management profiles

Terje Borge
Finance

Terje joined DiGi as Chief Financial Officer on 2 August 2010. Prior to this, he was Chief Financial Officer for DTAC in Thailand, heading the finance function and taking an active part in the overall management of DTAC, since 2007. He has been with Telenor since 2001 when he joined as Finance Manager, and was later promoted to Senior Vice President responsible for the investment in One GmbH, as well as the Senior Project Manager for merger and acquisition projects in Europe. Terje holds a Master of Science in Business Administration from the Norwegian School of Economics and Business Administration.

Chan Nam Kiong
Customer and Channels

Nam Kiong was appointed the Head of Customer and Channels in 2009. He is responsible for driving business results and customer experience at the points of sales or service, across DiGi's customer channels. He has more than 20 years of experience in the telecommunications industry, where he has held various sales, distribution, and marketing positions. Nam Kiong holds a Bachelor of Science Degree in Electronic Engineering from Sussex University, UK.

Christian Thrane
Strategy and Business Transformation

Christian joined DiGi in June 2010 as Head of Strategy and Business Transformation. Prior to this, he was Head of Market Management of the Consumer Division of Telenor Denmark, where he was responsible for revenue, profitability and market share of Telenor's consumer product portfolio and corporate analytical support functions. Christian joined Telenor Denmark in 2005 as Business Development Manager and was later promoted to Head of Sales and Channel Management in 2007. He holds a Master of Science Degree in Economics and Business Administration from the Copenhagen Business School in Denmark.

Ole Martin Gunhildsbu
Technology

Ole joined DiGi's Service Operations in January 2008 and was appointed Chief Technology Officer in October the same year. He has extensive experience in design, planning and rollout of networks in Norway and Denmark, having served in various Technology Management positions within the fixed and mobile business in Telenor for over 15 years, and as Chief Technology Officer in Tele2 Norway for five years. Ole holds a Master of Science in Electronics from Technical University of Delft, Netherlands and a Master of Business Administration from BI Norwegian School of Management.

Suriahni Abdul Hamid
Human Resource Development

Suriahni was appointed Head of Human Resource Development and member of the DiGi Management Team in January 2010. Before joining DiGi in 2005, she was previously an internal consultant within the CEO's Office of Maxis in 1995, held a HR relationship management role in Standard Chartered Bank in 1999, and was Head of HR in Deutsche Bank in 2003. Suriahni has a Bachelor's degree in Engineering (Chemical) from the Technical University of Nova Scotia, Canada. She is a Certified Executive Coach from University of Malaya and a Certified Solution-Focused Coach with the Canadian Council of Professional Certification (CSFC).

most inspiring company

Our proactivity helps maximise growth potential and completes the development of our people. Nurturing a well-liked brand

highlights 2010

Q1

2010 began with a strong Corporate Responsibility agenda to empower underserved communities in Malaysia through the launch of our first Community Broadband Centre (CBC) in Lundu, Sarawak.

Our Deep Green Challenge for Change competition encouraged young Malaysians to pioneer alternative energy solutions. The finale of the competition was attended by the Crown Prince and Princess of Norway.

In the same quarter, we enriched our mobile internet proposition by introducing the best value iPhone 3GS packages in the market and announced a RM100 million investment to expand our Turbo 3G™ network in Perak and Sarawak over the next three years.

Q2

Keeping with rising demand for social media on-the-go, we introduced DG Smart Plan, an easy and affordable option for customers to enjoy data plans suited to their lifestyle.

In conjunction with the 2010 FIFA World Cup, we launched the Bola! Bola! Bola! campaign to reward lucky customers with 'passports' to watch their favourite football team in action anywhere in the world.

We enhanced our Deep Green focus with DiGi's e-Billing drive, whilst supporting the Kinabatangan Reforestation Project.

Increasing our focus on the youth market, we launched the DiGi LIVE Tour, a nationwide platform to cultivate interest in music, sports and arts.

Q3

We announced a collaborative effort with Celcom-Axiata to explore the potential of network sharing.

We introduced the best and most affordable iPhone4 deals in the market to our customers.

We supported the 1Malaysia Broadband-Netbook Programme by donating 100 units to students from low-income families in Pulau Banggi, Kudat in Sabah. We established a new CBC in Kampung Ubai, Kuantan in support of the National Broadband initiative.

DiGi was named the most sustainable company in Malaysia and telco in Asia by the Asian Sustainability Ranking 2010.

Q4

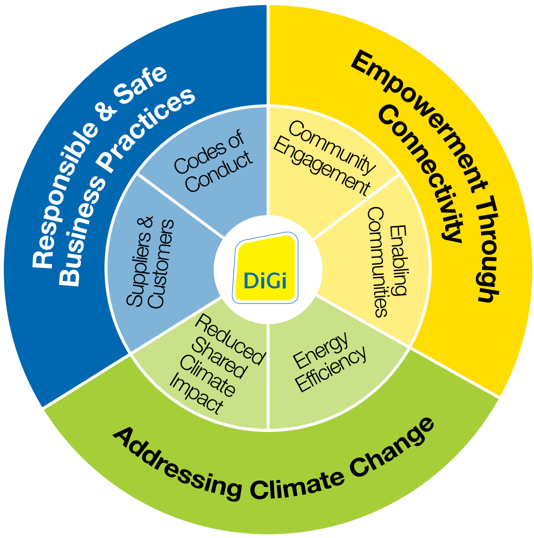
All DiGi staff gathered at downtown Kuala Lumpur to engage with our customers and celebrate our 15th anniversary. There, we entered the Malaysian Book of Records with the longest human domino comprising 1,409 employees.

The biggest concert of the year by Adam Lambert was sponsored by DiGi for our customers and employees.

We achieved our targeted 50% total population coverage via the expansion of our Turbo 3G™ network to more than 12 new markets.

At the KPMG Shareholder Value Award 2010, DiGi was announced the winner in the Information & Communication Technology Category.

corporate responsibility



Our philosophy for Corporate Responsibility (CR) is to use our core competencies and strengths to enable positive changes in society and our business environment. To this end, our priorities which are consistent with the Telenor Group CR strategy, taking into account the interests of our key stakeholders and the natural environment, are as follows:

Responsible and Safe Business Practices

We endeavour to be a responsible company that promotes safe business practices through our initiatives. We empower our employees to act responsibly and ethically with all our key stakeholders, through our comprehensive governance structure.

Empowerment Through Connectivity

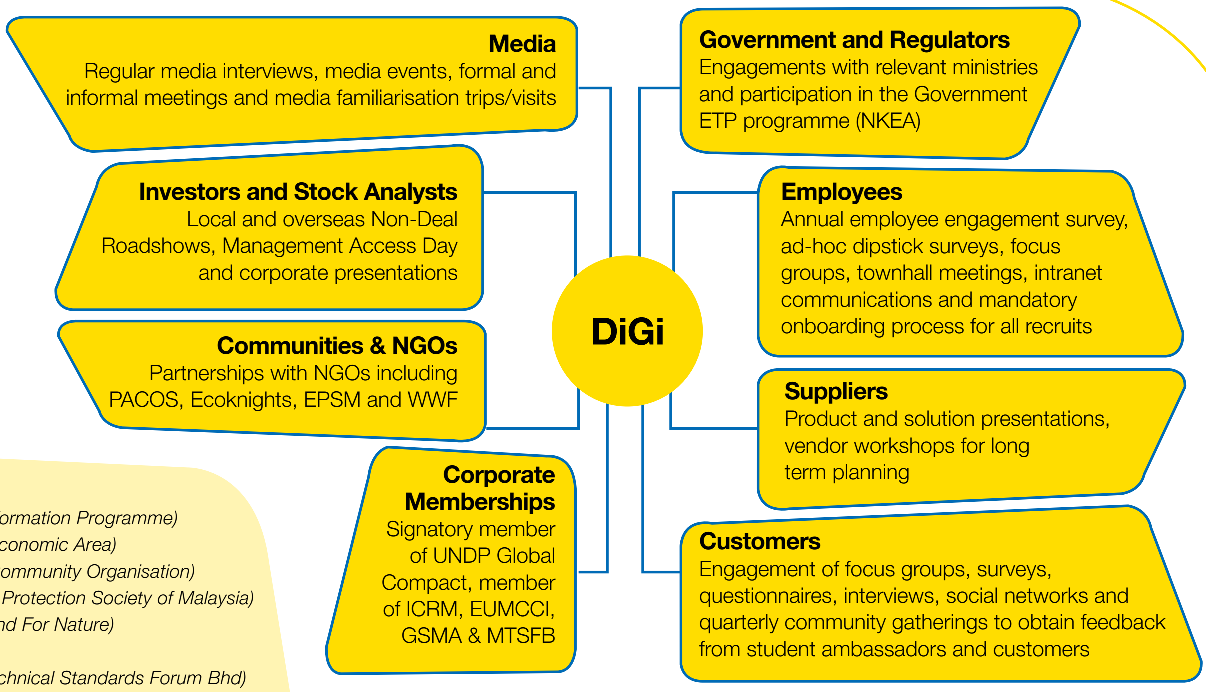
We are pushing the boundaries by going beyond traditional philanthropy, to create shared value in our engagements with the community. We use our core competency as a communications and internet service provider to address social, economic and environmental needs in our community. Nevertheless, we continue to support philanthropy in situations that require our contribution.

Addressing Climate Change

We are committed to minimising our environmental impact by strengthening efforts to reduce our carbon emissions and working with our customers, partners and community to develop climate-friendly solutions that address local needs.

Engaging Stakeholders

We operate in a dynamic regulatory and business environment. Therefore, it is vital that we constantly engage our stakeholders to get their feedback, understand their interests and where relevant, address key issues.



Footnote:

ETP (Economic Transformation Programme)
NKEA (National Key Economic Area)
PACOS (Partners of Community Organisation)
EPSM (Environmental Protection Society of Malaysia)
WWF (World Wide Fund For Nature)
ICRM (ICR Malaysia)
MTSFB (Malaysian Technical Standards Forum Bhd)
GSMA (GSM Association)
EUMCCI (EU-Malaysia Chamber of Commerce and Industry)

empowerment through connectivity

The mobile and telecommunications industry is one of Malaysia's key economic growth sectors. Studies have shown a clear relationship between mobile penetration with GDP growth; and internet penetration with the growth of start-up businesses. As a leading mobile operator, DiGi is in a good position to support the nation's growth agenda via relevant communications technologies and solutions that bring positive change to our fellow Malaysians. For instance, we collaborated with the Halal Industry Development Corporation (HDC) to introduce the Halal iPhone Application to provide relevant, simple and innovative services for a large segment of Malaysian customers in line with the Halal Malaysia concept.

Meanwhile, our 13 Community Broadband Centres (CBCs) are fully functional and provide rural communities with more than just access to communication tools. To strengthen the CBCs' relevance and sustainability, we hold various training courses that will add value and help improve the life skills and living standards of the communities we serve.

We also work with underserved groups to use mobile technology as a tool for capacity building. For example, our work with non-profit organisation eHomemakers supports its messaging services to other groups that include single mothers, the disabled, remote and other marginalised communities.

We also launched the DiGi LIVE Tour, a nationwide platform providing 13 to 17 year old students a conducive environment to express themselves in the area of music, sports and arts. The programme gave teens the chance to learn first-hand from some of their favourite icons on how to excel in their interest areas and take their passion to the next level.

Given Malaysians' strong adoption of social media, we launched creative and interactive initiatives to engage bloggers and social media users on a variety of topics including innovation, social causes as well as environmental issues. The recent floods in Johor, affecting close to 50,000 people, prompted DiGi to launch a flood relief drive for the families impacted by this natural disaster. We immediately set up emergency telecommunication services and provided RM3 talk time credit for over 11,000 subscribers so they could stay in touch with their loved ones.

We have instituted a systematic process and structure for the fair and transparent engagement of key stakeholders. This reflects our commitment to Responsible and Safe Business Practices.

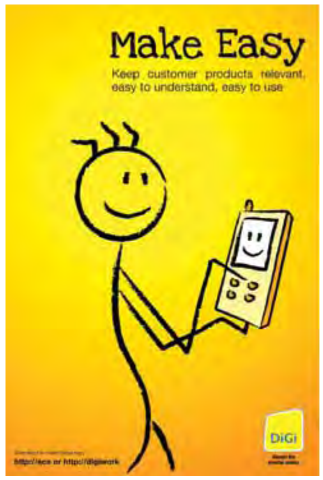
Further, we strengthened our internal governance processes through the introduction of new policies and organised structured awareness programmes for all employees. Among them, we have a new Gifts and Business Courtesies Policy to guide employees on receiving and giving gifts. An Information Management Policy was recently added to manage risks related to information, document management and storage. Both these policies are now subject to DiGi's internal compliance procedures.

Our employees are vital to DiGi's sustained business growth. To continue attracting and retaining the best talents, we created a better alignment between our human resource processes and DiGi's business goals, with stronger focus on development, rewards and performance.

We obtained the ISO 14001 certification for our Environmental Management System and OSHAS 18001 certification for our central region operations. Our commitment to Health, Safety, Security and Environment (HSSE) has been extended to our vendors and partners, who are required to sign an Agreement for Acceptable Business Conduct (ABC) Contract based on DiGi's Supplier Code of Principles. We are also glad to be the first telecommunications company in Malaysia to receive the Silver Recognition Award by the Malaysian Society of Occupational Safety and Health.

Our persistence in improving customer experience through small and big ways resulted in a significant increase in our Excellent Customer Experience (ECE) index from 44.5 in Q1 to 55.7 at the end of the year. To instill interest in customer related issues among employees, we initiated the 'Nite @ Contact Centre' Programme for staff to listen in to 'live' incoming calls to our customer service consultants. This provided our employees with unique insights and a better understanding of customer behaviour and needs so as to find innovative solutions to improve our service to them.

For our effort, DiGi was honoured with the Distinction Award in the Malaysian Corporate Governance Index 2010 by the Minority Shareholders Watchdog Group (MSWG) and the Ethical Business Excellence Award in the Large Enterprise category by the Ministry of Domestic Trade, Cooperatives and Consumerism.



responsible & safe business practices

addressing climate change

We continue with our efforts to address the universal challenge of climate change both in our internal operations as well as in engaging our stakeholders. Our company-wide initiative called Deep Green continues to drive energy efficiency and environmental sustainability in all aspects of our operations. By end of 2009, we had implemented many of our Phase 1 energy efficiency initiatives across our operations.

Phase 2 began in 2010, where we focused on putting in place governance systems to make environmental sustainability part of our company DNA. To this extent, we obtained our ISO 14001 certification and achieved provisional Gold Standard Green Building Index Certification for our new Technical Operations Centre (TOC).

We also benchmarked against global best practices via the Telenor Group as well as the GSMA, to identify viable energy efficiency and green technologies to bring us closer to our ambition of reducing our emissions by 50% in 2012.

Since 2010 was a year of institutionalisation and planning, it was no surprise to us that our CO_2 emissions level was almost consistent with the previous year. With new initiatives that will be deployed in 2011, we are confident of closing the gap with our emissions reduction goal of 50% (85,000 tonnes of CO_2). These initiatives include substantial network modernisation across our mobile communications network, as well as several new hybrid solar-powered base transmission sites (BTS).

In 2010, DiGi focused on creating further climate change awareness and engaging our communities for increased social change and actions. We launched the second installation of the Deep Green Challenge for Change competition for Malaysian students and entrepreneurs, geared towards getting participants to showcase their best green technology and social venture ideas.

Malaysian university students came up with solutions for practical social venture ideas within the context of DiGi's Community Broadband Centres (CBCs). CBCs were chosen as the focal point for the challenge due to the pivotal role they play in providing communities in underserved areas with affordable internet access.

We were also extremely proud of our winning CleanTech candidate who represented Malaysia at the annual Global CleanTech Open competition in USA and emerged among the world's top five CleanTech solutions winners.

In line with DiGi's strong emphasis on transparency and accountability, we continue to improve our disclosure of our non-financial performance and impact. To this end, we have issued a separate Sustainability Report with more detailed performance data.

Corporate Governance Statement

Corporate Objective

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

In pursuing this corporate objective, the Board of Directors ("Board") of DiGi is committed to high standards of corporate governance which it believes are critical to business integrity and performance as there is a link between high-quality governance and creation of shareholder value. As a responsible corporate citizen, the Board is also committed to high standards of business conduct internally and towards the community with which DiGi carries out its business, including its suppliers, customers and business partners.

DiGi expects all its directors, employees and suppliers to act with honesty, integrity and openness. The Code of Conduct sets out the expectations of acceptable conduct within the organisation whilst the Supplier Code of Principles sets out the standards of acceptable business conduct in the Group's supply chain.

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 (Revised 2007) (the "Code") for the financial year ended 31 December 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 the 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 Chief Executive Officer ("CEO"), including the limits which the CEO can execute the authority; and provides guidance on the division of responsibilities between the Board and CEO.

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

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

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

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 the 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.

2. Board Composition and Balance

The Board currently has seven (7) Directors, comprising the Chairman (Non-Independent Non-Executive), three (3) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.

During the year, Mr Hakon Bruaset Kjol and Mr Jan Edvard Thygesen were appointed as Non-Independent Non-Executive Directors, replacing Mr Christian Storm and Mr Eirik Boerve Monsen respectively. Dato' Saw Choo Boon was appointed as Independent Non-Executive Director to strengthen the Board's independence.

In March 2011, Ms Hilde M. Tonne was appointed as Non-Independent Non-Executive Director.

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.

Most of the 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.

Tan Sri Leo Moggie, Dato' Ab. Halim Bin Mohyiddin and Dato' Saw Choo Boon 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 shareholders' 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 Non-Executive 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.

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 is responsible for the operations, leadership and governance of the Board, ensuring its effectiveness. He engages directly with the CEO to understand and oversee the strategy implementation and performance delivery. The Chairman 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. The CEO is not a Board member of the Company. This is to ensure there is 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. Due notice is given of all scheduled and additional meetings. The Board met four (4) times during the year and attendance of Directors at Board meetings, was as below:

Name	Attendance
Sigve Brekke *Chairman/Non-Independent Non-Executive Director*	2/4
Tan Sri Leo Moggie *Senior Independent Non-Executive Director*	3/4
Dato' Ab. Halim Bin Mohyiddin *Independent Non-Executive Director*	4/4
Hakon Bruaset Kjol *(Appointed on 16 March 2010)* *Non-Independent Non-Executive Director*	3/3
Jan Edvard Thygesen *(Appointed on 29 September 2010)* *Non-Independent Non-Executive Director*	2/2
Dato' Saw Choo Boon *(Appointed on 9 December 2010)* *Independent Non-Executive Director*	1/1
Christian Storm *(Resigned on 16 March 2010)* *Non-Independent Non-Executive Director*	1/1
Eirik Boerve Monsen *(Resigned on 29 September 2010)* *Non-Independent Non-Executive Director*	2/2

At Board meetings, the Chairman encourages constructive, healthy debate, and Directors are free to express their views. Any Director who has a direct and/or deemed interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meeting.

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 comprises individuals with the necessary background, skills, knowledge, experience and personal characteristics to augment the present Board and meet its future needs.

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 all Directors must submit themselves for re-election at each Annual General Meeting at least once every three (3) 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 its performance and the governance processes that support the Board's work with the aim of improving individual contributions, effectiveness of the Board and its committees, and the Group's 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's terms of reference. Matters considered in the assessments include the administration of the Board covering its operation, its agenda, the reports and information produced for its consideration, Committee's processes, and the Board's relationship with its Committees and Management.

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 directions to the management, to contribute to the Board's cohesion, and 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 the questionnaires on the Board's and Committees' effectiveness and improvement areas. Their views are compiled into a report for the Nomination Committee Chairman to present to the Board for evaluation and consideration.

Following the 2009 evaluation process, due course of actions were taken based on the feedback.

7. Directors' Training and Induction

All Directors have completed the Mandatory Accreditation Programme (MAP). The Directors are mindful that they continue to update their skills and knowledge to maximise their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually updated on the Group's business and the regulatory and industry environment.

The Directors have attended individually or collectively the various programmes and briefings, amongst others, the following:

Corporate Governance Week 2010 - Independent Directors - Challenges Directors Face - Corporate Governance Best Practices	Banking Insights – Financial Institutions Director's Education (FIDE) Programme organised by Bank Negara Malaysia (BNM)
Developing High Impact Board	Mobile World Congress
BDO Tax Forum Series: Budget 2011 – Rising above the competition	India Economic Summit
Morning Talk – How sustainable is our business?	World Economic Forum
Board governance – The Toyota Syndrome	New Economic Model of Malaysia

The Chairman is responsible for ensuring that induction and training programmes are provided and the Company Secretary organises the programmes.

During the year, all the newly-appointed Directors have participated in the induction programme. Directors undergo an induction programme covering amongst other things, the Group's business, its governance arrangements, legal and regulatory, meetings with senior management and visits to offices.

8. Supply of Information

Access to Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Group. 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, and investor relations updates, giving Board members an opportunity to develop an understanding of the views of major investors.

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

(iii) The Audit Committee Chairman meets with the Management, Head and senior members of Assurance regularly to review the reports regarding internal control system and financial reporting.

(iv) 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 communication 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 provides a verbal report on the outcome of their committee meetings to the Board. The minutes of the Board Committees are also circulated to the Board. 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 reviews the terms of reference of the committees from time to time. 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), Mr Jan Edvard Thygesen and Dato' Saw Choo Boon.

The Audit Committee Report provides details of the composition of the Audit Committee and a summary of its activities are set out on page 57 of this Annual Report. The terms of reference of the Audit Committee is set out on page 60 of this Annual Report as Appendix 1.

(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 five (5) times during the year and the meeting's attendance was as follows:

Name	Attendance
Hakon Bruaset Kjol *(appointed on 16 March 2010)*	4/4
Tan Sri Leo Moggie	5/5
Dato' Ab. Halim Bin Mohyiddin	5/5
Christian Storm *(resigned on 16 March 2010)*	1/1

Role and Focus

The role of the Nomination Committee is to assist the Board in ensuring that the Board comprises individuals with the requisite skills, knowledge, experience and personal characteristics. The Nomination Committee:

- Leads the process for identifying and making recommendations for the Board's approval on suitable candidates for directorship to the Board and Board Committees
- Conducts annual review of the structure, size and composition of the Board, including the balance mix of skills, knowledge, experience and independence of the Non-Executive Directors
- Oversees the assessment of the performance of the Board, Committees and individual directors
- Assesses and makes recommendations to the Board concerning the re-election of Directors
- Evaluates and recommends the appointment of CEO and his duties.

Activities Undertaken

The Nomination Committee assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each individual Director in 2010, including its size, structure and composition.

The Board concluded that the Board and Board Committees are strong and knowledgeable, have a good mix of skills, experience, knowledge and professional qualifications required to contribute positively to the Group and are operating in an effective manner. Each Director continues to make an effective contribution to the work of the Board.

The Board is satisfied with the current size of the Board, and the structure and composition of the Board remained appropriate. The expanded Board from five (5) directors to six (6) in 2010 had enabled the Board to further enhance its balance of relevant expertise and independence to meet its objective of creating shareholders' value.

The Independent Non-Executive Directors continue to demonstrate their independence through their engagement in meetings, providing objective challenges to the Management and bringing independent judgment to decisions taken by the Board.

The Nomination Committee in 2010, assessed and recommended to the Board the new appointment of Mr Jan Edvard Thygesen and Dato' Saw Choo Boon as Directors and members of the Audit Committee and Remuneration Committee (only Mr Jan Edvard Thygesen is a member of Remuneration Committee). Pursuant to the Articles of Association of the Company, Mr Jan Edvard Thygesen and Dato' Saw Choo Boon will retire at the first AGM following their appointment. The Nomination Committee uses the results of the evaluation when considering the re-election of Director and recommended to the Board on the endorsement of their re-election at the forthcoming 2011 AGM.

During the year, the Nomination Committee also assessed and recommended the appointment of the new CEO, Mr Henrik Clausen.

On 22 March 2011, the Nomination Committee assessed and recommended to the Board the new appointment of Ms Hilde M. Tonne as a Director who will also submit herself for re-election at the forthcoming 2011 AGM.

The terms of reference of Nomination Committee is set on page 62 of this Annual Report as Appendix 2.

(c) Remuneration Committee

The current members are Mr Sigve Brekke (Chairman), Mr Jan Edvard Thygesen and Mr Hakon Bruaset Kjol. All the members are Non-Independent Non-Executive Directors. The Remuneration Committee met twice (2) during the year and the meeting attendance was as follows:

Name	Attendance
Sigve Brekke	2/2
Jan Edvard Thygesen *(appointed on 29 September 2010)*	1/1
Hakon Bruaset Kjol *(appointed on 16 March 2010)*	1/1
Christian Storm *(resigned on 16 March 2010)*	1/1
Eirik Boerve Monsen *(resigned on 29 September 2010)*	1/1

Role and Focus

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

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

Activities Undertaken

The Remuneration Committee assessed and evaluated the CEO against the performance criteria sets to measure the CEO, and reviewed the compensation packages for the CEO.

The Chairman of the Remuneration Committee was authorised by the Board to determine the compensation packages for the CEO.

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 remuneration determined the Independent Non-Executive Directors' remuneration.

(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 fixed monthly allowance and meeting allowance for Audit Committee meeting. The aggregate Directors' remuneration paid to the Non-Executive Directors of the Company for the financial year ended 31 December 2010 was 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	151,000 *	2,500	153,500
Total	**283,000**	**4,000**	**287,000**

Note:

* *Includes allowance received from a subsidiary company.*

The terms of reference of Remuneration Committee is set out on page 64 of this Annual Report as Appendix 3.

(C) Ethics

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 directions on conducting business, interacting with the community, government and business partner; and general workplace behaviour. It also includes guidance on disclosure of conflict of interest situations, maintaining confidentiality and disclosure of information, good practices and internal control, and the duty to report where there is a breach against the Code.

The Code is reviewed and updated regularly by the Board to meet DiGi's needs and to address the changing conditions where it works. The Code was last updated in May 2010.

The Code governs the conduct of all employees of the Group including its Board members. 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 on how to deal with situations involving ethical dilemma to ensure that employees continuously uphold high standards of conduct in the performance of their duties. The Code programmes held in 2010, had increased the employees' awareness throughout the Group of the requirement to conduct themselves strictly within the Code, particularly on business and individual integrity.

Compliance with the Code is monitored regularly by the Audit Committee of the Company. The Compliance Officer of the Group regularly reports to the Audit Committee the compliance of the Code by the Group and its employees.

DiGi has an established whistleblowing programme and helplines so that employees can seek guidance or express concerns on the Code-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.

Supplier Conduct Principles

The Supplier Conduct Principles ("SCP") outlines the standard for ethical and business conduct expected for suppliers and contractors in their relationship with the Group. The SCP are binding on the Group's suppliers through the confirmation and signing of the Agreement on Responsible Business Conduct to ensure high standards of business ethics amongst all suppliers of the Group.

Compliance of the SCP is monitored through a supply chain management system.

(D) Shareholders

Communication with Shareholders and Investors

The Company adopts an open and non-discriminatory approach in its communication with stakeholders. The Company is fully committed in providing and maintaining transparency and accountability to all stakeholders to ensure fair and equal access to all information reasonably required to make informed assessment of the Company's value and prospects. To support this objective, the Company has in place a Corporate Disclosure Procedures and Policies ("CDPP") which outlines how it identifies and releases material information in a complete, timely and accurate manner to Bursa Securities and consequently to the market. The CDPP incorporates the "Best Practices in Corporate Disclosure" issued by Bursa Malaysia Berhad.

Information Disclosure

In accordance with the disclosure requirement in the CDPP 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 to 31 December
- Specific information disclosure – as and when required, of administrative and corporate developments, usually in the form of Bursa 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

Annual General Meetings ("AGM")

The Company recognises the rights of shareholders and encourages the effective exercise of those rights in the Company's AGM. The date, venue and time of these meetings are determined to provide the maximum opportunity for as many shareholders as possible to attend personally. The Notice of Meeting for the AGM is sent to shareholders with an explanatory memorandum providing information to shareholders on each item tabled as special business. In addition, a full copy of the Notice of Meeting and Proxy Form are posted on the Company's website and lodged with Bursa Securities. It 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 past year and outlines its prospects for the subsequent financial year 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. 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. In 2010, all the Company's Directors attended the AGM.

Since 2006, DiGi has opened its AGM to the financial media to observe its AGM proceedings.

One-on-one Meetings and Investor Presentations

On a regular basis, DiGi's management conducts one-on-one meetings with analysts, fund managers, shareholders and other stakeholders to provide updates on financial performance, corporate and regulatory developments, and to address issues they may have with respect to the business or operations of the Company.

DiGi is an active participant in various investor conferences and non-deal roadshows. In 2010, DiGi participated in five (5) investor conferences held locally. DiGi also met with investors in Tokyo, Hong Kong, Singapore, London and Edinburgh in 2010. Participation in these investor conferences and non-deal roadshows 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. Where applicable, all materials used in our investor presentations are made available on the Company's website (www.digi.com.my) as soon as it can be done.

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. DiGi's Head of Investor Relations is currently the Chairperson of MIRA.

Our proactive efforts in reaching out to the stakeholders and investment community have been acknowledged and recognised by leading financial journals and organisations such as IR Magazine, Finance Asia and Thomson Reuters during the year.

Website

All financial results and key performance indicators as well as other relevant financial and non-financial data are posted on the Investor Relations section of the Company's website (www.digi.com.my).

Shareholders/Investors' Queries

Whilst the Company aims to provide sufficient information to shareholders and investors about the Company and its activities, it also recognises 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:

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

(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 Financial Reporting Standards 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. The Directors have prepared the information set out in Note 36 to the financial statements in accordance with the Guidance on Special Matter No.1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

In preparing those financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- made 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 Company will continue in business

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

2. Internal Control

The Board has the ultimate responsibility 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 rather than absolute assurance against material misstatement or loss.

The Board has established procedures to review the key financial, operational and compliance controls. These procedures, which are subject to regular review, provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Statement on Internal Control and Risk Management are set out on pages 50 to 54 and on pages 55 to 56 respectively of the Annual Report provides an overview on the state of internal controls within the Group.

3. Related Party Transactions

The Board through its Audit Committee reviews all 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 117, 118 and 128 of the Annual Report.

4. Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the internal audit function and external auditors are detailed on pages 50 to 54 of the Annual Report. A summary of the activities of the Audit Committee during the year are set out on page 57 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 the strong knowledge of the Group, the external auditors also undertake certain non-audit services such as interim reviews, regulatory reviews and reporting, and other services.

The external auditors have confirmed their independence in providing both audit and non-audit services up to the date of this statement.

During the year, Ernst and Young charged the Group RM282,000 (2009: RM290,000) for audit and RM64,000 for non-audit services and/or assignments (2009: RM185,000).

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

Compliance Statement

The Board has deliberated, reviewed and approved the Corporate Governance Statement on 22 March 2011.

The Board is satisfied that in 2010, 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 2010.

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 misstatement 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 outweigh 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 ongoing 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 that 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 responses are developed to mitigate these risks. 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 this 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) Organisational 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 a 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.

(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 roles and responsibilities of the Audit Committee are detailed in the Audit Committee Report, whilst those 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 Marketing, Procurement, and Business Performance & Reporting and the Investment Controller.
- The Commercial Forum governs the decision-making process for commercial issues, and the CEO, CFO, Heads of Marketing, Customer & Channels, and Strategy & Business Transformation 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. More information of the Code is set out in the Statement of Corporate Governance.
- Communication channels are established through which concerns on Code of Conduct issues can be reported anonymously. This is further described in part (f) under "Whistleblower" programme.

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

Employees

- Employees are trained through organised workshops to understand the Group's commitment to provide a healthy, safe, secure and environmentally friendly workplace. The Group will comply with all applicable regulations relating to Health, Safety, Security and Environment (HSSE) and set HSSE objectives and targets to continuously improve operations.
- The Group was certified in both ISO 14001 and OHSAS 18001 in 2010 for central operations. The Group aims to reduce environmental impact and raise standards, and both ISO 14001 and OHSAS 18001 were developed primarily to assist companies in reducing HSSE impact. In addition to an improvement in environmental standards and performance, higher conformance with legislative and regulatory requirement standards can be included.

Suppliers

- The Group has implemented a Supply Chain Business Assurance (SCBA) programme to systematically work with suppliers in a constructive and cooperative way, with the aim of achieving responsible business conduct. Majority of the vendors / suppliers have signed the Agreement on Responsible Business Conduct and the Group works with them to establish responsible HSSE standards.

(f) Other Policies

- All key policies and procedures are available via the Group's Way of Work (WoW) 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. Campaigns are run to educate employees on the Anti-Corruption Policy, proper escalation process, compliance implications, latest fraud trends and corruption related cases, and the controls that have been implemented.
- The Group has in place a "Whistleblower" programme 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.

- Other main polices include 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 monitor key 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 to enable the Board to monitor and evaluate the business performance.
- The Group's performance management model provides a comprehensive review of business performance, which includes a review of actual and expected performance against targets.

(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 has direct reporting lines to the Audit Committee.
- The Audit Plan is approved by the Audit Committee on an annual basis. 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.
- During the year, the Assurance Department underwent a Quality Assurance Review by the Institute of Internal Auditors Malaysia and has been judged to have fully met the requirements set by the international Institute of Internal Auditors.

The Assurance Charter

Introduction

The Assurance function (Assurance) is an independent and objective assurance and consulting unit that is guided by a philosophy of adding value to improve the operations of the Group. It assists the Group in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's risk management, control, and governance processes.

This Charter sets out the objective, authority, accountability and responsibilities of the Assurance Department within the Group. The Charter is approved by the Audit Committee and is reviewed each year to confirm it remains accurate and current.

Vision and Mission

The vision of Assurance is to be a well-respected function that is considered a partner to the management of the Group.

The mission of Assurance is to provide independent and objective assurance to the Board and management that policies, procedures and operations that Management put in place for risk management, control and governance are operating effectively and that compliance is maintained with prescribed laws and Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.

Objectives

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

- Identify and assess risks
- Strengthen the Group's internal control structures

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

Authority

Assurance, with accountability for the confidentiality and safeguarding of records and information, 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 specialist external services

Accountability

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

- Provide an assessment of the adequacy and effectiveness of the Group'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 the Group's operations and recommend potential improvements to those processes
- Undertake investigations of significant suspected fraudulent activities within DiGi as mandated by the Compliance Officer
- Regularly report the status and results of the Assurance plan and the sufficiency of the department's resources

Role and Responsibility

The Assurance Department supports the Board, through the Audit Committee, to discharge its responsibility of maintaining a sound system of internal control to safeguard shareholders' investments, the interest of shareholders and the Group's assets.

Assurance fulfills this role through the examination and evaluation of the adequacy and effectiveness of the Group's governance, risk management, and internal processes as well as the quality of performance in carrying out responsibilities to achieve the Group's stated goals and objectives. Assurance may also be required to perform consulting and advisory services related to governance, risk management and control as appropriate for the Group.

The Head of Assurance submits to the Audit Committee a risk-based strategic annual Assurance plan for review and approval, including a work schedule and resource requirements for the next fiscal year. The approved assurance plan will be communicated to Senior Management. The Head of Assurance communicates to Senior Management and the Audit Committee through periodic activity reports:

- Impact of resource limitations and significant interim changes
- Any significant deviation from the approved plan

Reporting

A written report is prepared and issued by the Head of Assurance following the conclusion of each Assurance review and is distributed to the Audit Committee and the relevant stakeholders. Assurance will be responsible for appropriate follow-up on engagement findings and recommendations on a quarterly basis. All findings will remain in an open issues file until closed.

Independence and Objectivity

To ensure independence and objectivity, the Head of Assurance reports functionally to the Audit Committee and administratively to the CEO. Assurance shall remain free from interference by any element in the Group, including matters of audit selection, scope, procedures, frequency, timing, or report content.

Assurance staff shall have no direct operational responsibility or authority over any of the activities reviewed, and are required to exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Assurance staff shall make a balanced assessment of all relevant circumstances and not be unduly influenced in forming judgments.

The Head of Assurance shall confirm to the Audit Committee, at least annually, the organisational independence of the Assurance function.

Professionalism

Assurance governs itself by adherence to the Institute of Internal Auditors' International Professional Practices Framework mandatory guidance. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of Assurance and for evaluating the effectiveness of the Assurance function's performance.

The Assurance function also adheres to the following:

- The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers
- Relevant Group policies and procedures
- Assurance Manual
- DiGi's Code of Conduct

Periodic assessment

Assurance Department maintains a professional staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this Charter.

The Head of Assurance periodically reports to senior management and the Audit Committee on the Assurance function's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Committee.

The Head of Assurance communicates to senior management and the Committee on the Assurance function's quality assurance and improvement programme, including results of ongoing internal assessments and external assessments conducted at least once every five (5) years.

Review of this Statement by External Auditors

Pursuant to paragraph 15.23 of the Bursa Securities Main Market Listing Requirements, 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.

This Statement on Internal Control is made in accordance with the resolution of the Board of Directors dated 22 March 2011.

Risk Management

The ability to identify and manage risk reduces the uncertainty associated with the execution of the Company's business strategies, allowing the Group to maximise opportunities that may arise as well as minimise 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 ongoing process of identifying, evaluating, reporting, managing and monitoring of significant risks to the senior management, Audit Committee and the Board of Directors.

Risks are managed at all levels of the organisation. The various divisions in the Group 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:

BOARD OF DIRECTORS / AUDIT COMMITTEE

- Overall Risk Management
- Approve Risk Management Framework & Policy
- Review Group's Risk Profile
- Monitor Risk Mitigation Action

DiGi MANAGEMENT TEAM

- Perform Risk Oversight & Review Risk Profiles
- Reviews the Risk Management Process
- Ensures Alignment in Risk Management Activities
- Provide Guidance on Risk Appetite & Tolerance Level

DiGi RISK MANAGEMENT FUNCTION

- Implement Risk Management Strategy
- Conduct Risk Awareness Programs
- Provide Facilitation & Supervisory Assistance in Risk Management Methodology
- Risk Monitoring & Reporting to the Board, Senior Management Team & Other Stakeholders

DIVISIONS

- Strategic Risk Identification based on Organisational Goals
- Day-to-Day Risk Management of Business Unit Level
- Risk Follow-Up
- Reporting to Risk Management Function

Key Risk Factors

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

(1) Business Risks

Intense competition in the Malaysian telecommunications industry is expected to continue as the market approaches maturity. Telecommunications service providers are competing for customers in areas such as bundled products and services, customer service, network quality, and coverage, capacity and pricing of services. Competition is further intensified with 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) 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 relating to allocation of spectrum frequency and apparatus assignments, the granting, amendment or renewal of licenses may affect the Group's future operations and its ability to operate at an optimal level. 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.

(3) Network and System Failure Risks

The Group is highly dependent on technology i.e. key systems availability and uninterrupted network service in order to provide excellent service to its customers. Prolonged system downtime or network outages may severely affect customer experience and Group revenue besides not meeting regulatory bodies' requirement. The Group continually works towards improving the availability of these key systems and network elements to ensure good customer experience and to exceed requirements set by the regulatory bodies.

(4) Operational Efficiency Initiatives

The Group has embarked on company-wide operational efficiency and transformational programmes in relation to technology, IT (Information Technology) and network, sales and distribution, and business operations. The projected benefits and cost savings from these programmes are substantial; however, there is no assurance that the Group will yield all the expected benefits of these programmes within the stipulated timeframe. The Group is constantly monitoring the progress of these initiatives and will make adjustments as and when required.

(5) Investment Risks

The Group has invested substantially in both the network infrastructure and state-of-the-art technology systems in order to stay competitive and relevant with the new product and service offerings. The Group is expected to continue to improve the network quality and coverage, and its related systems to cater for the increasing demand for data usage and vast variety of products and services offerings. However, there is no assurance that the demand for these services and hence, future revenues will fully justify the cost of investment due to adverse market development or other unforeseen reasons.

Audit Committee Report

Composition

The members of the Committee are:

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

Jan Edvard Thygesen
(Appointed on 29 September 2010)
(Member/Non-Independent Non-Executive Director)

Dato' Saw Choo Boon
(Appointed on 9 December 2010)
(Member/Independent Non-Executive Director)

Eirik Boerve Monsen
(Resigned on 29 September 2010)
(Member/Non-Independent Non-Executive Director)

Tan Sri Leo Moggie
(Resigned on 9 December 2010)
(Member/Senior Independent Non-Executive Director)

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

Meetings

The Audit Committee met five (5) times during the financial year ended 31 December 2010 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 all the Audit Committee meetings in 2010 to present the auditors' report on the annual audited financial statements for 2009 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 2011, the Board of Directors assessed the effectiveness of the Audit Committee's performance for the financial year ended 31 December 2010 and is satisfied that it is operating in an effective manner.

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 2009 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 programme.

(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, scope, functions, adequacy and competency of Assurance Department.

External Audit

(a) Reviewed the scope of work and tabled to the Board of Directors for approval of the engagement letter from the External Auditors, 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 reappointment 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 two (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, competency and resources of the Assurance Department, which comprises 11 staff as at 31 December 2010 and that it has the necessary authority to carry out its work.

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 2010 which was developed using a risk-based approach and in line with the Group's objectives. In 2010, the Assurance Department conducted a wide range of audit assignments covering operational audits, IT (Information Technology) 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 2010 was RM1,452,087.

Training

During the year, the Audit Committee members individually or collectively attended the following conferences, seminars and training programmes:

Corporate Governance Week 2010 - Independent Directors - Challenges Directors Face - Corporate Governance Best Practices	Banking Insights - Financial Institutions Director's Education (FIDE) Programme organised by Bank Negara Malaysia (BNM)
Developing High Impact Board	Mobile World Congress
BDO Tax Forum Series: Budget 2011 – Rising above the competition	New Economic Model of Malaysia
Morning Talk – How sustainable is our business?	
Board Governance – The Toyota Syndrome	

The terms of reference of Audit Committee is set out on page 60 of this Annual Report as Appendix I.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 22 March 2011.

Terms of Reference

Appendix 1

Terms of Reference of Audit Committee

Purpose

To assist the Board of Directors in fulfilling its responsibilities for the oversight of:

- The financial reporting process.
- The system of internal control.
- The audit process.
- The process for monitoring compliance with laws and regulations and the Group's code of conduct.

To report to the Board of Directors and the shareholders the Audit Committee's activities and issues, and the Audit Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.

Authority

The Audit Committee shall have unrestricted access to external auditors, Assurance and employees of the Group and is authorised by the Board to investigate any activity within its terms of reference and to:

- Obtain external legal or other independent professional advice as necessary.
- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the Group.
- Pre-approve all auditing and non-audit services provided by the external auditors.
- If deemed necessary, convene meetings with the external auditors, Assurance or both, excluding the attendance of the other directors and management.
- Resolve any disagreements between management and the external auditors regarding financial reporting.

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 ("Bursa Securities").

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

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.

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 Audit Committee members prior to each meeting. The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee and circulating them to the Audit Committee members and to the other members of the Board of Directors.

Meetings

Meetings shall be held not less than four times a year and will normally be attended by the Chief Financial Officer and the 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 Audit Committee shall meet with the external auditors without the presence of management at least twice a year. By request of the Audit Committee, the Head of Assurance and/or his team members, if required, shall meet with the Audit Committee without the presence of management. The Audit 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.

Responsibilities

The Audit Committee shall undertake the following responsibilities:

Financial Reporting

- 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.

• Review any related party transactions and conflict of interest situations that may arise within the Group, including any transaction, procedure or course of conduct that raises questions on management integrity, and to ensure that the Directors report such transactions annually to shareholders via the annual report.

• Review with the external auditors the results of the audit, the management letter, management's responses and any difficulties encountered (in the absence of management, where necessary).

Internal Control

• Review the adequacy and effectiveness of risk management, internal control and governance systems put in place in the Group, including information technology security and control, and to evaluate the systems with the external auditors.

The Audit Process

(i) Assurance

• Review the Assurance Charter, activities, competency, resources and organisational structure of the Assurance function.
• Ensure that Assurance has the necessary authority to carry out its work.
• Have final authority to review and approve the annual Assurance plan and all major changes to the plan.
• Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Head of Assurance.
• At least once per year, review the performance of the Head of Assurance and concur with the annual compensation and salary adjustment.

(ii) External Audit

• Review the external auditors' proposed audit scope and approach, including coordination of audit effort with Assurance.
• Review the performance of the external auditors.
• Consider and recommend the appointment, re-appointment, resignation, dismissal and compensation of external auditors.
• Review and confirm the independence and objectivity of the external auditors, taking into consideration the local professional and regulatory requirements.
• To develop and implement a 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.

Compliance

• Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any major instances of non-compliance.
• 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.
• Review the findings of any examination by regulatory agencies and any auditor observations.
• Review the process for communicating the Code of Conduct to the staff, and for monitoring compliance therewith.
• Obtain regular updates from management and the General Counsel regarding compliance matters.

Other Responsibilities

• Institute and oversee special investigations as needed.
• In compliance with Paragraph 15.16 of the Bursa Securities Main Market Listing Requirements, where the Audit 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 Main Market Listing Requirements, the Committee must promptly report such matter to Bursa Securities.
• Prepare the Audit Committee Report at the end of each financial year.
• Perform other activities related to this Terms of Reference, as requested by the Board of Directors.

Appendix 2

Terms of Reference of Nomination Committee

1.0 Composition

The Nomination Committee (the "Committee") shall have at least three members, all of whom shall be Non-Executive Directors with the majority being independent directors. The Chairman of the Committee and the members shall be appointed by the Board. The appointment of a Committee member terminates when the member ceases to be a Director, or as determined by the Board.

2.0 Authority

The Committee shall have access to such information and advice, both from within the Group and externally on any matters within its terms of reference, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Group.

The Committee may request other Directors, members of Management, counsels, consultants as applicable, to participate in Committee meetings, as necessary, to carry out the Committee's responsibilities.

3.0 Duties and Responsibilities

The duties and responsibilities of the Committee shall include the following:

3.1 Lead the process to identify and nominate suitable candidates for appointment to the Board to fill Board vacancies as and when they arise. Candidates for directorships proposed by the Chief Executive Officer ("CEO") and, within the bounds of practicability, by any other senior executive or any director or shareholder shall be considered by the Committee;

3.2 Establish the criteria for Board membership required for a particular appointment including experience, skills, knowledge, expertise, professionalism, integrity, time commitment and other factors having regard to the leadership needs of the Company;

3.3 Evaluate and recommend to the Board of candidates for appointment as directors, whether of executive or non-executive position;

3.4 Evaluate and recommend to the Board the candidates for the position of independent non-executive directors, having regard to their ability to discharge responsibilities/functions as expected from independent directors;

3.5 Review regularly the structure, size, balance and composition of the Board and Committees including the required mix of skills, knowledge and experience, and the independence of the Non-executive Directors to competently discharge their duties and recommend to the Board with regard to any change;

3.6 Evaluate and recommend to the Board for re-election or otherwise, directors who are retiring pursuant to the Articles of Association of the Company having regard to their performance and contributions to the Board as well as the removal of directors;

3.7 Recommend to the Board the nomination of Directors and Chairman to fill the seats on Board Committees;

3.8 Evaluate and recommend the appointment, promotion, transfer and dismissal of the Managing Director or CEO and the Executive Directors and their duties;

3.9 Establish and implement processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each director, as well as the performance of the CEO. All assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented;

3.10 Evaluate on an annual basis the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each director;

3.11 Oversee the Board succession including the succession of Chairman in order to maintain an appropriate balance of skills, knowledge and experience;

3.12 Ensure induction programme is in place for newly appointed directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regard to their contribution to the Board and Group. If appropriate, the Committee shall arrange for further training;

3.13 To consider other matters as referred to the Committee by the Board.

4.0 Meetings

4.1 Frequency of Meetings

The Committee shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairman of the Committee.

4.2 Quorum and Proceedings of Meetings

4.2.1 The quorum for the meeting of the Nomination Committee shall be at least two (2) members, of which one should be an Independent Director. In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting.

4.2.2 Matters arising at any meeting shall be decided by a majority vote, each member having one (1) vote. In the event of equality of votes, the Chairman of the Committee shall have a casting vote. However, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman will not have a casting vote.

4.2.3 The Committee may conduct its meeting to include participation thereat by any member or invitee via video or teleconferencing or any other means of audio or audio–visual communications.

4.2.4 A resolution in writing, signed by all members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

5.0 Secretary and Notice of Meetings

5.1 The Secretary of the Committee shall be appointed by the Committee from time to time. The Committee meeting agendas shall be the responsibility of the Committee Chairman, with input from Committee members. The Chairman may also ask management to participate in this process.

5.2 The notice and agenda for each meeting shall, unless otherwise agreed to by the members, be circulated at least seven (7) days before each meeting to the Committee members and all those who are required to attend the meeting.

6.0 Minutes of Meetings

6.1 The draft minutes of each Committee meeting are to be reviewed by the Chairman and circulated to all Committee members by the Company Secretary as soon as practicable but no later than the distribution date for papers for the next Committee meeting at which the minutes of the meeting are to be confirmed.

6.2 The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be circulated to all Board members.

7.0 Reporting Responsibilities

7.1 The Committee, through its Chairman, shall report to the Board at the next Board of Directors' meeting on its proceedings on all matters within its duties and responsibilities after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

8.0 Annual General Meeting

8.1 The Chairman of the Committee shall be available to answer questions about the Committee's work at the Annual General Meeting of the Company.

9.0 Other

9.1 The Committee shall review its own performance and terms of reference regularly to ensure it is operating at maximum effectiveness and recommend any change it considers necessary to the Board for approval.

Appendix 3

Terms of Reference of Remuneration Committee

1.0 Composition

The Remuneration Committee (the "Committee") shall consist of at least three members, a majority of whom shall be Non-Executive Directors. The Chairman of the Committee and the members shall be appointed by the Board based on the recommendations of the Nomination Committee. The appointment of a Committee member terminates when the member ceases to be a Director, or as determined by the Board.

2.0 Authority

2.1 The Committee may consult the Chairman of the Company regarding proposals relating to the remuneration of Chief Executive Officer ("CEO") and Executive Directors. The Committee may consult other Non-Executive Directors in its evaluation of the CEO and the Executive Directors. The Committee may request other Directors and key Executives to participate in Committee Meetings, as necessary, to carry out the Committee's responsibilities.

2.2 The Committee shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Board and at the cost of the Group. The Committee is authorised by the Board to obtain external legal or other professional advice, as well as information about remuneration practices elsewhere. The Committee may, if think fit, secure the attendance of external advisers with relevant experience and expertise. No Director or Executive shall take part in decisions involving his/her own remuneration.

3.0 Responsibilities

The responsibilities of the Committee shall include the following:

3.1 To establish and recommend to the Board the remuneration structure and policy for CEO and Executive Director, and Non-Executive Director including the terms of employment or contract of employment/service, benefits, pension or incentive scheme entitlement, bonuses, fees and expenses and any compensation payable on the termination of the service contract by the Company and/or the Group and to review for changes to the policy, as necessary.

3.2 To review the Chief Executive Officer and Executive Directors' goals and objectives and to assess his/her performance against these objectives as well as contribution to the corporate strategy.

3.3 To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration setting forming a significant proportion of the total remuneration package of CEO and Executive Directors.

3.4 To consider other matters as referred to the Committee by the Board.

4.0 Meetings

4.1 Frequency of Meetings

The Committee shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the Committee or Chairman of the Committee.

4.2 Quorum and Proceedings of Meetings

4.2.1 The quorum for the meeting of the Committee shall be at least two (2) members. In the absence of the Chairman of the Committee, the members present shall elect one of their number to chair the meeting.

4.2.2 Matters arising at any meeting shall be decided by a majority vote, each member having one (1) vote. In the event of equality of votes, the Chairman of the Committee shall have a casting vote. However, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman will not have a casting vote.

4.2.3 The Committee may conduct its meeting to include participation thereat by any member or invitee via video or teleconferencing or any other means of audio or audio–visual communications.

4.2.4 A resolution in writing, signed by all members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

5.0 Secretary and Notice of Meetings

5.1 The Secretary of the Committee shall be appointed by the Committee from time to time. The Committee meeting agendas shall be the responsibility of the Committee Chairman, with input from Committee members. The Chairman may also ask management to participate in this process.

5.2 The notice and agenda for each meeting shall unless otherwise agreed to by the members, be circulated at least seven (7) days before each meeting to the Committee members and all those who are required to attend the meeting.

6.0 Minutes of Meetings

6.1 The draft minutes of each Committee meeting are to be reviewed by the Chairman and circulated to all Committee members by the Company Secretary as soon as practicable but no later than the distribution date for papers for the next Committee meeting at which the minutes of the meeting are to be confirmed.

6.2 The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be circulated to all Board members.

7.0 Reporting Responsibilities

7.1 The Committee, through its Chairman, shall report to the Board at the next Board of Directors' meeting on its proceedings on all matters within its duties and responsibilities after each Committee meeting. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

8.0 Annual General Meting

8.1 The Chairman of the Committee shall be available to answer questions about the Committee's work at the Annual General Meeting of the Company.

9.0 Other

9.1 The Committee shall review its own performance and terms of reference regularly to ensure it is operating at maximum effectiveness and recommend any change it considers necessary to the Board for approval.

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 2010 is RM64,000.

2. SHARE BUY-BACK

The Company had not made any proposal for share buy-back during the financial year.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt 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 2010.

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 guarantee 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 2010 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 13 May 2010, 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 2010 are set out on page 123 of the Annual Report.

Financial Statements

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

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	Company
	RM'000	RM'000
Profit for the year	1,178,004	1,353,053
Attributable to:		
Owners of the parent	1,178,004	1,353,053

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 follows:

	RM'000
In respect of the financial year ended 31 December 2009:	
- Second interim tax exempt (single-tier) dividend of 54.0 sen per ordinary share, declared on 3 February 2010 and paid on 26 March 2010	419,850
In respect of the financial year ended 31 December 2010:	
- First interim tax exempt (single-tier) dividend of 35.0 sen per ordinary share, declared on 4 May 2010 and paid on 18 June 2010	272,125
- Second interim tax exempt (single-tier) dividend of 35.0 sen per ordinary share, declared on 20 July 2010 and paid on 24 September 2010	272,125
- Third interim tax exempt (single-tier) dividend of 50.0 sen per ordinary share, declared on 26 October 2010 and paid on 3 December 2010	388,750

The Board of Directors had on 28 January 2011, declared a fourth interim tax exempt (single-tier) dividend of 43.0 sen per ordinary share in respect of the financial year ended 31 December 2010. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

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	
Hakon Bruaset Kjol	*(Resigned as Alternate Director to Sigve Brekke on 29 September 2010)*
Jan Edvard Thygesen	*(Appointed as Director and Alternate Director to Sigve Brekke on 29 September 2010)*
Dato' Saw Choo Boon	*(Appointed on 9 December 2010)*
Hilde Merete Tonne	*(Appointed on 22 March 2011)*
Eirik Boerve Monsen	*(Resigned on 29 September 2010)*

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 follows:

	Number of ordinary shares of NOK6 each			
	1 January 2010/date of appointment	**Acquired**	**Sold**	**31 December 2010**
Ultimate holding company Telenor ASA				
Direct Interest:				
- Sigve Brekke	21,477	24,984	-	46,461
- Hakon Bruaset Kjol	1,700	114	-	1,814
- Jan Edvard Thygesen	102,766	-	-	102,766

Directors' interest (cont'd.)

	Number of options over ordinary shares of NOK6 each			
	1 January 2010	Granted	Exercised	31 December 2010
Ultimate holding company **Telenor ASA**				
Direct Interest:				
- Sigve Brekke	40,000	-	-	40,000
- Hakon Bruaset Kjol	10,000	-	-	10,000
- Jan Edvard Thygesen	55,000	-	-	55,000

None of the other Directors in office at the end of the financial year had any interest in shares or options over 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.

Subsequent event

Details of an event occuring after the financial position date are disclosed in Note 33 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 22 March 2011.

Dato' Ab. Halim bin Mohyiddin

Director

Jan Edvard Thygesen

Director

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

We, Dato' Ab. Halim bin Mohyiddin and Jan Edvard Thygesen, 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 75 to 123 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 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 36 to the financial statements on page 124 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 22 March 2011.

Dato' Ab. Halim bin Mohyiddin

Director

Jan Edvard Thygesen

Director

Statutory Declaration PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Terje Borge, 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 75 to 124 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 Terje Borge at
Kuala Lumpur in Wilayah Persekutuan
on 22 March 2011

Terje Borge

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 statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 75 to 123.

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 news of the financial position of the Group and of the Company as at 31 December 2010 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 financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

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

Other matters

The supplementary information set out in Note 36 on page 124 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Nik Rahmat Kamarulzaman

No. 1759/02/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
22 March 2011

Statements of Comprehensive Income FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Revenue	5	5,406,457	4,909,565	1,353,000	1,375,857
Other income		32,586	9,466	693	-
Cost of materials and traffic expenses		(1,404,195)	(1,170,858)	-	-
Sales and marketing expenses		(512,456)	(497,633)	-	-
Operations and maintenance expenses		(103,108)	(120,432)	-	-
Rental expenses		(218,366)	(227,968)	-	-
Staff expenses		(273,866)	(283,406)	-	-
Depreciation expenses		(618,604)	(592,506)	-	-
Amortisation expenses		(154,759)	(138,615)	-	-
Other expenses		(525,584)	(494,177)	(704)	(453)
Finance costs	6	(51,665)	(40,590)	-	-
Interest income		20,808	13,609	105	98
Profit before tax	7	1,597,248	1,366,455	1,353,094	1,375,502
Taxation	8	(419,244)	(365,984)	(41)	(26)
Profit for the year, representing total comprehensive income for the year		1,178,004	1,000,471	1,353,053	1,375,476
Attributable to:					
Owners of the parent		1,178,004	1,000,471	1,353,053	1,375,476
Earnings per share attributable to owners of the parent (sen per share)	9	151.5	128.7		

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

Statements of Financial Position AS AT 31 DECEMBER 2010

	Note	Group 2010	Group 31 December 2009	Group 1 January 2009	Company 2010	Company 2009
		RM'000	RM'000 (Restated)	RM'000 (Restated)	RM'000	RM'000
Non-current assets						
Property, plant and equipment	11	2,959,894	2,908,174	2,882,392	-	-
Intangible assets	12	845,957	950,174	994,019	-	-
Investments in subsidiaries	13	-	-	-	772,751	772,751
		3,805,851	3,858,348	3,876,411	772,751	772,751
Current assets						
Inventories	14	43,099	13,061	17,053	-	-
Trade and other receivables	15	437,099	420,336	420,807	75	64
Available-for-sale financial asset	16	-	10,514	10,304	-	-
Cash and cash equivalents	17	850,584	430,185	331,277	369	114
		1,330,782	874,096	779,441	444	178
TOTAL ASSETS		**5,136,633**	**4,732,444**	**4,655,852**	**773,195**	**772,929**
Non-current liabilities						
Loans and borrowings	18	1,076,863	772,010	100,000	-	-
Deferred tax liabilities	19	424,491	391,463	371,526	-	-
Provision for liabilities	20	17,068	21,717	20,031	-	-
		1,518,422	1,185,190	491,557	-	-

	Note	Group			Company	
		2010	31 December 2009	1 January 2009	2010	2009
		RM'000	RM'000 (Restated)	RM'000 (Restated)	RM'000	RM'000
Current liabilities						
Trade and other payables	21	1,838,378	1,428,948	1,493,640	409	305
Derivative financial instruments	22	1,345	-	-	-	-
Amount due to a subsidiary	23	-	-	-	-	41
Provision for liabilities	20	42,217	71,057	106,027	-	-
Deferred revenue		343,187	272,986	265,923	-	-
Loans and borrowings	18	-	149,829	297,821	-	-
Taxation		46,462	102,966	103,712	-	-
		2,271,589	2,025,786	2,267,123	409	346
Total liabilities		3,790,011	3,210,976	2,758,680	409	346
Equity						
Share capital	24	77,750	77,750	77,750	77,750	77,750
Reserves		1,268,872	1,443,718	1,819,422	695,036	694,833
Total equity - attributable to owners of the parent		1,346,622	1,521,468	1,897,172	772,786	772,583
TOTAL EQUITY AND LIABILITIES		**5,136,633**	**4,732,444**	**4,655,852**	**773,195**	**772,929**

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

Statements of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Share capital	Share premium	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000
Group					
At 1 January 2009		77,750	691,905	1,127,517	1,897,172
Total comprehensive income		-	-	1,000,471	1,000,471
Transaction with owners:					
- Dividends on ordinary shares	10	-	-	(1,376,175)	(1,376,175)
At 31 December 2009		77,750	691,905	751,813	1,521,468
Total comprehensive income		-	-	1,178,004	1,178,004
Transaction with owners:					
- Dividends on ordinary shares	10	-	-	(1,352,850)	(1,352,850)
At 31 December 2010		77,750	691,905	576,967	1,346,622

		Attributable to owners of the parent			
			Non-Distributable	Distributable	
	Note	Share capital	Share premium	Retained earnings	Total
		RM'000	RM'000	RM'000 (Note 26)	RM'000
Company					
At 1 January 2009		77,750	691,905	3,627	773,282
Total comprehensive income		-	-	1,375,476	1,375,476
Transaction with owners:					
- Dividends on ordinary shares	10	-	-	(1,376,175)	(1,376,175)
At 31 December 2009		77,750	691,905	2,928	772,583
Total comprehensive income		-	-	1,353,053	1,353,053
Transaction with owners:					
- Dividends on ordinary shares	10	-	-	(1,352,850)	(1,352,850)
At 31 December 2010		77,750	691,905	3,131	772,786

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

Statements of Cash Flows FOR THE YEAR ENDED 31 DECEMBER 2010

		Group		Company	
	Note	2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		1,597,248	1,366,455	1,353,094	1,375,502
Adjustments for:					
Amortisation of intangible assets	12	154,759	138,615	-	-
Impairment loss on trade receivables		58,893	70,452	-	-
Dividend income		-	-	(1,353,000)	(1,357,857)
Depreciation of property, plant and equipment	11	618,604	592,506	-	-
Dividend income on available-for-sale financial asset		(142)	(248)	-	-
Finance costs	6	51,665	40,590	-	-
Fair value loss on available-for-sale financial asset		7	38	-	-
Loss on disposal of property, plant and equipment		290	3,693	-	-
Interest income		(20,808)	(13,609)	(105)	(98)
Property, plant and equipment written-off		-	1,474	-	-
Provision for liabilities		191,100	210,131	-	-
Share-based payment		2,033	1,033	-	-
Fair value loss on derivative financial instruments		1,205	-	-	-
Unrealised foreign exchange (gain)/loss		(696)	207	-	-
Operating profit/(loss) before working capital changes		2,654,158	2,411,337	(11)	(453)

		Group		Company	
	Note	2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (cont'd.)					
(Increase)/decrease in inventories		(30,038)	3,992	-	-
Increase in trade and other receivables		(76,712)	(70,436)	(11)	(37)
Decrease in amount due from a subsidiary		-	-	-	571
Increase/(decrease) in trade and other payables		406,920	(78,249)	104	(55)
Decrease in amount due to a subsidiary		-	-	(41)	-
Increase in deferred revenue		70,202	7,063	-	-
Cash generated from operations		3,024,530	2,273,707	41	26
Interest paid		(47,049)	(26,164)	-	-
Proceeds from government grants		742	-	-	-
Payments for provisions	20	(225,791)	(245,570)	-	-
Taxes paid		(442,660)	(346,793)	(41)	(26)
Net cash generated from operating activities		2,309,772	1,655,180	-	-

		Group		Company	
	Note	2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets		(642,266)	(717,405)	-	-
Dividends received from a subsidiary		-	-	1,353,000	1,375,857
Proceeds from disposal of available-for-sale financial asset		10,649	-	-	-
Interest received		19,462	13,649	105	98
Proceeds from disposal of property, plant and equipment		319	170	-	-
Net cash (used in)/generated from investing activities		(611,836)	(703,586)	1,353,105	1,375,955
Cash flows from financing activities					
Repayment of loan and borrowings	18	(150,000)	(300,000)	-	-
Repayment of obligations under finance lease		(24,687)	-	-	-
Proceeds from borrowings	18	250,000	823,489	-	-
Dividends paid	10	(1,352,850)	(1,376,175)	(1,352,850)	(1,376,175)
Net cash used in financing activities		(1,277,537)	(852,686)	(1,352,850)	(1,376,175)
Net increase/(decrease) in cash and cash equivalents		420,399	98,908	255	(220)
Cash and cash equivalents at beginning of year		430,185	331,277	114	334
Cash and cash equivalents at end of year	17	850,584	430,185	369	114

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

Notes to the Financial Statements – 31 DECEMBER 2010

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market 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 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.

2. Significant Accounting Policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standard ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for the financial periods beginning on or after 1 January 2010 as described fully in Note 3 to the financial statements.

The financial statements have been prepared on the historical cost convention unless otherwise indicated in the accounting policies below.

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 comprise the financial statements of the Company and all its subsidiaries at the reporting date.

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 profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. The subsidiaries' identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair values of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary is recorded as goodwill on the consolidated statement of financial position. Any excess of the Group's share in the net fair values of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary over the cost of business combination is recognised as income in profit and loss on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

2. Significant Accounting Policies (cont'd.)

(c) Investments in subsidiaries

Subsidiaries are entities over which the Group has the power to govern 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.

The Company's investments in subsidiaries are held for long-term purposes, and are accounted for at cost less accumulated impairment losses, if any, in the Company's separate financial statements. On the disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included as income in profit and loss.

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment, except for freehold land and capital work-in-progress, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item includes expenditure that is attributable to the acquisition of the item. 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. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of the replaced part is then derecognised. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred. Freehold land and buildings are stated at cost.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress representing assets under construction, is also not depreciated as these assets are not yet available for intended use. Depreciation of other property, plant and equipment is computed 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 land and 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, and adjusted prospectively, if appropriate, 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.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit and loss in the year the asset is derecognised.

2. Significant Accounting Policies (cont'd.)

(e) Intangible assets

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit and loss.

Intangible assets not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit ("CGU") level. Such intangible assets are not amortised.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit and loss when the asset is derecognised.

(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 the asset's estimated useful life or remaining spectrum period up to 1 April 2018.

(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 three years.

(iii) License fee

License fees are capitalised and amortised over the period of the licenses. The license fees had been fully amortised in the financial year ended 31 December 2009.

(f) Impairment of non-financial assets

At each reporting 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 intangible assets not yet available for use, the recoverable amount is estimated at the end of each reporting period, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the CGU level.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, namely a CGU.

2. Significant Accounting Policies (cont'd.)

(f) Impairment of non-financial assets (cont'd.)

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written-down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units, if any and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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 profit and loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(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) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

The Group and the Company classifies its financial assets in the following categories - at fair value through profit or loss, loans and receivable, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Management determines the classification of its financial assets at initial recognition.

2. Significant Accounting Policies (cont'd.)

(h) Financial assets (cont'd.)

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading purposes or are designated as such upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss.

Derivatives embedded in host contracts, if any, are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognised in profit and loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and lossess are recognised in profit and loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale financial assets

Available -for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised in other comprehensive income, except impairment losses, if any, interest as calculated using the effective interest method, and dividends as recognised when the Group's right to receive payment is established; all of which are recognised in profit or loss.

(i) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairmenrt at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment as a result of one or more events that has occured after the initial recognition of the assets, i.e. an incurred loss event, and that loss event has an impact on the estimated future cash flows of the financial assets of the Group and the Company, that can be reliably estimated.

2. Significant Accounting Policies (cont'd.)

(i) Impairment of financial assets (cont'd.)

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables include the Group's past experience of collecting payments, and reduced collection rates for specific ageing buckets.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written-off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost represents one of the considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss are impaired.

(j) 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 reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(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.

2. Significant Accounting Policies (cont'd.)

(j) Provision for liabilities (cont'd.)

(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 end of the reporting period.

(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 Group's 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 of 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(n)(iii) to the financial statements.

(k) Financial liabilities

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial assets and financial liabilities are off-set and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to off-set the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial liabilities are classified as either financial liabilites at fair value through profit or loss, or other financial liabilities, as appropriate in the statement of financial position, according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Management determines the classification of financial liabilites of the Group and the Company at initial recognition.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include finanicial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilites are classified as held for trading if they are acquired for the purpose of selling in near-term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss.

2. Significant Accounting Policies (cont'd.)

(k) Financial liabilities (cont'd.)

(ii) Other financial liabilities

The Group's other financial liabilities include trade and other payables, and loans and borrowings.

Trade and other payables are initially measured at fair value plus directly attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Loans and borrowings are initially measured at fair value, and are subseqently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in profit and loss over the period of the borrowing using the effective interest method.

Borrowing costs are recognised in profit and loss as an expense in the period in which they are incurred.

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(l) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. All other leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments, net of any incentives received from the lessor, are recognised as an expense in profit and loss 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.

2. Significant Accounting Policies (cont'd.)

(n) Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period 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-defined contribution pension scheme, the Employee Provident Fund, and will have no legal or constructive obligation to make further contributions in future. The contributions are recognised as an expense in profit and loss in the period which the related service is performed.

(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 ten 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.

The amount recognised in the statement of financial position 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 1 January 2006 to restrict new entrants into the plan, and the benefits payable to be calculated based on the employees' length of service up to 31 December 2005.

2. Significant Accounting Policies (cont'd.)

(n) Employee benefits (cont'd.)

(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 ten 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 the end of the reporting period.

(o) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(p) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

(q) 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:

2. Significant Accounting Policies (cont'd.)

(q) Revenue recognition (cont'd.)

(i) Telecommunications 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 reporting 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.

(r) 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 values 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 profit and loss by crediting directly against the related expense.

(s) 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 reporting 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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, except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations ("IC Int.") mandatory for annual financial periods beginning on or after 1 January 2010.

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	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
Amendments to FRS 2	Share-based payment - Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Int. 9	Financial Instruments: Recognition and Measurement, Financial Instruments: Disclosures, and Reassessment of Embedded Derivatives
Amendments to FRSs	Improvements to FRSs (2009)
IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment
IC Int. 11	FRS 2 – Group and Treasury Share Transactions
IC Int. 13	Customer Loyalty Programmes
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above FRSs and IC Int. did not have any significant effect on the financial performance of the Group and the Company except for those discussed below:

(a) FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

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

(b) FRS 101 Presentation of Financial Statements (revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

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 classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital, as disclosed in Note 31 to the financial statements.

(c) Improvements to FRSs (2009) - Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all the risks and rewards incidental to ownership. Hence, the Group's leasehold land held for own use was classified as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the building elements in proportion to the relative fair values for leasehold interests in the land element and building element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in the unexpired land leases being reclassified as finance leases.

The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated, as disclosed in Note 34 to the financial statements.

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

The Group and the Company have not early adopted the following FRSs and IC Int., which have effective dates as follows:

FRSs and IC Int.		Effective for financial periods beginning on or after
FRS 3	Business Combinations (revised)	1 July 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 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to IC Int. 9	Reassessment of Embedded Derivatives	1 July 2010
IC Int. 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132	Classification of Rights Issues	1 March 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011

The Directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

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.

Management makes key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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) Useful lives of property, plant and equipment and intangible assets

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. A 5% difference in the expected useful lives of these assets from management's estimates would either result in a 18.2% increase or 22.4% decrease respectively in the Group's profit for the year.

4. Significant Accounting Estimates and Judgements and Key Sources of Estimation Uncertainty (cont'd.)

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment on all non-financial assets at each reporting date. Non-financial 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) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant reduction in collection rates.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's trade and other receivables at the reporting date are disclosed in Note 15 to the financial statements. If the present value of estimated future cash flows varies by 5% from management's estimates, the Group's allowance for impairment will cause either a 0.1% increase or 0.4% decrease respectively in the Group's profit for the year.

(d) 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 reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting 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 profit and loss in the period in which actual realisation and settlement occurs.

5. Revenue

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Telecommunications revenue	5,406,457	4,909,565	-	-
Dividend income	-	-	1,353,000	1,375,857
	5,406,457	4,909,565	1,353,000	1,375,857

6. Finance Costs

	Group	
	2010	2009
	RM'000	RM'000
Interest expense on:		
- Loans and borrowings	50,543	38,569
- Obligations under finance lease	2,835	-
- Others	(1,713)	2,021
	51,665	40,590

7. Profit Before Tax

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

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Impairment loss on trade receivables	58,893	70,452	-	-
Auditors' remuneration:				
- statutory audit	282	290	25	27
- other services	64	185	8	8
Non-Executive Directors' emoluments	287	264	29	27
Employee benefits:				
- defined contribution plan	20,947	22,126	-	-
- defined benefit plan (Note 20)	123	123	-	-
- share-based payment	2,033	1,033	-	-
Lease of transmission facilities	87,946	85,597	-	-
Provision for:				
- customer loyalty programme (Note 20)	196,383	209,432	-	-
- employee leave entitlements (Note 20)	222	576	-	-
- site decommissioning and restoration costs (Note 20)	574	1,168	-	-
Rental of equipment	2,921	3,348	-	-
Rental of land and buildings	199,188	205,035	-	-
Foreign exchange (gain)/loss	(10,117)	5,614	-	-
Fair value loss on derivative financial instruments	1,205	-	-	-
Property, plant and equipment written-off	-	1,474	-	-
Fair value loss on available-for-sale financial asset (Note 16)	7	38	-	-
Loss on disposal of property, plant and equipment	290	3,693	-	-
Dividend income from:				
- a subsidiary	-	-	(1,353,000)	1,375,857)
- available-for-sale financial asset (Note 16)	(142)	(248)	-	-
Bad debts recovered	(4,877)	(4,331)	-	-

The number of Directors of the Company whose total remuneration during the financial year fell within the following band is analysed below:

	Number of Directors	
	2010	2009
Non-Executive Directors:		
- RM100,000 - RM150,000	2	2

8. Taxation

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current tax expense	387,466	286,595	41	25
- (Over)/underaccrual in prior years	(1,250)	59,452	-	1
	386,216	346,047	41	26
Deferred taxation (Note 19):				
- Relating to origination and reversal of temporary differences	13,226	77,674	-	-
- Under/(over)accrual in prior years	19,802	(57,737)	-	-
	33,028	19,937	-	-
	419,244	365,984	41	26

Current tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated taxable profit for the year.

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

	2010		2009	
	%	RM'000	%	RM'000
Group				
Profit before tax		1,597,248		1,366,455
Taxation at Malaysian statutory tax rate	25.0	399,312	25.0	341,614
Effect of expenses not deductible	0.1	1,380	1.6	22,655
Under/(over)accrual of deferred tax in prior years	1.2	19,802	(4.2)	(57,737)
(Over)/underaccrual of tax expense in prior years	(0.1)	(1,250)	4.4	59,452
Effective tax rate/income tax for the year	26.2	419,244	26.8	365,984
Company				
Profit before tax		1,353,094		1,375,502
Taxation at Malaysian statutory tax rate	25.0	338,274	25.0	343,876
Effect of expenses not deductible	0.0	17	0.0	113
Income not subjected to tax	(25.0)	(338,250)	(25.0)	(343,964)
Overaccrual of tax expense in prior years	0.0	-	0.0	1
Effective tax rate/income tax for the year	0.0	41	0.0	26

There were also tax savings effects for the Group of approximately RM178.9 million (2009: RM261.2 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, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2010	**2009**
Profit attributable to owners of the parent (RM'000)	1,178,004	1,000,471
Weighted average number of ordinary shares in issue ('000)	777,500	777,500
Basic earnings per share (sen)	151.5	128.7

10. Dividends

	Group/Company	
	2010	**2009**
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final dividend tax exempt (single-tier) dividend (2009: 53.0 sen)	-	412,075
- Special dividend tax exempt (single-tier) dividend (2009: 75.0 sen)	-	583,125
- First interim tax exempt (single-tier) dividend (2010: 35.0 sen; 2009: 49.0 sen)	272,125	380,975
- Second interim tax exempt (single-tier) dividend (2010: 35.0 sen; 2009: 54.0 sen)	691,975	-
- Third interim tax exempt (single-tier) dividend (2010: 50.0 sen)	388,750	-
	1,352,850	1,376,175
Interim dividend declared subsequent to the reporting date (not recognised as a liability as at 31 December):		
Dividends on ordinary shares:		
- Fourth interim tax exempt (single-tier) dividend (2010: 43.0 sen)	334,325	-
- Second interim tax exempt (single-tier) dividend (2009: 54.0 sen)	-	419,850
	334,325	419,850

The Board of Directors had on 28 January 2011, declared a fourth interim tax exempt (single-tier) dividend of 43.0 sen per ordinary share in respect of the financial year ended 31 December 2010. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

11. Property, Plant and Equipment

Group	Freehold land RM'000	Long-term leasehold land RM'000	Short-term leasehold 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-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Cost												
At 1 January 2010:												
- As previously stated	29,638	-	-	69,993	6,641	6,866	25,361	305,782	116,451	6,325,467	135,411	7,021,610
- Effects of adopting the amendments to FRS 117	-	7,502	7,578	-	-	-	-	-	-	-	-	15,080
- As restated	29,638	7,502	7,578	69,993	6,641	6,866	25,361	305,782	116,451	6,325,467	135,411	7,036,690
Additions	-	-	-	-	-	-	-	-	-	101,868	569,065	670,933
Disposals	-	-	-	-	-	-	(1,156)	-	(119)	(9,657)	-	(10,932)
Transfers	-	-	-	76,000	724	-	-	31,012	5,300	438,094	(551,130)	-
At 31 December 2010	29,638	7,502	7,578	145,993	7,365	6,866	24,205	336,794	121,632	6,855,772	153,346	7,696,691
Accumulated Depreciation and Impairment Losses												
At 1 January 2010												
Accumulated depreciation:												
- As previously stated	-	-	-	5,337	249	2,204	19,310	194,082	76,551	3,813,888	-	4,111,621
- Effects of adopting the amendments to FRS 117	-	1,001	2,025	-	-	-	-	-	-	-	-	3,026
- As restated	-	1,001	2,025	5,337	249	2,204	19,310	194,082	76,551	3,813,888	-	4,114,647
Accumulated impairment losses	-	-	-	-	-	-	-	-	398	13,471	-	13,869
	-	1,001	2,025	5,337	249	2,204	19,310	194,082	76,949	3,827,359	-	4,128,516
Depreciation expenses for the year	-	76	147	1,985	79	153	501	40,286	13,300	562,077	-	618,604
Disposals	-	-	-	-	-	-	(876)	-	(111)	(9,336)	-	(10,323)
At 31 December 2010	-	1,077	2,172	7,322	328	2,357	18,935	234,368	90,138	4,380,100	-	4,736,797
Analysed as:												
Accumulated depreciation	-	1,077	2,172	7,322	328	2,357	18,935	234,368	89,740	4,366,629	-	4,722,928
Accumulated impairment losses	-	-	-	-	-	-	-	-	398	13,471	-	13,869
	-	1,077	2,172	7,322	328	2,357	18,935	234,368	90,138	4,380,100	-	4,736,797
Carrying Amount												
At 31 December 2010	29,638	6,425	5,406	138,671	7,037	4,509	5,270	102,426	31,494	2,475,672	153,346	2,959,894

11. Property, Plant and Equipment (cont'd.)

Group	Freehold land RM'000	Long-term leasehold land RM'000	Short-term leasehold 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-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Cost												
At 1 January 2009:												
- As previously stated	29,638	-	-	69,277	2,293	6,866	25,612	235,001	98,638	5,726,183	261,221	6,454,729
- Effects of adopting the amendments to FRS 117	-	7,502	7,578	-	-	-	-	-	-	-	-	15,080
- As restated	29,638	7,502	7,578	69,277	2,293	6,866	25,612	235,001	98,638	5,726,183	261,221	6,469,809
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	7,502	7,578	69,993	6,641	6,866	25,361	305,782	116,451	6,325,467	135,411	7,036,690
Accumulated Depreciation and Impairment Losses												
At 1 January 2009												
Accumulated depreciation:												
- As previously stated	-	-	-	3,994	209	2,051	19,016	165,162	64,071	3,316,242	-	3,570,745
- Effects of adopting the amendments to FRS 117	-	925	1,878	-	-	-	-	-	-	-	-	2,803
- As restated	-	925	1,878	3,994	209	2,051	19,016	165,162	64,071	3,316,242	-	3,573,548
Accumulated impairment losses	-	-	-	-	-	-	-	-	398	13,471	-	13,869
	-	925	1,878	3,994	209	2,051	19,016	165,162	64,469	3,329,713	-	3,587,417
Depreciation expenses for the year	-	76	147	1,343	40	153	412	29,819	12,480	548,036	-	592,506
Write-offs	-	-	-	-	-	-	-	-	-	(172)	-	(172)
Disposals	-	-	-	-	-	-	(118)	(899)	-	(50,218)	-	(51,235)
At 31 December 2009	-	1,001	2,025	5,337	249	2,204	19,310	194,082	76,949	3,827,359	-	4,128,516
Analysed as:												
Accumulated depreciation	-	1,001	2,025	5,337	249	2,204	19,310	194,082	76,551	3,813,888	-	4,114,647
Accumulated impairment losses	-	-	-	-	-	-	-	-	398	13,471	-	13,869
	-	1,001	2,025	5,337	249	2,204	19,310	194,082	76,949	3,827,359	-	4,128,516
Carrying Amount												
At 31 December 2009	29,638	6,501	5,553	64,656	6,392	4,662	6,051	111,700	39,502	2,498,108	135,411	2,908,174

11. Property, Plant and Equipment (cont'd.)

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

(b) Included in additions for the year is an amount of RM628,000 (2009: RM987,000) relating to the provision for site decommissioning and restoration costs.

(c) During the financial year, the Group had capitalised the indefeasible right of use ("IRU") over purchased fibre optic wavelength by means of a finance lease arrangement, with a fixed monetary value of RM111.0 million. The carrying amount of the IRU over purchased fibre optic wavelength held under finance lease, as presented within its underlying assets under property, plant and equipment, i.e. telecommunications network, at the reporting date was RM75.5 million.

(d) Government grants of RM18.6 million (2009: RM23.0 million) relating to assets, were deducted before arriving at the carrying amount of property, plant and equipment as at 31 December 2010.

12. Intangible Assets

Group	3G spectrum RM'000	Computer software RM'000	Licenses RM'000	Total RM'000
Cost				
At 1 January 2010	695,066	700,470	1,300	1,396,836
Additions	-	50,542	-	50,542
At 31 December 2010	695,066	751,012	1,300	1,447,378
Accumulated Amortisation				
At 1 January 2010	69,507	375,855	1,300	446,662
Amortisation expenses for the year	75,825	78,934	-	154,759
At 31 December 2010	145,332	454,789	1,300	601,421
Carrying Amount				
At 31 December 2010	549,734	296,223	-	845,957

12. Intangible Assets (cont'd.)

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

13. Investments in Subsidiaries

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares at cost		
At 1 January	772,751	75,000
Subscription of new shares issued by DiGi Telecommunications Sdn Bhd ("DTSB") by way of capitalisation of amount due to the Company	-	697,751
At 31 December	772,751	772,751

13. Investments in Subsidiaries (cont'd.)

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

Name of Company	Equity interest held (%)		Principal activities
	2010	2009	
- DTSB	100	100	Establishment, maintenance and provision of telecommunications and related services
- Pay By Mobile Sdn Bhd	100	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	
	2010	2009
	RM'000	RM'000
Merchandise	43,099	13,061

15. Trade and Other Receivables

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Trade receivables	245,354	298,612	-	-
Other receivables	52,823	34,233	70	59
Deposits	52,536	48,095	5	5
Prepayments	88,997	70,701	-	-
	439,710	451,641	75	64
Allowance for impairment	(2,611)	(31,305)	-	-
	437,099	420,336	75	64

15. Trade and Other Receivables (cont'd.)

The Group's trade receivable are non-interest bearing, and are subject to normal trade credit terms ranging from 30 to 45 days (2009: 30 to 45 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

As at 31 December, the ageing analysis of trade receivables net of allowance for impairment and bad debts written-off, is as follows:

	Group	
	2010	2009
	RM'000	RM'000
Trade receivables:		
- Neither past due nor impaired	188,214	203,732
- 1 to 30 days past due not impaired	28,956	24,355
- 31 to 60 days past due not impaired	7,864	10,935
- 61 to 90 days past due not impaired	1,430	13,086
- 91 to 120 days past due not impaired	1,449	2,403
- More than 121 days past due not impaired	14,830	12,796
	242,743	267,307

Trade receivables that are neither past due nor impaired, representing 78% (2009: 76%) of the Group's total net trade receivables, are credit-worthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

At the reporting date, 22% (2009: 24%) of the Group's trade receivables were past due but not impaired. These relate mostly to corporate customers with slower repayment patterns, for whom there is no history of default.

The Group's trade receivables that are impaired at the reporting date and the movement of the Group's allowance for impairment on trade receivables are as follows:

	Individually impaired	Collectively impaired	Total
	RM'000	RM'000	RM'000
At 1 January 2009	980	19,323	20,303
(Reversal of impairment)/charge for the year	(386)	70,838	70,452
Write-offs	(594)	(58,856)	(59,450)
At 31 December 2009	-	31,305	31,305
Charge for the year/(reversal of impairment)	63,020	(4,127)	58,893
Write-offs	(63,020)	(24,567)	(87,587)
At 31 December 2010	-	2,611	2,611

15. Trade and Other Receivables (cont'd.)

The Group's trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments in excess of one year. These receivables are not secured by any collateral or credit enhancements.

At 31 December 2010, the Group's trade receivables balance included exposure to foreign currency denominated in United States Dollar ("USD") and Special Drawing Rights ("SDR") amounting to RM13.8 million (2009: RM13.6 million) and RM27.1 million (2009: RM17.3 million) respectively.

16. Available-for-sale financial asset

	Group	
	2010	2009
	RM'000	RM'000
Cash management fund		
At 1 January	10,514	10,304
Net dividend received in the form of additional units	142	248
Fair value losses	(7)	(38)
Disposal	(10,649)	-
At 31 December, at market value	-	10,514

The cash management fund as designated as an available-for-sale financial asset, was related to a short to medium-term investment in a unit trust fund. The financial asset had been disposed of during the financial year.

17. Cash and Cash Equivalents

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	99,797	19,269	369	114
Money on call with licensed banks	341,491	69,299	-	-
Deposits with licensed banks	409,296	341,617	-	-
	850,584	430,185	369	114

17. Cash and Cash Equivalents (cont'd.)

Cash and cash equivalents include cash in hand and at bank, money on call and deposits with licensed banks. For the purpose of the statement of cash flows, cash and cash equivalents are net of outstanding bank overdrafts, if any.

The Group's cash and cash equivalents included amounts of foreign currency denominated in USD totalling RM12.4 million (2009: RM8.5 million) at the reporting date.

Cash at banks earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates of money on call and deposits at the reporting date are as follows:

	Group	
	2010	**2009**
	%	**%**
Money on call with licensed banks	3.0	1.8
Deposits with licensed banks	3.0	2.1

The deposits of the Group placed with licensed banks will mature within one month (2009: one month) from the end of the reporting period.

18. Loans and Borrowings

	Group	
	2010	**2009**
	RM'000	**RM'000**
Non-current (unsecured)		
Fixed-rate term loan II ("FRTL II")	473,085	472,167
Medium-term notes ("MTN I")	299,884	299,843
MTN II	250,000	-
Finance lease obligation	53,894	-
	1,076,863	772,010

18. Loans and Borrowings (cont'd.)

	Group	
	2010	2009
	RM'000	RM'000
Current (unsecured)		
FRTL I	-	100,000
Commercial papers ("CP")	-	49,829
	-	149,829
Total loans and borrowings	1,076,863	921,839

The weighted average effective and implicit interest rates at the reporting date for loans and borrowings are as follows:

	Group	
	2010	2009
	%	%
CP	-	2.4
FRTL I	-	5.2
FRTL II	5.3	5.3
MTN I	4.7	4.7
MTN II	4.5	-
Finance lease obligation	9.3	-

The above loans and borrowings are denominated in RM.

During the financial year, the Group had fully:

(a) redeemed the CP at its nominal value of RM50.0 million; and

(b) repaid the FRTL I of RM100.0 million.

FRTL II comprises three 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 I comprises two tranches of RM100.0 million and RM200.0 million respectively in nominal value, to be redeemed in July 2012 and July 2014 respectively.

MTN II issued during the financial year with a nominal value of RM250.0 million is redeemable in February 2015.

During the financial year, the Group had acquired IRU over purchased fibre optic wavelength by means of a finance lease arrangement, as disclosed under Note 11 to the financial statements. The obligation under finance lease at the reporting date is as follows:

18. Loans and Borrowings (cont'd.)

	Group	
	2010	2009
	RM'000	RM'000
Future instalments payable	81,762	-
Less: Unexpired finance lease interest	(27,868)	-
Principal outstanding	53,894	-

The remaining maturities of the Group's loans and borrowings as at the reporting date are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Less than one year	-	149,829
Between one and two years	246,519	249,140
Between two and five years	797,019	522,870
More than five years	33,325	-
	1,076,863	921,839

19. Deferred Tax Liabilities

	Group	
	2010	2009
	RM'000	RM'000
At 1 January	391,463	371,526
Recognised in profit and loss (Note 8)	33,028	19,937
At 31 December	424,491	391,463
Presented after appropriate offsetting as follows:		
Deferred tax liability	508,806	496,342
Deferred tax assets	(84,315)	(104,879)
	424,491	391,463

19. Deferred Tax Liabilities (cont'd.)

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

Deferred tax liability:

	Property, plant and equipment and intangible assets RM'000
At 1 January 2010	496,342
Recognised in profit and loss	12,464
At 31 December 2010	508,806
At 1 January 2009	380,985
Recognised in profit and loss	115,357
At 31 December 2009	496,342

Deferred tax assets:

	Deferred revenue RM'000	Others RM'000	Total RM'000
At 1 January 2010	(76,285)	(28,594)	(104,879)
Recognised in profit and loss	1,424	19,140	20,564
At 31 December 2010	(74,861)	(9,454)	(84,315)
At 1 January 2009	-	(9,459)	(9,459)
Recognised in profit and loss	(76,285)	(19,135)	(95,420)
At 31 December 2009	(76,285)	(28,594)	(104,879)

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

20. Provision for Liabilities

Group	Site decommissioning and restoration costs RM'000	Defined benefit plan RM'000 (Note 25)	Total RM'000
Non-current			
At 1 January 2010	19,765	1,952	21,717
Capitalised as property, plant and equipment	628	-	628
Recognised in profit and loss	574	123	697
Reversal of unused amounts arising from adjustment of discount rate	(5,628)	-	(5,628)
Paid during the year	-	(346)	(346)
At 31 December 2010	15,339	1,729	17,068
At 1 January 2009	18,055	1,976	20,031
Capitalised as property, plant and equipment	987	-	987
Recognised in profit and loss	1,168	123	1,291
Paid during the year	(445)	(147)	(592)
At 31 December 2009	19,765	1,952	21,717

Group	Customer loyalty programme RM'000	Employee leave entitlement RM'000	Total RM'000
Current			
At 1 January 2010	64,340	6,717	71,057
Recognised in profit and loss	196,383	222	196,605
Paid during the year	(225,445)	-	(225,445)
At 31 December 2010	35,278	6,939	42,217
At 1 January 2009	99,886	6,141	106,027
Recognised in profit and loss	209,432	576	210,008
Paid during the year	(244,978)	-	(244,978)
At 31 December 2009	64,340	6,717	71,057

21. Trade and Other Payables

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Trade payables	186,234	201,152	-	-
Other payables	183,093	88,412	-	-
Accruals	1,461,297	1,128,503	409	305
Customer deposits	7,754	10,881	-	-
	1,838,378	1,428,948	409	305

The Group's trade and other payables are non-interest bearing, and are subject to normal trade credit terms ranging from 30 to 60 days (2009: 30 to 60 days).

At 31 December 2010, the Group's trade and other payables balances included exposure to foreign currency denominated in USD and SDR amounting to RM106.1 million (2009: RM125.2 million) and RM5.4 million (2009: RM9.6 million) respectively.

22. Derivative Financial Instruments

	Contract value in foreign currency	Notional value	Fair value	Loss arising from fair value changes
	USD'000	RM'000	RM'000	RM'000
Non-hedging derivatives				
Current				
Foreign currency forward contracts:				
- 2010	36,089	112,993	111,648	1,345
- 2009	10,300	35,500	35,360	140

The above foreign currency forward contracts were entered into by the Group to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. These contracts are not designated as cash flow or fair value hedges, and are entered into periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. Foreign currency forward contracts are used to hedge certain payables denominated in USD for which firm commitments existed at the reporting date, extending to March 2011.

22. Derivative Financial Instruments (cont'd.)

During the financial year, the Group recognised a loss of RM1.3 million (2009: RMNil) arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rates respectively. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 30(f)(vi) to the financial statements.

23. Amount due to a Subsidiary

The amount due to a subsidiary in the previous financial year was non-trade in nature, unsecured, interest-free and repayable on demand.

24. Share Capital

	Group/Company			
	Number of ordinary shares of 10 sen each		Amount	
	2010	2009	2010	2009
	'000	'000	RM'000	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

25. 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 4 January 2011.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	Group	
	2010	2009
	RM'000	RM'000
Present value of unfunded obligations	2,059	1,952
Unrecognised experience loss	(330)	-
Net liability	1,729	1,952

25. Defined Benefit Plan (cont'd.)

The amount recognised in profit and loss, included under staff expenses, is as follows:

	Group	
	2010	2009
	RM'000	RM'000
Interest on obligations, representing increase in provision for defined benefit plan	123	123

The principal actuarial assumption used in determining the retirement benefit obligation for the defined benefit plan, is as follows:

	Group	
	2010	2009
	%	%
Rate per annum:		
- Discount rate	6.4	5.8

26. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2010 and 2009 respectively, under the single-tier system.

27. Commitments

	Group	
	2010	2009
	RM'000	RM'000
(a) Capital commitments		
Capital expenditure in respect of property, plant and equipment and intangible assets:		
- Approved and contracted for	104,000	128,000
- Approved but not contracted for	986,000	721,000
(b) Non-cancellable operating lease commitments		
Future minimum lease payments:		
- Less than one year	149,884	141,520
- Between one and five years	370,462	361,888
- More than five years	170,969	167,810
	691,315	671,218

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 one to ten years, with options to renew. None of the leases included contingent rentals.

27. Commitments (cont'd.)

(c) Finance lease commitments

The Group's finance lease commitment is in relation to the acquired IRU over purchased fibre optic wavelength by means of a finance lease arrangement, as disclosed under Notes 11 and 18 to the financial statements respectively. Future minimum lease payments under the finance lease together with the present value of the net minimum lease payments are as follows:

	Group
	2010
	RM'000
Minimum lease payments:	
- Less than one year	-
- Between one and two years	7,169
- Between two and five years	35,632
- More than five years	38,961
Total minimum lease payments	81,762
Less: Amounts representing finance charges	(27,868)
Present value of minimum lease payments	53,894
Present value of payments:	
- Less than one year	-
- Between one and two years	(3,024)
- Between two and five years	23,593
- More than five years	33,325
Present value of minimum lease payments	53,894
Less: Amount due within 12 months	-
Amount due after 12 months (Note 18)	53,894

28. Contingent Liabilities

	Group	
	2010	2009
	RM'000	RM'000
Unsecured		
Guarantees given to third parties for public infrastructure works	9,642	7,206
Guarantee given to SKMM on the transfer of 3G spectrum	50,000	50,000
	59,642	57,206

29. Significant Related Party Disclosures

(a) Sales and purchases of services

Controlling related party relationships are as follows:

(i) The ultimate holding company is as disclosed under Note 1 to the financial statements; and

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

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

	Transactions		Balance due (to)/from at	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
With the ultimate holding company and fellow subsidiary companies				
- Telenor ASA			(20,724)	(9,723)
Consultancy services rendered	26,131	17,346		
- Telenor Consult AS			(5,080)	(1,361)
Personnel services rendered	23,546	16,090		
- Telenor Global Services AS			(1,002)	(686)
Sales of interconnection services on international traffic	593	590		
Purchases of interconnection services on international traffic	6,701	3,667		
Purchases of IP transit	803	306		
- Telenor LDI Communication (Private) Limited			75	(346)
Sales of interconnection services on international traffic	620	972		
Purchases of interconnection services on international traffic	1,278	6,476		
- Total Access Communication Public Company Limited			83	(752)
Sales of international roaming services	349	364		
Purchases of international roaming services	3,961	4,011		
- DTAC Network Co. Ltd			881	431
Sales of interconnection services on international traffic	2,972	1,553		
Purchases of interconnection services on international traffic	48	17		

29. Significant Related Party Disclosures (cont'd.)

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

	Transactions		Balance due (to)/from at	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
With the ultimate holding company and fellow subsidiary companies (cont'd.)				
- Telenor Norge AS Company Limited			(61)	146
Sales of international roaming services	491	793		
Purchases of international roaming services	39	39		
Services rendered on application operations and basic operation for data centre	2,986	-		

(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 financial year was as follows:

	Group	
	2010	2009
	RM'000	RM'000
Short-term employee benefit	13,576	12,484
Post-employment benefits	290	543
Share-based payment	229	224
	14,095	13,251

Included in the compensation of key management personnel of the Group are other emoluments of RM287,000 (2009: RM264,000) paid to two (2009: two) Non-Executive Directors of the Company.

30. 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

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. 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. Available-for-sale financial assets, money on call and deposits are placed only with or only entered into with reputable 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 impairment, whereas the maximum exposure for other receivables, and cash and cash equivalents are the reported carrying values in the financial statements. Information regarding trade receivables that are neither past due nor impaired, and either past due or impaired, are disclosed accordingly in Note 15 to the financial statements.

At the reporting date, there were no significant concentrations of credit risk.

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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 USD and SDR. Although approximately 18% of the Group's total expenses are denominated in the above-mentioned foreign currencies, the settlements of these payables are on net-basis, together with revenues earned from the same operators and partners. The Group also holds cash and cash equivalents denominated in USD for working capital purposes. At the reporting date, the Group's foreign-denominated cash and cash equivalents is highlighted in Note 17 to the financial statements.

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. In line with the Group's foreign currency hedging policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Speculative activities are strictly prohibited. The Group adopts a layered approach to hedging, where a higher percentage of hedging will be executed for closer-dated exposures and with time, increase the hedge as the probability of the underlying exposure increases. These derivatives and their underlying exposures will be monitored on an ongoing basis.

The Group's foreign currency forward contracts are executed only with credit-worthy financial institutions in Malaysia which are governed by appropriate policies and procedures. The cash requirement for settling these foreign currency forward contracts is solely from the Group's working capital.

Details of the Group's outstanding foreign currency forward contracts for the purpose of hedging certain payables denominated in USD for which firm commitments existed at the reporting date, extending to March 2011, are included in Note 22 to the financial statements. The effects of changes in the fair values of these derivative financial instruments have already been included in the financial statements during the financial year.

Management believes that there is no reasonably possible fluctuation in the foreign exchange rate which would cause any material effect to the Group's profit for the year.

30. Financial Instruments (cont'd.)

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. 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 facilities with an aggregate nominal value of up to RM150.0 million as an alternative source of financing which can be executed as and when required.

The Group's trade and other payables and non-hedging derivative liabilities at the reporting date, are short-term in nature, and are payable either on-demand or within one year. Details of respective maturities for the Group's loans and borrowings are as disclosed in Note 18 to the financial statements.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. 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. A difference of 20 basis points in interest rates applicable for the Group's entire loans and borrowings (excluding finance lease obligation) would result in approximately 0.2% variance in the Group's profit for the year.

(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 their fair values due to the relatively short-term maturity of these financial instruments.

(ii) Available-for-sale financial assets

The fair value of the cash management fund was based on its market value existing as at the reporting date.

(iii) Trade receivables and payables

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

(iv) Amount due to a subsidiary

The carrying amount approximate its fair value because the balance was repayable on demand and are short-term in nature.

30. Financial Instruments (cont'd.)

(f) Fair values (cont'd.)

(v) Loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current portion of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing or leasing arrangements at the reporting date.

(vi) Derivative financial instruments

Derivatives are stated at fair value which is equivalent to the marking of the derivatives to market, using prevailing market rates.

At the reporting date, the carrying amounts and fair values of the Group's financial instruments not carried at fair value and whose carrying amounts are not reasonable approximation of fair value, are as follows:

		Group	
	Note	Carrying amount	Fair value
		RM'000	RM'000
At 31 December 2010:			
Financial liabilities			
Loans and borrowings:			
- FRTL II	18	473,085	450,569
- MTN I	18	299,884	302,234
- MTN II	18	250,000	257,837
- Finance lease obligation	18	53,894	68,194
At 31 December 2009:			
Financial liabilities			
Derivative financial instruments	22	-	140
Loans and borrowings:			
- FRTL II	18	472,167	474,618
- MTN I	18	299,843	310,871

30. Financial Instruments (cont'd.)

(g) Carrying amounts

The carrying amounts of financial instruments under each category of FRS139, are as follows:

		Group		Company	
	Note	2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Available-for-sale financial asset	16	-	10,514	-	-
Loans and receivables:					
- Trade receivables	15	242,743	267,307	-	-
- Other receivables	15	52,823	34,233	70	59
- Cash and cash equivalents	17	850,584	430,185	369	114
		1,146,150	731,725	439	173
Other financial liabilities:					
- Loans and borrowings	18	1,076,863	921,839	-	-
- Trade payables	21	186,234	201,152	-	-
- Other payables	21	183,093	88,412	-	-
- Accruals	21	1,461,297	1,128,503	409	305
- Amount due to a subsidiary		-	-	-	41
		2,907,487	2,339,906	409	346
Non-hedging derivative financial liabilities	22	1,345	-	-	-

31. Capital Management

The essence of the Group's capital management strategy is to support its long-term strategic ambitions including:

(a) its commitment to long-term sustainable dividend policy;

(b) its financial obligation and ability to maintain financial flexibility; and

(c) its ability to support its business requirements and enable future growth.

Going-forward, the Group will continue to actively manage its capital structure to enhance shareholders' value and make adjustments to address changes in the economic environment and its business risk characteristics. The Group had during the financial year ended 31 December 2009, revised its minimum dividend pay-out policy to at least 80% of the Group's profit for the year, and dividend payment frequency. The dividend policy will be maintained subject to ongoing assessment, and based on the availability of distributable reserves as well as the Group's future cash flow requirements and market conditions. These revisions and any other revision to its allocation of capital resources are subject to the approval of the Board of Directors. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2010.

32. 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.

33. Event Occurring after the Financial Position Date

DTSB, together with the immediate holding company - Telenor Asia Pte Ltd had on 10 June 2010 entered into a Memorandum of Understanding ("MoU") on network collaboration with Axiata Group Berhad and Celcom Axiata Berhad ("Celcom"). The MoU was subsequently extended on 10 December 2010.

DTSB and Celcom had on 18 January 2011 entered into a Network Collaboration Agreement ("NCA") to jointly implement network collaboration in the areas of sites, access transmission (microwave links), aggregation transmission and trunk fibre. The NCA is geared towards sharing investment, reducing cost and ensuring better asset utilisation, as part of both DTSB's and Celcom's efforts to be operationally efficient. Henceforth, the NCA has now superseded the initial MoU signed. There were no financial implications to the year-end financials as a result of the NCA being signed.

34. Comparatives

The following are the effects to the statement of financial position as at 31 December 2010 arising from the change in accounting policy made in accordance with the relevant amendments to FRS 117:

	Group
	2010
	RM'000
Increase/(decrease) in:	
Property, plant and equipment	11,831
Prepaid lease payments	(11,831)

		Group	
	Previously stated	**Adjustment**	**As reclassified**
	RM'000	**RM'000**	**RM'000**
Statement of financial position			
At 31 December 2009:			
Non-current assets			
Property, plant and equipment	2,896,120	12,054	2,908,174
Prepaid lease payments	12,054	(12,054)	-
At 1 January 2009:			
Non-current assets			
Property, plant and equipment	2,870,115	12,277	2,882,392
Prepaid lease payments	12,277	(12,277)	-

35. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Directors on 22 March 2011.

36. Supplementary information – Disclosure of Realised and Unrealised Profits/Losses

The break-down of the retained profits of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010, and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2010 RM'000	Company 2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	618,754	3,131
- Unrealised	(41,787)	-
	576,967	3,131

In compliance with the requirement of Bursa Securities, no disclosure of comparative figures in relation to the immediate preceding financial year is necessary; this being the Group's and the Company's first financial statements effecting this new disclosure requirement.

List of Properties AS AT 31 DECEMBER 2010

No.	Location	Tenure	Description / Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2009 RM'000	Net Book Value as at 31.12.2010 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	13	702	685
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	15	95	93
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	17	509	494
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	16	191	185
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	15	72	70
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	15	148	144
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	16	917	853
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	36	1,813	1,761
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	30	2,017	1,961
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	15	1,742	1,693

No.	Location	Tenure	Description / Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2009 RM'000	Net Book Value as at 31.12.2010 RM'000
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	28	1,968	1,913
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	22	179	176
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	19	94	93
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	16	5,807	5,739
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	13	379	375
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	11	110	109
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	11	204	202
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	21	1,789	1,769
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 m	N/A	993	968

No.	Location	Tenure	Description / Existing Use	Date of Acquisition	Area	Age of Building (Years)	Net Book Value as at 31.12.2009 RM'000	Net Book Value as at 31.12.2010 RM'000
20	Lot 10, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Land with a building	19.07.2001	284,485 sq ft	5	73,930	72,628
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	14	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	Land with a building / Telecommunications Centre	06.04.2008	92,142 sq ft	N/A	7,492	82,859
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	20	139	136
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	1803 sq m	15	4,332	4,284
26	Title No. PN 89925, Lot 191362 No.4, Hala Perusahaan Kledang U5 Kawasan Perusahaan Menglembu Daerah Kinta, Perak	Leasehold 90 years (expiring in 2099)	Land with a building / Telecommunications Centre	21.09.2009	358 sq m	10	-	717

Notes:

The Group does not adapt a revaluation policy on landed properties.

N/A denotes "Not Applicable".

Disclosure of Recurrent Related Party Transactions

At the Annual General Meeting held on 13 May 2010, 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 Malaysia, the details of recurrent related party transactions conducted during the financial year ended 31 December 2010 pursuant to the shareholders' mandate are disclosed as follows:

DiGi Group with the following related parties	DiGi and/ or its subsidiary companies	Nature of transaction undertaken by/provided to DiGi and/or its subsidiaries	Amount transacted during the financial year
			(RM'000)
Telenor Group of Companies			
Telenor Group	DTSB	Business service costs, which include consultancy, training programmes and professional fees	26,131
Telenor Group	DTSB	Personnel services payable and professional fees	23,546
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	12,212
Telenor Group	DTSB	International Roaming	6,108
Telenor Group	DTSB	IP transit	803
Telenor Group	DTSB	Services rendered on application operations and basic operations for Asian Data Center/Way of Works	2,986
Total			**71,786**

Notes:

1. *Telenor Group refers to Telenor ASA and its subsidiary 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.*

Statement of Directors' Shareholdings AS AT 18 MARCH 2011

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	46,461	0.0028	-	-
Hakon Bruaset Kjol	1,814	0.0001	-	-
Jan Edvard Thygesen	102,766	0.0062	-	-
Hilde Merete Tonne*	21,211	0.0013	-	-

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	-	-
Hakon Bruaset Kjol	10,000	0.0006	-	-
Jan Edvard Thygesen	55,000	0.0033	-	-
Hilde Merete Tonne*	-	-	-	-

Notes:

* *Hilde Merete Tonne is appointed as Director on 22 March 2011.*

Statistics on Shareholdings AS AT 18 MARCH 2011

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 by Shareholdings

Size of Holdings	No. of shareholders	%	No. of shares	%
1 - 99	450	11.98	4,815	0.00
100 - 1,000	1,957	52.12	1,178,428	0.15
1,001 - 10,000	810	21.57	2,794,358	0.36
10,001 - 100,000	358	9.53	12,739,681	1.64
100,001 - 38,874,999 *	178	4.75	258,763,793	33.28
38,875,000 and above **	2	0.05	502,018,925	64.57
TOTAL	**3,755**	**100.000**	**777,500,000**	**100.000**

Notes:

* *Less than 5% of issued shares*

** *5% and above of issued shares*

Substantial shareholders as per Register of Substantial Shareholders as at 18 March 2011

	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	128,720,984	16.56	-	-

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.

List of Thirty (30) Largest Shareholders as at 18 March 2011

	Name of shareholders	Number of shares	%
1.	CITIGROUP NOMINEES (ASING) SDN BHD *TELENOR ASIA PTE LTD (DiGi)*	380,975,030	49.00
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	121,043,895	15.57
3.	AMANAHRAYA TRUSTEES BERHAD *SKIM AMANAH SAHAM BUMIPUTERA*	37,916,500	4.88
4.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	19,959,000	2.57
5.	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM WAWASAN 2020*	14,755,900	1.90
6.	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM MALAYSIA*	14,399,000	1.85
7.	TT DOTCOM SDN BHD	13,750,000	1.77
8.	TT DOTCOM SDN BHD	13,750,000	1.77
9.	VALUECAP SDN BHD	12,426,600	1.60
10.	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)*	11,399,100	1.47
11.	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)*	6,959,000	0.90
12.	HSBC NOMINEES (ASING) SDN BHD *BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND*	5,511,173	0.71
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD*	5,046,500	0.65
14.	AMANAHRAYA TRUSTEES BERHAD *AS 1MALAYSIA*	4,348,500	0.56
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD*	3,992,600	0.51
16.	DATO AHMAD SEBI BIN BAKAR	3,815,213	0.49
17.	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC DIVIDEND FUND*	3,322,300	0.43

List of Thirty (30) Largest Shareholders as at 18 March 2011 (cont'd.)

	Name of shareholders	Number of shares	%
18.	ALAM NUSANTARA SDN BHD	3,156,523	0.41
19.	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM DIDIK*	3,063,000	0.39
20.	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.A.E.)*	3,013,900	0.39
21.	ABB NOMINEE (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AHMAD SEBI BIN BAKAR*	3,000,000	0.39
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)*	2,475,600	0.32
23.	PERMODALAN NASIONAL BERHAD	2,085,200	0.27
24.	AMSEC NOMINEES (TEMPATAN) SDN BHD *AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)*	2,034,700	0.26
25.	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.K.)*	1,977,400	0.25
26.	CARTABAN NOMINEES (ASING) SDN BHD *GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD FOR GOVERNMENT OF SINGAPORE (C)*	1,668,100	0.21
27.	SBB NOMINEES (TEMPATAN) SDN. BHD. *KUMPULAN WANG PERSARAAN (DIPERBADANKAN)*	1,631,200	0.21
28.	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC EQUITY FUND*	1,501,200	0.19
29.	EMPLOYEES PROVIDENT FUND BOARD	1,479,100	0.19
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *ING INSURANCE BERHAD (INV-IL PAR)*	1,435,929	0.19
	TOTAL	**701,892,163**	**90.28**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth 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, 12 May 2011 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 2010 and the Directors' and Auditors' Reports thereon. **Ordinary Resolution 1**
2. To re-elect Tan Sri Leo Moggie as Director of the Company who retires by rotation under Article 98(A) of the Articles of Association of the Company. **Ordinary Resolution 2**
3. To re-elect the following Directors who retire under Article 98(E) of the Articles of Association of the Company:
   (i) Jan Edvard Thygesen **Ordinary Resolution 3**
   (ii) Dato' Saw Choo Boon **Ordinary Resolution 4**
   (iii) Hilde Merete Tonne **Ordinary Resolution 5**
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

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 and New Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature to be entered with Telenor ASA ("Telenor") and Persons Connected with Telenor

   "That, subject to the provisions of the 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 2011 which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:

   (i) the conclusion of the next annual general meeting of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority conferred by this resolution is renewed;

   (ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is earlier;

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

(i) the type of the recurrent related party transactions made; and

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

and further that authority be and is hereby given to the Directors of the Company and its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions as authorised by this Ordinary Resolution." **Ordinary Resolution 7**

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Fourteenth 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 2011. Only a depositor whose name appears on the Record of Depositors as at 6 May 2011 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 (MAICSA 7006609)
TAI YIT CHAN (MAICSA 7009143)
LIEW IRENE (MAICSA 7022609)

Company Secretaries

Selangor Darul Ehsan
20 April 2011

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 7 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)

Tel. No. ______________ being a member of DiGi.COM BERHAD hereby appoint: ______________________
(Name in full)

NRIC No. ______________________________ of ______________________________
(New and Old NRIC Nos.)

____
(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 Fourteenth 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, 12 May 2011 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 Tan Sri Leo Moggie		
RESOLUTION 3 - To re-elect Jan Edvard Thygesen		
RESOLUTION 4 - To re-elect Dato' Saw Choo Boon		
RESOLUTION 5 - To re-elect Hilde Merete Tonne		
RESOLUTION 6 - To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration		
RESOLUTION 7 - To approve the Renewal of Existing Shareholders' Mandate and New 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 ____________ , 2011

____
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 at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*

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Share Registrars

TRICOR INVESTOR SERVICES SDN BHD

Level 17, The Gardens,
North Tower, Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur,
Malaysia

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
Lebuh Tunku Kudin 2
11700 Gelugor, Penang
Tel : 04-248 6000
Fax : 04-248 6001

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

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

EASTERN REGION
Lot 112 & 113
Lorong Industri Semambu 7
Semambu Industrial Estate
25350 Kuantan, Pahang
Fax : 09-508 0016

SABAH REGION
4th Floor, Lot 10, Block B
Warisan Square
Jalan Tun Fuad Stephens
88000 Kota Kinabalu
Tel : 088-251 016
Fax : 088-262 016

SARAWAK REGION
Level 21, Gateway Kuching
No 9 Jalan Bukit Mata,
93100 Kuching
Tel : 082-421 800
Fax : 082-427 597

DIGI CENTRES

KUALA LUMPUR
DiGi 360°
K-0G-03-04, Solaris Mont Kiara, No 2
Jalan Solaris, 50480 Kuala Lumpur

Mid Valley
S-233, 2nd Floor, Gardens Mall
Mid Valley City Lingkaran Syed Putra
59200 Kuala Lumpur

Bangsar
Lot F140, 1st Floor, Bangsar Shopping Centre
285 Jalan Maarof, Bukit Bandaraya
59000 Kuala Lumpur

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

SELANGOR
Klang
Lot Unit B-G-8, BBT One, Lebuh Batu Nilam 2
Bandar Bukit Tinggi, 41200 Klang Selangor

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

Sunway Pyramid
Lot LG2.69 Lower Ground 2
Sunway Pyramid Shopping Mall
No 3, Jalan PJS 11/15, Bandar Sunway
46150 Petaling Jaya

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, Tamanm Bukit Pasir
83100 Batu Pahat, Johor

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

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

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
LG325, Lower Ground, One Utama Shopping
Centre (New Wing), Lebuh 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, Ground Floor, Plaza Citra Kajang
Jalan Citra 1, 43000 Kajang

KEDAH
Sungei Petani
24D, Ground Floor, Jalan Kampung Baru
08000 Sungei 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, 1st Floor Kinta City Shopping Centre
No 2, Jalan Teh 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
63B, Jalan Sultan Ismail
20200 Kuala Terengganu

JOHOR
Tebrau
Lot S49, 2nd Floor
AEON Tebrau City Shopping Centre
No 1, Jalan Desa Tebrau
Taman Desa Tebrau
81100 Johor Bahru

Bukit Indah
S49, 2nd 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 JK2.04, Level 2
Johor Bahru City Square
No 168 & 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

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

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

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

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