







We care and have a deep understanding about our Customers, Communities, Stakeholders and even our employees. We want to be humble and we always want to **Be Respectful.**

# Highlights



**BlackBerry.**

**FOR A LOT LESS, ANYONE CAN NOW SLIP INTO A BlackBerry.**

And one will suit you just perfect. These great phones are now made easier to own with a sign-up of a DiGi Business BIZ 150 or BIZ 250 plan, plus BlackBerry® Internet Service (data unlimited) for RM99.

Hurry! Promotion only till 31 Aug 2009.

*Think Practical*

BlackBerry® Bold™ 9000 Smartphone RM1399

BlackBerry® Curve™ 8900 Smartphone RM999

Terms and conditions apply. Switch to DiGi and keep your existing number. It's easy! Just call 010 299 8888 or digi.com.my/business

**DiGi**  
Always the smarter choice

## Q1

We began 2009 on a strong note with the launch of DiGi Broadband Done Right that came with a clear promise of value and quality internet services with the right customer experience and expectations. We also introduced DiGi Priority service, offering personalised services and assistance for our premium value Postpaid and Prepaid customers.

Other notable activities in Q1 included the launch of DiGi's music telegram service, where customers can send full music tracks or ringtones to loved ones and friends. Finally, we launched Windows Live Messenger (IM) that allows our customers to chat online from their mobile phones, PCs as well as PDAs.

## Q2

In Q2, we introduced the best data plan in the market for BlackBerry® smartphones to our corporate customers through our Think Practical campaign. Next, we expanded our insurance offerings, by giving customers the option to purchase higher value coverage via easy SMS activation.

Keeping our momentum with the youth of Malaysia, we organised several exclusive DiGi Showcases featuring American Idol heartthrob David Archuleta, followed by top Taiwanese act, Fahrenheit. Then we took music appreciation to the next level for two lucky winners by sending them on a city tour of Dublin, the hometown of Irish rock band, U2 before catching the band's sold out concert in London.



# 2009



## Q3

We revitalised our mass market offerings with specific plans that were more focused and relevant to the lifestyles of our customers, with greater value through our simplified DiGi Prepaid™ plans and DiGi Family™ package that offers a combination of prepaid and postpaid supplementary lines. Further, we launched DiGi Music Unlimited to expand our presence in the youth segment. The first web and mobile music service of its kind, this service enables legal unlimited music downloads from two of the largest music labels in the world – Sony Music and Universal Music.

In conjunction with Malaysia's 52nd National Day celebrations, DiGi launched a highly lucrative contest in Malaysia offering prizes worth approximately RM1.75 million called Seribu Sejam.

As part of our commitment to promote and drive sustainability and climate change in our community, DiGi launched its Deep Green: Challenge for Change competition. 15 student teams from eight local universities were given the challenge to seek new renewable energy solutions for rural underserved communities and increase efficiency in existing micro-hydro projects in the country.

## Q4

In line with our expansion plan to rollout our 3G network nationwide, we launched our 3G/Mobile Broadband service in Penang and Sabah in Q4. This was followed by the launch our Turbo 3G™ for mobile phones in the Klang Valley to cover 59% of population ahead of the targeted 44% planned in the next 3 years, thus cementing our foothold in the internet space.

Then we made waves in the market by introducing the most affordable all-in-one DiGi Smart Plan for BlackBerry® smartphone, extending unlimited data usage to the mass market at only RM58 per month.

In aid of the environment, we announced another Deep Green initiative that engaged our customers to help reforest up to 120,000 square metres of forest in Sabah. For every DiGi customer who opted for electronic billing during the promotional period, DiGi donated RM3 to WWF-Malaysia in support of the Kinabatangan Corridor of Life reforestation project.

# Corporate Responsibility



## Nurturing a Culture of Responsibility in Sustainability and Ethical Business Practises

Our philosophy for Corporate Responsibility is to drive sustainability into every aspect of our organisation, where we aim to lead in sustainable and ethical business by focusing on the following priorities:

### CR Sustainability Priorities



- “Integrity & Empowerment” – we aim to treat our people fairly and responsibly to empower them to reach their full potential as they are at the centre of all that we do. Through our comprehensive corporate governance measures we strive to ensure a positive and respectful culture across the organisation as the conduct of our people is crucial to our reputation.
- “Climate Change” – we are committed to minimise our environmental impact by reducing our CO2 emissions and through offering climate-friendly solutions to our customers; and
- “Community Engagement” – we endeavour to go beyond financial contributions, and look for ways in which the community can benefit from our employees’ time and expertise, from knowledge and learning from NGO partners, and more importantly, opportunities where the technology of mobile telecommunications and Internet can make a meaningful difference.



Our new Technology Operating Centre



The mobile and Internet industry has grown to be one of the key drivers of the country's economic and social development, and as one of the leading players in the industry, we are in a position to influence our stakeholders in areas that would benefit the nation as a whole.

The universal challenge of climate change is one such area we are passionate about and have identified as a focus for our CR efforts, where we want to be a leading voice for corporate Malaysia. DiGi, as the first Malaysian corporate signatory of the "Caring for Climate: The Business Leadership Platform" initiative under the United Nations Global Compact, is making the commitment as a leader in sustainable and ethical business practices.

We have a single-minded goal of reducing our Carbon emissions by 50% by 2012. To ensure this, we initiated the Deep Green Programme – a holistic approach which helps map out and internalise our approach towards the environment. The strategy is embedded in our company DNA and applies to our entire business operations including employee interactions, suppliers, business partners and engagements with our customers and community at large.

As at Q4 2009, we managed to reduce our carbon emissions by approximately 18,000 tonnes of CO2 from the previous year as we stepped up efforts to be more energy efficient, by switching to alternative sources of electricity; using more energy efficient lighting; and reducing hours used for air-conditioning and lighting among others.

Other workplace initiatives introduced to reduce our carbon footprint include employee carpooling; reducing non-essential business travel by encouraging more virtual meetings; the inclusion of environmental criteria into our procurement evaluation; encouraging online interactions; and even through the introduction of eco-friendly premiums.

To further illustrate our seriousness on the green agenda we embarked on the construction of our latest Tier III Data Centre – the DiGi Technology Operating Centre, which will meet all the specifications of a Green Building upon completion. The building is expected to be completed and operational during the coming financial year. This new sustainable and energy efficient centre incorporates eco design elements which will translate to significant lifecycle savings with intelligent systems, while providing employees with a healthier and more comfortable work environment. It also sends out the right message about DiGi – that it is well run, responsible, and committed to a sustainable future.



## Corporate Responsibility



University teams at the inaugural Challenge for Change.

Key to the success of Deep Green is our approach in nurturing a culture of responsibility within DiGi as a continuous improvement process, which will ultimately benefit the brand, our people and the nation. This includes educating our employees on the environmental cause and improving their quality of life through initiatives such as our "Work @" programme, which offers them a conducive work culture that is flexible, productive and mobile; and the "D'Plan" where we help each employee map out a clear career development path. Our employees are also expected to conform to the Company's Code of Conduct, which defines who we are as a responsible corporate citizen and how we operate by reflecting our values as a company, the ethical standards we live by and how we interact with our stakeholders in everything that we do.

The strict approach we have adopted in corporate governance also contributes to DiGi's positive brand position; as it tells our investors, partners, stakeholders and customers that we are serious about doing good things and right things with very high ethical standards.

Intrinsically linked to the Code of Conduct, is our "Health, Safety, Security & Environmental" (HSSE) policy, which promotes a fair and open process according to stringent definitions, and applied to all our partners, which along the way improves the working conditions for our people and the thousands of others who work along with us in Malaysia.

We have also made giant strides in extending the Deep Green philosophy to various communities in the country. Together with project partners Ericsson, Intel, TNB Research, and the Energy Commission of Malaysia, we organised the Deep Green Challenge for Change ("C4C") competition for university students to showcase applications of renewable energy solutions for under-served communities in Malaysia.

C4C reaches out to the youth of Malaysia from participating local universities to discover viable energy solutions, with the winners getting the opportunity for their solutions to be potentially incubated, developed and commercialized by key partners, and DiGi.



Engaging with the community in Sabah.



Empowering rural communities at our CBCs.

We are also doing our part to improve the lives of the communities around us as we aspire to be far more than just a good corporate citizen. By focussing on issues that are important to society at large, we look to shape and influence the communities we engage with. As part of our community engagements, we are investing in building a micro-hydroelectric system in Lumpagas, a 35 household community in Pensiangan, Sabah, which will provide basic lighting and refrigeration. The supply of electricity will reduce their dependency on diesel generators and trees as firewood for the household, offsetting the trend of burning and emissions of greenhouse gases and toxic pollutants that contribute to the climatic changes in the region and poor health of the communities.

Being a good corporate citizen is more than just philanthropy, as we constantly evaluate how our products and services can empower and prompt our customers to contribute to the causes we believe in, such as providing the option for electronic billing and direct payments, which help reduce their personal carbon footprint by lowering the usage of paper.

Beyond environmental concerns, we provide communities in under-served areas with access to unlimited information and educational resources via the Internet through our Community Broadband Centres (CBC). The CBC is part of a five-year project initiated and fully funded by Malaysian Communications and Multimedia Commission (SKMM) and will be developed in stages following the successful deployment of the Lundu Centre, which commenced operations in 2009.

We are passionate about our journey towards a sustainable future, and we are confident that we will achieve our objectives. While the journey is long and arduous, we will remain focused on what we have to do.

To further illustrate our commitment, we have taken the liberty to detail our CR strategies and initiatives in a separate report which will be available to all our stakeholders. We hope you will take time to go through it and provide us with your feedback and comments. We aim to raise the bar even further as we progress and your feedback will help us achieve this and more.



# Statement of Corporate Governance

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

In pursuing this corporate objective, the Board of Directors ("Board") of DiGi is committed to high standards of corporate governance which it believes are critical to business integrity and performance and that there is a link between high-quality governance and creation of shareholder value. In 2009, the Board endorsed the Company's revitalized values ie Keep Promises; Make It Easy, Be Inspiring and Be Respectful, which describe how we should serve our customers and work together as colleagues. The implications of our values can be interpreted in different ways. This allows their meaning to evolve and change as we use them in new situations. To guide the employees the Code of Conduct sets out the expectations of acceptable conduct within the organization.

In striving to achieve the highest standards of corporate governance, the Board has extended its focus to be a leading Health, Safety, Security and Environment (HSSE) telecommunication service provider. This commitment is demonstrated with the endorsement of the HSSE Policy in 2009, which includes the Supplier Conduct Principles. The Supplier Conduct Principles sets out the standards of responsible business conduct in the Group's supply chain, with the aim to strengthen the level of corporate ethics in the supply chain. The Supplier Conduct Principles' requirements will be applied towards the suppliers according to an improvement based system, supported by systematic supply chain management that will encompass monitoring and follow-up activities. Further information is described in the Statement on Internal Control on page 52 of the Annual Report.

Furthermore, the Board takes seriously the social, ethical and environmental impact of DiGi's products and services. DiGi's commitment to act responsibly is seen in its participation as a signatory to the United Nations Global Compact's Caring for Climate in 2009. The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

This Statement explains how the Company has applied the key principles and the extent of its compliance with the best practices set out in the Malaysian Code on Corporate Governance and its revision in 2007 (the "Code") for the financial year ended 31 December 2009 and has been approved by the Board on 16 March 2010.

## (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 long-term shareholders' value, the Board takes 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 set 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 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 in overseeing the development of human capital and succession planning has in place a DiGi Development Plan that identifies, develops and manages potential leaders.

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

- Appointment to the Board
- 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

## Statement of Corporate Governance

- Changes to control structure of the Group, including key policies and authority limits
- Key strategic commercial decisions

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.

### 1.1 Key activities of the Board during the year

The Board reviewed on a regular basis the performance report which provides a comprehensive review of business performance, which includes a review of actual and expected performance against targets. It is a dynamic management performance model which ensures a continued alignment between strategies and operational plans across the Group and allows Management to act readily in response to changes in the market whilst ensuring that targets set by the Board are met.

Based on the performance review, the Board guided the Management on the strategy, plans and targets.

The Board reviewed on a regular basis the key operational risks whilst the Audit Committee reviewed the progress of risk management activities and reports to the Board of any key issues impacting the business in relation to the management of risks.

The Board also considered and approved major business decisions, including CAPEX investment and capital management.

### (2) Board Composition and Balance

The Board currently has five Directors, comprising the Chairman (Non-Independent Non-Executive), two Independent Non-Executive Directors and two Non-Independent Non-Executive Directors.

There were changes to the composition of the Board during the year. Mr Eirik Boerve Monsen was appointed as a Director on 7 May 2009 whilst Mr Ragnar Holmen Korsæth resigned as a Director on 16 September 2009. On 16 March 2010, Mr Christian Storm resigned as a Director and Alternate Director to Mr Sigve Brekke and was replaced by Mr Hakon Bruaset Kjol.

The Directors together 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 26 to 27 of the Annual Report.

Dato' Ab. Halim Bin Mohyiddin and Tan Sri Leo Moggie are the Independent Directors. The Independent Directors meet the definition set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Bursa Securities Listing Requirements"). DiGi fulfills the requirement to have at least one third of the Board comprised of 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. No shareholders have asked to meet with Tan Sri Leo Moggie, the Senior Independent Director during the year.



## Statement of Corporate Governance

### (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, Mr Sigve Brekke provides leadership of the Board and facilitates its work. He engages directly with the CEO, Mr Johan Dannelind to understand and oversee the strategy implementation and performance delivery. 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, accurate and 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.

In DiGi, although the CEO does not have a position in the Board, the Board still has complete access to the CEO. The clear lines of responsibilities and authority between the CEO and the Board is to ensure a distinction between the roles of CEO and the Board, and to prevent conflict of interest.

### (4) Board Meetings

Meetings for the 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 times during the year and attendance of Directors at Board meetings, are set out as follows:-

Name	Attendance
Sigve Brekke Chairman/Non-Independent/Non-Executive	3/4
Tan Sri Leo Moggie Senior Independent/Non-Executive	4/4
Dato' Ab. Halim Bin Mohyiddin Independent/Non-Executive	4/4
Christian Storm (Resigned on 16 March 2010) Non-Independent/Non-Executive	2/4
Eirik Boerve Monsen (Appointed on 7 May 2009) Non-Independent/Non-Executive	4/4
Ragnar Holmen Korsæth (Resigned on 16 September 2009) Non-Independent/Non-Executive	0/3

The Directors were committed to the collective decision making processes of the Board and individual directors debated issues openly and constructively and were free to question and challenge the opinions of others.

The Board is satisfied that all the Directors made sufficient time available during 2009 to serve the Group effectively.

Mr Christian Storm and Mr Ragnar Holmen Korsæth resigned as Directors due to their other commitments in Telenor.

The CEO, CFO and other members of senior Management attended Board meetings by invitation. At each Board meeting, the CEO provided a review of the business, operational performance, strategy and key operational risks updates, and the CFO provided a review of the Group's financial position and investor relations updates pertaining to shareholders' and investors' views and concerns of the Company. The Directors assessed the performance of Management and constructively challenged the Management on their performance and targets, where appropriate. In doing so, the Directors provided advice and strategic guidance to Management.

## Statement of Corporate Governance

The proceedings of and resolutions passed at each Board and Board Committee meetings are minuted by the Company Secretaries 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 and personal characteristics 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) Performance Evaluation

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 within the terms of reference of the Nomination Committee with the aim of improving individual contributions, the effectiveness of the Board and its Committees and the Group performance.

The effectiveness of the Board as a whole and its Committees is assessed against the accountabilities set down in the Instructions to the Board and each of the Committee Terms of Reference. Matters considered in the assessment of the effectiveness of the Board and its Committees include the effectiveness of discussion and debate at Board and Committee meetings, Board's and Committee's processes and relationship with management, the quality and timeliness of meeting agendas, Board and Committee papers and secretariat support and the composition of the Board and each Committee.

The evaluation of individual Directors focuses on the contribution of the Director to the work of the Board. 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.

The evaluation process is led by the Nomination Committee Chairman and supported by the Company Secretary. The Directors complete a questionnaire regarding the Board and Committee effectiveness and improvement areas. Once the questionnaire has been completed, the comments and findings are summarized and reported to the Board at a Board meeting by the Nomination Committee Chairman, which discussed the comments and implement the conclusions, where relevant and agreed upon.

Following the 2008 evaluation process, some of the actions taken during the financial year 2009 include:-

- High profile risk issues were clearly highlighted to the Board by Management;
- DiGi's revitalised values were reviewed and endorsed by the Board; and
- Contributions from all the Board members to the meeting agenda to ensure the Board members inputs and potential areas of concern including information needs are taken into consideration.



## Statement of Corporate Governance

### (7) Directors' Training and Induction

All Directors have completed the Mandatory Accreditation Programme (MAP) including Mr Eirik Boerve Monsen who was appointed during the year. The Directors are mindful that they continue to update their skills and knowledge to maximize their effectiveness as Directors during their tenure. During the financial year, the non-local Directors went to a site-visit of DiGi's operations in order to understand the customers and the local environment. Directors have attended individually or collectively the various programmes and briefings on amongst others, the following:-

• Leadership Paradigms For the New Millennium Training	• Updates on Corporate Governance and Financial Reporting
• FTSE Bursa Malaysia Index Series & Enhancements to the KLCI – Dialogue Session	• MICPA – Bursa Malaysia Business Forum 2009
• Corporate Governance (CG) Week 2009 - Launch of CG Week & CG Guide - Forum on CG Guide	• Crisis Risk Thinking – Benchmarking Best Practices during the Crisis
• Corporate Governance Guide – Towards Boardroom Excellence	• Briefing on Anti-Money Laundering and Anti-Terrorism Act 2001 (AMLA)
• Forum on FRS139 Financial Instruments: Recognition and Measurement	• 3GSM World Congress

The induction of new board members is the responsibility of the Chairman who is assisted by the Company Secretary in this task. DiGi has in place an induction program for the newly appointed directors which aim to introduce new directors to the Group's business, its operations and its governance arrangements. It includes meetings with senior management, visits to offices and being provided with relevant documentation.

During the year, on joining the Board, Mr Eirik Boerve Monsen received a briefing on the Company's business and governance matters, amongst others, and participated and completed an Executive Education Program at Harvard Business School (Boston), USA.

### (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. An open line of communication between

the individual members of the Board and Management is 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, customer satisfaction and services quality, 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 days before the Board and Committee Meetings.
- (iii) The Audit Committee Chairman meets with Management regularly to review the reports regarding internal control system and financial reporting.

## Statement of Corporate Governance

- (iv) In addition to Board papers, Directors are provided with relevant information between Board meetings. This includes financial and important operational updates. There is also communication among the Directors between Board meetings as necessary to progress the Company's business.
- (v) 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

Ms Hee Chew Yun is the Company Secretary in DiGi. She is supported by two (2) other external Company Secretaries, Ms Tai Yit Chan and Ms 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 and advise the Board on governance matters. 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 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 to the minutes of the Board Committees which are circulated to the Board for notation. The Board Committees are:

- Audit Committee
- Nomination Committee
- Remuneration Committee

Each Committee operates in accordance with the 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 current members of the Committee are Dato' Ab. Halim Bin Mohyiddin (Chairman), Tan Sri Leo Moggie and Mr Eirik Boerve Monsen.

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 57 to 61 of the Annual Report.

#### (b) Nomination Committee

The current members of the Committee are Mr Hakon Bruaset Kjol (Chairman), Tan Sri Leo Moggie and Dato' Ab. Halim Bin Mohyiddin. All members of Committee are Independent Non-Executive Directors except for Mr Hakon Bruaset Kjol who is a Non-Independent Non-Executive Director. The Nomination Committee met twice during the year and the meeting attendance was as follows:-

Name	Attendance
Christian Storm (resigned on 16 March 2010)	1/2
Tan Sri Leo Moggie	2/2
Dato' Ab. Halim Bin Mohyiddin	2/2
Hakon Bruaset Kjol (appointed on 16 March 2010)	n/a

n/a = not applicable



## Statement of Corporate Governance

### 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 and personal characteristics. It does this by focusing on:

- Annual review of the structure, size and composition (including the required mix of skills, knowledge and experience 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, Committees and individual directors
- Nominate and recommend for Board's approval suitable candidates for membership to the Board and Board Committees
- Assess and make recommendations to the Board concerning the re-election of Directors

### Activities undertaken

The Nomination Committee assessed the overall effectiveness of the Board as a whole, its Committees and the contribution and performance of each individual Director in 2009. The Nomination Committee is satisfied that the size, structure and composition of the Board remained appropriate and the Independent Non-Executive Directors continued to demonstrate their independence through their engagement in meetings providing objective challenge to Management and bringing independent judgment to decisions taken by the Board. The Nomination Committee concluded that the Board and Board Committees generally have a good mix of skills, experience, knowledge and professional qualifications required to contribute positively to the Group and is operating in an effective manner and that each Director continues to make an effective contribution to the work of the Board.

During the year 2009, the Nomination Committee assessed and recommended to the Board the new appointment of Mr Eirik Boerve Monsen as a Director of the Company and a member of the Audit and Remuneration Committees.

On 16 March 2010, the Nomination Committee also assessed and recommended to the Board the new appointment of Mr Hakon Bruaset Kjol as a Director and Chairman of the Nomination Committee and member of the Remuneration Committee.

The Nomination Committee recommended to the Board on the endorsement of the retiring Directors Dato' Ab. Halim Bin Mohyiddin, Mr Eirik Boerve Monsen and Mr Hakon Bruaset Kjol who sought re-election at the forthcoming 2010 AGM.

### (c) Remuneration Committee

Its current members are Mr Sigve Brekke (Chairman), Mr Hakon Bruaset Kjol and Mr Eirik Boerve Monsen. All the members are Non-Independent Non-Executive directors. The Remuneration Committee met once during the year and the meeting attendance was as follows:-

Name	Attendance
Sigve Brekke	1/1
Eirik Boerve Monsen (appointed on 16 September 2009)	n/a
Christian Storm (resigned on 16 March 2010)	0/1
Ragnar Holmen Korsæth (resigned on 16 September 2009)	1/1
Hakon Bruaset Kjol (appointed on 16 March 2010)	n/a

n/a = not applicable

### 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.

## Statement of Corporate Governance

### Activities undertaken

The Chairman of the Remuneration Committee was authorized by the Board to assess and evaluate the CEO against the performance criteria set to measure the CEO's performance and to fix the compensation package.

The Board as a whole, based on the recommendation from the Remuneration Committee, with each of the Independent Non-Executive Directors abstaining from deliberating and voting on their own allowance, did not increase the monthly allowance of the independent directors in view of the current economic conditions.

### (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 remuneration package of Non-Executive Directors comprises of fixed monthly allowance and meeting allowance for Audit Committee meeting. The Non-Executive Directors representing Telenor do not receive any remuneration pursuant to the Company's Remuneration Policy for its Non-Executive Directors. The aggregate Directors' remuneration paid or payable to the Non-Executive Directors of the Company for the financial year ended 31 December 2009 are as follows:

Non-Executive Directors	Fixed Allowances RM	Meeting allowances RM	Total RM
Tan Sri Leo Moggie	132,000	1,500	133,500
Dato' Ab. Halim Bin Mohyiddin	132,000	2,500	134,500
<b>Total</b>	<b>264,000</b>	<b>4,000</b>	<b>268,000</b>

### (C) Code of Conduct

The Board has adopted and implemented a Code of Conduct ("Code") which reflects DiGi's 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.

The Code of Conduct applies to Board members and employees and all of them have certified in writing that they have read and understood the Code. On-going trainings are provided to employees on the Code and in particular in how to deal with situations involving ethical dilemma. DiGi had during the year conducted an integrity program to increase awareness on business and individual integrity.

DiGi has put in place the Supplier Conduct Principles since 2008 which outlines the standard for ethical and business conduct expected of suppliers and contractors in their relationship with the Group.

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

### (D) Shareholders

#### Communication with shareholders and investors

The Company is committed to providing a high standard of communication to all its shareholders and investors to ensure that they have the same access to all information reasonably required to make informed assessment of the Company's value and prospects. To achieve this objective, the Company has in place a Corporate Disclosure Procedures and Policies ("CDPP") which outlines how DiGi identifies and releases material information in a complete, timely and accurate manner to the Bursa Securities and consequently to the market. 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.

## Statement of Corporate Governance

### Information Disclosure

In accordance with the disclosure requirement in the CDP and the Bursa Securities Listing Requirements, the Company follows these three main forms of information disclosure:

- Continuous disclosure – which is its core disclosure obligation and primary method of informing the market and shareholders
- Periodic disclosure – in the form of full year and quarterly reporting of financial results and major investments, capital expenditure and funding activities proposed by the management and the Annual Report comprising a review of operations, Director's Report, Corporate Governance statement and Financial Report for the year to 31 December
- Specific information disclosure – as and when required, of administrative and corporate developments, usually in the form of Bursa Securities releases

All information made available to Bursa Securities is immediately available to shareholders and the market on the Company's Investor Relations section of the website: [www.digi.com.my](http://www.digi.com.my)

### Annual General Meetings

The Company recognizes the rights of shareholders and encourage the effective exercise of those rights in the Company's annual general meetings. The date, venue and time of these meetings is determined to provide the maximum opportunity for as many shareholders as possible to attend personally. The Notice of Meeting for the Annual General Meeting ("AGM") is sent to shareholders with an explanatory memorandum providing information to shareholders to help them decide how they should vote on each item tabled as special business. In addition, a full copy of the Notice of Meeting and Proxy Form is posted on the Company's website and available in Bursa Securities website. The Notice of Meeting is also advertised in a major local newspaper.

In every AGM, the management of the Company presents a comprehensive review of the Company's financial performance for the year and outlines the prospects of the Company for the subsequent financial year. Shareholders attending the AGM

are encouraged to raise questions with time being specifically set aside for shareholders' queries. Where it is not possible to provide immediate answers, the Company will undertake to furnish shareholders with a written answer after the AGM. Copies of the review are posted on the Company's website immediately. The Company also requires its auditor to attend each AGM so as to be available to answer questions on the conduct of the audit and the preparation and content of the auditor's reports.

To promote transparency, since 2006, DiGi has opened its AGM to the financial media. The same was also done in 2009. 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.

### Investor Relations and Investor Presentations

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, corporate and regulatory developments besides addressing issues they may have with respect to the business or operations of the Company. All materials used in our investor presentations are made available on the Company's website (stated above) as soon as it can be done.

DiGi 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 2009, DiGi completed four non-deal road-shows that covered the United States, Hong Kong, Singapore and London to update shareholders and investors on the Company's outlook and strategies moving forward. The participation in these non-deal road-shows are on a quarterly basis outside the Company'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.



## Statement of Corporate Governance

As one of the founding board members of MIRA (the Malaysian Investor Relations Association), DiGi continued to be an active participant and contributor to the development of investor relations as a key driver of greater corporate transparency in Malaysia. In mid-2008, DiGi represented by the Head of Investor Relations was appointed to hold the Deputy Chairman position on MIRA and in early 2009 also heads the Finance Committee of MIRA. As of February 2010, DiGi's Head of Investor Relations was appointed to be the Chairperson of MIRA and continues to head the Finance Committee of MIRA.

### Website

To help shareholders and investors gain further insights into DiGi's business strategies, financial results and key performance indicators, all the relevant financial data is posted on the Investor Relations section of the Company's website. We will continue our efforts to bring increased transparency to financial reporting, and will continually add new interactive capabilities to the site.

Copies of announcements to Bursa Securities, media releases, investor briefings, quarterly results, annual reports and other relevant information are available in the Investor Relations section of the Company's website: [www.digi.com.my](http://www.digi.com.my)

### Shareholders/Investor Queries

Whilst the Company aims to provide sufficient information to shareholders and investors about the Company and its activities, it also recognizes that shareholders and investors may have specific queries and require additional information. To ensure that shareholders and investors can obtain all relevant information to assist them in exercising their rights as shareholders, these queries may be directed to:

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](mailto:sfho@digi.com.my)

## (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 financial statements for each financial year which have been made out in accordance with the applicable Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 and give a true and fair view of the state of affairs of the Group and of the Company and of the results and cash flows of the Group and of the Company for that year. In preparing those financial statements, the Directors have:

- adopted suitable accounting policies in line with the Generally Accepted Accounting Practices (GAAP) 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 judgements and estimates that are reasonable and prudent
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are responsible for ensuring that the Group and 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.

## Statement of Corporate Governance

### (2) Internal Control

The Board is ultimately responsible for the Group's system of internal control which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness, adequacy and integrity. A sound system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Statement on Internal Control set out on pages 51 to 54 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. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolutions in respect of the transactions at the Board meetings.

Details of these transactions are set out under Notes to the Financial Statements and also the list of related party transactions on pages 104, 105 and 112 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 51 to 54 of the Annual Report. A summary of the activities of the Audit Committee during the year are set out on pages 57 to 59 of the Annual Report.

The Group has in place the policies covering the provision of non-audit services, which are designed to ensure that such services do not impair the external auditors' independence or objectivity. The external auditors provide mainly audit related services to the Group. Due to strong knowledge of the Group, the external auditors also undertake certain non-audit service 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.

During the year, Ernst and Young charged the Group RM290,000 (2008: RM284,000) for audit and RM185,000 for non-audit services/assignments (2008: RM203,000).

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

### Compliance Statement

The Board is satisfied that in 2009, the Company has complied with the Best Practices of the Code.

# Statement on Internal Control

The Board of Directors (“the Board”) affirms its commitment to maintain a sound system of internal control in DiGi.Com Berhad Group (“the Group”) and is pleased to provide the following statement, which outlines the nature and scope of internal controls of the Group during the financial year ended 31 December 2009.

## Board Responsibility

The Board affirms its overall responsibility and accountability for the Group’s system of internal control, which includes the establishment of an appropriate control environment and framework, as well as reviewing its effectiveness, adequacy and integrity. The system of internal control covers governance, risk management, and financial, organisational, operational and compliance controls. Due to the limitations 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 desired objectives. Accordingly, it can only provide reasonable, rather than absolute, assurance against material mis-statement or loss. Management is required to apply good judgement in assessing the risks facing the Group, identifying the Group’s ability to reduce the incidence and impact of risks, and in ensuring that the benefits out-weigh the costs of operating the controls.

The Board, through the Audit Committee, observed that measures were taken on areas identified for improvement, as part of management’s continued efforts to strengthen the Group’s internal control.

## Risk Management

The Group has in place an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board through the Audit Committee reviews the key risks identified 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 (“DMT”, which comprises the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), Chief

Technology Officer (“CTO”) and senior members of management) is responsible for ensuring that key risks to the Group’s business are identified and evaluated, and that effective responses are developed for their management. This risk management process covers, inter alia, strategic, financial, operational, network and systems, health, safety and environment, employees and regulatory matters. The Audit Committee is also provided with periodic updates on the progress of risk management activities and action plans to manage the key risks identified. Further information on Risk Management is provided on pages 55 to 56 of the Annual Report.

## 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:

### CONTROL ENVIRONMENT

#### (a) Organisation Structure

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

#### (b) Assignment of Authority

- The Delegation Authority Matrix (“DAM”) describes the system of delegation of authority for the Group. The main objective of the DAM is to ensure efficient use of the Group’s resources in accordance with overall strategies and operational plans and to safeguard the Group’s assets.
- The DAM also sets out the matters reserved for the Board’s decision and the delegation of authority to Management to make commitments on behalf of the Group.
- The Group has adopted a set of values to act as framework for its employees to exercise judgment and make decisions on a consistent basis.
- The Group is practising segregation of duties to ensure that conflicting tasks are apportioned between different employees, to reduce the scope for error and fraud.



## Statement on Internal Control

### (c) Board and Management Committees

- The various Board Committees, namely the Audit Committee, the Nomination Committee, and the Remuneration Committee, are all governed by clearly defined terms of reference.
- The Audit Committee, comprising two Independent Non-Executive Directors and a Non-Independent Non-Executive Director, possess wide ranging in-depth experience, knowledge and expertise. Its members have full access to both the Assurance Department and the External Auditors during the financial year. 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.
- The roles and responsibilities of the other two committees are detailed in the Statement of Corporate Governance.
- DMT meetings identify, discuss, approve and resolve strategic, operational, financial and key management issues.
- The Investment Committee governs the approval process regarding material capital investments and operating expenditure for the Group. Its members comprise the CEO, CFO, CTO, the Heads of Products & Segments Marketing, Procurement, and Business Planning, and the Investment Controller.
- The Commercial Forum governs the decision-making process for commercial issues, and the CEO, CFO, Heads of Products & Segments Marketing, Customers & Channels, and Strategy & New Business sit on this forum.

### (d) Employee Code of Conduct

- Employees and Directors are required to sign and confirm that they have read, understood and adhere to the Code of Conduct, which outlines the minimum standards of behaviour and ethics expected of employees in all business matters.
- Communication channels are established through which concerns on the Code of Conduct issues could be reported anonymously, without fear of retaliation, and arrangements are in place for independent investigations and appropriate follow up action. This is further described in part (f) under “Whistleblower” program.

### (e) Health, Safety, Security and Environmental (HSSE) Policy

#### Employees

- Employees are required to sign and confirm that they have read the HSSE Policy and understand the Group’s commitment to provide a healthy, safe, secure and environmentally friendly workplace.

#### Suppliers

- The Group is in the process of implementing a Supply Chain HSSE Assurance program (HSSE-A) to systematically work with suppliers in a constructive and cooperative way, with the aim of achieving responsible business conduct.
- The HSSE project was initiated in 2008, where the Group had conducted a series of assessments to develop a database of the current HSSE situation for suppliers. In 2009, the Group worked with suppliers to resolve these HSSE gaps. 2010 will see the comprehensive roll-out of the DiGi Supply Chain Business Assurance Program to all suppliers, who have signed the Agreement for Responsible Business Conduct (ABC), and the internal implementation of the ISO 14001 and OHSAS 18001 management systems.

### (f) Other Policies

- All key policies and procedures are available via the Group’s Intranet site, which are revised periodically to meet changing business, operational and statutory reporting needs.
- The Anti-Corruption Policy and the Anti-Corruption Procedures set out the scope, definitions and main principles of anti-corruption, and the related procedures in identifying, preventing, monitoring and reporting corrupt practices. A nationwide roadshow for employees called “Integrity! Speak Up” was held during the year. It aims at continuous enhancement of the Anti-Corruption policy, seamless sharing of information on the latest trends of fraud and corruption related cases, and provides employees with the proper escalation process for integrity or ethical dilemmas.
- The Group has in place a “Whistleblower” program which provides employees and other stakeholders a channel for communicating alleged or suspected violations of the Group’s Code of Conduct, prevailing laws, regulations and good business and corporate governance practices. Communication with the whistleblower will be done confidentially and can remain anonymous, if requested by the whistleblower.

## Statement on Internal Control

- Other main policies include the Information Technology (IT), Physical Asset Security, Intellectual Property, Business Continuity and Crisis Management policies. These policies outline the policies and procedures for the control of IT systems, protection of physical assets located at the Group's facilities or premises, identification and monitoring of intellectual property rights, continuity and availability of services in the event of a crisis.

### MONITORING ACTIVITIES

#### (a) Management and Board Meetings

- DMT meetings are held on a regular basis to identify, discuss, approve and resolve strategic, operational, financial and key management issues.
- Significant changes in the business and the external environment are reported by the DMT to the Board on an ongoing basis and/or during Board meetings.
- Quarterly financial results and other information are provided to the Audit Committee and the Board. This oversight review enables the Board to monitor and evaluate the business performance so as to ensure that the Group is achieving its corporate objectives.
- The Group's performance management model provides a comprehensive review of business performance, which includes a review of actual and expected performance against targets. It is a dynamic management performance model which ensures a continued alignment between strategies and operational plans across the Group, and allows Management to act readily in response to changes in the market whilst ensuring that targets set by the Board are met.

#### (b) Internal Audit

- The internal audit function carried out by the Assurance Department assists both the Board and the Audit Committee by 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 Assurance as well as key personnel in the Assurance Department have direct reporting lines to the Audit Committee.

- On a quarterly basis, audit reports and the status of the audit plan are presented to the Audit Committee. The Audit Committee also monitors major internal and external audit issues to ensure they are promptly addressed and resolved.
- Significant findings and recommendations for improvements are highlighted to DMT and the Audit Committee, with periodic follow-up and reviews of action plans.
- Assurance Department's practices and conduct are governed by the Assurance Charter.

### The Assurance Charter

The Assurance Charter sets out the purpose, scope, organisation and responsibilities of the Assurance Department within DiGi.Com Berhad (DiGi). The Charter is approved by the Audit Committee and is reviewed each year to confirm it remains accurate and current.

### Objectives

Assurance Department's objective is to provide independent, objective assessments designed to:

- Strengthen DiGi's internal control structures.
- Identify opportunities for process and control improvements.
- Monitor compliance with relevant laws and regulations.
- Promote DiGi's values and share best practices throughout the Group.

### Scope

The scope of work covers:

- Compliance with established policies, procedures, laws and regulations.
- The safeguarding of DiGi's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.
- The effective, efficient and economic use of resources.
- The reliability, timeliness and security of financial and management information and the systems and operations that produce this information.
- Conducting investigations which include, but are not limited to, alleged employee malfeasance in response to information and tips on irregularities and fraud.

## Statement on Internal Control

### Accountability

The Head of Assurance, in the discharge of his functions, is accountable to the Audit Committee and DMT to:

- Provide an assessment of the adequacy and effectiveness of DiGi's processes and controls in managing risk and to progressively improve the effectiveness, efficiency and economy of the processes reviewed.
- Assist all levels of management to effectively discharge their responsibilities by providing evaluations, information, advice and recommendations designed to promote an appropriate and effective control environment.
- Report significant issues relating to the processes for controlling DiGi's operations and recommend potential improvements to those processes.
- Regularly report the status and results of the Assurance plan and the sufficiency of the department's resources.

### Independence

Independence and objectivity are essential to the effectiveness of the Assurance function. To ensure Assurance Department's independence, the Head of Assurance functionally reports to the Chairman of the Audit Committee.

### Authority

The Assurance Department is authorised to:

- Have unrestricted access to all functions, records, property, and personnel.
- Have full and free access to the Audit Committee and its members.
- Design the annual Assurance plan, select review areas, determine scope of work, and apply the techniques required to accomplish its objectives.
- Obtain the necessary assistance from DiGi personnel and any other specialised external services.

### Responsibility

- Develop the annual Assurance plan for Audit Committee's review and approval.
- Implement the approved annual Assurance plan, including any special requests raised by DMT or the Audit Committee.

- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- Issue periodic reports to the Audit Committee and DMT summarising results of Assurance activities.
- Conduct investigations of significant suspected fraudulent activities within DiGi and notify relevant DiGi management and the Audit Committee of the results.
- Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal assurance coverage.

### (c) Controls over Financial Reporting

Clear responsibilities are in place on the part of the line and financial management for the maintenance of good financial controls and the production and review of detailed and timely financial management information. In addition, the Group continues to undertake the necessary management testing to comply with the requirements of the Sarbanes Oxley Act with regard to the assessment of the effectiveness of internal controls over financial reporting.

### Review of this Statement by External Auditors

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report and 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.

### Conclusion

The system of internal control and risk management are embedded into the operations of the Group, and actions taken to mitigate any weaknesses are carefully monitored.

The Board is of the view that the system of internal control in place for the year under review and up to the date of this report is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.



# Risk Management

The ability to identify and manage risk reduces the uncertainty associated with the execution of our business strategies, allowing the Group to maximise opportunities that may arise as well as minimize effects on the Company from adverse developments around us. To do this, the Group employs a Risk Management framework to manage existing and potential risks, taking into consideration the changing risk profile driven by changes in business environment and strategies throughout the year. The framework comprises an on-going process of identifying, evaluating, reporting, managing

and monitoring of significant risks to the senior management, Audit Committee and the Board.

Risks are managed at all levels of the organisation. Business units/ functional groups have primary responsibility and accountability for the proactive identification, ownership and management of risks in their day-to-day operations. In addition, groups and committees are involved in the management of risks, each having their respective roles and responsibilities as depicted in the diagram below:



## Risk Management

### Key Risk Factors

The key risk factors that may affect the Groups' business operations, liquidity, financial position or future performance are as follows:-

#### (1) Business Risks

Intense competition in the Malaysian telecommunications industry is expected to continue as the market approaches maturity. Telecommunications service providers compete for customers in areas such as services and features, customer service, price, network coverage and capacity. Competition is further intensified as a result of the entry of new competitors, new or changed regulations, and the emergence of new technologies. The Group is well aware of this situation and has established the appropriate measures to compete in this environment.

#### (2) Macro-economic Risks

Adverse macro economic conditions in the global economic environment may lead to the reduction of demand for the Group's services. Customers may seek to reduce discretionary spending on selected services such as data services or value added services. The Group continues to stress on providing attractive value propositions and excellent customer service for the customers' benefit.

#### (3) Regulatory Risks

The ownership, operation and provision of telecommunication networks and services in Malaysia are subject to extensive regulation and supervision by Suruhanjaya Komunikasi dan Multimedia Malaysia ("SKMM"). Regulatory decisions regarding the granting, amendment or renewal of licenses to the Group or to third parties, may affect the Group's future operations. In addition, the Group has a continuing need for spectrum frequency, which is regulated and allocated by SKMM through spectrum and apparatus assignments. To manage these uncertainties, senior management constantly engages with SKMM to explain the Group's win-win strategies and how these will benefit the Group, competitors, consumers and the nation as a whole.

#### (4) Network and System Failure Risks

The Group's ability to provide excellent service to its customers is highly dependent on key systems availability and an uninterrupted network service. The key systems and network elements provide the infrastructure to support customers' account maintenance, billing, calls connectivity, data transfer and other services. The Group continually strives to improve the availability of the key systems and network elements to provide good customer experience and exceed requirements set by the regulatory bodies.

#### (5) Operational Efficiency Initiatives

The Group has embarked on a company-wide operational efficiency program relating to technology development and maintenance, business operations and business transformation. Although the positive effects in the form of cost savings from this program have been substantial, there is no assurance that the Group will continue to yield all the expected benefits of this program within the stipulated timeline. The Group is constantly monitoring the progress of these initiatives and will make adjustments as and when required.

#### (6) Credit Risks and Fraudulent Activities

Telecommunication companies are subject to credit and fraud risks due to its highly complex infrastructure and operating environment. The Group has put in place a Credit and Fraud Management function together with comprehensive credit and fraud risk prevention measures to manage prevailing credit risks in the market and counter fraud.

#### (7) Investment Risks

The Group has invested substantially in rolling out the 3G/HSPA network and other state of the art technological systems, to enable the company to launch new attractive products and services. The Group is expected to continue investing in the mobile network and other related systems to cater for the increasing usage and to enable the offerings of new services with greater functionality. However, there is no assurance that the demand for new services, and hence future revenues, will fully justify the cost of the investment, due to adverse market developments or other unforeseen reasons. Failure or delay in the rollout of network may also increase the associated costs which has an adverse effect to the Group's operation.

# 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)

Eirik Boerve Monsen  
(Appointed on 7 May 2009)  
(Member/Non-Independent Non-Executive Director)

Christian Storm  
(Resigned on 7 May 2009)  
(Member/Non-Independent Non-Executive Director)

Dato' Ab. Halim Bin Mohyiddin, the current Chairman of the Audit Committee, an Independent Non-Executive Director, is also a council member of the Malaysian Institute of Accountants (MIA).

## Meetings

The Audit Committee met five times during the financial year ended 31 December 2009 and these meetings were attended by all the members. The Chief Executive Officer, Chief Financial Officer, Head of Assurance and senior members of the Assurance Department were also invited to attend and brief the members on specific issues.

The external auditors attended five Audit Committee meetings in 2009 to present the auditors' report on the annual audited financial statements for 2008 and auditors' review report on the unaudited quarterly financial statements. The Audit Committee met twice with the external auditors separately, without the presence of management or members of the Assurance Department, to make enquiries on internal controls and the scope and resources of the Assurance Department. During the year, the Audit Committee Chairman held a number of meetings with the Head and senior members of the Assurance Department to obtain updates on the activities of the function without the presence of management.

## Summary of Activities

In February 2010, the Audit Committee assessed its performance for the financial year ended 31 December 2009 and is satisfied that it has carried out its duties in accordance with its Terms of Reference.

During the year the principal activities of the Audit Committee were as follows:

### Financial Reporting

- (a) Reviewed the quarterly unaudited financial results of the Group before recommending them for approval by the Board of Directors.
- (b) Reviewed the annual audited financial statements of the Group for 2008 with the external auditors prior to submission to the Board of Directors for their approval.

### Internal Audit

- (a) Reviewed and approved the annual Assurance Plan to ensure adequate scope and comprehensive coverage of activities of the Group.
- (b) Reviewed and deliberated on internal audit reports which were tabled during the year, the audit recommendations made and Management's response to these recommendations.
- (c) Monitored the implementation of recommendations by Management on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses are being properly addressed.
- (d) Reviewed and deliberated major cases of internal misconduct in relation to the Group's Code of Conduct and whistleblower program.
- (e) Held private meetings with the Head of Assurance for discussions on the activities, findings and recommendations of the Assurance Department.
- (f) Reviewed the performance, adequacy and competency of Assurance Department.

## Audit Committee Report

### External Audit

- (a) Reviewed the scope of work and tabled to Board for approval the engagement letter from the External Auditor confirming its independence and objectivity.
- (b) Reviewed the results of the annual audit, their audit report and Management Letter, together with Management's responses to the findings of the external auditors.
- (c) Reviewed and approved the scope of non-audit services provided by the External Auditors to ensure there was no impairment of independence or objectivity.
- (d) Evaluated the effectiveness of the external auditors and made recommendations to the Board of Directors on their re-appointment and remuneration, subject to the approval of the Company's shareholders at general meeting. Shareholders in a general meeting authorise the Directors to fix the remuneration of external auditors.
- (e) Held 2 private meetings with the External Auditors to ensure there were no restrictions on the scope of their audit and to discuss any items that the auditors did not wish to raise in the presence of Management.

### Internal Control

- (a) Received and reviewed reports on the adequacy, effectiveness and reliability of controls over financial reporting which previously were activities to comply with the Sarbanes Oxley Act requirements.
- (b) Reviewed the effectiveness of the process for identifying, evaluating and managing business risks and reviewed reports on Risk Management activities and annual and quarterly risk profiles.
- (c) Reviewed controls relating to revenue assurance and fraud management activities.
- (d) Reviewed reports relating to certain taxation matters, in relation with appropriate accounting practices.

### Related Party Transactions

Reviewed the related party transactions entered into by the Group.

### Internal Audit Function

Internal Audit activities are carried out in-house by the Assurance Department. The Head of Assurance reports directly to the Audit Committee and assists the Committee in the discharge of its duties and responsibilities. The Assurance Department's role is to provide 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 determines the adequacy of the scope, functions and resources of the Assurance Department, which comprises 14 staff as at 31 December 2009.

Prior to July 2009, the Assurance function was a unit under the purview of the Quality and Assurance (Q&A) Department. Q&A was set up in 2006 with the objective of bringing together and strengthening corporate governance, risk management and internal controls. The functions of the Q&A Department at that time included internal audit, risk management, investigations, business continuity planning, compliance and revenue assurance. As the functions and size of the Q&A department grew, the structure was reviewed to ensure that the right focus and appropriate support is provided to the Board / Audit Committee and Management in areas of corporate governance and ensuring the continuous independence of internal audit. In line with this, the internal audit function was separated from the Q&A department in July 2009.

The Assurance Department practises adaptive auditing which provides the flexibility needed to address emerging current risks as well as potential future risks. This allows Assurance to focus its resources and skills on ensuring alignment with business strategy and goals, thus maintaining relevance and driving continuous improvements within the Group.

As part of its activities to provide reasonable assurance on the state of internal control in the Group, the Assurance Department carried out its reviews based on the annual Assurance plan for 2009 which was developed using a risk-based approach and in line with the Group's objectives. In 2009, Assurance Department conducted a wide range of audit assignments covering operational audits, IT and technical audits and compliance with established procedures and



regulatory requirements. To ensure continuous relevance to the business units and to add value, Assurance Department also participated in the review of major projects covering new business products and system implementations to ensure adequate controls are in place before these products and systems are launched. The Assurance Department also undertook special reviews at the request of the Audit Committee and/or Management over and above the planned reviews. Follow-up reviews were performed on the implementation of audit recommendations and the status of implementation was reported to the Audit Committee accordingly.

The total costs incurred for the Assurance Department for 2009 was RM1,393,000.

### Training

During the year, the Audit Committee members attended the following conferences, seminars and training programs:

- |  |  |
|--|--|
| • Leadership Paradigms For the New Millennium  | • Updates on Corporate Governance and Financial Reporting              |
| • FTSE Bursa Malaysia Index Series & Enhancements to the KLCI<br>– Dialogue Session            | • MICPA – Bursa Malaysia Business Forum 2009                           |
| • Corporate Governance (CG) Week 2009<br>- Launch of CG Week & CG Guide<br>- Forum on CG Guide | • Crisis Risk Thinking – Benchmarking Best Practices during the Crisis |
| • Corporate Governance Guide<br>– Towards Boardroom Excellence                                 | • Briefing on Anti-Money Laundering and Anti-Terrorism Act 2001 (AMLA) |
| • Forum on FRS139 Financial Instruments:<br>Recognition and Measurement                        |  |

### Terms of Reference

#### (1) Membership

The Audit 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 possess 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 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.

## Audit Committee Report

### (2) Chairman

The Chairman of the Audit 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 Audit 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 the minutes of meetings of the Committee and circulating them to the Committee members and to 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 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 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, Assurance Department or both, excluding the attendance of the other directors and management, wherever deemed necessary.

### (6) Duties

The duties of the Committee shall be:

- (a) To 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 the 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 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 the 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 Group'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 the Audit Committee Report at the end of each financial year.

## Audit Committee Report

- (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 transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises question of management's integrity.
- (k) To do the following in respect of the Assurance Department:
  - Review the organisation, responsibilities, competency and resources of the Department 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 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 15.16 of Main Market 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 Bursa Securities Listing Requirements, the Committee must promptly report such matter to Bursa Securities.

# Additional Compliance Information

## OTHER DISCLOSURES

The following information is provided in accordance with Paragraph 9.25 of Main Market Listing Requirements as set out in Appendix 9C thereto.

### (1) NON-AUDIT FEES

The amount of non-audit fees paid to external auditors for the financial year ended 31 December 2009 is RM185,000.

### (2) SHARE BUY-BACK

The Company had not made any proposal for share buy-back 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 did not issue any options, warrants or convertible securities during the financial year ended 31 December 2009.

### (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 or received 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 2009 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 7 May 2009, 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 2009 are set out on page 112 of the Annual Report.



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# 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 2009.

## 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	1,000,471	1,375,476
Attributable to:		
Equity holders of the Company	1,000,471	1,375,476

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.

## Dividends

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

	RM'000
In respect of the financial year ended 31 December 2008:	
Final dividend of 53.0 sen single-tier exempt dividend per ordinary share, approved on 7 May 2009 and paid on 12 June 2009	412,075
In respect of the financial year ended 31 December 2009:	
First interim dividend of 49.0 sen single-tier exempt dividend per ordinary share, declared on 22 July 2009 and paid on 18 September 2009	380,975
Special dividend of 75.0 sen single-tier exempt dividend per ordinary share, declared on 28 October 2009 and paid on 18 December 2009	583,125

The Board of Directors had on 3 February 2010, declared a second interim dividend of 54.0 sen single-tier exempt dividend per ordinary share in respect of the financial year ended 31 December 2009. The financial statements for the current financial year do not reflect this second interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

### 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:

Sigve Brekke	
Tan Sri Leo Moggie	
Dato' Ab. Halim bin Mohyiddin	
Eirik Boerve Monsen	<i>(Appointed on 7 May 2009)</i>
Hakon Bruaset Kjol	<i>(Appointed as Director and Alternate Director to Sigve Brekke on 16 March 2010)</i>
Ragnar Holmen Korsaaeth	<i>(Resigned on 16 September 2009)</i>
Christian Storm	<i>(Resigned as Director and Alternate Director to Sigve Brekke on 16 March 2010)</i>

### 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' Interest

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 follow:

	← Number of ordinary shares of NOK6 each →			
	1 January 2009/date of appointment	Acquired	Sold	31 December 2009
<b>Ultimate holding company</b>				
<b>Telenor ASA</b>				
Direct Interest:				
Sigve Brekke	9,270	12,207	–	21,477
Eirik Boerve Monsen	3,301	–	–	3,301
Christian Storm	2,555	–	–	2,555

## Directors' Report

### Directors' Interest (cont'd.)

	← Number of options over ordinary shares of NOK6 each →			
	1 January 2009	Granted	Exercised	31 December 2009
<b>Ultimate holding company</b>				
<b>Telenor ASA</b>				
Direct Interest:				
Sigve Brekke	40,000	–	–	40,000
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 values 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.



**Other Statutory Information (cont'd.)**

- (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.
- (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 Events**

Details of the significant events during the year are as disclosed in Note 31 to the financial statements.

**Subsequent Event**

Details of the subsequent event are as disclosed in Note 32 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 16 March 2010.

**Dato' Ab. Halim bin Mohyiddin**  
*Director*

**Eirik Boerve Monsen**  
*Director*

# Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Ab. Halim bin Mohyiddin and Eirik Boerve Monsen, 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 71 to 108 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 2009 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 16 March 2010.

**Dato' Ab. Halim bin Mohyiddin**

*Director*

**Eirik Boerve Monsen**

*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 71 to 108 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  
above-named Stefan Carlsson at  
Kuala Lumpur in Wilayah Persekutuan  
on 16 March 2010.

**Stefan Carlsson**

Before me,

**R. Vasugi Ammal, PJK**

*License No. W480*

*Commissioner for Oaths*

Kuala Lumpur

# Independent Auditors' Report

TO THE MEMBERS OF DIGI.COM BERHAD (INCORPORATED IN MALAYSIA)

## Report on the Financial Statements

We have audited the financial statements of DiGi.Com Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 71 to 108.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 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 2009 and of their financial performance and cash flows for the year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts 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.
- (c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

## Independent Auditors' Report

TO THE MEMBERS OF DIGI.COM BERHAD (INCORPORATED IN MALAYSIA)

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### Ernst & Young

AF: 0039

Chartered Accountants

#### Lim Saw Keng

No. 2215/10/11(J)

Chartered Accountant

Kuala Lumpur, Malaysia  
16 March 2010



# Income Statements

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Revenue</b>	5	<b>4,909,565</b>	4,814,475	<b>1,375,857</b>	1,485,286
Other income		<b>9,466</b>	12,461	–	–
Cost of materials and traffic expenses		<b>(1,170,858)</b>	(1,090,699)	–	–
Sales and marketing expenses		<b>(497,633)</b>	(547,562)	–	–
Operations and maintenance expenses		<b>(120,432)</b>	(129,940)	–	–
Rental expenses		<b>(227,968)</b>	(177,893)	–	–
Staff expenses		<b>(283,406)</b>	(242,109)	–	–
Depreciation expenses and impairment losses		<b>(592,283)</b>	(572,940)	–	–
Amortisation expenses		<b>(138,838)</b>	(63,046)	–	–
Other expenses		<b>(494,177)</b>	(467,610)	<b>(453)</b>	(1,852)
Finance costs	6	<b>(40,590)</b>	(12,361)	–	–
Interest income		<b>13,609</b>	24,120	<b>98</b>	275
<b>Profit before tax</b>	7	<b>1,366,455</b>	1,546,896	<b>1,375,502</b>	1,483,709
Taxation	8	<b>(365,984)</b>	(406,181)	<b>(26)</b>	(147)
<b>Profit for the year</b>		<b>1,000,471</b>	1,140,715	<b>1,375,476</b>	1,483,562
Attributable to:					
Equity holders of the Company		<b>1,000,471</b>	1,140,715	<b>1,375,476</b>	1,483,562
Earnings per ordinary share (sen)	9	<b>128.7</b>	148.5		

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

# Balance Sheets

AS AT 31 DECEMBER 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	11	2,896,120	2,870,115	–	–
Prepaid lease payments		12,054	12,277	–	–
Intangible assets	12	950,174	994,019	–	–
Investments in subsidiaries	13	–	–	772,751	75,000
Amount due from a subsidiary		–	–	–	698,281
		<b>3,858,348</b>	3,876,411	<b>772,751</b>	773,281
<b>Current assets</b>					
Inventories	14	13,061	17,053	–	–
Trade and other receivables	15	420,336	420,807	64	27
Short-term investment	16	10,514	10,304	–	–
Cash and cash equivalents	17	430,185	331,277	114	334
		<b>874,096</b>	779,441	<b>178</b>	361
<b>TOTAL ASSETS</b>		<b>4,732,444</b>	4,655,852	<b>772,929</b>	773,642
<b>Equity</b>					
Share capital	18	77,750	77,750	77,750	77,750
Reserves		1,443,718	1,819,422	694,833	695,532
Total equity – attributable to equity holders of the Company		<b>1,521,468</b>	1,897,172	<b>772,583</b>	773,282
<b>Non-current liabilities</b>					
Borrowings	19	772,010	100,000	–	–
Deferred tax liabilities	20	391,463	371,526	–	–
Provision for liabilities	21	21,717	20,031	–	–
		<b>1,185,190</b>	491,557	–	–
<b>Current liabilities</b>					
Trade and other payables	22	1,428,948	1,493,640	305	360
Amount due to a subsidiary	23	–	–	41	–
Provision for liabilities	21	71,057	106,027	–	–
Deferred revenue		272,986	265,923	–	–
Borrowings	19	149,829	297,821	–	–
Taxation		102,966	103,712	–	–
		<b>2,025,786</b>	2,267,123	<b>346</b>	360
<b>Total liabilities</b>		<b>3,210,976</b>	2,758,680	<b>346</b>	360
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,732,444</b>	4,655,852	<b>772,929</b>	773,642

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

# Statements of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	← Attributable to equity holders of the Company →			Total RM'000
		Share capital RM'000	Non- Distributable Share premium RM'000	Distributable Retained earnings RM'000	
<b>Group</b>					
<b>At 1 January 2008</b>		75,000	15,151	1,487,494	1,577,645
Profit for the year, representing total recognised income and expenses for the year		–	–	1,140,715	1,140,715
Issue of 27,500,000 new ordinary shares pursuant to the transfer of 3G spectrum		2,750	682,000	–	684,750
Share issuance and listing expenses		–	(5,246)	–	(5,246)
Dividend for the financial year ended 31 December 2007					
– final	10	–	–	(451,067)	(451,067)
Dividend for the financial year ended 31 December 2008					
– interim	10	–	–	(443,175)	(443,175)
– special	10	–	–	(606,450)	(606,450)
<b>At 31 December 2008</b>		<b>77,750</b>	<b>691,905</b>	<b>1,127,517</b>	<b>1,897,172</b>
Profit for the year, representing total recognised income and expenses for the year		–	–	1,000,471	1,000,471
Dividend for the financial year ended 31 December 2008					
– final	10	–	–	(412,075)	(412,075)
Dividend for the financial year ended 31 December 2009					
– interim	10	–	–	(380,975)	(380,975)
– special	10	–	–	(583,125)	(583,125)
<b>At 31 December 2009</b>		<b>77,750</b>	<b>691,905</b>	<b>751,813</b>	<b>1,521,468</b>

## Statements of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	← Attributable to equity holders of the Company →			Total RM'000
		Share capital RM'000	Non- Distributable Share premium RM'000	Distributable Retained earnings RM'000	
<b>Company</b>					
<b>At 1 January 2008</b>		75,000	15,151	20,757	110,908
Profit for the year, representing total recognised income and expenses for the year		–	–	1,483,562	1,483,562
Issue of 27,500,000 new ordinary shares pursuant to the transfer of 3G spectrum		2,750	682,000	–	684,750
Share issuance and listing expenses		–	(5,246)	–	(5,246)
Dividend for the financial year ended 31 December 2007					
– final	10	–	–	(451,067)	(451,067)
Dividend for the financial year ended 31 December 2008					
– interim	10	–	–	(443,175)	(443,175)
– special	10	–	–	(606,450)	(606,450)
<b>At 31 December 2008</b>		<b>77,750</b>	<b>691,905</b>	<b>3,627</b>	<b>773,282</b>
Profit for the year, representing total recognised income and expenses for the year		–	–	1,375,476	1,375,476
Dividend for the financial year ended 31 December 2008					
– final	10	–	–	(412,075)	(412,075)
Dividend for the financial year ended 31 December 2009					
– interim	10	–	–	(380,975)	(380,975)
– special	10	–	–	(583,125)	(583,125)
<b>At 31 December 2009</b>		<b>77,750</b>	<b>691,905</b>	<b>2,928</b>	<b>772,583</b>

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

# Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		<b>1,366,455</b>	1,546,896	<b>1,375,502</b>	1,483,709
Adjustments for:					
Amortisation expenses of intangible assets	12	<b>138,615</b>	62,823	-	-
Amortisation expenses of prepaid lease payments		<b>223</b>	223	-	-
Allowance for doubtful debts		<b>70,452</b>	33,277	-	-
Dividend income		-	-	<b>(1,375,857)</b>	(1,485,286)
Depreciation expenses and impairment losses	11	<b>592,283</b>	572,940	-	-
Dividend income on short-term investment		<b>(248)</b>	(229)	-	-
Finance costs	6	<b>40,590</b>	12,361	-	-
Fair value adjustment on short-term investment		<b>38</b>	(75)	-	-
Loss/(gain) on disposal of property, plant and equipment		<b>3,693</b>	(1,216)	-	-
Interest income		<b>(13,609)</b>	(24,120)	<b>(98)</b>	(275)
Property, plant and equipment written-off		<b>1,474</b>	5,592	-	-
Provision for liabilities		<b>210,131</b>	237,322	-	-
Share-based payment		<b>1,033</b>	74	-	-
Unrealised foreign exchange loss/(gain)		<b>207</b>	(32)	-	-
Operating profit/(loss) before working capital changes		<b>2,411,337</b>	2,445,836	<b>(453)</b>	(1,852)
Decrease/(increase) in inventories		<b>3,992</b>	(8,394)	-	-
(Increase)/decrease in receivables		<b>(70,436)</b>	(103,319)	<b>(37)</b>	56
Decrease in amount due from a subsidiary		-	-	<b>571</b>	17,366
(Decrease)/increase in payables		<b>(78,249)</b>	314,095	<b>(55)</b>	(100)
Increase in deferred revenue		<b>7,063</b>	38,922	-	-
Cash generated from operations		<b>2,273,707</b>	2,687,140	<b>26</b>	15,470
Interest paid		<b>(26,164)</b>	(11,937)	-	-
Payments for provisions	21	<b>(245,570)</b>	(234,159)	-	-
Taxes paid		<b>(346,793)</b>	(402,553)	<b>(26)</b>	-
Net cash generated from operating activities		<b>1,655,180</b>	2,038,491	-	15,470



## Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment and intangible assets		(717,405)	(896,770)	–	–
Dividends received from a subsidiary		–	–	1,375,857	1,485,212
Purchase of short-term investment		–	(10,000)	–	–
Interest received		13,649	24,750	98	275
Proceeds from disposal of property, plant and equipment		170	376	–	–
Net cash (used in)/generated from investing activities		(703,586)	(881,644)	1,375,955	1,485,487
<b>Cash flows from financing activities</b>					
Repayment of borrowings	19	(300,000)	(100,000)	–	–
Proceeds from borrowings	19	823,489	197,978	–	–
Dividends paid	10	(1,376,175)	(1,500,692)	(1,376,175)	(1,500,692)
Net cash used in financing activities		(852,686)	(1,402,714)	(1,376,175)	(1,500,692)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>98,908</b>	<b>(245,867)</b>	<b>(220)</b>	<b>265</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>331,277</b>	<b>577,144</b>	<b>334</b>	<b>69</b>
<b>Cash and cash equivalents at end of year</b>	17	<b>430,185</b>	<b>331,277</b>	<b>114</b>	<b>334</b>

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

# Notes to the Financial Statements

31 DECEMBER 2009

## 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 16 March 2010.

## 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 ("FRS") 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.

## Notes to the Financial Statements

31 DECEMBER 2009

### 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. Cost includes expenditure that is attributable to the acquisition of the items. 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.

## 2. Significant Accounting Policies (cont'd.)

### (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.

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) 3G spectrum

Expenditure for the acquisition of the 3G spectrum are capitalised under intangible assets. The amount is amortised using the straight-line method over the shorter of their estimated useful life or remaining spectrum period up to 1 April 2018. Amortisation on the 3G spectrum commenced upon the commercial launch of the Group's 3G broadband services during the year.

#### (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.

#### (iii) License fee

License fees are capitalised and amortised over the period of the licenses. The license fees were fully amortised during the year.

## Notes to the Financial Statements

31 DECEMBER 2009

### 2. Significant Accounting Policies (cont'd.)

#### (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 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 a 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.



## 2. Significant Accounting Policies (cont'd.)

### (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. Up-front 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.

## Notes to the Financial Statements

31 DECEMBER 2009

### 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 maximum entitlement of this benefit is capped to a certain amount as determined by the Group. 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 (capped at the maximum entitlement) 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.

## Notes to the Financial Statements

31 DECEMBER 2009

### 2. Significant Accounting Policies (cont'd.)

#### (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) Short-term investment

Short-term investment comprises a cash management fund. The short-term investment is recorded at fair value, with subsequent changes in fair value recognised in the income statement.

#### (ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, money on call 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.

#### (iii) 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.

#### (iv) Payables

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

#### (v) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

## Notes to the Financial Statements

31 DECEMBER 2009

### 2. Significant Accounting Policies (cont'd.)

#### (l) Financial instruments (cont'd.)

##### (vi) Derivative financial instruments

Derivative financial instruments comprise forward contracts in the foreign exchange market. Derivatives are stated at fair value which is equivalent to the unrealised gain or loss from marking to market the derivative, using prevailing market rates. Derivatives with positive market values (unrealised gains) are included in other receivables and derivatives with negative market values (unrealised losses) are included in other payables in the balance sheet. The resultant gains and losses from derivatives held from trading purposes are recognised in the income statement.

##### (vii) Equity instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

#### (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. The following specific recognition criteria must also be met before revenue is recognised:

##### (i) Revenue

Revenue relating to provision of telecommunications and related 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 prepaid services 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) Government grants

As a universal service provider ("USP"), the Group is entitled to claim certain qualified expenses from the Malaysian Communications and Multimedia Commission ("SKMM") in relation to USP projects. These claims are treated as government grants and recognised at their fair value where there is reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Grant relating to assets is recognised as income over the life of the depreciable assets by way of a reduced depreciation charge. Grant relating to income is recognised in the income statement by crediting directly against the related expense.

## Notes to the Financial Statements

31 DECEMBER 2009

**2. Significant Accounting Policies (cont'd.)****(o) 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 Arising from Adoption of New and Revised FRSs**

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year's financial statements.

The Group and the Company have not early adopted the following FRSs and Issues Committee Interpretations ("IC Int.") which have effective dates as follow:

FRSs and IC Int.	Effective for financial periods beginning on or after	
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations (revised)	1 July 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements (revised)	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements (amended)	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 7	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to FRS 139, FRS 7 and IC Int. 9	Financial Instruments: Recognition and Measurement, Financial Instruments: Disclosures, and Reassessment of Embedded Derivatives	1 January 2010



## Notes to the Financial Statements

31 DECEMBER 2009

### 3. Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (cont'd.)

FRSs and IC Int.		Effective for financial periods beginning on or after
Amendments to FRSs	Improvements to FRSs (2009)	1 January 2010
IC Int. 9	Reassessment of Embedded Derivatives	1 January 2010
IC Int. 10	Interim Financial Reporting and Impairment	1 January 2010
IC Int. 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Int. 13	Customer Loyalty Programmes	1 January 2010
IC Int. 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Int. 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Int. 9	Reassessment of Embedded Derivatives	1 July 2010

The adoption of the above is not expected to have any significant effects on the financial statements of the Group and of the Company upon their initial application other than as discussed below:

#### FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income – presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company are currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

#### Amendments to FRSs 'Improvements to FRSs (2009)' – FRS 117: Leases

FRS 117 clarifies on the classification of leases of land and buildings. The resulting effect of this Standard taking effect is the reclassification of prepaid leases on land back into property, plant and equipment, rather than being separately classified under prepaid lease payments on the consolidated balance sheet.

#### FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

The new Standard on FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: Financial Instruments: Presentation and the requirements for disclosing information about financial instruments are in FRS 7.

FRS 7 is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

## Notes to the Financial Statements

31 DECEMBER 2009

### 4. Significant Accounting Estimates and Judgements and Key Sources of Estimation Uncertainty

There were no significant judgements 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.

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 are 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 crystallising and best 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 change the amount 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.

## Notes to the Financial Statements

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### 5. Revenue

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Telecommunications revenue	<b>4,909,565</b>	4,814,475	–	–
Dividend	–	–	<b>1,375,857</b>	1,485,286
	<b>4,909,565</b>	4,814,475	<b>1,375,857</b>	1,485,286

### 6. Finance Costs

	Group	
	2009 RM'000	2008 RM'000
Interest expense	<b>38,569</b>	11,491
Others	<b>2,021</b>	870
	<b>40,590</b>	12,361

### 7. Profit Before Tax

Profit before tax is derived after deducting/(crediting):

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Allowance for doubtful debts	<b>70,452</b>	33,277	–	–
Amortisation expense for:				
– intangible assets	<b>138,615</b>	62,823	–	–
– prepaid lease payments	<b>223</b>	223	–	–
Auditors' remuneration:				
– statutory audit	<b>290</b>	284	<b>27</b>	27
– other services	<b>185</b>	203	<b>8</b>	8
Directors' emoluments	<b>264</b>	264	<b>27</b>	26
Employee benefits:				
– defined contribution plan	<b>22,126</b>	21,896	–	–
– defined benefit plan	<b>123</b>	126	–	–
– share-based payment	<b>1,033</b>	74	–	–
Lease of transmission facilities	<b>85,597</b>	63,909	–	–
Provision for:				
– customer loyalty programme	<b>209,432</b>	236,054	–	–
– employee leave entitlements	<b>576</b>	1,142	–	–
– site decommissioning and restoration costs	<b>1,168</b>	1,085	–	–

## Notes to the Financial Statements

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## 7. Profit Before Tax (cont'd.)

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Rental of equipment	3,348	4,290	–	–
Rental of land and buildings	205,035	158,158	–	–
Foreign exchange loss	5,614	5,911	–	–
Property, plant and equipment written-off	1,474	5,592	–	–
Fair value adjustment on short-term investment	38	(75)	–	–
Loss/(gain) on disposal of property, plant and equipment	3,693	(1,216)	–	–
Dividend income from:				
– a subsidiary	–	–	(1,375,857)	(1,485,286)
– short-term investment	(248)	(229)	–	–
Government grant received	–	(200)	–	–
Bad debts recovered	(4,331)	(4,977)	–	–

## 8. Taxation

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income tax:				
Current tax expense	286,595	397,492	25	148
Under/(over)accrual in prior years	59,452	(7,316)	1	(1)
	346,047	390,176	26	147
Deferred taxation (Note 20):				
Relating to origination and reversal of temporary differences	77,674	10,693	–	–
Relating to changes in tax rates	–	(1,224)	–	–
(Over)/underaccrual in prior years	(57,737)	6,536	–	–
	19,937	16,005	–	–
	365,984	406,181	26	147

Current tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated taxable profit for the year.

## Notes to the Financial Statements

31 DECEMBER 2009

### 8. Taxation (cont'd.)

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 follow:

	2009		2008	
	%	RM'000	%	RM'000
<b>Group</b>				
Profit before tax		<b>1,366,455</b>		1,546,896
Taxation at Malaysian statutory tax rate	<b>25.0</b>	<b>341,614</b>	26.0	402,193
Effect of changes in tax rates on opening balance of deferred tax	–	–	(0.0)	(1,224)
Effect of expenses not deductible	<b>1.6</b>	<b>22,655</b>	0.4	5,992
(Over)/underaccrual of deferred tax in prior years	<b>(4.2)</b>	<b>(57,737)</b>	0.4	6,536
Under/(over)accrual of tax expense in prior years	<b>4.4</b>	<b>59,452</b>	(0.5)	(7,316)
Effective tax rate/income tax for the year	<b>26.8</b>	<b>365,984</b>	26.3	406,181
<b>Company</b>				
Profit before tax		<b>1,375,502</b>		1,483,709
Taxation at Malaysian statutory tax rate	<b>25.0</b>	<b>343,876</b>	26.0	385,764
Effect of expenses not deductible	<b>0.0</b>	<b>113</b>	0.0	470
Income not subjected to tax	<b>(25.0)</b>	<b>(343,964)</b>	(26.0)	(386,086)
Under/(over)accrual of tax expense in prior years	<b>0.0</b>	<b>1</b>	(0.0)	(1)
Effective tax rate/income tax for the year	<b>0.0</b>	<b>26</b>	0.0	147

There were tax savings effects for the Group of approximately RM261 million (2008: RM177 million) arising from the utilisation of capital allowances by a subsidiary.

### 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	
	2009	2008
Profit attributable to equity holders of the Company (RM'000)	<b>1,000,471</b>	1,140,715
Weighted average number of ordinary shares in issue ('000)	<b>777,500</b>	767,958
Basic earnings per share (sen)	<b>128.7</b>	148.5



## Notes to the Financial Statements

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## 10. Dividends

	Group/Company	
	2009 RM'000	2008 RM'000
<b>Recognised during the year:</b>		
Final dividend for 2008: 53.0 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares	412,075	–
First interim dividend for 2009: 49.0 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares	380,975	–
Special dividend for 2009: 75.0 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares	583,125	–
Final dividend for 2007: 4.75 sen, less 26% income tax, and 54.5 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares (58.0 sen per ordinary share)	–	451,067
Interim dividend for 2008: 57.0 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares	–	443,175
Special dividend for 2008: 78.0 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares	–	606,450
<b>Interim dividend declared/final dividend proposed subsequent to the balance sheet date (not recognised as at 31 December):</b>		
Second interim dividend for 2009: 54.0 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares	419,850	–
Final dividend for 2008: 53.0 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares	–	412,075

The Board of Directors had on 3 February 2010, declared a second interim dividend of 54.0 sen single-tier exempt dividend per ordinary share in respect of the financial year ended 31 December 2009. The financial statements for the current financial year do not reflect this second interim dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2010.

## Notes to the Financial Statements

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### 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	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communications network RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>										
At 1 January 2009	29,638	69,277	2,293	6,866	25,612	235,001	98,638	5,726,183	261,221	6,454,729
Additions	-	-	-	-	-	-	-	13,501	609,589	623,090
Write-offs	-	-	-	-	-	-	-	(727)	(919)	(1,646)
Disposals	-	-	-	-	(251)	(906)	-	(53,406)	-	(54,563)
Transfers	-	716	4,348	-	-	71,687	17,813	639,916	(734,480)	-
At 31 December 2009	29,638	69,993	6,641	6,866	25,361	305,782	116,451	6,325,467	135,411	7,021,610
<b>Accumulated Depreciation and Impairment Losses</b>										
At 1 January 2009										
Accumulated depreciation	-	3,994	209	2,051	19,016	165,162	64,071	3,316,242	-	3,570,745
Accumulated impairment losses	-	-	-	-	-	-	398	13,471	-	13,869
	-	3,994	209	2,051	19,016	165,162	64,469	3,329,713	-	3,584,614
Depreciation expenses for the year	-	1,343	40	153	412	29,819	12,480	548,036	-	592,283
Write-offs	-	-	-	-	-	-	-	(172)	-	(172)
Disposals	-	-	-	-	(118)	(899)	-	(50,218)	-	(51,235)
At 31 December 2009	-	5,337	249	2,204	19,310	194,082	76,949	3,827,359	-	4,125,490
Analysed as:										
Accumulated depreciation	-	5,337	249	2,204	19,310	194,082	76,551	3,813,888	-	4,111,621
Accumulated impairment losses	-	-	-	-	-	-	398	13,471	-	13,869
	-	5,337	249	2,204	19,310	194,082	76,949	3,827,359	-	4,125,490
<b>Carrying Amount</b>										
At 31 December 2009	29,638	64,656	6,392	4,662	6,051	111,700	39,502	2,498,108	135,411	2,896,120

## Notes to the Financial Statements

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## 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	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communications network RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>										
At 1 January 2008	13,912	69,277	2,293	6,827	24,868	221,885	89,388	5,071,316	224,415	5,724,181
Additions	–	–	–	–	–	–	–	4,936	750,955	755,891
Reclassification/ transfers	15,726	–	–	39	744	15,028	10,143	701,417	(713,011)	30,086
Write-offs	–	–	–	–	–	(1,208)	(778)	(19,855)	–	(21,841)
Disposals	–	–	–	–	–	(704)	(115)	(31,631)	(1,138)	(33,588)
At 31 December 2008	29,638	69,277	2,293	6,866	25,612	235,001	98,638	5,726,183	261,221	6,454,729
<b>Accumulated Depreciation and Impairment Losses</b>										
At 1 January 2008										
Accumulated depreciation	–	2,656	185	1,896	16,849	137,652	55,076	2,816,946	–	3,031,260
Accumulated impairment losses	–	–	–	–	–	–	592	15,774	–	16,366
	–	2,656	185	1,896	16,849	137,652	55,668	2,832,720	–	3,047,626
Depreciation expenses for the year	–	1,338	24	155	2,051	29,399	9,687	530,286	–	572,940
Reversal of impairment loss*	–	–	–	–	–	–	(194)	(2,303)	–	(2,497)
Reclassification/transfers	–	–	–	–	116	–	–	3,675	–	3,791
Write-offs	–	–	–	–	–	(1,208)	(584)	(11,960)	–	(13,752)
Disposals	–	–	–	–	–	(681)	(108)	(22,705)	–	(23,494)
At 31 December 2008	–	3,994	209	2,051	19,016	165,162	64,469	3,329,713	–	3,584,614
Analysed as:										
Accumulated depreciation	–	3,994	209	2,051	19,016	165,162	64,071	3,316,242	–	3,570,745
Accumulated impairment losses	–	–	–	–	–	–	398	13,471	–	13,869
	–	3,994	209	2,051	19,016	165,162	64,469	3,329,713	–	3,584,614
<b>Carrying Amount</b>										
At 31 December 2008	29,638	65,283	2,084	4,815	6,596	69,839	34,169	2,396,470	261,221	2,870,115

\* The reversal of impairment loss was in respect of impaired assets disposed/written-off.

## Notes to the Financial Statements

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### 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 RM987,000 (2008: RM809,000) relating to the provision for site decommissioning and restoration costs.

Government grants of RM23.0 million (2008: RM4.5 million) relating to assets, were deducted before arriving at the carrying amount of property, plant and equipment as at 31 December 2009.

### 12. Intangible Assets

	3G spectrum RM'000	Computer software RM'000	Licenses RM'000	Total RM'000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2009	695,066	606,203	1,300	1,302,569
Additions	–	95,305	–	95,305
Disposals	–	(1,038)	–	(1,038)
At 31 December 2009	695,066	700,470	1,300	1,396,836
<b>Accumulated Amortisation</b>				
At 1 January 2009	–	307,598	952	308,550
Amortisation expenses for the year	69,507	68,760	348	138,615
Disposals	–	(503)	–	(503)
At 31 December 2009	69,507	375,855	1,300	446,662
<b>Carrying Amount</b>				
At 31 December 2009	625,559	324,615	–	950,174

## Notes to the Financial Statements

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**12. Intangible Assets (cont'd.)**

	3G spectrum RM'000	Computer software RM'000	Licenses RM'000	Total RM'000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2008	–	499,112	1,300	500,412
Additions	695,066	136,772	–	831,838
Reclassification to property, plant and equipment	–	(29,680)	–	(29,680)
Disposal	–	(1)	–	(1)
At 31 December 2008	695,066	606,203	1,300	1,302,569
<b>Accumulated Amortisation</b>				
At 1 January 2008	–	248,510	892	249,402
Amortisation expenses for the year	–	62,763	60	62,823
Reclassification to property, plant and equipment	–	(3,674)	–	(3,674)
Disposal	–	(1)	–	(1)
At 31 December 2008	–	307,598	952	308,550
<b>Carrying Amount</b>				
At 31 December 2008	695,066	298,605	348	994,019

Amortisation on the 3G spectrum commenced upon the commercial launch of the Group's 3G broadband services during the year.

**13. Investments in Subsidiaries**

	Company	
	2009 RM'000	2008 RM'000
<b>Unquoted shares at cost</b>		
At 1 January 2009	75,000	75,000
Subscription of new shares issued by DiGi Telecommunications Sdn Bhd ("DTSB") by way of capitalisation of amount due to the Company (Note 31(ii))	697,751	–
At 31 December 2009	772,751	75,000

## Notes to the Financial Statements

31 DECEMBER 2009

### 13. Investments in Subsidiaries (cont'd.)

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

Name of company	Equity interest held (%)		Principal activities
	2009	2008	
DTSB	100	100	Establishment, maintenance and provision of telecommunications and related services
Pay By Mobile Sdn Bhd ("PBM") (Note 31(ii))	100	–	Dormant
Subsidiaries of DTSB:			
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	
	2009 RM'000	2008 RM'000
Trading merchandise	13,061	17,053

### 15. Trade and Other Receivables

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade receivables	298,612	312,696	–	–
Other receivables	34,233	40,730	59	22
Deposits	48,095	42,618	5	5
Prepayments	70,701	45,069	–	–
	451,641	441,113	64	27
Allowance for doubtful debts	(31,305)	(20,306)	–	–
	420,336	420,807	64	27

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 RM59.4 million (2008: RM26.9 million) of trade receivables balance against the allowance for doubtful debts.

At 31 December 2009, the Group's trade receivables balance included exposure to foreign currency denominated in United States Dollars and Special Drawing Rights amounting to RM13.6 million (2008: RM14.5 million) and RM17.3 million (2008: RM24.1 million) respectively.



## Notes to the Financial Statements

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**16. Short-term Investment**

	Group	
	2009 RM'000	2008 RM'000
Cash management fund, at market value	<b>10,514</b>	10,304

The short-term investment relates to a short to medium-term investment in a unit trust fund. The investment can be redeemed within 2 business days upon receipt of application from the Group.

**17. Cash and Cash Equivalents**

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	<b>19,269</b>	16,383	<b>114</b>	334
Money on call with licensed bank	<b>69,299</b>	65,772	-	-
Deposits with licensed banks	<b>341,617</b>	249,122	-	-
	<b>430,185</b>	331,277	<b>114</b>	334

At 31 December 2009, the Group's cash and cash equivalents included an amount of foreign currency denominated in United States Dollars amounting to RM8.5 million (2008: RM6.7 million).

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

	Group	
	2009 %	2008 %
Money on call with licensed bank	<b>1.8</b>	3.0
Deposits with licensed banks	<b>2.1</b>	3.3

The deposits of the Group placed with licensed banks will mature within 1 month (2008: 1 to 3 months) from the financial year end.

## Notes to the Financial Statements

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### 18. Share Capital

	Group/Company			
	Number of ordinary shares of 10 sen each		Amount	
	2009 '000	2008 '000	2009 RM'000	2008 RM'000
Authorised	10,000,000	10,000,000	1,000,000	1,000,000
Issued and fully paid	777,500	777,500	77,750	77,750

### 19. Borrowings

	Group	
	2009 RM'000	2008 RM'000
<b>Non-current (unsecured)</b>		
Fixed-rate term loan I ("FRTL I")	–	100,000
Fixed-rate term loan II ("FRTL II")	472,167	–
Medium-term notes ("MTN")	299,843	–
	<b>772,010</b>	100,000
<b>Current (unsecured)</b>		
FRTL I	100,000	100,000
Commercial papers ("CP")	49,829	197,821
	<b>149,829</b>	297,821

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

	Group	
	2009 %	2008 %
FRTL I	5.2	4.9
FRTL II	5.3	–
MTN	4.7	–
CP	2.4	4.1

## Notes to the Financial Statements

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**19. Borrowings (cont'd.)**

The above borrowings are denominated in RM.

FRTL I comprises 3 tranches of RM100.0 million each, of which only the final tranche remains outstanding as at 31 December 2009. The remaining tranche is subject to an interest rate of 5.2% per annum, and is repayable in April 2010.

FRTL II drawn-down during the year, comprising of 3 tranches of RM150.0 million, RM150.0 million and RM175.0 million respectively, repayable on a bullet basis on January 2012, January 2013 and January 2014 respectively.

MTN issued during the year, comprising of 2 tranches of RM100.0 million and RM200.0 million respectively in nominal value, to be redeemed in July 2012 and July 2014 respectively.

CP issued during the year, amounting to RM50.0 million in nominal value, to be redeemed in February 2010.

**20. Deferred Tax Liabilities**

	<b>Group</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	<b>371,526</b>	355,521
Recognised in the income statement (Note 8)	<b>19,937</b>	16,005
At 31 December	<b>391,463</b>	371,526
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	<b>496,342</b>	380,985
Deferred tax assets	<b>(104,879)</b>	(9,459)
	<b>391,463</b>	371,526

## Notes to the Financial Statements

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### 20. Deferred Tax Liabilities (cont'd.)

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

#### Deferred tax liabilities:

	Property, plant and equipment and intangible assets RM'000	Others RM'000	Total RM'000
At 1 January 2009	380,985	–	380,985
Recognised in the income statement	115,357	–	115,357
At 31 December 2009	496,342	–	496,342
At 1 January 2008	363,126	273	363,399
Recognised in the income statement	17,859	(273)	17,586
At 31 December 2008	380,985	–	380,985

#### Deferred tax assets:

	Deferred revenue RM'000	Others RM'000	Total RM'000
At 1 January 2009	–	(9,459)	(9,459)
Recognised in the income statement	(76,285)	(19,135)	(95,420)
At 31 December 2009	(76,285)	(28,594)	(104,879)
At 1 January 2008	–	(7,878)	(7,878)
Recognised in the income statement	–	(1,581)	(1,581)
At 31 December 2008	–	(9,459)	(9,459)

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

## Notes to the Financial Statements

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## 21. Provision for Liabilities

	Site decommissioning and restoration costs RM'000	Defined benefit plan RM'000	Total RM'000
<b>Group</b>			
<b>Non-current</b>			
At 1 January 2009	18,055	1,976	20,031
Capitalised as property, plant and equipment	987	–	987
Recognised in the income statement	1,168	123	1,291
Paid during the year	(445)	(147)	(592)
At 31 December 2009	19,765	1,952	21,717
		Note 24	
At 1 January 2008	16,161	2,109	18,270
Capitalised as property, plant and equipment	809	–	809
Recognised in the income statement	1,085	126	1,211
Paid during the year	–	(259)	(259)
At 31 December 2008	18,055	1,976	20,031
		Note 24	
	Customer loyalty programme RM'000	Employee leave entitlement RM'000	Total RM'000
<b>Group</b>			
<b>Current</b>			
At 1 January 2009	99,886	6,141	106,027
Recognised in the income statement	209,432	576	210,008
Paid during the year	(244,978)	–	(244,978)
At 31 December 2009	64,340	6,717	71,057
At 1 January 2008	97,732	4,999	102,731
Recognised in the income statement	236,054	1,142	237,196
Paid during the year	(233,900)	–	(233,900)
At 31 December 2008	99,886	6,141	106,027

## Notes to the Financial Statements

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### 22. Trade and Other Payables

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Trade payables	201,152	215,568	–	–
Other payables	88,412	258,136	–	–
Accruals	1,128,503	1,014,578	305	360
Customer deposits	10,881	5,358	–	–
	<b>1,428,948</b>	1,493,640	<b>305</b>	360

At 31 December 2009, the Group's trade and other payables balances included exposure to foreign currency denominated in United States Dollars and Special Drawing Rights amounting to RM125.2 million (2008: RM108.8 million) and RM9.6 million (2008: RM31.5 million) respectively.

### 23. Amount due to a Subsidiary

The amount due to a subsidiary is non-trade in nature, unsecured, interest-free, with no fixed term of repayment.

### 24. Defined Benefit Plan

The Group operates an unfunded defined benefit plan for its eligible employees. The estimated obligations under the retirement benefit scheme are determined based on actuarial valuation by a qualified independent actuary on 2 January 2008.

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

	Group	
	2009 RM'000	2008 RM'000
Present value of unfunded obligations	1,952	1,976
Unrecognised experience loss	–	–
Net liability	<b>1,952</b>	1,976

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

	Group	
	2009 RM'000	2008 RM'000
Interest on obligations, representing increase in provision for defined benefit plan	<b>123</b>	126



## Notes to the Financial Statements

31 DECEMBER 2009

**24. Defined Benefit Plan (cont'd.)**

Principal actuarial assumption used:

	Group	
	2009	2008
	%	%
Rate per annum:		
Discount rate	5.8	5.8

**25. Non-cash Transaction**

The principal non-cash transaction of the Company during the year was the capitalisation of amount due from a subsidiary as disclosed in Note 31(ii) to the financial statements.

**26. Commitments**

	Group	
	2009	2008
	RM'000	RM'000
<b>(a) Capital commitments</b>		
Capital expenditure in respect of property, plant and equipment and intangible assets		
Approved and contracted for	128,000	309,000
Approved but not contracted for	721,000	703,000
<b>(b) Non-cancellable operating lease commitments</b>		
Future minimum lease payments:		
Less than 1 year	141,520	159,655
Between 1 and 5 years	424,183	394,576
More than 5 years	105,515	178,497
	671,218	732,728

Operating lease payments represent rentals payable by the Group for lease of transmission facilities and sites to support its telecommunications operations. The tenure of these leases range between 1 to 10 years, with options to renew. None of the leases included contingent rentals.

## Notes to the Financial Statements

31 DECEMBER 2009

### 27. Contingent Liabilities

	Group	
	2009 RM'000	2008 RM'000
<b>Unsecured</b>		
Guarantees given to third parties for public infrastructure works	7,206	5,793
Guarantee given to SKMM on the transfer of 3G spectrum	50,000	50,000
	<b>57,206</b>	<b>55,793</b>

### 28. Significant Related Party Disclosures

#### (a) Sales and purchases of services

Controlling related party relationships are as follow:

- (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.

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

	Transactions		Balance due (to)/from at	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
With the ultimate holding company and fellow subsidiary companies				
– <i>Telenor ASA</i>				
Consultancy services rendered	17,346	13,683	(9,723)	(5,880)
– <i>Telenor Consult AS</i>				
Personnel services rendered	16,090	17,848	(1,361)	(4,593)
– <i>Telenor Global Services AS</i>				
Sales of interconnection services on international traffic	590	288	(686)	(2,128)
Purchases of interconnection services on international traffic	3,667	6,796		
Purchases of IP transit	306	–		
– <i>Telenor LDI Communication (Private) Limited</i>				
Sales of interconnection services on international traffic	972	941	(346)	(1,456)
Purchases of interconnection services on international traffic	6,476	5,627		

## Notes to the Financial Statements

31 DECEMBER 2009

**28. Significant Related Party Disclosures (cont'd.)****(a) Sales and purchases of services (cont'd.)**

	Transactions		Balance due (to)/from at	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
– <i>Total Access Communication Public Company Limited</i>				
Sales of roaming services on international traffic	364	495	(752)	(486)
Purchases of roaming services on international traffic	4,011	3,165		
– <i>DTAC Network Co. Ltd</i>			431	50
Sales of interconnection services on international traffic	1,553	565		
Purchases of interconnection services on international traffic	17	52		

**(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	
	2009 RM'000	2008 RM'000
Short-term employee benefit	12,484	13,983
Post-employment benefits	543	227
Share-based payment	224	534
	<b>13,251</b>	14,744

Included in the compensation of key management personnel of the Group are other emoluments of RM264,000 (2008: RM264,000) paid to 2 (2008: 2) non-executive directors of the Company.

## Notes to the Financial Statements

31 DECEMBER 2009

### 29. Financial Instruments

#### (a) Financial risk management objectives and policies

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

#### (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. Short-term investments, money on call and deposits are placed only with licensed banks and unit trust fund.

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.

#### (c) Foreign currency risk

The Group is exposed to foreign currency risk as a result of transactions denominated in currencies other than its functional currency, 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, in accordance with its foreign currency hedging policy.

There were no off balance sheet financial instruments as at the date of this report. As at 31 December 2009, the Group's outstanding foreign currency forward contracts for the purpose of hedging certain trade payables, totaled USD10.3 million (Notional amount: RM35.5 million). The effects of changes in the fair values of these derivative financial instruments have already been included in the financial statements.

#### (d) Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management, for working capital purposes and to mitigate the effects of fluctuations in cash flows. The Group invests only in highly liquid cash management funds.

The Group has remaining commercial papers and medium-term notes facility with an aggregate nominal value of up to RM350.0 million as an alternative source of financing which can be executed when required.

## Notes to the Financial Statements

31 DECEMBER 2009

**29. Financial Instruments (cont'd.)****(e) Interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. 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 to a subsidiary**

No disclosure of fair value is made for the amount due to a subsidiary as it is not practicable to determine its fair value with sufficient reliability due principally to lack of a fixed repayment term.

**(iv) Short-term investment and borrowings**

The fair value of the short-term investment is based on its market value existing as at the balance sheet date.

The fair values of the FRTL II and MTN have 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 the FRTL I and CP both approximate their fair values due to the relatively short-term maturity of these financial instruments.

## Notes to the Financial Statements

31 DECEMBER 2009

### 29. Financial Instruments (cont'd.)

#### (f) Fair values (cont'd.)

##### (iv) Short-term investment and borrowings (cont'd.)

The carrying amount and fair value of the financial liabilities of the Group at the balance sheet date are as follow:

	Note	Carrying amount RM'000	Fair value RM'000
<b>Group</b>			
<b>At 31 December 2009:</b>			
<b>Financial liabilities</b>			
FRTL II	19	472,167	474,618
MTN	19	299,843	310,871
		<b>772,010</b>	<b>785,489</b>
<b>At 31 December 2008:</b>			
<b>Financial liability</b>			
FRTL I	19	200,000	199,874

### 30. Segmental Information

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products in Malaysia.

### 31. Significant Events

Significant events during the year are as follow:

- (i) The Company had on 10 February 2009, incorporated a wholly-owned subsidiary – PBM, under the Companies Act, 1965. PBM has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 and an issued and paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each. Its intended principal activities include the provision of financial services related to remittance of money and provision of services and products which use electronic payment as its main mode of payment; and
- (ii) During the year, the Company had subscribed for approximately 357.1 million new ordinary shares of RM1.00 per share issued by DTSB, at approximately RM1.95 per share, totaling RM697.8 million, by way of capitalisation of the amount owing to the Company. DTSB remains a wholly-owned subsidiary of the Company as at 31 December 2009.

### 32. Subsequent Events

Subsequent to the balance sheet date, the Group had issued medium-term notes amounting to RM250.0 million in nominal value, to be redeemed in February 2015.



# List of Properties

AS AT 31 DECEMBER 2009

No.	Location	Tenure	Description/ Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2008 RM'000	Net Book Value as at 31.12.2009 RM'000
1	H.S. (D) No 92086 & 92087 P.T. No 9 & No.10 Pekan Seremban Jaya Daerah Seremban Negeri Sembilan	Freehold	Land with a building / Telecommunications Centre	29.12.1997	22,529 sq ft	12	720	702
2	Unit No 202-4-11 Sri Bandar Besi Jalan Sungai Besi Sungai Besi, Kuala Lumpur	Freehold	Apartment/ Housing base transceiver equipment	26.01.1995	802 sq ft	14	98	95
3	Unit No C16-2 Indera Subang UEP Jalan UEP 6/2L UEP Subang Jaya Petaling Jaya, Selangor	Freehold	Apartment/ Housing base transceiver equipment	04.02.1995	2,249 sq ft	16	523	509
4	No 1-16.2, 16th Floor, Union Height, Taman Yan Jalan Klang Lama Kuala Lumpur	Freehold	Apartment/ Housing base transceiver equipment	25.01.1995	1,249 sq ft	15	196	191
5	3rd Floor, Unit Pt 4888/4786 C Block TC-14 Taman Sri Gombak Jalan Batu Caves, Selangor	Freehold	Apartment/ Housing base transceiver equipment	29.03.1995	1,319 sq ft	14	74	72
6	4572, 7th Floor Sri Jelatek Condominiums Section 10, Wangsa Maju Kuala Lumpur	Freehold	Apartment/ Housing base transceiver equipment	07.02.1995	1,115 sq ft	14	153	148
7	32 , PLO 151 Jln Angkasa Mas Utama Kawasan Perindustrian Tebrau II 81100 Johor Bahru, Johor	30 years lease (expiring in 2023)	Land with a building / Telecommunications Centre	12.05.1995	1.58 acres	15	981	917
8	HS (D) 77, No. P.T. PTBM/A/081 Mukim 1, Kawasan Perusahaan Perai, District Seberang Perai Tengah, Pulau Pinang	Leasehold 60 years (expiring in 2033)	Land with a building / Telecommunications Centre	23.03.1995	1 acre	35	1,864	1,813
9	Lot 36, Sedco Light Industrial Estate, Jalan Kelombong, Kota Kinabalu, Sabah	Leasehold 60 years (expiring in 2034)	Land with a building / Telecommunications Centre	12.06.1995	0.938 acre	29	2,073	2,017

## List of Properties

AS AT 31 DECEMBER 2009

No.	Location	Tenure	Description/ Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2008 RM'000	Net Book Value as at 31.12.2009 RM'000
10	Lot 1220, Section 66, Kuching Town Land District, Sarawak	Leasehold 60 years (expiring in 2036)	Land with a building / Telecommunications Centre	15.08.1995	4,124 sq ft	14	1,791	1,742
11	No 112, Semambu Industrial Estate Kuantan, Pahang	Leasehold 66 years (expiring in 2041)	Land with a building / Telecommunications Centre	07.07.1995	4 acres	27	2,023	1,968
12	Unit 16-12-1, 12th Floor Cloud View Tower Taman Supreme, Cheras Kuala Lumpur	Leasehold 99 years (expiring in 2076)	Apartment/ Housing base transceiver equipment	08.02.1995	1,400 sq ft	21	182	179
13	Unit No M803 8th Floor, Sunrise Park Ampang, Kuala Lumpur	Leasehold 99 years (expiring in 2088)	Apartment/ Housing base transceiver equipment	22.03.1995	1,100 sq ft	18	95	94
14	H.S.(D) 12776, P.T. No. 15866, Mukim Bentong District of Bentong, Pahang	Leasehold 99 years (expiring in 2091)	Land with a building / Earth Station Complex	07.08.1996	7.5 acres	15	5,876	5,807
15	Plot D-38 Taman Industri Prima Kota Fasa 1 Sector 3, Bandar Indera Mahkota Kuantan, Pahang	Leasehold 99 years (expiring in 2097)	Land with Fixed Line switch and base transceiver station	14.11.1997	25,521 sq ft	12	384	379
16	Ptd 1490, Mukim Of Jemaluang District Of Mersing Johor	Leasehold 99 years (expiring in 2098)	Land with trunk station	17.08.1999	40,000 sq ft	10	112	110
17	PN 89926, Lot 191363 Mukim Hulu Kinta Daerah Kinta, Perak	Leasehold 90 years (expiring in 2081)	Land with a building / Telecommunications Centre	15.07.1999	5,942 sq ft	10	206	204
18	Lot No 54, Jalan 6/2 Kawasan Perindustrian Seri Kembangan 43000 Seri Kembangan Selangor	Leasehold 99 years (expiring in 2091)	Land with a building / Telecommunications Centre	23.05.2000	18,050 sq ft	20	1,808	1,789

## List of Properties

AS AT 31 DECEMBER 2009

No.	Location	Tenure	Description/ Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2008 RM'000	Net Book Value as at 31.12.2009 RM'000
19	Lot 2728 Miri Concession Land District Lopeng, Miri, Sarawak	Leasehold 60 years (expiring in 2027)	Land with cabin container / Telecommunications Centre	29.09.2000	4,937 sq ft	N/A	1,017	993
20	Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor	Freehold	Land with a building / Telecommunications Centre	19.07.2001	284,485 sq ft	4	74,650	73,930
21	No. 24, Jalan KIP 7 Taman Perindustrian KIP 52200 Kuala Lumpur	Freehold	Land with a building / Telecommunications Centre	21.08.2002	17,847 sq ft	13	2,779	2,779
22	Lot 42, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Vacant Land	28.04.2008	91,676 sq ft	N/A	8,234	8,234
23	Lot 43, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Construction in-progress	06.04.2008	92,142 sq ft	N/A	7,492	7,492
24	13-1st Floor Gemilang Indah Condominium Geran Mukim 2227/M1/2/7 Lot 295, Sek 98, Bandar KL Wilayah Persekutuan	Freehold	Apartment unit	26.10.2009	935 sq ft		–	139
25	H.S.(M) 26928 PT 180 Pekan Serdang Tempat Seri Kembangan Daerah Petaling, Selangor	Leasehold 90 years (expiring in 2099)	Land with a building / Telecommunications Centre	03.03.2009	1,803 sq m	14	–	4,332

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

# Disclosure of Recurrent Related Party Transactions

At the Annual General Meeting held on 7 May 2009, 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 Practice Note 12 of Main Market Listing Requirements of Bursa Securities, the details of recurrent related party transactions conducted during the financial year ended 31 December 2009 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
<b>Telenor Group of Companies</b>			
Telenor Group	DTSB	Business Service Costs which include consultancy, training programmes, professional fees	17,346
Telenor Group	DTSB	Personnel services payable, professional fees	16,090
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	13,275
Telenor Group	DTSB	International Roaming	6,655
Telenor Group	DTSB	IP transit	306
<b>Total</b>			<b>53,672</b>

Notes:

1. Telenor Group refers to Telenor ASA and its subsidiaries and related companies (including the associated companies). Telenor ASA is the ultimate holding company of DiGi.Com Berhad (DiGi).
2. DiGi Telecommunications Sdn Bhd ("DTSB") is a wholly owned subsidiary of DiGi.
3. Beginning in the 3rd Quarter 2009, the related party transactions with Time dotcom Berhad ("TdC") are no longer disclosed because TdC had ceased to be a major shareholder since 15 January 2009. Under paragraph 10.02 (f) of the Main Market Listing Requirements of Bursa Securities, a major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon.

# Statement of Directors' Shareholdings

AS AT 18 MARCH 2010

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 NOK 6 each			
	Direct interest	%	Deemed Interest	%
Sigve Brekke	22,760	0.0014	–	–
Eirik Boerve Monsen	1,561	0.0001	–	–
Hakon Bruaset Kjol	–	–	–	–

Ultimate Holding Company Telenor ASA	Number of Options over Ordinary Shares of NOK 6 each			
	Direct interest	%	Deemed Interest	%
Sigve Brekke	40,000	0.0024	–	–
Eirik Boerve Monsen	–	–	–	–
Hakon Bruaset Kjol	10,000	0.0006	–	–

# Statistics on Shareholdings

AS AT 18 MARCH 2010

Authorised Share Capital : RM1,000,000,000 divided into 10,000,000,000 ordinary shares of RM0.10 each  
 Issued and Paid-Up Share Capital : RM77,750,000 comprising 777,500,000 ordinary shares of RM0.10 each  
 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	%
1 – 99	376	10.41	4,354	0.00
100 – 1,000	1,946	53.86	1,206,431	0.16
1,001 – 10,000	831	23.00	2,799,048	0.36
10,001 – 100,000	302	8.36	10,905,428	1.40
100,001 – 38,874,999*	156	4.32	256,744,614	33.02
38,875,000 and above**	2	0.05	505,840,125	65.06
<b>TOTAL</b>	<b>3,613</b>	<b>100.00</b>	<b>777,500,000</b>	<b>100.00</b>

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

## Substantial Shareholders as per Register of Substantial Shareholders

Name	Number of Shares			
	Direct Interest	%	Deemed Interest	%
1. Telenor Asia Pte Ltd	380,975,030	49.00	–	–
2. Telenor Mobile Communications AS	–	–	380,975,030 (a)	49.00
3. Telenor Mobile Holding AS	–	–	380,975,030 (b)	49.00
4. Telenor ASA	–	–	380,975,030 (c)	49.00
5. Employees Provident Fund Board	130,345,484	16.76	–	–

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 Communication AS.

(c) Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.



## Statistics on Shareholdings

AS AT 18 MARCH 2010

## List of Thirty (30) Largest Shareholders

	Name of shareholders	Number of shares	%
1	Citigroup Nominees (Asing) Sdn Bhd Telenor Asia Pte Ltd (DiGi)	380,975,030	49.00
2	Employees Provident Fund Board	124,865,095	16.06
3	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	37,090,300	4.77
4	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For TT dotCom Sdn Bhd	27,500,000	3.54
5	Valuecap Sdn Bhd	23,935,200	3.08
6	Kumpulan Wang Persaraan (Diperbadankan)	23,553,500	3.03
7	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	18,303,400	2.35
8	Amanahraya Trustees Berhad Amanah Saham Malaysia	14,487,300	1.86
9	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	9,700,600	1.25
10	Permodalan Nasional Berhad	4,868,800	0.63
11	Amanahraya Trustees Berhad As 1Malaysia	4,600,000	0.59
12	Dato Ahmad Sebi Bin Bakar	4,551,813	0.59
13	HSBC Nominees (Asing) Sdn Bhd BBH And Co Boston For Vanguard Emerging Markets Stock Index Fund	3,938,373	0.51
14	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For American International Assurance Berhad	3,930,400	0.51
15	Amanahraya Trustees Berhad Amanah Saham Didik	3,510,500	0.45

## Statistics on Shareholdings

AS AT 18 MARCH 2010

### List of Thirty (30) Largest Shareholders (cont'd)

	Name of shareholders	Number of shares	%
16	Alam Nusantara Sdn Bhd	3,401,523	0.44
17	Amanahraya Trustees Berhad Public Islamic Dividend Fund	3,322,300	0.43
18	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For Prudential Fund Management Berhad	3,068,300	0.39
19	ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Ahmad Sebi Bin Bakar	3,000,000	0.38
20	HSBC Nominees (Asing) Sdn Bhd Exempt An For Jpmorgan Chase Bank, National Association (U.A.E.)	2,918,400	0.38
21	Amanahraya Trustees Berhad Public Islamic Asia Dividend Fund	2,289,000	0.29
22	Cartaban Nominees (Asing) Sdn Bhd State Street For Ishares, Inc.	2,272,000	0.29
23	HSBC Nominees (Asing) Sdn Bhd CS (Lux) S.A. For Credit Suisse Equity Fund (Lux) Infrastructure Aberdeen	2,150,000	0.28
24	HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt Malaysia For Employees Provident Fund	1,571,589	0.20
25	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For Deutsche Trustees Malaysia Berhad (Myetf-Djim25)	1,557,900	0.20
26	Amanahraya Trustees Berhad Sekim Amanah Saham Nasional	1,541,600	0.20
27	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd For Government of Singapore (C)	1,485,400	0.19
28	Kumpulan Wang Simpanan Pekerja	1,479,100	0.19
29	Cartaban Nominees (Asing) Sdn Bhd State Street For Msci Equity Index Fund B Malaysia (Barclays G Inv)	1,357,200	0.17
30	Amanahraya Trustees Berhad PNB Structured Investment Fund	1,195,000	0.15
		<b>718,419,623</b>	<b>92.40</b>

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting (AGM) of DiGi.Com Berhad (the Company) will be held at Banquet Hall, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Thursday, 13 May 2010 at 10.00 a.m. for the following purposes:

## Agenda

### As Ordinary Business

- |   |                                  |
|---|----------------------------------|
| 1. To receive and adopt the audited financial statements of the Company for the financial year ended 31 December 2009 and the Directors' and Auditors' Reports thereon. | <b>Ordinary<br/>Resolution 1</b> |
| 2. To re-elect Dato' Ab. Halim Bin Mohyiddin as Director of the Company who retires by rotation under Article 98(A) of the Articles of Association of the Company.      | <b>Ordinary<br/>Resolution 2</b> |
| 3. To re-elect the following Directors who retire under Article 98(E) of the Articles of Association of the Company.  |                                  |
| (i) Eirik Boerve Monsen   | <b>Ordinary<br/>Resolution 3</b> |
| (ii) Hakon Bruaset Kjol   | <b>Ordinary<br/>Resolution 4</b> |
| 4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.  | <b>Ordinary<br/>Resolution 5</b> |

### As Special Business

To consider and, if thought fit, to pass the following resolution:-

5. Proposed Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature to be entered with Telenor ASA ("Telenor") and Persons Connected with Telenor

"That, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with Telenor and persons connected with Telenor as specified in Section 2.3 of the Circular to Shareholders dated 20 April 2010 which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

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

whichever is earlier;

## Notice of Annual General Meeting

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

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

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

**Ordinary  
Resolution 6**

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Thirteenth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 54(1)(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 6 May 2010. Only a depositor whose name appears on the Record of Depositors as at 6 May 2010 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

**HEE CHEW YUN** (LS 6249)

**TAI YIT CHAN** (MAICSA 7009143)

**LIEW IRENE** (MAICSA 7022609)

Company Secretaries

Selangor Darul Ehsan

20 April 2010

### NOTES:-

#### (A) Appointment of Proxy

- (i) A member entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) proxy only to attend and vote in his stead. A proxy may but need not be a member of the Company. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- (ii) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy in respect of each securities account.
- (iii) 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.
- (iv) The instrument appointing a proxy or the power of attorney or a certified copy thereof must be deposited at the Company's Share Registrar Office at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

#### (B) SPECIAL BUSINESS

Resolution 6 proposed, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

# Form of Proxy

DiGi.COM BERHAD

(Company No.: 425190-X)

(Incorporated in Malaysia)

I/We \_\_\_\_\_ (NRIC No. or Company No.) \_\_\_\_\_  
(Name in full)

CDS Account No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_  
(Address)

being a member of DiGi.COM BERHAD hereby appoint: \_\_\_\_\_  
(Name in full)

NRIC No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_  
(Address)

or failing him/her, the *\*Chairman of the meeting* as my/our proxy to vote for me/us on my/our behalf, at the Thirteenth Annual General Meeting of the Company to be held at Banquet Hall, Level 3, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Thursday, 13 May 2010 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 below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

\*Please delete the words "Chairman of the meeting" if you wish to appoint some other person to be your proxy.

ORDINARY RESOLUTIONS	FOR	AGAINST
RESOLUTION 1 – To receive and adopt the Audited Financial Statements		
RESOLUTION 2 – To re-elect Dato' Ab. Halim Bin Mohyiddin		
RESOLUTION 3 – To re-elect Eirik Boerve Monsen		
RESOLUTION 4 – To re-elect Hakon Bruaset Kjol		
RESOLUTION 5 – To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration		
RESOLUTION 6 – To approve the 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	
---------------	--

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Signature of Shareholder(s) or Common Seal

## 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. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least 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 Registrar Office at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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affix  
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Share Registrars

**Tricor Investor Services Sdn Bhd**

(formerly known as Tenaga Koperat Sdn Bhd)

Level 17, The Gardens,

North Tower, Mid Valley City,

Lingkaran Syed Putra,

59200 Kuala Lumpur,

Malaysia

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Please fold here to seal

# 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 Lebu 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

Lot 112 & 113, Semambu Industrial Estate, 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

**DiGi 360°**  
K-OG-03-04, Solaris Mont Kiara, No 2, Jalan Solaris, 50480 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**  
Lot Unit B-G-8, BBT One, Lebu Batu Nilam 2, Bandar Bukit Tinggi, 41200 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

#### Sabah

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

**1-Borneo**  
#C-228, 1 Borneo Hypermall, Jalan Sulaman, 88400, 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

### DiGi Service Counters

#### Kuala Lumpur

**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

**One Utama**  
LG315, Lower Ground, 1 Utama Shopping Centre (New Wing), Lebu Bandar Utama, Bandar Utama, 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

#### Kedah

**Sungai Petani**  
Central Square Brandshop, Me-02, Ground Floor Central Square, 23, Jalan Kampung Baru, 08000 Sg Petani, Kedah

**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

**Tebrau**  
Lot 509, 2nd Floor, AEON Tebrau City Shopping Center, No 1, Jln Desa Tebrau, Taman Desa Tebrau, 81100 Johor Bahru

#### Bukit Indah

S49, Second Floor, AEON Bukit Indah Shopping Centre, No 8, Jalan Indah 15/2, Bukit Indah, 81200 Johor Bahru

#### Kluang

No 69, Ground Floor, Jalan Rambutan, 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

#### Sarawak

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

#### Bintulu

32, Ground floor, Jalan Market, 97000 Bintulu, Sarawak

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<http://www.digi.com.my/support/dchat/index.do>

#### 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:

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Tel : 03-5721 1800  
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