

**DiGi.COM BERHAD (425190-X)**  
**(Incorporated in Malaysia)**

**Directors' Report and Audited Financial Statements**  
**31 December 2008**

**425190-X**

**DiGi.Com Berhad  
(Incorporated in Malaysia)**

<b>Contents</b>	<b>Page</b>
Directors' Report	1 - 6
Statement by Directors	7
Statutory Declaration	7
Report of the Auditors	8 - 9
Income Statements	10
Balance Sheets	11 - 12
Statements of Changes in Equity	13 - 14
Cash Flow Statements	15 - 17
Notes to the Financial Statements	18 - 57

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**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 2008.

**Principal activities**

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are stated in Note 12 to the financial statements.

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

**Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year	<u>1,140,715</u>	<u>1,483,562</u>
Attributable to:		
Equity holders of the Company	<u>1,140,715</u>	<u>1,483,562</u>

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 2007:

Final dividend of 4.75 sen, less 26% income tax, and 54.5 sen single-tier exempt dividend per ordinary share, approved on 24 April 2008 and paid on 30 May 2008

451,067

425190-X

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**Dividends (cont'd.)**

**RM'000**

In respect of the financial year ended 31 December 2008:

Interim dividend of 57.0 sen single-tier exempt dividend per ordinary share, declared on 22 July 2008 and paid on 28 August 2008	<u>443,175</u>
Special dividend of 78.0 sen single-tier exempt dividend per ordinary share, declared on 24 October 2008 and paid on 30 December 2008	<u>606,450</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008, of 53.0 sen single-tier exempt dividend per ordinary share, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

**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	(Appointed on 21 August 2008)
Tan Sri Leo Moggie	
Dato' Ab. Halim bin Mohyiddin	
Christian Storm	(Director and appointed as Alternate Director to Sigve Brekke on 21 August 2008)
	(Ceased as Alternate Director to Arve Johansen on 21 August 2008)
Ragnar Holmen Korsæth	
Arve Johansen	(Resigned on 21 August 2008)

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**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 6 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 2008/Date of appointment	Acquired	Sold	31 December 2008
<b>Ultimate holding company</b>				
<b>Telenor ASA</b>				
Direct Interest:				
Sigve Brekke	8,636	634	-	9,270
Ragnar Holmen Korsæth	3,226	3,437	-	6,663
Christian Storm	1,890	665	-	2,555

425190-X

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**Directors' interest (cont'd.)**

	<-----Number of options over ordinary shares-----> of NOK6 each			
	1 January 2008/Date of appointment	Granted	Exercised	31 December 2008
<b>Ultimate holding company</b>				
<b>Telenor ASA</b>				
Direct Interest:				
Sigve Brekke	40,000	-	-	40,000
Ragnar Holmen Korsæth	83,333	-	-	83,333
Christian Storm	20,000	-	-	20,000

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

#### **Issue of shares**

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM75,000,000 to RM77,750,000 by the issuance of 27,500,000 ordinary shares of 10 sen each, pursuant to the transfer of 3G spectrum as disclosed in Note 30 to the financial statements.

#### **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.

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**Other statutory information**

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provisions had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts, in the financial statements of the Group and of the Company, inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.

**DiGi.Com Berhad  
(Incorporated in Malaysia)**

**Other statutory information (cont'd.)**

(f) In the opinion of the Directors:

- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**Significant events**

Details of the significant events during the year are as disclosed in Note 30 to the financial statements.

**Subsequent events**

Details of the subsequent events are disclosed in Note 31 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 11 March 2009.

Dato' Ab. Halim bin Mohyiddin  
Director

Christian Storm  
Director



**425190-X**

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**Statement by Directors**

**Pursuant to Section 169(15) of the Companies Act, 1965**

We, Dato' Ab. Halim bin Mohyiddin and Christian Storm, being two of the Directors of DiGi.Com Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 10 to 57 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 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 March 2009.

Dato' Ab. Halim bin Mohyiddin  
Director

Christian Storm  
Director

**Statutory Declaration**

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

I, Stefan Carlsson, being the officer primarily responsible for the financial management of DiGi.Com Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 10 to 57 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Stefan Carlsson at  
Kuala Lumpur in Wilayah Persekutuan  
on 11 March 2009

Stefan Carlsson

Before me,

425190-X

**Independent auditors' report to the members of  
DiGi.Com Berhad  
(Incorporated in Malaysia)**

**Report on the financial statements**

We have audited the financial statements of DiGi.Com Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 57.

*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.

425190-X

**Independent auditors' report to the members of  
DiGi.Com Berhad (cont'd.)  
(Incorporated in Malaysia)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

**Report on other legal and regulatory requirements**

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

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

**Other matters**

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

Ernst & Young  
AF: 0039  
Chartered Accountants

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

Kuala Lumpur, Malaysia  
11 March 2009

425190-X

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**Income Statements**  
**For the year ended 31 December 2008**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2008</b> <b>RM'000</b>	<b>2007</b> <b>RM'000</b>	<b>2008</b> <b>RM'000</b>	<b>2007</b> <b>RM'000</b>
<b>Revenue</b>		4,814,475	4,362,635	1,485,286	1,730,940
Other income		12,461	12,610	-	-
Cost of materials and traffic expenses		(1,090,699)	(888,908)	-	-
Sales and marketing expenses		(547,562)	(503,056)	-	-
Operations and maintenance expenses		(129,940)	(117,321)	-	-
Rental expenses		(177,893)	(139,274)	-	-
Staff expenses		(242,109)	(226,592)	-	-
Depreciation expenses and impairment losses		(572,940)	(598,566)	-	-
Amortisation expenses		(63,046)	(82,657)	-	-
Other expenses		(467,610)	(390,111)	(1,852)	(812)
Finance costs	5	(12,361)	(15,226)	-	-
Interest income		24,120	31,780	275	23
<b>Profit before tax</b>	6	<u>1,546,896</u>	<u>1,445,314</u>	<u>1,483,709</u>	<u>1,730,151</u>
Taxation	7	(406,181)	(382,719)	(147)	(467,323)
<b>Profit for the year</b>		<u>1,140,715</u>	<u>1,062,595</u>	<u>1,483,562</u>	<u>1,262,828</u>
Attributable to:					
Equity holders of the Company		<u>1,140,715</u>	<u>1,062,595</u>	<u>1,483,562</u>	<u>1,262,828</u>
Earnings per ordinary share (sen)	8	<u>148.5</u>	<u>141.7</u>		

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**Balance Sheets**  
**As at 31 December 2008**

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	10	2,870,115	2,676,555	-	-
Prepaid lease payments		12,277	12,500	-	-
Intangible assets	11	994,019	251,010	-	-
Investments in subsidiaries	12	-	-	75,000	75,000
Amount due from a subsidiary	13	-	-	698,281	36,143
		<u>3,876,411</u>	<u>2,940,065</u>	<u>773,281</u>	<u>111,143</u>
<b>Current assets</b>					
Inventories	14	17,053	8,659	-	-
Trade and other receivables	15	420,807	351,623	27	156
Short-term investment	16	10,304	-	-	-
Cash and cash equivalents	17	331,277	577,144	334	69
		<u>779,441</u>	<u>937,426</u>	<u>361</u>	<u>225</u>
<b>TOTAL ASSETS</b>		<u>4,655,852</u>	<u>3,877,491</u>	<u>773,642</u>	<u>111,368</u>
<b>Equity</b>					
Share capital	18	77,750	75,000	77,750	75,000
Reserves		<u>1,819,422</u>	<u>1,502,645</u>	<u>695,532</u>	<u>35,908</u>
Total equity - attributable to equity holders of the Company		<u>1,897,172</u>	<u>1,577,645</u>	<u>773,282</u>	<u>110,908</u>
<b>Non-current liabilities</b>					
Borrowings	19	100,000	200,000	-	-
Deferred tax liabilities	20	371,526	355,521	-	-
Provision for liabilities	21	20,031	18,270	-	-
		<u>491,557</u>	<u>573,791</u>	<u>-</u>	<u>-</u>

425190-X

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**Balance Sheets**

**As at 31 December 2008 (cont'd.)**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Current liabilities</b>					
Trade and other payables	22	1,493,640	1,180,105	360	460
Provision for liabilities	21	106,027	102,731	-	-
Deferred revenue		265,923	227,001	-	-
Borrowings	19	297,821	100,000	-	-
Taxation		103,712	116,218	-	-
		<u>2,267,123</u>	<u>1,726,055</u>	<u>360</u>	<u>460</u>
<b>Total liabilities</b>		<u>2,758,680</u>	<u>2,299,846</u>	<u>360</u>	<u>460</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,655,852</u>	<u>3,877,491</u>	<u>773,642</u>	<u>111,368</u>

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

**DiGi.Com Berhad**  
(Incorporated in Malaysia)

**Statements of Changes in Equity**  
**For the year ended 31 December 2008**

Group	Note	Attributable to equity holders of the Company			Total RM'000
		Share capital RM'000	Non- Distributable Share premium RM'000	Distributable Retained earnings RM'000	
<b>At 1 January 2007</b>		75,000	15,151	1,662,250	1,752,401
Profit for the year, representing total recognised income and expenses for the year		-	-	1,062,595	1,062,595
Dividend for the financial year ended 31 December 2006					
- final	9	-	-	(314,813)	(314,813)
Dividend for the financial year ended 31 December 2007					
- interim	9	-	-	(375,038)	(375,038)
- special	9	-	-	(547,500)	(547,500)
<b>At 31 December 2007</b>		<b>75,000</b>	<b>15,151</b>	<b>1,487,494</b>	<b>1,577,645</b>
Profit for the year, representing total recognised income and expenses for the year		-	-	1,140,715	1,140,715
Issue of 27,500,000 new ordinary shares pursuant to the transfer of 3G spectrum	30	2,750	682,000	-	684,750
Share issuance and listing expenses		-	(5,246)	-	(5,246)
Dividend for the financial year ended 31 December 2007					
- final	9	-	-	(451,067)	(451,067)
Dividend for the financial year ended 31 December 2008					
- interim	9	-	-	(443,175)	(443,175)
- special	9	-	-	(606,450)	(606,450)
<b>At 31 December 2008</b>		<b>77,750</b>	<b>691,905</b>	<b>1,127,517</b>	<b>1,897,172</b>

**DiGi.Com Berhad**  
(Incorporated in Malaysia)

**Statements of Changes in Equity**  
For the year ended 31 December 2008 (cont'd.)

	Note	← Attributable to equity holders of the Company →			Total RM'000
		Share capital RM'000	Share premium RM'000	Non- Distributable Distributable (Accumulated losses)/ Retained earnings RM'000	
<b>Company</b>					
<b>At 1 January 2007</b>		75,000	15,151	(4,720)	85,431
Profit for the year, representing total recognised income and expenses for the year		-	-	1,262,828	1,262,828
Dividend for the financial year ended 31 December 2006					
- final	9	-	-	(314,813)	(314,813)
Dividend for the financial year ended 31 December 2007					
- interim	9	-	-	(375,038)	(375,038)
- special	9	-	-	(547,500)	(547,500)
<b>At 31 December 2007</b>		<u>75,000</u>	<u>15,151</u>	<u>20,757</u>	<u>110,908</u>
Profit for the year, representing total recognised income and expenses for the year		-	-	1,483,562	1,483,562
Issue of 27,500,000 new ordinary shares pursuant to the transfer of 3G spectrum	30	2,750	682,000	-	684,750
Share issuance and listing expenses		-	(5,246)	-	(5,246)
Dividend for the financial year ended 31 December 2007					
- final	9	-	-	(451,067)	(451,067)
Dividend for the financial year ended 31 December 2008					
- interim	9	-	-	(443,175)	(443,175)
- special	9	-	-	(606,450)	(606,450)
<b>At 31 December 2008</b>		<u>77,750</u>	<u>691,905</u>	<u>3,627</u>	<u>773,282</u>

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



425190-X

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**Cash Flow Statements**  
**For the year ended 31 December 2008**

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		1,546,896	1,445,314	1,483,709	1,730,151
Adjustments for:					
Amortisation expenses of intangible assets	11	62,823	82,440	-	-
Amortisation expenses of prepaid lease payments		223	217	-	-
Allowance for doubtful debts		33,277	21,555	-	-
Dividend income		-	-	(1,485,286)	(1,730,940)
Depreciation expenses and impairment losses	10	572,940	598,566	-	-
Dividend income on short-term investment		(229)	-	-	-
Finance costs	5	12,361	15,226	-	-
Fair value adjustment on short-term investment		(75)	-	-	-
Gain on disposal of property, plant and equipment		(1,216)	(58)	-	-
Interest income		(24,120)	(31,780)	(275)	(23)
Property, plant and equipment written off		5,592	8,261	-	-
Provision for liabilities		237,322	236,649	-	-
Share-based payment		74	4,889	-	-
Unrealised foreign exchange gain		(32)	(1,052)	-	-
Operating profit/(loss) before working capital changes		2,445,836	2,380,227	(1,852)	(812)

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**Cash Flow Statements**

**For the year ended 31 December 2008 (cont'd.)**

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Cash flows from operating activities (cont'd.)</b>					
Increase in inventories		(8,394)	(470)	-	-
(Increase)/decrease in receivables		(103,319)	(76,421)	56	3
Decrease/(increase) in amount due from a subsidiary		-	-	17,366	(28,026)
Increase/(decrease) in payables		314,095	(115,805)	(100)	87
Increase/(decrease) in deferred revenue		38,922	(17,768)	-	-
Cash generated from/(used in) operations		2,687,140	2,169,763	15,470	(28,748)
Interest paid		(11,937)	(14,700)	-	-
Payments under customer loyalty programme	21	(233,900)	(209,386)	-	-
Payments for employee related benefits	21	(259)	(3,575)	-	-
Taxes paid		(402,553)	(352,527)	-	-
Net cash generated from/(used in) operating activities		2,038,491	1,589,575	15,470	(28,748)

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**Cash Flow Statements**  
**For the year ended 31 December 2008 (cont'd.)**

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment and intangible assets		(896,770)	(678,137)	-	-
Dividends received from a subsidiary		-	-	1,485,212	1,263,586
Purchase of short-term investment		(10,000)	-	-	-
Interest received		24,750	32,898	275	23
Proceeds from disposal of property, plant and equipment		376	610	-	-
Net cash (used in)/generated from investing activities		<u>(881,644)</u>	<u>(644,629)</u>	<u>1,485,487</u>	<u>1,263,609</u>
<b>Cash flows from financing activities</b>					
Repayment of borrowings	19	(100,000)	-	-	-
Proceeds from issuance of commercial papers	19	197,978	-	-	-
Dividends paid	9	<u>(1,500,692)</u>	<u>(1,237,351)</u>	<u>(1,500,692)</u>	<u>(1,237,351)</u>
Net cash used in financing activities		<u>(1,402,714)</u>	<u>(1,237,351)</u>	<u>(1,500,692)</u>	<u>(1,237,351)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(245,867)	(292,405)	265	(2,490)
<b>Cash and cash equivalents at beginning of year</b>		<u>577,144</u>	<u>869,549</u>	<u>69</u>	<u>2,559</u>
<b>Cash and cash equivalents at end of year</b>	17	<u>331,277</u>	<u>577,144</u>	<u>334</u>	<u>69</u>

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**Notes to the Financial Statements - 31 December 2008**

**1. Corporate Information**

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 12 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

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

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

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11 March 2009.

**2. Significant Accounting Policies**

**(a) Basis of preparation**

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

The Group and the Company has adopted new and revised FRSs which are mandatory for the current financial year as described in Note 3 to the financial statements.

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

**(b) Basis of consolidation**

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

**(b) Basis of consolidation (cont'd.)**

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

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

**(c) Investments in subsidiaries**

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

**(d) Property, plant and equipment, and depreciation**

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

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

**(d) Property, plant and equipment, and depreciation (cont'd.)**

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

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

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

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

**(e) Impairment of property, plant and equipment, intangible assets and investments in subsidiaries**

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

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

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

**(e) Impairment of property, plant and equipment, intangible assets and investments in subsidiaries (cont'd.)**

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

An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised in prior years. The reversal is recognised in the income statement.

**(f) Intangible assets**

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

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

**(i) 3G spectrum**

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

**(f) Intangible assets (cont'd.)**

**(ii) Computer software**

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

**(iii) License fee**

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

**(g) Inventories**

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

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

**(h) Provision for liabilities**

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

**(i) Customer loyalty programme**

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



**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

**(h) 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 balance sheet date.

**(iii) Site decommissioning and restoration costs**

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

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

**(iv) Defined benefit plan**

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

**(i) Leases**

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

Operating lease payments, net of any incentives received from the lessor, are recognised as an expense in the income statement on a straight-line basis over the lease term. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

**(i) Leases (cont'd.)**

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

**(j) Employee benefits**

**(i) Short-term benefits**

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

**(ii) Defined contribution plan**

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

**(j) Employee benefits (cont'd.)**

**(iii) Defined benefit plan**

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

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

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

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

**(j) 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 10 years, are entitled to certain number of shares which are directly acquired under the employees' names in the open market. The maximum entitlement of this benefit is capped to a certain amount as determined by the Group. The transactions are recorded as share-based cash-settled transactions, and the expense recognised under this scheme is determined by reference to the number of employees qualifying for the scheme, the number of shares entitled and the market price of the shares (capped at the maximum entitlement) at each balance sheet date.

**(k) Income tax**

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

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

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

**(I) Financial instruments**

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

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

**(i) Short-term investment**

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

**(ii) Cash and cash equivalents**

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

**(iii) Receivables**

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

**(iv) Payables**

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

**(v) Borrowings**

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

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

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

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

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

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

**(vi) Equity instruments**

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

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

**(m) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

**(i) Sale of goods and services**

Revenue relating to sales of goods and services are recognised net of rebates and discounts upon the transfer of risks and rewards when goods are delivered and services are performed. Revenue from the prepaid cards that have been sold to customers but where services have not been rendered at the balance sheet date is deferred.

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

**(m) Revenue recognition (cont'd.)**

**(ii) Interest income**

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

**(iii) Dividend income**

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

**(n) Government grants**

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

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

**(o) Foreign currency transactions**

**(i) Functional and presentation currency**

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

**(ii) Foreign currency transactions**

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

All exchange rate differences are taken to the income statement.

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**3. Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs**

The following revised FRSs and Issues Committee Interpretations ("IC Int.") adopted are mandatory for the financial year beginning on 1 January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Int. 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int. 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int. 8	Scope of FRS 2

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

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

<b>FRSs and IC Int.</b>		<b>Effective for financial periods beginning on or after</b>
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Int. 9	Reassessment of Embedded Derivatives	1 January 2010
IC Int. 10	Interim Financial Reporting and Impairment	1 January 2010

The adoption of the above is not expected to have any significant effects on the financial statements of the Group and of the Company upon their initial application.

The possible impact upon the initial application of FRS 139 is not disclosed as exempted under Paragraph 103 AB of FRS 139.



**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

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

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

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

**(a) Depreciation and amortisation**

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

**(b) Impairment**

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

**(b) Impairment (cont'd.)**

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

**(c) Deferred tax assets and liabilities**

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

**(d) Provision for liabilities**

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

**5. Finance Costs**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest expense	11,491	14,700
Others	870	526
	<u>12,361</u>	<u>15,226</u>

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**6. Profit Before Tax**

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

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for doubtful debts	33,277	21,555	-	-
Amortisation expense for:				
- intangible assets	62,823	82,440	-	-
- prepaid lease payments	223	217	-	-
Auditors' remuneration:				
- statutory audit	284	265	27	25
- other services	203	135	8	8
Directors' emoluments	264	244	26	244
Employee benefits:				
- defined contribution plan	21,896	19,690	-	-
- increase in provision for defined benefit plan	126	128	-	-
- share-based payment	74	4,889	-	-
Impairment of property, plant and equipment	-	5,722	-	-
Lease of transmission facilities	63,909	55,319	-	-
Property, plant and equipment written off	5,592	8,261	-	-
Provision for:				
- customer loyalty programme	236,054	236,195	-	-
- employee leave entitlements	1,142	326	-	-
- site decommissioning and restoration costs	1,085	526	-	-
Rental of equipment	4,290	3,982	-	-
Rental of land and buildings	158,158	124,402	-	-
Foreign exchange loss/(gain)	5,911	(7,001)	-	-
Dividend income from:				
- a subsidiary	-	-	(1,485,286)	(1,730,940)
- short-term investment	(229)	-	-	-
Fair value adjustment on short-term investment	(75)	-	-	-
Government grant received	(200)	(73)	-	-
Bad debts recovered	(4,977)	(1,984)	-	-
Gain on disposal of property, plant and equipment	(1,216)	(58)	-	-

**DiGi.Com Berhad**  
(Incorporated in Malaysia)

**7. Taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax:				
Current tax expense	397,492	403,475	148	467,286
(Over)/underaccrual in prior year	(7,316)	(4,570)	(1)	37
	<u>390,176</u>	<u>398,905</u>	<u>147</u>	<u>467,323</u>
Deferred taxation (Note 20):				
Relating to origination and reversal of temporary differences	10,693	(6,249)	-	-
Relating to changes in tax rates	(1,224)	(13,986)	-	-
Underaccrual in prior year	6,536	4,049	-	-
	<u>16,005</u>	<u>(16,186)</u>	<u>-</u>	<u>-</u>
	<u>406,181</u>	<u>382,719</u>	<u>147</u>	<u>467,323</u>

Current tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated taxable profit for the year. The Malaysian statutory tax rate for year assessment 2009 onwards will be reduced from 26% to 25%, and the computation of deferred tax as at 31 December 2008 has reflected this change.

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

	<b>2008</b>		<b>2007</b>	
	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>
<b>Group</b>				
Profit before tax		<u>1,546,896</u>		<u>1,445,314</u>
Taxation at Malaysian statutory tax rate	26.0	402,193	27.0	390,235
Effect of changes in tax rates on opening balance of deferred tax	(0.0)	(1,224)	(1.0)	(13,986)
Effect of expenses not deductible	0.4	5,992	0.5	6,991
Underaccrual of deferred tax in prior year	0.4	6,536	0.3	4,049
Overaccrual of tax expense in prior year	(0.5)	(7,316)	(0.3)	(4,570)
Effective tax rate/income tax for the year	<u>26.3</u>	<u>406,181</u>	<u>26.5</u>	<u>382,719</u>

**DiGi.Com Berhad**  
(Incorporated in Malaysia)

**7. Taxation (cont'd.)**

<b>Company</b>	<b>2008</b>		<b>2007</b>	
	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>
Profit before tax		<u>1,483,709</u>		<u>1,730,151</u>
Taxation at Malaysian statutory tax rate	26.0	385,764	27.0	467,141
Effect of expenses not deductible	0.0	470	0.0	145
Income not subjected to tax	(26.0)	(386,086)	-	-
(Over)/underaccrual of tax expense in prior year	(0.0)	(1)	0.0	37
Effective tax rate/income tax for the year	<u>0.0</u>	<u>147</u>	<u>27.0</u>	<u>467,323</u>

There were tax savings effects for the Group of approximately RM177 million (2007: RM178 million) arising from the utilisation of capital allowances by a subsidiary.

A single-tier company income tax system was introduced under the Finance Act 2007, with effect from the year of assessment 2008. Under the single-tier tax system, tax on the Company's profit is the final tax. During the financial year, the Company had fully utilised its Section 108 balances and elected to exercise the irrevocable option to switch to the new single-tier system. Under such election, the Company will be allowed to distribute single-tier exempt dividend to shareholders.

**8. Earnings Per Ordinary Share**

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

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
Profit attributable to equity holders of the Company (RM'000)	1,140,715	1,062,595
Weighted average number of ordinary shares in issue ('000)	767,958	750,000
Basic earnings per share (sen)	<u>148.5</u>	<u>141.7</u>

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**9. Dividends**

	<b>Group/Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Recognised during the year:</b>		
Final dividend for 2007: 4.75 sen, less 26% income tax, and 54.5 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares (58.0 sen per ordinary share)	451,067	-
Interim dividend for 2008: 57.0 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares	443,175	-
Special dividend for 2008: 78.0 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares	606,450	-
Final dividend for 2006: 57.5 sen per ordinary share, less 27% income tax, on 750.0 million ordinary shares (42.0 sen per ordinary share)	-	314,813
Interim dividend for 2007: 68.5 sen per ordinary share, less 27% income tax, on 750.0 million ordinary shares (50.0 sen per ordinary share)	-	375,038
Special dividend for 2007: RM1.00 per ordinary share, less 27% income tax, on 750.0 million ordinary shares (73.0 sen per ordinary share)	-	547,500
<b>Proposed for approval at AGM</b>		
<b>(not recognised as at 31 December):</b>		
Final dividend for 2008: 53.0 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares	412,075	-
Final dividend for 2007: 4.75 sen, less 26% income tax, and 54.5 sen single-tier exempt dividend per ordinary share, on 777.5 million ordinary shares (58.0 sen per ordinary share)	-	451,067

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008, of 53.0 sen single-tier exempt dividend per ordinary share (2007: 4.75 sen per ordinary share less 26% income tax, and 54.5 sen single-tier exempt dividend per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

425190-X

DiGi.Com Berhad  
(Incorporated in Malaysia)

10. Property, Plant and Equipment

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communications network RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>										
At 1 January 2008	13,912	69,277	2,293	6,827	24,868	221,885	89,388	5,071,316	224,415	5,724,181
Additions	-	-	-	-	-	-	-	4,936	750,955	755,891
Reclassification/ transfers	15,726	-	-	39	744	15,028	10,143	701,417	(713,011)	30,086
Write-offs	-	-	-	-	-	(1,208)	(778)	(19,855)	-	(21,841)
Disposals	-	-	-	-	-	(704)	(115)	(31,631)	(1,138)	(33,588)
At 31 December 2008	29,638	69,277	2,293	6,866	25,612	235,001	98,638	5,726,183	261,221	6,454,729
<b>Accumulated Depreciation and Impairment Losses</b>										
At 1 January 2008										
Accumulated depreciation	-	2,656	185	1,896	16,849	137,652	55,076	2,816,946	-	3,031,260
Accumulated impairment losses	-	-	-	-	-	-	592	15,774	-	16,366
	-	2,656	185	1,896	16,849	137,652	55,668	2,832,720	-	3,047,626

425190-X

DiGi.Com Berhad  
(Incorporated in Malaysia)

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

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communications network RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation expenses for the year	-	1,338	24	155	2,051	29,399	9,687	530,286	-	572,940
Reversal of impairment loss*	-	-	-	-	-	-	(194)	(2,303)	-	(2,497)
Reclassification/transfers	-	-	-	-	116	-	-	3,675	-	3,791
Write-offs	-	-	-	-	-	(1,208)	(584)	(11,960)	-	(13,752)
Disposals	-	-	-	-	-	(681)	(108)	(22,705)	-	(23,494)
At 31 December 2008	-	3,994	209	2,051	19,016	165,162	64,469	3,329,713	-	3,584,614
Analysed as:										
Accumulated depreciation	-	3,994	209	2,051	19,016	165,162	64,071	3,316,242	-	3,570,745
Accumulated impairment losses	-	-	-	-	-	-	398	13,471	-	13,869
	-	3,994	209	2,051	19,016	165,162	64,469	3,329,713	-	3,584,614
<b>Carrying Amount</b>										
At 31 December 2008	29,638	65,283	2,084	4,815	6,596	69,839	34,169	2,396,470	261,221	2,870,115

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



425190-X

DiGi.Com Berhad  
(Incorporated in Malaysia)

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

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communications network RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>										
At 1 January 2007	13,912	69,277	2,293	6,827	23,681	158,381	88,798	4,828,007	87,237	5,278,413
Additions	-	-	-	-	-	-	-	4,513	599,175	603,688
Write-offs	-	-	-	-	-	(1,642)	(1,591)	(152,611)	(1,054)	(156,898)
Disposals	-	-	-	-	(846)	-	(59)	(7)	(110)	(1,022)
Transfers	-	-	-	-	2,033	65,146	2,240	391,414	(460,833)	-
At 31 December 2007	13,912	69,277	2,293	6,827	24,868	221,885	89,388	5,071,316	224,415	5,724,181
<b>Accumulated Depreciation and Impairment Losses</b>										
At 1 January 2007										
Accumulated depreciation	-	643	159	1,745	15,116	108,795	46,397	2,412,312	-	2,585,167
Accumulated impairment losses	-	-	-	-	-	-	592	12,408	-	13,000
	-	643	159	1,745	15,116	108,795	46,989	2,424,720	-	2,598,167

425190-X

DiGi.Com Berhad  
(Incorporated in Malaysia)

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

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communications network RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation expenses for the year	-	2,013	26	151	2,175	30,442	10,292	547,745	-	592,844
Impairment loss	-	-	-	-	-	-	-	5,722	-	5,722
Reversal of impairment loss*	-	-	-	-	-	-	-	(2,356)	-	(2,356)
Write-offs	-	-	-	-	-	(1,585)	(1,585)	(143,111)	-	(146,281)
Disposals	-	-	-	-	(442)	-	(28)	-	-	(470)
At 31 December 2007	-	2,656	185	1,896	16,849	137,652	55,668	2,832,720	-	3,047,626
Analysed as:										
Accumulated depreciation	-	2,656	185	1,896	16,849	137,652	55,076	2,816,946	-	3,031,260
Accumulated impairment losses	-	-	-	-	-	-	592	15,774	-	16,366
	-	2,656	185	1,896	16,849	137,652	55,668	2,832,720	-	3,047,626
<b>Carrying Amount</b>										
At 31 December 2007	13,912	66,621	2,108	4,931	8,019	84,233	33,720	2,238,596	224,415	2,676,555

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**10. Property, Plant and Equipment (cont'd.)**

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

Included in additions for the year is an amount of RM809,000 (2007: RM4.5 million) relating to the provision for site decommissioning and restoration costs.

Government grants of RM4.5 million (2007: RM2.0 million) relating to assets, were deducted before arriving at the carrying amount of property, plant and equipment as at 31 December 2008.

**11. Intangible Assets**

<b>Group</b>	<b>3G spectrum RM'000</b>	<b>Computer software RM'000</b>	<b>Licenses RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>				
At 1 January 2008	-	499,112	1,300	500,412
Additions	695,066	136,772	-	831,838
Reclassification to property, plant and equipment	-	(29,680)	-	(29,680)
Disposal	-	(1)	-	(1)
At 31 December 2008	695,066	606,203	1,300	1,302,569
<b>Accumulated Amortisation</b>				
At 1 January 2008	-	248,510	892	249,402
Amortisation expenses for the year	-	62,763	60	62,823
Reclassification to property, plant and equipment	-	(3,674)	-	(3,674)
Disposal	-	(1)	-	(1)
At 31 December 2008	-	307,598	952	308,550
<b>Carrying Amount</b>				
At 31 December 2008	695,066	298,605	348	994,019
At 31 December 2007	-	250,602	408	251,010

Details of the addition of the 3G spectrum during the current financial year are as disclosed in Note 30 to the financial statements.

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**12. Investments in Subsidiaries**

	<b>Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares at cost	75,000	75,000

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

<b>Name of company</b>	<b>Equity interest held (%)</b>		<b>Principal activities</b>
	<b>2008</b>	<b>2007</b>	
DiGi Telecommunications Sdn Bhd ("DTSB")	100	100	Establishment, maintenance and provision of telecommunications and related services
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

**13. Amount Due from a Subsidiary**

	<b>Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from a subsidiary	698,281	36,143

The amount due from a subsidiary is non-trade in nature, unsecured, interest-free, with no fixed term of repayment, and is not expected to be repaid within the next 12 months.

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**14. Inventories**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Trading merchandise	17,053	8,659

**15. Trade and Other Receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	312,696	257,176	-	-
Other receivables	40,730	17,406	22	151
Deposits	42,618	42,200	5	5
Prepayments	45,069	48,750	-	-
	<u>441,113</u>	<u>365,532</u>	<u>27</u>	<u>156</u>
Allowance for doubtful debts	(20,306)	(13,909)	-	-
	<u>420,807</u>	<u>351,623</u>	<u>27</u>	<u>156</u>

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

During the financial year, the Group had written off approximately RM26.9 million (2007: RM18.8 million) of trade receivables balance against the allowance for doubtful debts.

At 31 December 2008, the Group's trade receivables balance included exposure to foreign currency denominated in United States Dollars and Special Drawing Rights amounting to RM14.5 million (2007: RM8.1 million) and RM24.1 million (2007: RM12.2 million) respectively.

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**16. Short-term Investment**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash management fund, at market value	10,304	-

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

**17. Cash and Cash Equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	16,383	20,962	334	69
Money on call with licensed bank	65,772	195,979	-	-
Deposits with licensed banks	249,122	360,203	-	-
	<u>331,277</u>	<u>577,144</u>	<u>334</u>	<u>69</u>

At 31 December 2008, the Group's cash and cash equivalents included an amount of foreign currency denominated in United States Dollars amounting to RM6.7 million (2007: RM3.8 million).

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

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>%</b>	<b>%</b>
Money on call with licensed bank	3.0	3.5
Deposits with licensed banks	3.3	3.5

The deposits of the Group placed with licensed banks will mature between 1 to 3 months (2007: 1 month) from the financial year end.

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**18. Share Capital**

	<b>Group/Company</b>			
	<b>Number of ordinary shares of 10 sen each</b>		<b>Amount</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>'000</b>	<b>'000</b>	<b>RM'000</b>	<b>RM'000</b>
Authorised	10,000,000	10,000,000	1,000,000	1,000,000
Issued and fully paid	777,500	750,000	77,750	75,000

During the current financial year, the issued and paid-up capital of the Company was increased by 27.5 million shares of 10 sen each, pursuant to the transfer of the 3G spectrum as disclosed in Note 30 to the financial statements. The new shares ranked pari passu in all respects with the existing shares of the Company.

**19. Borrowings**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current (unsecured)</b>		
Fixed rate term loan	100,000	200,000
<b>Current (unsecured)</b>		
Fixed rate term loan	100,000	100,000
Commercial papers	197,821	-
	297,821	100,000

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

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>%</b>	<b>%</b>
Fixed rate term loan	4.9	4.9
Commercial papers	4.1	-

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

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

The above borrowings are denominated in RM.

The fixed rate term loan consists of 3 tranches of RM100.0 million each, of which the first tranche was fully settled during the financial year. The remaining tranches are subject to interest rates of between 4.9% to 5.2% per annum, and are repayable on a bullet basis of RM100.0 million each, in April 2009 and April 2010 respectively.

During the year, the Group issued RM200.0 million commercial papers in nominal value to be redeemed in March 2009.

**20. Deferred Tax Liabilities**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	355,521	371,707
Recognised in the income statement (Note 7)	16,005	(16,186)
At 31 December	<u>371,526</u>	<u>355,521</u>
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	380,985	363,399
Deferred tax assets	(9,459)	(7,878)
	<u>371,526</u>	<u>355,521</u>

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

**Deferred tax liabilities:**

	<b>Property, plant and equipment and intangible assets</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2008	363,126	273	363,399
Recognised in the income statement	17,859	(273)	17,586
At 31 December 2008	<u>380,985</u>	-	<u>380,985</u>
At 1 January 2007	369,433	9,105	378,538
Recognised in the income statement	(6,307)	(8,832)	(15,139)
At 31 December 2007	<u>363,126</u>	<u>273</u>	<u>363,399</u>



**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**20. Deferred Tax Liabilities (Cont'd.)**

**Deferred tax assets:**

	<b>Others RM'000</b>
At 1 January 2008	(7,878)
Recognised in the income statement	(1,581)
At 31 December 2008	<u>(9,459)</u>
At 1 January 2007	(6,831)
Recognised in the income statement	(1,047)
At 31 December 2007	<u>(7,878)</u>

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

**21. Provision for Liabilities**

<b>Group</b>	<b>Site decommissioning and restoration costs RM'000</b>	<b>Defined benefit plan RM'000</b>	<b>Total RM'000</b>
<b>Non-current</b>			
At 1 January 2008	16,161	2,109	18,270
Capitalised as property, plant and equipment	809	-	809
Recognised in the income statement	1,085	126	1,211
Paid during the year	-	(259)	(259)
At 31 December 2008	<u>18,055</u>	<u>1,976</u>	<u>20,031</u>
	Note 23		
At 1 January 2007	11,122	2,276	13,398
Capitalised as property, plant and equipment	4,513	-	4,513
Recognised in the income statement	526	128	654
Paid during the year	-	(295)	(295)
At 31 December 2007	<u>16,161</u>	<u>2,109</u>	<u>18,270</u>
	Note 23		

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**21. Provision for Liabilities (Cont'd.)**

<b>Group</b>	<b>Customer loyalty programme RM'000</b>	<b>Employee leave entitlement RM'000</b>	<b>Total RM'000</b>
<b>Current</b>			
At 1 January 2008	97,732	4,999	102,731
Recognised in the income statement	236,054	1,142	237,196
Paid during the year	(233,900)	-	(233,900)
At 31 December 2008	99,886	6,141	106,027
At 1 January 2007	70,923	4,696	75,619
Recognised in the income statement	236,195	326	236,521
Paid during the year	(209,386)	(23)	(209,409)
At 31 December 2007	97,732	4,999	102,731

**22. Trade and Other Payables**

	<b>Group</b>		<b>Company</b>	
	<b>2008 RM'000</b>	<b>2007 RM'000</b>	<b>2008 RM'000</b>	<b>2007 RM'000</b>
Trade payables	215,568	153,725	-	-
Other payables	258,136	81,890	-	-
Accruals	1,014,578	937,503	360	460
Customer deposits	5,358	6,987	-	-
	1,493,640	1,180,105	360	460

At 31 December 2008, the Group's trade and other payables balances included exposure to foreign currency denominated in United States Dollars and Special Drawing Rights amounting to RM108.8 million (2007: RM93.9 million) and RM31.5 million (2007: RM4.3 million) respectively.

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**23. Defined Benefit Plan**

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

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

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Present value of unfunded obligations	1,976	2,267
Unrecognised experience loss	-	(158)
Net liability	<u>1,976</u>	<u>2,109</u>

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

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest on obligations, representing increase in provision for defined benefit plan	<u>126</u>	<u>128</u>

Principal actuarial assumption used:

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>%</b>	<b>%</b>
Rate per annum:		
Discount rate	<u>5.8</u>	<u>5.8</u>

**24. Non-cash Transactions**

The principal non-cash transactions during the year are as follows:

- (i) Issue of new shares pursuant to the transfer of the 3G spectrum as disclosed in Note 30 to the financial statements; and
- (ii) trade-in value of RM10.7 million on the swapping of assets with a vendor, for new assets.

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**25. Commitments**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Capital commitments</b>		
Capital expenditure in respect of property, plant and equipment and intangible assets		
Approved and contracted for	309,000	228,000
Approved but not contracted for	703,000	660,000
<b>(b) Non-cancellable operating lease commitments</b>		
Future minimum lease payments:		
Less than 1 year	159,655	120,495
Between 1 and 5 years	394,576	317,584
More than 5 years	178,497	185,500
	<u>732,728</u>	<u>623,579</u>

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

**26. Contingent Liabilities**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unsecured</b>		
Guarantees given to third parties for public infrastructure works	5,793	2,610
Guarantee given to SKMM on the transfer of 3G spectrum	50,000	-
	<u>55,793</u>	<u>2,610</u>

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**27. 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 in Note 1 to the financial statements.
- (ii) The Company's subsidiaries are as disclosed in Note 12 to the financial statements.

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

	Transactions		Balance due (to)/from at	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
With the ultimate holding company and fellow subsidiary companies				
- <i>Telenor ASA</i>				
Consultancy services rendered	13,683	8,179	(5,880)	(5,250)
- <i>Telenor Global Services AS</i>			(2,128)	(803)
Sales of interconnection services on international traffic	288	276		
Purchase of interconnection services on international traffic	6,796	3,392		

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**27. Significant Related Party Disclosures (cont'd.)**

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

	Transactions		Balance due (to)/from at	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
With the ultimate holding company and fellow subsidiary companies (cont'd.)				
- <i>Telenor LDI Communication (Private) Limited</i>				
Sales of interconnection services on international traffic	941	1,037	(1,456)	(170)
Purchase of interconnection services on international traffic	5,627	1,755		
- <i>Total Access Communication Public Company Limited</i>				
Sales of roaming services on international traffic	495	375	(486)	(404)
Purchase of roaming services on international traffic	3,165	2,579		
- <i>Telenor Consult AS</i>				
Personnel services rendered	17,848	13,906	(4,593)	(3,310)

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**27. Significant Related Party Disclosures (cont'd.)**

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

	Transactions		Balance due (to)/from at	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
With company in which Time dotCom Berhad ("TdC")* is deemed to have an interest				
- <i>TT dotCom Sdn Bhd ("TDSB")</i>			589	-
Sales of interconnection services				
on domestic traffic	2,883	-		
Sales of leasing services				
on circuit	61	-		
Port charges on circuit	77	-		
Purchases of interconnection services on domestic traffic	562	-		
Purchases of leasing services on circuit	218	-		
	<u>218</u>	<u>-</u>	<u>589</u>	<u>-</u>

- \* TdC became a major shareholder of the Company on 7 May 2008 subsequent to the transfer of the 3G spectrum as disclosed in Note 30 to the financial statements. Therefore, the related party transactions and balances with companies in which TdC is deemed to have an interest are disclosed accordingly from 7 May 2008.

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**27. Significant Related Party Disclosures (cont'd.)**

**(b) Compensation of key management personnel**

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

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

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM'000</b>	<b>RM'000</b>
Short term employee benefit	13,983	10,286
Post-employment benefits	227	1,174
Share-based payment	534	787
	<u>14,744</u>	<u>12,247</u>

Included in the compensation of key management personnel are other emoluments of RM264,000 (2007: RM244,000) paid to 2 (2007: 2) non-executive directors of the Company.

**28. Financial Instruments**

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

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

**(b) Credit risk**

The Group's credit risk arises in the normal course of business primarily with respect to trade and other receivables and cash and cash equivalents. Credit risk is managed through formalised policies on credit assessment and approvals, credit limits and monitoring procedures. Short-term investments, money on call and deposits are placed only with licensed banks and unit trust fund.

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

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



**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**28. Financial Instruments (cont'd.)**

**(c) Foreign currency risk**

The Group is exposed to foreign currency risk as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. The currencies giving rise to this risk are primarily the United States Dollar and Special Drawing Rights. Exposure to foreign currency risk is monitored on an ongoing basis and when considered necessary, the Group will consider using effective financial instruments to hedge its foreign currency risk.

**(d) Liquidity risk**

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

The Group has remaining commercial papers and medium-term notes facility with an aggregate nominal value of up to RM500.0 million as an alternative source of financing which can be executed when required.

**(e) Interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk primarily from the deposit placements and interest-bearing financial liabilities. The Group manages its interest rate risk for the interest-earning deposit placements by placing such balances on varying maturities and interest rate terms.

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available.

**(f) Fair values**

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

**(i) Cash and cash equivalents**

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

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**28. Financial Instruments (cont'd.)**

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

**(ii) Trade receivables and payables**

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

**(iii) Amount due from a subsidiary**

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

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

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

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

The carrying amount of commercial papers approximate its fair value due to the relatively short-term maturity of this financial instrument.

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

	<b>Note</b>	<b>Carrying amount RM'000</b>	<b>Fair value RM'000</b>
<b>Group</b>			
<b>At 31 December 2008:</b>			
<b>Financial liability</b>			
Fixed rate term loan	19	200,000	199,874
<b>At 31 December 2007:</b>			
<b>Financial liability</b>			
Fixed rate term loan	19	300,000	304,886

**DiGi.Com Berhad**  
**(Incorporated in Malaysia)**

**29. Segmental Information**

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

**30. Significant Events**

On 7 May 2008, the Company, DTSB, TdC and TDSB, a wholly-owned subsidiary of TdC (collectively the "Parties"), completed the definitive agreement for the proposed transfer of the 3G spectrum, and proposed joint planning exercise between all the Parties. Consequently:

- (i) the 3G spectrum was transferred to DTSB on 7 May 2008, with an assignment period from 7 May 08 until 1 April 2018. The 3G spectrum and its related costs were capitalised as an intangible asset totaling approximately RM695 million; and
- (ii) the issued and paid-up capital of the Company was increased by 27.5 million shares as the purchase consideration for the transfer of 3G spectrum. The new shares were issued at RM24.90 per share based on the closing market price on the allotment date. The new shares were listed and quoted on the Main Board of Bursa Malaysia Securities Berhad on 12 May 2008.

**31. Subsequent Events**

Subsequent to the balance sheet date:

- (i) the Group had drawn down an unsecured fixed rate term loan of RM475.0 million in January 2009. The facility comprises 3 tranches with different repayment periods, amounts and interest rates respectively; and
- (ii) the Company had on 10 February 2009, incorporated a wholly-owned subsidiary - Pay By Mobile Sdn Bhd ("PBM"), under the Companies Act, 1965. PBM has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 and an issued and paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each. Its intended principal activities include the provision of financial services related to remittance of money and provision of services and products which use electronic payment as its main mode of payment.