions and other factors, which could potentially impact the estimated average useful lives and the residual values of these assets. This may result in future changes in the estimated useful lives and in the depreciation or amortisation expenses.

(b) Impairment

Assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, significant adverse industry or economic changes.

Recoverable amounts of assets are based on management's estimates and assumptions of the net realisable value, cash flows arising from the future operating performance and revenue generating capacity of the assets and CGUs, and future market conditions. Changes in circumstances may lead to changes in estimates and assumptions, and change the recoverable amounts of assets and impairment losses needed.

(c) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the balance sheet date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the balance sheet date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the income statement in the period in which actual realisation and settlement occurs.

(d) Provision for liabilities

Provisions for liabilities are based on management's judgement on the likelihood of liabilities crystalising and estimates on the amounts required to settle the liabilities arising from legal and constructive obligations. A change in circumstances which could cause estimates to change include changes in market trends and conditions, regulatory environment, employees' and customers' behaviours and other factors that may result in changes to the value of provisions in the balance sheet. The difference between the actual amount and the estimated amount would be recognised in the income statement in the period in which the change occurs.

6. FINANCE COSTS

	GROUP	
	2007 RM'000	2006 RM'000
Interest expense	14,700	14,660
Others	526	1,185
	15,226	15,845

7. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Allowance for doubtful debts	21,555	17,633	-	-
Amortisation expense for:				
- intangible assets	82,440	43,007	-	-
- prepaid lease payments	217	223	-	-
Auditors' remuneration:				
- statutory audit	265	155	25	25
- other services	120	387	8	8
Directors' emoluments*	244	244	244	244
Employee benefits:				
- defined contribution plan	19,690	15,924	-	-
- increase/(decrease) in provision for defined benefit plan	128	(1,663)	-	-
- share-based payment	4,889	3,284	-	-
Impairment of property, plant and equipment	5,722	4,100	-	-
Lease of transmission facilities	55,319	54,090	-	-
Property, plant and equipment written off	8,261	1,584	-	-

7. PROFIT BEFORE TAX (cont'd.)

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Provision for:				
- customer loyalty programme	236,195	168,278	-	-
- employee leave entitlements	326	665	-	-
- site decommissioning and restoration costs	526	1,185	-	-
Rental of equipment	3,982	3,009	-	-
Rental of land and buildings	124,402	109,888	-	-
Bad debts recovered	(1,984)	(2,225)	-	-
Foreign exchange gain	(7,001)	(6,986)	-	-
Gain on disposal of property, plant and equipment	(58)	(33)	-	-

* Relates to two non-executive directors

8. TAXATION

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Income tax:				
Current tax expense	403,475	281,529	467,286	112,358
(Over)/underprovision in prior year	(4,570)	(232)	37	-
	398,905	281,297	467,323	112,358
Deferred taxation (Note 20):				
Relating to origination and reversal of temporary differences	(6,249)	27,248	-	-
Relating to changes in tax rates	(13,986)	(27,362)	-	-
Underprovision in prior year	4,049	303	-	-
	(16,186)	189	-	-
	382,719	281,486	467,323	112,358

8. **TAXATION (**cont'd.)

Current tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated taxable profit for the year. The Malaysian statutory tax rate for year assessment 2009 onwards will be reduced from 26% to 25%, and the computation of deferred tax as at 31 December 2007 has reflected this change.

Reconciliations of income tax expense/rate applicable to profit before tax at the statutory income tax rate to income tax expense/rate at the effective income tax rate of the Group and of the Company are as follows:

	2007		2006	
	%	**RM'000**	**%**	**RM'000**
GROUP				
Profit before tax		1,445,314		1,087,139
Taxation at Malaysian statutory tax rate	27.0	390,235	28.0	304,399
Effect of changes in tax rates on deferred tax	(1.0)	(13,986)	(2.5)	(27,362)
Effect of expenses not deductible	0.5	6,991	0.4	4,378
Underprovision of deferred tax in prior year	0.3	4,049	0.0	303
Overprovision of tax expense in prior year	(0.3)	(4,570)	(0.0)	(232)
Effective tax rate/income tax for the year	26.5	382,719	25.9	281,486
COMPANY				
Profit before tax		1,730,151		400,423
Taxation at Malaysian statutory tax rate	27.0	467,141	28.0	112,118
Effect of expenses not deductible	0.0	145	0.1	240
Underprovision of tax expense in prior year	0.0	37	-	-
Effective tax rate/income tax for the year	27.0	467,323	28.1	112,358

8. TAXATION (cont'd.)

There were tax savings effects for the Group of approximately RM178 million (2006: RM202 million) arising from the utilisation of capital allowances by a subsidiary.

At 31 December 2007, the Company has sufficient tax credit to frank the payment of dividends out of its entire retained earnings.

9. EARNINGS PER ORDINARY SHARE

Earnings per ordinary share is calculated by dividing profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2007	2006
Profit for the year (RM'000)	1,062,595	805,653
Weighted average number of ordinary shares in issue ('000)	750,000	750,000
Earnings per ordinary share (sen)	141.7	107.4

10. DIVIDENDS

	GROUP/COMPANY	
	2007 RM'000	2006 RM'000
Recognised during the year:		
Interim dividend for 2006: 53.5 sen per ordinary share, less 28% income tax, on 750.0 million ordinary shares (38.5 sen per ordinary share)	-	288,900
Final dividend for 2006: 57.5 sen per ordinary share, less 27% income tax, on 750.0 million ordinary shares (42.0 sen per ordinary share)	314,813	-
Interim dividend for 2007: 68.5 sen per ordinary share, less 27% income tax, on 750.0 million ordinary shares (50.0 sen per ordinary share)	375,038	-

10. DIVIDENDS (cont'd.)

	GROUP/COMPANY 2007 RM'000	2006 RM'000
Recognised during the year (cont'd.)**:**		
Special dividend for 2007: RM1.00 per ordinary share, less 27% income tax, on 750.0 million ordinary shares (73.0 sen per ordinary share)	547,500	-
Proposed for approval at AGM (not recognised as at 31 December):		
Final dividend for 2006: 57.5 sen per ordinary share, less 27% income tax, on 750.0 million ordinary shares (42.0 sen per ordinary share)	-	314.813
Final dividend for 2007: 4.75 sen, less 26% income tax, and 54.5 sen single-tier exempt dividend per ordinary share, on 750.0 million ordinary shares (58.0 sen per ordinary share)	435,000	-

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 4.75 sen per ordinary share, less income tax at 26%, and 54.5 sen single-tier exempt dividend per ordinary share (58.0 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2008.

11. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000
Cost				
At 1 January 2007	13,912	69,277	2,293	6,827
Additions	-	-	-	-
Written off	-	-	-	-
Disposals	-	-	-	-
Transfer	-	-	-	-
At 31 December 2007	13,912	69,277	2,293	6,827
Accumulated Depreciation and Impairment Losses				
At 1 January 2007				
Accumulated depreciation	-	643	159	1,745
Accumulated impairment losses	-	-	-	-
	-	643	159	1,745
Depreciation expenses for the year	-	2,013	26	151
Impairment loss	-	-	-	-
Reversal of impairment loss*	-	-	-	-
Written off	-	-	-	-
Disposals	-	-	-	-
At 31 December 2007	-	2,656	185	1,896
Analysed as:				
Accumulated depreciation	-	2,656	185	1,896
Accumulated impairment losses	-	-	-	-
	-	2,656	185	1,896
Carrying Amount				
At 31 December 2007	13,912	66,621	2,108	4,931

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

	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
	23,681	158,381	88,798	4,828,007	87,237	5,278,413
	-	-	-	4,513	599,175	603,688
	-	(1,642)	(1,591)	(152,611)	(1,054)	(156,898)
	(846)	-	(59)	(7)	(110)	(1,022)
	2,033	65,146	2,240	391,414	(460,833)	-
	24,868	221,885	89,388	5,071,316	224,415	5,724,181
	15,116	108,795	46,397	2,412,312	-	2,585,167
	-	-	592	12,408	-	13,000
	15,116	108,795	46,989	2,424,720	-	2,598,167
	2,175	30,442	10,292	547,745	-	592,844
	-	-	-	5,722	-	5,722
	-	-	-	(2,356)	-	(2,356)
	-	(1,585)	(1,585)	(143,111)	-	(146,281)
	(442)	-	(28)	-	-	(470)
	16,849	137,652	55,668	2,832,720	-	3,047,626
	16,849	137,652	55,076	2,816,946	-	3,031,260
	-	-	592	15,774	-	16,366
	16,849	137,652	55,668	2,832,720	-	3,047,626
	8,019	84,233	33,720	2,238,596	224,415	2,676,555

11. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

GROUP	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000
Cost				
At 1 January 2006	13,912	14,279	2,293	6,827
Additions	-	-	-	-
Written off	-	-	-	-
Disposals	-	-	-	-
Transfer	-	54,998	-	-
At 31 December 2006	13,912	69,277	2,293	6,827
Accumulated Depreciation and Impairment Losses				
At 1 January 2006				
Accumulated depreciation	-	620	137	1,587
Accumulated impairment losses	-	-	-	-
	-	620	137	1,587
Depreciation expenses for the year	-	312	22	158
Impairment loss	-	-	-	-
Reversal of impairment loss*	-	-	-	-
Written off	-	-	-	-
Disposals	-	-	-	-
Transfer	-	(289)	-	-
At 31 December 2006	-	643	159	1,745
Analysed as:				
Accumulated depreciation	-	643	159	1,745
Accumulated impairment losses	-	-	-	-
	-	643	159	1,745
Carrying Amount				
At 31 December 2006	13,912	68,634	2,134	5,082

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

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
21,820	132,508	42,244	4,334,542	121,011	4,689,436
-	-	-	4,056	590,949	595,005
-	(2,893)	(1,776)	(231)	(876)	(5,776)
(252)	-	-	-	-	(252)
2,113	28,766	48,330	489,640	(623,847)	-
23,681	158,381	88,798	4,828,007	87,237	5,278,413
13,235	53,222	27,423	1,912,818	-	2,009,042
-	-	716	8,184	-	8,900
13,235	53,222	28,139	1,921,002	-	2,017,942
2,045	57,886	20,737	499,321	-	580,481
-	-	-	4,224	-	4,224
-	-	(124)	-	-	(124)
-	(2,452)	(1,601)	(139)	-	(4,192)
(164)	-	-	-	-	(164)
-	139	(162)	312	-	-
15,116	108,795	46,989	2,424,720	-	2,598,167
15,116	108,795	46,397	2,412,312	-	2,585,167
-	-	592	12,408	-	13,000
15,116	108,795	46,989	2,424,720	-	2,598,167
8,565	49,586	41,809	2,403,287	87,237	2,680,246

11. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

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

Included in additions for the year is an amount of RM4.5 million (2006: RM4.1 million) related to the provision for site decommissioning and restoration costs.

12. INTANGIBLE ASSETS

GROUP	Technological support and technical know-how RM'000	Computer software RM'000	Licenses RM'000	Total RM'000
Cost				
At 1 January 2007	53,203	420,149	1,300	474,652
Additions	-	78,963	-	78,963
At 31 December 2007	53,203	499,112	1,300	553,615
Accumulated Amortisation				
At 1 January 2007	22,004	197,329	832	220,165
Amortisation expenses for the year	31,199	51,181	60	82,440
At 31 December 2007	53,203	248,510	892	302,605
Carrying Amount				
At 31 December 2007	-	250,602	408	251,010
At 31 December 2006	31,199	222,820	468	254,487

Included in amortisation expenses for the year was additional amortisation expenses of approximately RM27.3 million relating to the revision of useful life for technological support and technical know-how as disclosed in Note 4 to the financial statements.

13. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2007 RM'000	2006 RM'000
Unquoted shares at cost	75,000	75,000

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

NAME OF COMPANY	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
	2007	2006	
DiGi Telecommunications Sdn. Bhd.	100	100	Establishment, maintenance and provision of telecommunications and related services
Subsidiaries of DiGi Telecommunications Sdn. Bhd.			
DiGi Services Sdn. Bhd.	100	100	Property holding, renting of premises and other related services
Djuice.Com Sdn. Bhd.	100	100	Dormant

14. INVENTORIES

	GROUP	
	2007 RM'000	2006 RM'000
Trading merchandise	8,659	8,189

15. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade receivables	257,176	220,349	-	-
Other receivables	17,406	28,373	151	120
Deposits	42,200	30,825	5	5
Prepayments	48,750	29,426	-	3
	365,532	308,973	156	128
Allowance for doubtful debts	(13,909)	(11,130)	-	-
	351,623	297,843	156	128

The Group's trade receivables are subject to normal trade credit terms and are short term in nature.

During the financial year, the Group had written off approximately RM18.8 million (2006: RM12.8 million) of trade receivables balance against the allowance for doubtful debts.

At 31 December 2007, the Group's trade receivables balance included exposure to foreign currency denominated in United States Dollars and Special Drawing Rights amounting to RM5.1 million (2006: RM14.0 million) and RM7.9 million (2006: RM9.1 million) respectively.

16. AMOUNT DUE FROM A SUBSIDIARY

	COMPANY	
	2007 RM'000	2006 RM'000
Amount due from a subsidiary	36,143	8,117

The amount due from a subsidiary is non-trade in nature, unsecured, interest-free and has no fixed terms of repayment.

17. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash and bank balances	20,962	60,087	69	2,559
Money on call with licensed bank	195,979	-	-	-
Deposits with licensed banks	360,203	809,462	-	-
Cash and cash equivalents	577,144	869,549	69	2,559

17. CASH AND CASH EQUIVALENTS (cont'd.)

At 31 December 2007, the Group's cash and cash equivalents included an amount of foreign currency denominated in United States Dollars amounting to RM3.8 million (2006: RM1.7 million).

The weighted average effective interest rates of money on call and deposits at the balance sheet date are as follows:

	GROUP	
	2007 %	2006 %
Money on call with licensed bank	3.5	-
Deposits with licensed banks	3.5	3.5

The deposits of the Group placed with licensed banks will mature within 1 month (2006: 1 month) from the financial year end.

18. SHARE CAPITAL

	GROUP/COMPANY			
	Number of Ordinary Shares		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 RM'000
Ordinary shares of 10 sen each:				
Authorised	10,000,000	10,000,000	1,000,000	1,000,000
Issued and fully paid	750,000	750,000	75,000	75,000

19. BORROWINGS

	GROUP	
	2007 RM'000	2006 RM'000
Unsecured:		
Fixed rate term loan	300,000	300,000
Maturity of borrowings:		
Less than 1 year	100,000	-
Between 1 and 5 years	200,000	300,000
	300,000	300,000

19. BORROWINGS (cont'd.)

The weighted average effective interest rates at the balance sheet date for borrowings are as follows:

	GROUP	
	2007 %	2006 %
Fixed rate term loan	4.9	4.9

The fixed rate term loan is unsecured and consists of three tranches of RM100.0 million each. The three tranches are subject to interest rates of between 4.6% to 5.2% per annum and are repayable on a bullet basis of RM100.0 million each repayment in April 2008, April 2009 and April 2010 respectively.

20. DEFERRED TAX LIABILITIES

	GROUP	
	2007 RM'000	2006 RM'000
At 1 January	371,707	371,518
Recognised in the income statement (Note 8)	(16,186)	189
At 31 December	355,521	371,707

Presented after appropriate offsetting as follows:

	GROUP	
	2007 RM'000	2006 RM'000
Deferred tax liabilities	363,399	378,538
Deferred tax assets	(7,878)	(6,831)
	355,521	371,707

The components and movements of recognised deferred tax liabilities and assets for the Group during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities:

	Property, plant and equipment and intangible assets RM'000	Others RM'000	Total RM'000
At 1 January 2007	369,433	9,105	378,538
Recognised in the income statement	(6,307)	(8,832)	(15,139)
At 31 December 2007	363,126	273	363,399
At 1 January 2006	368,129	9,886	378,015
Recognised in the income statement	1,304	(781)	523
At 31 December 2006	369,433	9,105	378,538

20. DEFERRED TAX LIABILITIES (cont'd.)

Deferred Tax Assets:

	Others RM'000
At 1 January 2007	(6,831)
Recognised in the income statement	(1,047)
At 31 December 2007	(7,878)
At 1 January 2006	(6,497)
Recognised in the income statement	(334)
At 31 December 2006	(6,831)

Others, relate to deferred tax liabilities arising from temporary taxable differences on trade receivables and payables, and deferred tax assets arising from temporary deductible differences on provisions.

21. PROVISION FOR LIABILITIES

GROUP	Site decommissioning and restoration costs RM'000	Defined benefit plan RM'000	Total RM'000
Non-current			
At 1 January 2007	11,122	2,276	13,398
Capitalised as property, plant and equipment	4,513	-	4,513
Recognised in the income statement	526	128	654
Paid during the year	-	(295)	(295)
At 31 December 2007	16,161	2,109	18,270
		Note 23	
At 1 January 2006	5,880	4,150	10,030
Capitalised as property, plant and equipment	4,057	-	4,057
Recognised in the income statement	1,185	(1,663)	(478)
Paid during the year	-	(211)	(211)
At 31 December 2006	11,122	2,276	13,398
		Note 23	

21. PROVISION FOR LIABILITIES (cont'd.)

GROUP	Customer loyalty programme RM'000	Employee leave entitlements RM'000	Total RM'000
Current			
At 1 January 2007	70,923	4,696	75,619
Recognised in the income statement	236,195	326	236,521
Paid during the year	(209,386)	(23)	(209,409)
At 31 December 2007	97,732	4,999	102,731
At 1 January 2006	69,255	4,054	73,309
Recognised in the income statement	168,278	665	168,943
Paid during the year	(166,610)	(23)	(166,633)
At 31 December 2006	70,923	4,696	75,619

22. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade payables	153,725	192,480	-	-
Other payables	81,890	214,980	-	-
Accruals	937,503	881,831	460	373
Customer deposits	6,987	6,037	-	-
	1,180,105	1,295,328	460	373

At 31 December 2007, the Group's trade and other payables balances included exposure to foreign currency denominated in United States Dollars and Special Drawing Rights amounting to RM57.5 million (2006: RM104.4 million) and RM2.1 million (2006: RM2.4 million) respectively.

23. DEFINED BENEFIT PLAN

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.

23. DEFINED BENEFIT PLAN (cont'd.)

The amounts recognised in the balance sheet are determined as follows:

	GROUP	
	2007 RM'000	2006 RM'000
Present value of unfunded obligations	2,267	2,157
Unrecognised experience (loss)/gain	(158)	119
Net liability	2,109	2,276

The amounts recognised in the income statement, included under staff expenses, are as follows:

	GROUP	
	2007 RM'000	2006 RM'000
Interest on obligations	128	136
Proportionate share of experience loss recognised upon curtailment	-	97
Curtailment gain	-	(1,896)
Increase/(decrease) in provision for defined benefit plan	128	(1,663)

Principal actuarial assumption used:

	GROUP	
	2007 %	2006 %
Rate per annum:		
Discount rate	5.8	6.0

24. COMMITMENTS

	GROUP	
	2007 RM'000	2006 RM'000
(a) Capital Commitments		
Capital expenditure in respect of property, plant and equipment and intangible assets		
Approved and contracted for	228,000	324,000
Approved but not contracted for	660,000	352,000

24. COMMITMENTS (cont'd.)

(b) Non-Cancellable Operating Lease Commitments

	GROUP	
	2007 RM'000	2006 RM'000
Future minimum lease payments:		
Less than 1 year	13,690	14,107
Between 1 and 5 years	40,265	47,957
More than 5 years	4,122	14,658
	58,077	76,722

Operating lease payments represent rentals payable by the Group for lease of transmission facilities to support its telecommunications operations. The tenure of these leases range between one to six years, with options to renew. None of the leases included contingent rentals.

25. CONTINGENT LIABILITIES

	GROUP	
	2007 RM'000	2006 RM'000
Unsecured:		
Guarantees given by a subsidiary company to third parties for public infrastructure works	2,610	2,051

26. RELATED PARTY TRANSACTIONS

(a) Sales and purchases of services

Controlling related party relationships are as follows:

(i) The ultimate holding company is as disclosed in Note 1 to the financial statements.

(ii) The Company's subsidiaries are as disclosed in Note 13 to the financial statements.

26. RELATED PARTY TRANSACTIONS (cont'd.)

(a) Sales and purchases of services (cont'd.)

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

	Transactions		Balance due (to)/from at	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
With the ultimate holding company and fellow subsidiary companies				
- *Telenor ASA*				
Consultancy services rendered	8,179	6,083	(5,250)	(645)
- *Telenor Global Services AS*			(803)	(1,603)
Sales of interconnection services on international traffic	276	142		
Purchase of interconnection services on international traffic	3,392	2,475		
- *Telenor LDI Communication (Private) Limited*			(170)	(562)
Sales of interconnection services on international traffic	1,037	-		
Purchase of interconnection services on international traffic	1,755	562		
- *Telenor Pakistan (Private) Limited*			-	69
Sales of interconnection services on international traffic	-	1,490		
Purchase of interconnection services on international traffic	-	705		
- *Total Access Communication Public Company Limited*			(404)	(352)
Sales of roaming services on international traffic	375	315		
Purchase of roaming services on international traffic	2,579	2,355		
- *Telenor Consult AS*				
Personnel services rendered	13,906	9,295	(3,310)	(700)

26. RELATED PARTY TRANSACTIONS (cont'd.)

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including directors of that entity.

The remuneration of key management personnel during the year was as follows:

	GROUP	
	2007 RM'000	2006 RM'000
Short term employee benefits	10,286	8,549
Post-employment benefits	1,174	890
Share-based payment	787	2,788
	12,247	12,227

Included in the compensation of key management personnel are other emoluments of RM244,000 (2006: RM244,000) paid to 2 (2006: 2) non-executive directors of the Company.

27. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objective 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.

(b) 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.

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 values in the financial statements.

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

27. FINANCIAL INSTRUMENTS (cont'd.)

(c) Foreign Currency Risk

The Group is exposed to foreign currency risk as a result of transactions denominated in foreign currencies arising from the normal business activities. The currencies giving rise to this risk are primarily the United States Dollar and Special Drawing Rights. 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.

(d) 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.

The Group has put in place Commercial Papers and Medium Term Notes with an aggregate nominal value of up to RM700 million as an alternative source of financing which can be executed when required.

(e) Interest Rate Risk

The Group is exposed to interest rate 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.

(f) Fair Values

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and cash equivalents

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Trade receivables and payables

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

(iii) Amount due from a subsidiary

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

27. FINANCIAL INSTRUMENTS (cont'd.)

(f) Fair Values (cont'd.)

(iv) Borrowings

The fair value of the fixed rate term loan has been determined by discounting the expected future cash flows using the current interest rates for similar instruments at the balance sheet date.

The carrying amounts of financial assets and liabilities of the Group at the balance sheet date are as follows:

GROUP	Note	Carrying Amount RM'000	Fair Value RM'000
Financial Liabilities			
At 31 December 2007:			
Fixed rate term loan	19	300,000	304,886
At 31 December 2006:			
Fixed rate term loan	19	300,000	302,901

28. SEGMENTAL INFORMATION

Segmental information is not presented as there are no material segments other than that for the provision of mobile communication services, and the Group's operations are conducted predominantly in Malaysia.

29. SIGNIFICANT EVENT

On 14 November 2007, the Company, DiGi Telecommunications Sdn Bhd ("DTSB"), Time Dotcom Berhad ("TdC") and TT Dotcom Sdn Bhd ("TDSB"), a wholly-owned subsidiary of TdC (Collectively the "Parties"), entered into a Heads of Agreement, which includes the proposals for the:

(i) proposed transfer of the spectrum assignment No. SA/01/2006 over the frequency bands of 1965MHZ-1980MHZ, 2155MHZ-2170MHZ and 2010MHZ-2015MHZ ("Spectrum") to DTSB to be satisfied via a share issuance of 27,500,000 new ordinary shares of RM0.10 each in the Company credited as fully paid up to TDSB or its nominees ("Proposed Transfer"); and

(ii) proposed joint planning exercise between the Parties ("Proposed Joint Business Planning")

The Proposed Transfer and Proposed Joint Business Planning exercises are subject to the Parties entering into a Definitive Agreement.

30. SUBSEQUENT EVENT

Subsequent to the balance sheet date, the Company, DTSB, TdC and TDSB entered into a Definitive Agreement (as stated in Note 29 above) on 25 January 2008 which sets out the details of the Proposed Transfer and Proposed Joint Business Planning.

The execution of the Proposed Transfer and Proposed Joint Business Planning exercises are subject to the attainment of shareholder approval and all the relevant regulatory approvals.

31. COMPARATIVES

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

	GROUP	
	As reclassified RM'000	Previously stated RM'000
Balance sheet		
Non-current assets		
Intangible assets	254,487	254,019
Deferred expenditure	-	468
Current assets		
Trade and other receivables	297,843	250,959
Current liabilities		
Trade and other payables	1,295,328	1,248,444

List of Properties as at 31 December 2007

No.	Location	Tenure
1	H.S. (D) 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 P.T. 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, Johor	30 years lease (expiring in 2023)
8	H.S. (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 P.T. 11702, H.S. (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	Leasehold 99 years (expiring in 2098)
17	PN 89926, Lot 191363, Mukim Hulu Kinta, Daerah Kinta, 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 Damasara, 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)	Carrying Amount As At 31.12.2007 RM'000
Land with a building / Telecommunications Centre	29.12.1997	22,529 sq ft	10	738
Apartment / Housing base transceiver equipment	26.01.1995	802 sq ft	12	101
Apartment / Housing base transceiver equipment	04.02.1995	2,429 sq ft	14	538
Apartment / Housing base transceiver equipment	25.01.1995	1,249 sq ft	13	202
Apartment / Housing base transceiver equipment	29.03.1995	1,319 sq ft	12	76
Apartment / Housing base transceiver equipment	07.02.1995	1,115 sq ft	12	157
Land with a building / Telecommunications Centre	12.05.1995	1.58 acres	13	1,044
Land with a building / Telecommunications Centre	23.03.1995	1 acre	33	1,916
Land with a building / Telecommunications Centre	12.06.1995	0.938 acre	27	2,129
Land with a building / Telecommunications Centre	15.08.1995	4,124 sq ft	12	1,803
Land with a building / Telecommunications Centre	07.07.1995	4 acres	25	2,077
Apartment / Housing base transceiver equipment	08.02.1995	1,400 sq ft	19	184
Apartment / Housing base transceiver equipment	22.03.1995	1,100 sq ft	16	97
Land with a building / Earth Station Complex	07.08.1996	7.5 acres	13	5,944
Land with Fixed Line switch and base transceiver station	14.11.1997	25,521 sq ft	10	388
Land with trunk station	17.08.1999	40,000 sq ft	8	113
Land with a building / Telecommunications Centre	15.07.1999	5,942 sq ft	8	208
Land with a building / Telecommunications Centre	23.05.2000	18,050 sq ft	18	1,828
Land with a building / Telecommunications Centre	29.09.2000	4,937 sq ft	N/A	1,041
Land with corporate building	19.07.2001	284,485 sq ft	2	75,941
Land with a building / Telecommunications Centre	21.08.2002	17,847 sq ft	11	2,780

Disclosure of Recurrent Related Party Transactions

At the Annual General Meeting held on 8 May 2007, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transaction of 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 2007 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 Group	DTSB	Business Service Costs which include consultancy, training programmes, professional fees	8,179
Telenor Group	DTSB	Personnel services payable, professional fees	13,906
Telenor Group	DTSB	International Accounting Settlement. This refers to an arrangement for interconnection services on international traffic between foreign carriers i.e. Telenor Group and DTSB	6,460
Telenor Group	DTSB	International Roaming	4,917
Total			**33,462**

Notes:
1. Telenor ASA ("Telenor") is the ultimate holding company of DiGi.Com Berhad ("DiGi").
2. DiGi Telecommunications Sdn Bhd ("DTSB") is a wholly-owned subsidiary of DiGi.

Statement of Directors' Shareholdings as at 29 February 2008

The Company DiGi.Com Berhad	Number of Ordinary Shares of RM0.10 each			
	Direct Interest	%	Deemed Interest	%
-	-	-	-	-

Ultimate Holding Company Telenor ASA	Number of Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Arve Johansen	55,173	0.0033	-	-
Christian Storm	1,962	0.0001	-	-
Ragnar Holmen Korsaeth	3,869	0.0002	-	-

Ultimate Holding Company Telenor ASA	Number of Options over Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Arve Johansen	265,000	0.0158	-	-
Christian Storm	20,000	0.0012	-	-
Ragnar Holmen Korsaeth	83,333	0.0050	-	-

Statistics on Shareholdings as at 29 February 2008

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-Up Share Capital	:	RM75,000,000
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	One vote per share

Analysis of shareholdings

Size of shareholdings	Number of shareholders	%	Number of shares	%
Less than 100	260	7.51	4,241	0.00
100 - 1,000	1,643	47.44	1,155,720	0.15
1,001 - 10,000	848	24.49	2,937,181	0.39
10,001 - 100,000	442	12.76	17,931,319	2.39
100,001 - 37,499,999*	267	7.71	254,314,739	33.91
37,500,000 and above**	3	0.09	473,656,800	63.16
Total	3,463	100.00	750,000,000	100.00

* Less than 5% of issued shares
** 5% and above of issued shares

Substantial Shareholders as at at 29 February 2008

	Number of Shares			
Name	Direct Interest	%	Deemed Interest	%
1. Telenor Asia Pte Ltd	380,975,030	50.8	-	-
2. Telenor Mobile Communications AS	-	-	380,975,030 (a)	50.80
3. Telenor Mobile Holding AS	-	-	380,975,030 (b)	50.80
4. Telenor ASA	-	-	380,975,030 (c)	50.80
5. Employees Provident Fund Board	54,850,459	7.31	-	-
6. Hakikat Pasti Sdn Bhd	50,250,000	6.70	-	-
7. TIME dotCom Berhad	-	6.70	50,250,000 (d)	6.70

Notes:
(a) Deemed interested by virtue of its 100% interest in Telenor Asia Pte Ltd.
(b) Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.
(c) Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.
(d) Deemed interested via interest in Hakikat Pasti Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

List of Thirty (30) Largest Shareholders as at 29 February 2008

	Name of shareholders	Number of shares	%
1	Citigroup Nominees (Asing) Sdn Bhd Telenor Asia Pte Ltd (DiGi)	380,975,030	50.80
2	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hakikat Pasti Sdn Bhd	50,250,000	6.70
3	Employees Provident Fund Board	42,431,770	5.66
4	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	21,590,300	2.88
5	HSBC Nominees (Asing) Sdn Bhd TNTC For Saudi Arabian Monetary Agency	12,238,700	1.63
6	Kumpulan Wang Persaraan (Diperbadankan)	10,683,300	1.43
7	HSBC Nominees (Asing) Sdn Bhd Exempt An For Morgan Stanley & Co. Incorporated	7,986,900	1.06
8	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.K.)	7,379,200	0.98
9	Citigroup Nominees (Asing) Sdn Bhd Goldman Sachs International	5,787,242	0.77
10	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	5,673,200	0.76
11	Dato Ahmad Sebi Bin Bakar	5,533,213	0.74
12	HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Management Malaysia For Employees Provident Fund	5,428,389	0.72
13	HSBC Nominees (Asing) Sdn Bhd BBH (Lux) Sca For Fidelity Funds South East Asia	5,398,800	0.72
14	HSBC Nominees (Asing) Sdn Bhd TNTC For Fidelity Southeast Asia Fund	5,050,000	0.67
15	HSBC Nominees (Asing) Sdn Bhd TNTC For Fidelity International Discovery Fund	4,002,700	0.53
16	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Wawasan 2020	3,890,000	0.52
17	HSBC Nominees (Asing) Sdn Bhd Exempt An For The Hongkong And Shanghai Banking Corporation Limited	3,789,000	0.51
18	SBB Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	3,500,000	0.47
19	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Prime Credit Leasing Sdn Bhd For Alam Nusantara Sdn Bhd	3,401,523	0.45
20	Cartaban Nominees (Asing) Sdn Bhd Nomura Trust And Banking Company Limited Tokyo For Asia Attractive Dividend Stock Fund Mother Fund	3,164,800	0.42

List of Thirty (30) Largest Shareholders as at 29 February 2008 (cont'd.)

Name of shareholders		Number of shares	%
21	Citigroup Nominees (Asing) Sdn Bhd Exempt An For American International Assurance Company Limited	3,099,200	0.41
22	ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Ahmad Sebi Bin Bakar	3,000,000	0.40
23	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG22 For Smallcap World Fund, Inc.	2,927,500	0.39
24	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Mellon Bank (Mellon)	2,905,200	0.39
25	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	2,900,000	0.39
26	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For Deutsche Trustees Malaysia Berhad	2,587,600	0.35
27	Cartaban Nominees (Asing) Sdn Bhd State Street Luxembourg Fund 9T02 For Emerging Markets High Value Teilfonds	2,547,100	0.34
28	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Dividend Fund	2,487,600	0.33
29	Cartaban Nominees (Asing) Sdn Bhd Investors Bank And Trust Company For Ishares, Inc.	2,473,600	0.33
30	HSBC Nominees (Asing) Sdn Bhd BBH (Lux) Sca For Fidelity Funds Malaysia	2,197,500	0.29
		615,279,367	82.04

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 Eleventh Annual General Meeting of the Company to be held at Diamond Ballroom, Ground Floor, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Thursday, 24 April 2008 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 declare a final dividend		
Resolution 3 -	To re-elect Arve Johansen as Director		
Resolution 4 -	To re-elect Dato' Ab. Halim bin Mohyiddin as Director		
Resolution 5 -	To appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration		
Resolution 6 -	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions to be entered with Telenor ASA ("Telenor") and persons connected with Telenor		

No. of Shares

____

Signature of Shareholder(s) or Common Seal

Signed this ________ day of ______________, 2008.

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. A power of attorney or certified copy thereof or 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 or the power of attorney or a certified copy thereof, must be deposited at the Company's Share Registrars Office at Level 13, Uptown 1, No. 1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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Share Registrars

DiGi.Com Berhad

(c/o PFA Registration Services Sdn Bhd)
Level 13, Uptown 1
No.1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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CORPORATE DIRECTORY

List of Operating Offices

Principal Place of Business/Head Office

D'House, Lot 10, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor
Tel : 03-5721 1800
Fax : 03-5721 1857

Central Operating Offices

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

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

Regional Operating Offices

Northern Region

1-03-18, E-Gate Commercial Centre
Lebuh Tunku Kudin 2,
11700 Gelugor, Penang
Tel : 04-248 6000
Fax : 04-248 6001

Ipoh Sales Office
C-G-2 Persiaran Greentown 3,
Greentown Business Centre,
30450 Ipoh, Perak
Tel : 05-242 1616
Fax : 05-242 3800

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
Tel : 088-431 800
Fax : 088-430 016

Sarawak Region

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

DiGi Centres

Kuala Lumpur
Pavillion
Lot 1.27.00 Level 1 Pavillion Kuala Lumpur, 168 Jalan Bukit Bintang,
55100 Kuala Lumpur

Berjaya Times Square
01-36, Berjaya Times Square,
No. 1, Jln Imbi,
55100 Kuala Lumpur

Selangor
Klang
35 & 37, Persiaran Sultan Ibrahim,
41300 Klang, Selangor

SS2
24, Jalan SS 2/66,
47300 Petaling Jaya, Selangor

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

Melaka
Melaka
523, Taman Melaka Raya,
75000 Melaka

Negeri Sembilan
Seremban
No. 15, Ground Floor,
Jalan Kong Sang,
70000 Seremban, Negeri Sembilan

Penang
Beach Street
No. 29A, Beach Street,
10300 Penang

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

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

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

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

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

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

Taman Pelangi
26, Jalan Abiad 1, Taman Pelangi
80400 Johor Bahru, Johor

CSAU
8, Jalan Molek 1/12, Taman Molek, 81100
Johor Bahru, Johor

Sabah
Kota Kinabalu
Lot 5/G3, Ground & First Floor, Api-Api
Centre, 88000 Kota Kinabalu, Sabah

CSAU
Lot 5/G3, Ground & First Floor, Api-Api
Centre, 88000 Kota Kinabalu, Sabah

Sarawak
Kuching
Lot 506-507 Section 6 KTLD, Jalan Kulas
Tengah, 93400 Kuching, Sarawak

Miri
Lot 1382, Jalan Kubu, Centre Point 2,
98000 Miri, Sarawak

CSAU
Bangunan Kueh Boon Teck, Lot 2087,
Block 10, Jalan Tun Ahmad ZAidi Adruce,
93150 Kuching, Sarawak

DiGi Service Counters

Kuala Lumpur
Metro Prima Kepong
Lot F08, First Floor,
Metro Prima Shopping Centre,
No. 1 Jalan Metro Prima,
52100 Kepong

KLCC
C-68, Concourse Level, Suria KLCC,
Jalan Ampang, 50450 Kuala Lumpur

Giant Cheras
Lot 19 & 21 Connaught Market Centre
Jalan Cheras, Taman Connaught Cheras,
56000 Kuala Lumpur

Mid Valley
Lot LG-013-A, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur

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

Sg Wang
Concourse Level, Sg Wang Plaza,
Jalan Bukit Bintang, 50350 Kuala Lumpur

Selangor
Giant Batu Caves
Lot B29, Giant Hypermarket,
Lot 10243, Jalan Batu Caves,
Daerah Gombak, 68100 Batu Caves

Giant LDP Kelana Jaya
Lot F32A, First Floor Giant Hypermarket,
No. 33 Jalan SS6/12, SS6 Kelana Jaya,
47301 Petaling Jaya

Ikano Power Centre
G09 Ikano Power Centre, No.2 Jln PJU
7/12 Mutiara Damansara,
47800 Petaling Jaya

One Utama
Lot S35 Level 2 One Utama Shopping
Centre, No.1 Lebuh Bandar Utama
Damansara, 47800 Petaling Jaya

Tesco Puchong
148,149, Jalan Bandar 3,
Pusat Bandar Puchong, 47100 Puchong

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

Kajang
No. 1-G , Groud Floor, Plaza Citra Kajang
Jalan Citra 1, 43000 Kajang

SACC Shah Alam
2F-16, 2nd Floor SACC Mall, Jalan
Perbadanan, 14/9, 40000 Shah Alam

Bukit Tinggi
Lot G08 Ground Floor, AEON Bukit Tinggi
Shopping Centre, No.1 Persiaran Batu
Nilam 1/KS6, Bandar Bukit Tinggi 2,
41200 Klang

Kedah
Sungai Petani
Lot 14A, Ground Floor, No. 300 Jalan
Lagenda 1, Lagenda Heights,
08000 Sungai Petani

Alor Setar
No. 34 Ground Floor, Kompleks Sultan
Abdul Hamid, Jalan Pegawai,
05050 Kedah

Penang
Bukit Jambul
3A-G24, Kompleks Bukit Jambul,
Jalan Rumbia, 11900 Pulau Pinang

Plaza Gurney
170-03-49, Persiaran Gurney, Plaza
Gurney, 10250 Penang

Perak
Seri Manjung
Billion Shopping Centre, No.2477, Taman
Samudera 32040, Seri Manjung, Perak

Kinta Valley
F21, First Floor Kinta City Shopping
Centre, No.2 Jalan The Lean Swee off
Jalan Sultan Azlan Shah Utara, 31400
Ipoh, Perak

Taiping
No. 428, Taman Saujana,
Jalan Kamunting, 34600 Kamunting,
Taiping Perak

Kelantan
Kota Bahru
4585-E Wakaf Siku, Jalan Pasir Putih
15200 Kota Bahru, Kelantan

Terengganu
Kuala Terengganu
80 F, Jalan Petani,
20000 Kuala Terengganu

Johor
Permas Jaya
Lot G23, Permas Jaya Shopping Centre
No. 1 Jalan Permas Utara,
Bandar Baru Permas Jaya,
81750 Johor Baru

Kluang
No. 8A, Jalan Syed Abdul Hamid Sagaff
86000 Kluang, Johor

City Square JB
Lot JK 2.04, Level 2
Johor Bahru City Square
No. 106 & 108 Jalan Wong Ah Fook
80000 Johor Bahru

Muar
No.44, Jalan Sisi, 84000 Muar

Sabah
Sandakan
Lot 22, Block B, Ground Floor, Bandar
Tyng Mile 6, 90000 Sandakan, Sabah

Tawau
TB 586, Lot 45, Tacoln Commercial
Complex, Jalan Haji Karim, 91000 Tawau,
Sabah

Lintas Kota Kinabalu
No. 11-0, Lot 6, Ground Floor,
Lintas Plaza, Lorong Lintas Plaza,
88300 Kota Kinabalu, Sabah

Likas
Lot No.3, Ground Floor, Likas Plaza,
88450 Kota Kinabalu, Sabah

Sarawak
Sibu
No. 46 Jalan Keranji Off Jalan Tuanku
Osman, 96000 Sibu, Sarawak

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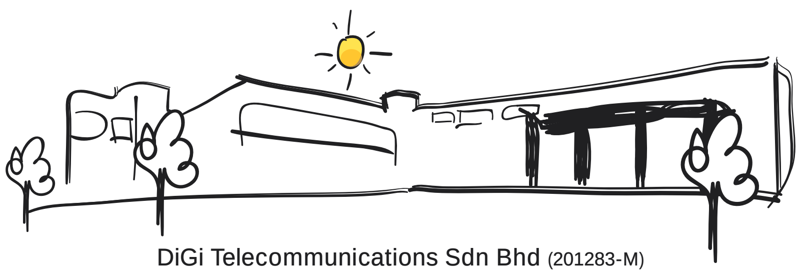
DiGi.Com Berhad (425190-X)
D'House, Lot 10, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Shah Alam,
Selangor Darul Ehsan

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



DiGi Telecommunications Sdn Bhd (201283-M)
Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park
40000 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : +603 5721 1800

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