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 2006.

Principal activities

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are stated in Note 14 to the financial statements.

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

Results

	GROUP RM'000	COMPANY RM'000
Profit for the year	805,653	288,065
Attributable to:		
Equity holders of the Company	805,653	288,065

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

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

Dividends

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

	RM'000
In respect of the financial year ended 31 December 2006:	
Interim dividend of 53.5 sen per ordinary share, less income tax at 28%, declared on 20 July 2006 and paid on 28 August 2006	288,900

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 57.5 sen per ordinary share, less income tax at 27%, on 750,000,000 ordinary shares, amounting to a dividend payable of RM315.0 million (42.0 sen net 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 2007.

Directors

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

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

Directors' benefits

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

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

Directors' interests

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

	Number of Ordinary Shares of NOK6 Each			
	1 January 2006	**Acquired**	**Sold**	**31 December 2006**
Ultimate Holding Company Telenor ASA				
Direct Interest:				
Arve Johansen	50,132	115	-	50,247
Ragnar Holmen Korsaeth	5,670	-	(5,670)	-
Christian Storm	1,737	115	-	1,852

	Number of Options Over Ordinary Shares of NOK6 Each			
	1 January 2006	**Granted**	**Exercised**	**31 December 2006**
Ultimate Holding Company Telenor ASA				
Direct Interest:				
Arve Johansen	200,000	65,000	-	265,000
Ragnar Holmen Korsaeth	43,333	40,000	-	83,333
Christian Storm	-	20,000	-	20,000

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

Issue of shares

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

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.

Other statutory information (cont'd.)

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

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

(f) In the opinion of the Directors:

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

Significant events

Significant events during the year are as disclosed in Note 30 to the financial statements.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the Directors:

Arve Johansen
Director

Christian Storm
Director

Kuala Lumpur, Malaysia
20 March 2007

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

We, Arve Johansen and Christian Storm, being two of the Directors of DiGi.Com Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 61 to 100 are drawn up in accordance with applicable Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 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:

Arve Johansen
Director

Christian Storm
Director

Kuala Lumpur, Malaysia
20 March 2007

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 61 to 100 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 20 March 2007.

Stefan Carlsson

Before me,

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

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

We have audited the financial statements set out on pages 61 to 100. These financial statements are the responsibility of the Company's Directors.

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

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

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:

   (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and

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

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

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

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

Ernst & Young
AF : 0039
Chartered Accountants

Lim Saw Keng
No. 2215/10/07 (J)
Partner

Kuala Lumpur, Malaysia
20 March 2007

Income Statements for the year ended 31 December 2006

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000 (Restated)	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Revenue		3,652,536	2,884,324	401,707	-
Other income		13,479	2,028	-	-
Cost of materials and traffic expenses		(776,546)	(645,759)	-	-
Sales and marketing expenses		(460,909)	(393,469)	-	-
Operations and maintenance expenses		(113,443)	(96,674)	-	-
Rental expenses		(128,976)	(83,333)	-	-
Staff expenses		(182,904)	(150,840)	-	-
Depreciation expenses and impairment losses		(584,581)	(540,663)	-	-
Amortisation expenses		(43,230)	(42,792)	-	-
Other expenses		(308,527)	(256,991)	(1,293)	(981)
Finance costs	6	(15,845)	(32,440)	-	-
Interest income		36,085	18,159	9	-
Profit/(loss) before tax	7	1,087,139	661,550	400,423	(981)
Taxation	8	(281,486)	(190,595)	(112,358)	-
Profit/(loss) for the year		805,653	470,955	288,065	(981)
Attributable to:					
Equity holders of the Company		805,653	470,955	288,065	(981)
Earnings per ordinary share (sen)	9	107.4	62.8		

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

Balance Sheets as at 31 December 2006

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000 (Restated)	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Non-current assets					
Property, plant and equipment	11	2,680,246	2,671,494	-	-
Prepaid lease payments		12,717	12,940	-	-
Intangible assets	12	254,019	141,766	-	-
Deferred expenditure	13	468	528	-	-
Investments in subsidiaries	14	-	-	75,000	526,501
		2,947,450	2,826,728	75,000	526,501
Current assets					
Inventories	15	8,189	8,197	-	-
Trade and other receivables	16	250,959	214,432	128	5
Amount due from a subsidiary	17	-	-	8,117	572,591
Cash and cash equivalents	18	869,549	1,182,962	2,559	-
		1,128,697	1,405,591	10,804	572,596
TOTAL ASSETS		4,076,147	4,232,319	85,804	1,099,097
Equity					
Share capital	19	75,000	750,000	75,000	750,000
Reserves		1,677,401	1,498,148	10,431	348,766
Total equity - attributable to equity holders of the Company		1,752,401	2,248,148	85,431	1,098,766
Non-current liabilities					
Borrowings	20	300,000	300,000	-	-
Deferred tax liabilities	21	371,707	371,518	-	-
Provision for liabilities	22	13,398	10,030	-	-
		685,105	681,548	-	-
Current liabilities					
Trade and other payables	23	1,248,444	1,007,281	373	331
Provision for liabilities	22	75,619	73,309	-	-
Deferred revenue		244,769	220,772	-	-
Taxation		69,809	1,261	-	-
		1,638,641	1,302,623	373	331
Total liabilities		2,323,746	1,984,171	373	331
TOTAL EQUITY AND LIABILITIES		4,076,147	4,232,319	85,804	1,099,097

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

Statements of Changes in Equity for the year ended 31 December 2006

GROUP	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
		Attributable to equity holders of the Company			
			Non-Distributable	*Distributable*	
At 1 January 2005		750,000	352,651	674,542	1,777,193
Profit for the year, representing total recognised income and expenses for the year		-	-	470,955	470,955
At 31 December 2005		750,000	352,651	1,145,497	2,248,148
Profit for the year, representing total recognised income and expenses for the year		-	-	805,653	805,653
Share capital and share premium repayment					
- RM0.75 per ordinary share	30(a)	(562,500)	-	-	(562,500)
- RM0.60 per ordinary share	30(b)	(112,500)	(337,500)	-	(450,000)
Dividend for the financial year ended 31 December 2006	10	-	-	(288,900)	(288,900)
At 31 December 2006		75,000	15,151	1,662,250	1,752,401

COMPANY	Note	Attributable to equity holders of the Company Share capital RM'000	*Non-Distributable* Share premium RM'000	*Distributable* Accumulated losses RM'000	Total RM'000
At 1 January 2005		750,000	352,651	(2,904)	1,099,747
Loss for the year, representing total recognised income and expenses for the year		-	-	(981)	(981)
At 31 December 2005		750,000	352,651	(3,885)	1,098,766
Profit for the year, representing total recognised income and expenses for the year		-	-	288,065	288,065
Share capital and share premium repayment					
- RM0.75 per ordinary share	30(a)	(562,500)	-	-	(562,500)
- RM0.60 per ordinary share	30(b)	(112,500)	(337,500)	-	(450,000)
Dividend for the financial year ended 31 December 2006	10	-	-	(288,900)	(288,900)
At 31 December 2006		75,000	15,151	(4,720)	85,431

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

Cash Flow Statements for the year ended 31 December 2006

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000 (Restated)	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Cash flows from operating activities					
Profit/(loss) before tax		1,087,139	661,550	400,423	(981)
Adjustments for:					
Dividend income		-	-	(401,707)	-
Depreciation expenses and impairment losses	11	584,581	540,663	-	-
Amortisation of intangible assets	12	42,947	42,504	-	-
Amortisation of prepaid lease payments		223	223	-	-
Amortisation of deferred expenditure	13	60	65	-	-
Allowance for doubtful debts		17,633	11,882	-	-
Finance costs	6	15,845	32,440	-	-
Interest income		(36,085)	(18,159)	(9)	-
Share-based payment		3,284	744	-	-
Loss on disposal of property, plant and equipment		1,551	4,024	-	-
Unrealised foreign exchange (gain)/loss		(3,531)	268	-	-
Provision for liabilities		167,280	147,309	-	-
Operating profit/(loss) before working capital changes		1,880,927	1,423,513	(1,293)	(981)
Decrease in inventories		8	5,226	-	-
Increase in receivables		(52,946)	(34,906)	(2)	-
Increase in payables		243,994	295,869	41	133
Increase in deferred revenue		23,997	62,569	-	-
Amount due from a subsidiary		-	-	564,474	848
Cash generated from operations		2,095,980	1,752,271	563,220	-

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000 (Restated)	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Cash flows from operating activities (cont'd.)					
Interest paid		(14,660)	(22,448)	-	-
Payments under customer loyalty programme	22	(166,610)	(117,429)	-	-
Payments for employee related benefits		(2,818)	(588)	-	-
Taxes paid		(212,870)	(14,500)	-	-
Net cash generated from operating activities		1,699,022	1,597,306	563,220	-
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets		(746,148)	(686,944)	-	-
Proceeds from capital repayment by a subsidiary		-	-	451,501	-
Dividend received from a subsidiary		-	-	289,229	-
Interest received		34,991	17,699	9	-
Proceeds from disposal of property, plant and equipment		122	36	-	-
Net cash (used in)/generated from investing activities		(711,035)	(669,209)	740,739	-

Cash Flow Statements for the year ended 31 December 2006 (cont'd.)

	Note	GROUP 2006 RM'000	GROUP 2005 RM'000 (Restated)	COMPANY 2006 RM'000	COMPANY 2005 RM'000
Cash flows from financing activities					
Capital repayments	30	(1,012,500)	-	(1,012,500)	-
Dividend paid	10	(288,900)	-	(288,900)	-
Drawdown of bank borrowings		-	300,000	-	-
Repayment of bank borrowings		-	(679,854)	-	-
Net cash used in financing activities		(1,301,400)	(379,854)	(1,301,400)	-
Net (decrease)/increase in cash and cash equivalents		(313,413)	548,243	2,559	-
Cash and cash equivalents at beginning of year		1,182,962	634,719	-	-
Cash and cash equivalents at end of year	18	869,549	1,182,962	2,559	-

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

Notes To The Financial Statements - 31 December 2006

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 14 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 and NASDAQ, United States of America.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 March 2007.

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 MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") effective for the financial periods beginning on or after 1 January 2006 as disclosed 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 those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition 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 fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary represents goodwill. Any excess of the Group's share 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 on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(c) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised.

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

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress is also not depreciated as these assets are not available for 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.

(d) 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. An impairment is recognised whenever the carrying amount of an asset or the cash-generating unit ("CGU") to which it belongs exceeds its recoverable amount. An impairment loss is recognised as an expense in the income statement.

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

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

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

(e) **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. Intangible assets with indefinite useful lives are not amortised but tested for impairment annually. The useful lives of intangible assets with indefinite useful lives are also reviewed annually to determine whether the useful life assessment continues to be supportable.

(i) **Technological support and technical know-how**

It comprises a fee paid during the financial period ended 31 December 2001 for the provision of technology and transfer of technical know-how pursuant to a technical service agreement signed between the Company and Telenor Mobile Communications AS, a wholly-owned subsidiary of Telenor ASA, its ultimate holding company. The amount is amortised on a straight-line basis over the remaining period of the telecommunications license of 15 years.

(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.

(f) **Deferred Expenditure**

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

(g) **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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(h) 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.

(i) Cash and Cash Equivalents

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

(j) Operating Lease

Leases of assets where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. 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 term of the relevant lease.

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.

Expenditure incurred to acquire leasehold land are classified as prepaid lease payments and are amortised on a straight-line basis over the lease term.

(k) 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, the amount of a provision is 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 of the amount of incentives realisable to the customers based on the past trend of customers' usage and utilisation.

(ii) Employee leave entitlements

Employees' entitlement to annual leave are recognised when they accrue to employees. 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.

(k) Provision for Liabilities (cont'd.)

(iii) Site decommissioning and restoration costs

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

The estimated amount is determined after taking into consideration the time value of money, and the initial estimated sum is capitalised as part of the cost for property, plant and equipment.

(iv) Defined benefit plan

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

(l) 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 stated at 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. The contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plan

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(l) Employee Benefits (cont'd.)

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

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

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

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

(iv) Share-based payment

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

(m) 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 these 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.

(n) 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.

(o) Payables

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

(p) Interest-bearing Borrowings

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

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

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

(q) Share Capital

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

(r) Revenue Recognition

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

(i) Sale of goods and services

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

(ii) Interest income

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

(iii) Dividend income

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

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

All exchange rate differences are taken to the income statement.

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

The following new or revised FRSs were adopted mandatory for the financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

In addition to the above, the Group has taken the option of early adoption of revised FRS 117 Leases with effect from the financial year beginning 1 January 2006.

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

The Group has not early adopted the following FRSs, amendments to FRSs and Issues Committee ("IC") Interpretations which have effective dates as follow:

FRS/IC Interpretation	**For financial periods beginning on or after**
FRS 124 Related Party Disclosures	1 October 2006
FRS 119_{2004} (Revised) Employee Benefits	1 January 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The adoption of the above is not expected to have any significant effects on the financial statements of the Group for the year ending 31 December 2007.

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

The adoption of FRS 2, 102, 108, 110, 116, 121, 127, 132, 133 and 136 does not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the other new or revised FRSs are summarised as below:

(a) FRS 101 Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of the consolidated income statements, balance sheets and statements of changes in equity with additional disclosure on the amount attributable to equity holders of the Company, and statements of changes in equity also showing the total recognised income and expenses for the year.

The current year's presentation of the Group's and the Company's financial statements is based on the requirements of the revised FRS 101, with the comparatives being restated to conform with the current year's presentation.

(b) FRS 117 Leases

The adoption of the revised FRS 117 has resulted in retrospective change in the accounting policy relating to the classification of leasehold land. Prior to 1 January 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation. Upon the adoption of the revised FRS 117 on 1 January 2006, the unamortised carrying amount is reclassified from property, plant and equipment to prepaid lease payments as allowed under the transitional provisions of the revised FRS 117. The comparative amount as at 31 December 2005 has been restated accordingly.

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

(c) FRS 138 Intangible Assets

With the adoption of the new FRS 138, the Group changed the classification of computer software costs to intangible assets, where the software is not an integral part of the related hardware. The reclassification from property, plant and equipment to intangible assets was based on the carrying amounts of the computer software costs as at 1 January 2006. The comparative figures had been reclassified to conform with the current year's presentation.

(d) Comparatives

The following comparatives have been restated due to the adoption of revised FRS or have been reclassified to conform with the current year's presentation:

			GROUP	
	Note 3	FRS	As restated/ reclassified RM'000	Previously Stated RM'000
Income statement				
Depreciation expenses and impairment losses	(b) & (c)	117 & 138	540,663	579,449
Amortisation expenses	(b) & (c)	117 & 138	42,792	4,006
Balance sheet				
Non-current assets				
Property, plant and equipment	(b) & (c)	117 & 138	2,671,494	2,791,060
Prepaid lease payments	(b)	117	12,940	-
Intangible assets	(c)	138	141,766	35,140

4. CHANGES IN ESTIMATES

As part of the annual review of the residual values, useful lives and depreciation method for property, plant and equipment, the Group revised the estimated useful lives of computer systems and telecommunications network with effect from 1 July 2006, to better reflect the usage of the depreciable assets and the expected technological advancement in the light of the changing business environment. The change in accounting estimate has been applied prospectively.

As a result of the revision, the current year depreciation and amortisation expenses of the Group for the financial year ended 31 December 2006 has increased by approximately RM83.8 million.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The management has made judgement in the process of applying the accounting policies that have the most impact on the amounts recognised in the financial statements. The management also 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 judgements:

(a) Depreciation and amortisation

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

(b) Impairment

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

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

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

(d) Provision for liabilities

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

6. FINANCE COSTS

	GROUP	
	2006 RM'000	2005 RM'000
Interest expense	14,660	18,879
Ancillary costs of borrowings	-	11,961
Others	1,185	1,600
	15,845	32,440

7. PROFIT / (LOSS) BEFORE TAX

The following amounts have been included in arriving at profit/(loss) before tax:

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Allowance for doubtful debts	17,633	11,882	-	-
Amortisation expense for:				
- intangible assets	42,947	42,504	-	-
- license fees	60	65	-	-
- prepaid lease payments	223	223	-	-
Auditors' remuneration:				
- statutory audit	155	110	25	15
- other services	387	82	8	50
Bad debts recovered	(2,225)	(1,995)	-	-
Directors' emoluments	249	683	249	183

7. PROFIT / (LOSS) BEFORE TAX (cont'd.)

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Employee benefits:				
- defined contribution plan	15,924	12,149	-	-
- (decrease)/increase in provision for defined benefit plan	(1,663)	832	-	-
- share-based payment	3,284	744	-	-
Loss on disposal of property, plant and equipment	1,551	4,024	-	-
Provision for:				
- customer loyalty programme	168,278	145,492	-	-
- employee leave entitlements	665	985	-	-
- site decommissioning and restoration costs	1,185	429	-	-
Lease of transmission facilities	54,090	44,197	-	-
Foreign exchange (gain)/loss	(6,986)	501	-	-
Rental of equipment	3,009	2,435	-	-
Rental of land and buildings	109,888	74,528	-	-

8. TAXATION

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Income tax:				
Current tax expense	281,529	15,761	112,358	-
Overprovision in prior year	(232)	-	-	-
	281,297	15,761	112,358	-
Deferred taxation **(Note 21)**				
Relating to origination and reversal of temporary differences	27,248	174,730	-	-
Relating to changes in tax rates	(27,362)	-	-	-
Underprovision in prior year	303	104	-	-
	189	174,834	-	-
	281,486	190,595	112,358	-

8. TAXATION (cont'd.)

Included in the Group's tax expense for the year is a reduction in deferred tax expense of RM27.4 million relating to changes in the Malaysian corporate tax rate from the existing statutory tax rate of 28% to 27% effective for year of assessment 2007 and 26% effective for year of assessment 2008 and onwards.

Reconciliations of income tax expense/rate applicable to profit/(loss) 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:

	2006		2005	
	%	RM'000	%	RM'000
GROUP				
Profit before tax		1,087,139		661,550
Taxation at Malaysian statutory tax rate	28.0	304,399	28.0	185,234
Effect of changes in tax rates on deferred tax	(2.5)	(27,362)	-	-
Effect of expenses not deductible	0.4	4,378	0.8	5,257
Underprovision of deferred tax in prior year	0.0	303	0.0	104
Overprovision of tax expense in prior year	(0.0)	(232)	-	-
Tax expense for the year	25.9	281,486	28.8	190,595
COMPANY				
Profit/(loss) before tax		400,423		(981)
Taxation at Malaysian statutory tax rate	28.0	112,118	(28.0)	(275)
Effect of expenses not deductible	0.1	240	28.0	275
Tax expense for the year	28.1	112,358	-	-

There are tax savings effects for the Group of approximately RM202 million (2005: RM339 million) arising from the utilisation of capital allowances by its subsidiary.

9. EARNINGS PER ORDINARY SHARE

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

	GROUP	
	2006	2005
Profit for the year (RM'000)	805,653	470,955
Weighted average number of ordinary shares in issue ('000)	750,000	750,000
Earnings per ordinary share (sen)	107.4	62.8

10. DIVIDENDS

	COMPANY	
	2006 RM'000	2005 RM'000
Recognised during the year:		
Interim dividend for 2006: 53.5 sen per ordinary share, less 28% income tax, on 750,000,000 ordinary shares (38.5 sen net per ordinary share)	288,900	-
Proposed for approval at AGM (not recognised as at 31 December):		
Final dividend for 2006: 57.5 sen per ordinary share, less 27% income tax, on 750,000,000 ordinary shares (42.0 sen net per ordinary share)	315,000	-

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 57.5 sen per ordinary share, less income tax at 27%, on 750,000,000 ordinary shares, amounting to a dividend payable of RM315.0 million (42.0 sen net 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 2007.

11. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000
Cost			
At 1 January 2006	13,912	14,279	9,795
Effects of adopting FRS 117 and 138	-	-	(7,502)
At 1 January 2006 (restated)	13,912	14,279	2,293
Additions	-	-	-
Written off/disposals	-	-	-
Transfer	-	54,998	-
At 31 December 2006	13,912	69,277	2,293
Accumulated Depreciation and Impairment Losses			
At 1 January 2006			
Accumulated depreciation	-	620	839
Accumulated impairment losses	-	-	-
	-	620	839
Effects of adopting FRS 117 and 138	-	-	(702)
At 1 January 2006 (restated)	-	620	137
Depreciation expenses for the year	-	312	22
Impairment loss	-	-	-
Reversal of impairment loss*	-	-	-
Written off/disposals	-	-	-
Transfer	-	(289)	-
At 31 December 2006	-	643	159
Analysed as:			
Accumulated depreciation	-	643	159
Accumulated impairment losses	-	-	-
		643	159
Carrying Amount			
At 31 December 2006	13,912	68,634	2,134

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

Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Telecommunications network RM'000	Capital work-in-progress RM'000	Total RM'000
14,405	21,820	397,551	42,244	4,334,542	121,011	4,969,559
(7,578)	-	(265,043)	-	-	-	(280,123)
6,827	21,820	132,508	42,244	4,334,542	121,011	4,689,436
-	-	-	-	4,056	590,949	595,005
-	(252)	(2,893)	(1,776)	(231)	(876)	(6,028)
-	2,113	28,766	48,330	489,640	(623,847)	-
6,827	23,681	158,381	88,798	4,828,007	87,237	5,278,413
3,025	13,235	211,639	27,423	1,912,818	-	2,169,599
-	-	-	716	8,184	-	8,900
3,025	13,235	211,639	28,139	1,921,002	-	2,178,499
(1,438)	-	(158,417)	-	-	-	(160,557)
1,587	13,235	53,222	28,139	1,921,002	-	2,017,942
158	2,045	57,886	20,737	499,321	-	580,481
-	-	-	-	4,224	-	4,224
-	-	-	(124)	-	-	(124)
-	(164)	(2,452)	(1,601)	(139)	-	(4,356)
-	-	139	(162)	312	-	-
1,745	15,116	108,795	46,989	2,424,720	-	2,598,167
1,745	15,116	108,795	46,397	2,412,312	-	2,585,167
-	-	-	592	12,408	-	13,000
1,745	15,116	108,795	46,989	2,424,720	-	2,598,167
5,082	8,565	49,586	41,809	2,403,287	87,237	2,680,246

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

GROUP	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000
Cost			
At 1 January 2005	13,912	7,880	9,795
Effects of adopting FRS 117 and 138	-	-	(7,502)
At 1 January 2005 (restated)	13,912	7,880	2,293
Additions	-	-	-
Written off/disposals	-	-	-
Transfer	-	6,399	-
At 31 December 2005 (restated)	13,912	14,279	2,293
Accumulated Depreciation and Impairment Losses			
At 1 January 2005			
Accumulated depreciation	-	416	739
Accumulated impairment losses	-	-	-
	-	416	739
Effects of adopting FRS 117 and 138	-	-	(626)
At 1 January 2005 (restated)	-	416	113
Depreciation expenses for the year	-	204	24
Impairment loss	-	-	-
Written off/disposals	-	-	-
At 31 December 2005 (restated)	-	620	137
Analysed as:			
Accumulated depreciation	-	620	137
Accumulated impairment losses	-	-	-
	-	620	137
Carrying Amount			
At 31 December 2005 (restated)	13,912	13,659	2,156

Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Telecommunications network RM'000	Capital work-in-progress RM'000	Total RM'000
14,405	19,711	308,149	36,266	3,786,180	104,832	4,301,130
(7,578)	-	(180,215)	-	-	-	(195,295)
6,827	19,711	127,934	36,266	3,786,180	104,832	4,105,835
-	-	-	2	928	602,114	603,044
-	(1,601)	(4,663)	(959)	(11,182)	(1,038)	(19,443)
-	3,710	9,237	6,935	558,616	(584,897)	-
6,827	21,820	132,508	42,244	4,334,542	121,011	4,689,436
2,727	11,568	156,843	18,995	1,416,868	-	1,608,156
-	-	-	-	6,018	-	6,018
2,727	11,568	156,843	18,995	1,422,886	-	1,614,174
(1,291)	-	(119,854)	-	-	-	(121,771)
1,436	11,568	36,989	18,995	1,422,886	-	1,492,403
151	3,100	20,735	9,215	504,352	-	537,781
-	-	-	716	2,166	-	2,882
-	(1,433)	(4,502)	(787)	(8,402)	-	(15,124)
1,587	13,235	53,222	28,139	1,921,002	-	2,017,942
1,587	13,235	53,222	27,423	1,912,818	-	2,009,042
-	-	-	716	8,184	-	8,900
1,587	13,235	53,222	28,139	1,921,002	-	2,017,942
5,240	8,585	79,286	14,105	2,413,540	121,011	2,671,494

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

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

Included in additions for the year is an amount of RM4.1 million (2005: RM928,000) related to the provision for site decommissioning and restoration costs.

12. INTANGIBLE ASSETS

GROUP	Technological support and technical know-how RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 January 2006	53,203	-	53,203
Effect of adopting FRS 138	-	265,043	265,043
At 1 January 2006 (restated)	53,203	265,043	318,246
Additions	-	155,200	155,200
Written off/disposals	-	(94)	(94)
At 31 December 2006	53,203	420,149	473,352
Accumulated Amortisation			
At 1 January 2006	18,063	-	18,063
Effect of adopting FRS 138	-	158,417	158,417
At 1 January 2006 (restated)	18,063	158,417	176,480
Amortisation expenses for the year	3,941	39,006	42,947
Written off/disposals	-	(94)	(94)
At 31 December 2006	22,004	197,329	219,333
Carrying Amount			
At 31 December 2006	31,199	222,820	254,019
At 31 December 2005 (restated)	35,140	106,626	141,766

13. DEFERRED EXPENDITURE

	GROUP	
	2006 RM'000	2005 RM'000
License fees:		
At 1 January	528	593
Amortisation expenses for the year	(60)	(65)
At 31 December	468	528

14. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2006 RM'000	2005 RM'000
Unquoted shares at cost	75,000	526,501

The Company's investments in subsidiaries are reduced by the proceeds under a capital repayment exercise by a subsidiary of the Company, amounting to RM451.5 million.

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

NAME OF COMPANY	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
	2006	2005	
DiGi Telecommunications Sdn. Bhd.	100	100	Establishment, maintenance and provision of telecommunications and related services
Subsidiaries of DiGi Telecommunications Sdn. Bhd.			
DiGi Services Sdn. Bhd.	100	100	Property holding and other related services
Djuice.Com Sdn. Bhd.	100	100	Dormant

15. INVENTORIES

	GROUP	
	2006 RM'000	2005 RM'000
Trading merchandise	8,189	8,197

16. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade receivables	173,465	141,175	-	-
Other receivables	28,452	6,412	120	-
Deposits	26,681	24,660	5	5
Prepayments	33,491	48,470	3	-
	262,089	220,717	128	5
Allowance for doubtful debts	(11,130)	(6,285)	-	-
	250,959	214,432	128	5

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 RM12.8 million (2005: RM14.2 million) of trade receivables balance against the allowance for doubtful debts brought forward.

At 31 December 2006, the Group's trade receivables balance includes exposure to foreign currency denominated in United States Dollars amounting to RM14.0 million (2005: RM10.4 million).

17. AMOUNT DUE FROM A SUBSIDIARY

	COMPANY	
	2006 RM'000	2005 RM'000
Amount due from a subsidiary	8,117	572,591

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

18. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash and bank balances	60,087	37,254	2,559	-
Deposits with:				
Licensed banks	390,559	626,001	-	-
Other licensed financial institutions	418,903	519,707	-	-
	809,462	1,145,708	-	-
Cash and cash equivalents	869,549	1,182,962	2,559	-

The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	GROUP	
	2006 %	2005 %
Deposits with:		
Licensed banks	3.5	2.8
Other licensed financial institutions	3.4	2.9

All the cash and bank balances of the Group and of the Company are denominated in Ringgit Malaysia.

The deposits of the Group placed with licensed banks and other licensed financial institutions will mature within 1 month (2005: 1 month) from the financial year end.

19. SHARE CAPITAL

	GROUP/COMPANY			
	Number of Ordinary Shares		Amount	
	2006 '000	2005 '000	2006 RM'000	2005 RM'000
Ordinary shares of 10 sen (2005: RM1.00) each:				
Authorised	10,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid	750,000	750,000	75,000	750,000

19. SHARE CAPITAL (cont'd.)

During the financial year, the Company has completed two capital repayment exercises which collectively reduced the par value of ordinary share of RM1.00 each to RM0.10 each. The details of capital repayment exercises are disclosed in Note 30 to the financial statements.

20. BORROWINGS

	GROUP	
	2006 RM'000	2005 RM'000
Unsecured:		
Fixed rate term loan	300,000	300,000
Maturity of borrowings:		
Between 1 and 5 years	300,000	300,000

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

	GROUP	
	2006 %	2005 %
Fixed rate term loan	4.9	4.9

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

21. DEFERRED TAX LIABILITIES

	GROUP	
	2006 RM'000	2005 RM'000
At 1 January	371,518	196,684
Charged to the income statement **(Note 8)**	189	174,834
At 31 December	371,707	371,518

21. DEFERRED TAX LIABILITIES (cont'd.)

Presented after appropriate offsetting as follows:

	GROUP 2006 RM'000	GROUP 2005 RM'000
Deferred tax liabilities	378,538	378,015
Deferred tax assets	(6,831)	(6,497)
	371,707	371,518

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

Deferred Tax Liabilities:

	Property, plant and equipment and intangible assets RM'000	Others RM'000	Total RM'000
At 1 January 2006	368,129	9,886	378,015
Recognised in the income statement	1,304	(781)	523
At 31 December 2006	369,433	9,105	378,538
At 1 January 2005	383,187	1,929	385,116
Recognised in the income statement	(15,058)	7,957	(7,101)
At 31 December 2005	368,129	9,886	378,015

Deferred Tax Assets:

	Unabsorbed capital allowances RM'000	Unutilised tax losses RM'000	Others RM'000	Total RM'000
At 1 January 2006	-	-	(6,497)	(6,497)
Recognised in the income statement	-	-	(334)	(334)
At 31 December 2006	-	-	(6,831)	(6,831)
At 1 January 2005	(124,938)	(63,494)	-	(188,432)
Recognised in the income statement	124,938	63,494	(6,497)	181,935
At 31 December 2005	-	-	(6,497)	(6,497)

22. PROVISION FOR LIABILITIES

GROUP	Site decommissioning and restoration costs RM'000	Defined benefit plan RM'000	Total RM'000
Non-current			
At 1 January 2006	5,880	4,150	10,030
Capitalised as property, plant and equipment	4,057	-	4,057
Charged/(credited) to the income statement	1,185	(1,663)	(478)
Paid during the year	-	(211)	(211)
At 31 December 2006	11,122	2,276	13,398
		Note 24	
At 1 January 2005	4,523	3,592	8,115
Capitalised as property, plant and equipment	928	-	928
Charged to the income statement	429	832	1,261
Paid during the year	-	(274)	(274)
At 31 December 2005	5,880	4,150	10,030
		Note 24	

GROUP	Customer loyalty programme RM'000	Employee leave entitlements RM'000	Total RM'000
Current			
At 1 January 2006	69,255	4,054	73,309
Charged to the income statement	168,278	665	168,943
Paid during the year	(166,610)	(23)	(166,633)
At 31 December 2006	70,923	4,696	75,619
At 1 January 2005	41,192	3,383	44,575
Charged to the income statement	145,492	985	146,477
Paid during the year	(117,429)	(314)	(117,743)
At 31 December 2005	69,255	4,054	73,309

23. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Trade payables	145,596	90,036	-	-
Other payables	214,980	123,647	-	-
Accruals	881,831	788,911	373	331
Customer deposits	6,037	4,687	-	-
	1,248,444	1,007,281	373	331

At 31 December 2006, the Group's trade and other payables balances include exposure to foreign currency denominated in United States Dollars amounting to RM104.4 million (2005: RM63.3 million).

24. DEFINED BENEFIT PLAN

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

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

	GROUP	
	2006 RM'000	2005 RM'000
Present value of unfunded obligations	2,157	2,480
Unrecognised experience gain/(loss)	119	(226)
Unrecognised curtailment gain	-	1,896
Net liability	2,276	4,150

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

	GROUP	
	2006 RM'000	2005 RM'000
Current service cost	-	595
Interest on obligations	136	237
Proportionate share of experience loss recognised upon curtailment	97	-
Curtailment gain	(1,896)	-
(Decrease)/increase in provision for defined benefit plan	(1,663)	832

24. DEFINED BENEFIT PLAN (cont'd.)

The curtailment gain which resulted from the amendment of the plan, as stated in Note 2(l)(iii) to the financial statements, was recognised during the financial year.

Principal actuarial assumptions used:

	2006 %	2005 %
Rate per annum:		
Discount rate	6.0	5.8
Expected rate of salary increases	-	7.0

25. COMMITMENTS

(a) Capital Commitments

	GROUP 2006 RM'000	GROUP 2005 RM'000
Capital expenditure in respect of property, plant and equipment and intangible assets		
Approved and contracted for	324,000	353,000
Approved but not contracted for	352,000	455,000

(b) Non-Cancellable Operating Lease Commitments

	GROUP 2006 RM'000	GROUP 2005 RM'000
Future minimum lease payments:		
Less than 1 year	14,107	6,935
Between 1 and 5 years	47,957	22,141
More than 5 years	14,658	14,658
	76,722	43,734

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

26. CONTINGENT LIABILITIES

	GROUP	
	2006 RM'000	2005 RM'000
Unsecured:		
Guarantees given by a subsidiary company to third parties for public infrastructure works	2,051	4,645

27. RELATED PARTY TRANSACTIONS

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 14 to the financial statements.

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

	Transactions		Balance due from/(to) at	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
With the ultimate holding company and fellow subsidiary companies				
- *Telenor ASA*				
Consultancy services rendered	6,083	254	(645)	(241)
- *Telenor Global Services AS*			(1,603)	(373)
Sales of interconnection services on international traffic	142	398		
Purchase of interconnection services on international traffic	2,475	1,874		

27. RELATED PARTY TRANSACTIONS (cont'd.)

	Transactions		Balance due from/(to) at	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
With the ultimate holding company and fellow subsidiary companies (cont'd.)				
- *Telenor Pakistan (Private) Limited*			69	417
Sales of interconnection services on international traffic	1,490	1,065		
Purchase of interconnection services on international traffic	705	784		
- *Total Access Communication Public Company Limited*			(352)	(500)
Sales of interconnection services on international traffic	315	75		
Purchase of interconnection services on international traffic	2,355	578		
- *Telenor Consult AS*				
Personnel services rendered	9,295	6,929	(700)	(109)
With companies in which Tan Sri Dato' Seri Vincent Tan Chee Yioun, a former director and former substantial shareholder, is deemed to have an interest				
- *Berjaya General Insurance Bhd.*				
Insurance premiums	N/A*	556	N/A*	-
- *Berjaya Registration Services Sdn. Bhd.*				
Printing and mailing services	N/A*	6,698	N/A*	(1,243)
- *Convenience Shopping Sdn. Bhd.*				
Sales of prepaid cards and reload coupons	N/A*	87,085	N/A*	9,547

27. RELATED PARTY TRANSACTIONS (cont'd.)

	Transactions		Balance due from/(to) at	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
With companies in which Tan Sri Dato' Seri Vincent Tan Chee Yioun, a former director and former substantial shareholder, is deemed to have an interest (cont'd.)				
- *Convenience Shopping (Sabah) Sdn. Bhd.*				
Sales of prepaid cards and reload coupons	N/A*	2,043	N/A*	217
- *Cosway (M) Sdn. Bhd.*				
Sales of prepaid cards and reload coupons	N/A*	4,270	N/A*	801
- *MOL AccessPortal Sdn. Bhd.*				
Sales of prepaid cards and soft pins	N/A*	2,002	N/A*	53
- *Cosmo's World Theme Park Sdn. Bhd.*				
Purchase of sponsorship rights	N/A*	1,000	N/A*	(250)

* Denotes 'Not Applicable' where this company ceased to be a related party with the Group.

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

28. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objective and Policies

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

28. FINANCIAL INSTRUMENTS (cont'd.)

(b) Credit Risk

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

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

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

(c) Foreign Currency Risk

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

(d) Liquidity Risk

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

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

(e) Interest Rate Risk

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

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

(f) Fair Values

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

(i) Cash and Cash Equivalents

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

(ii) Trade Receivables and Payables

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

28. FINANCIAL INSTRUMENTS (cont'd.)

(f) Fair Values (cont'd.)

(iii) Amount due from a Subsidiary

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

(iv) Borrowings

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

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

GROUP	Note	Carrying Amount RM'000	Fair Value RM'000
Financial Liabilities			
At 31 December 2006:			
Fixed rate term loan	20	300,000	302,901
At 31 December 2005:			
Fixed rate term loan	20	300,000	299,300

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

The following significant events took place during the financial year:

(a) On 18 May 2006, the Company completed a capital repayment of RM0.75 for every ordinary share, satisfied wholly in cash to its shareholders via a share capital reduction pursuant to Section 64 of the Companies Act, 1965.

Upon completion of the capital repayment, the par value of the ordinary shares in the Company was reduced from RM1.00 to RM0.25 each. Based on the Company's number of issued and paid-up ordinary shares of 750,000,000, the amount distributed to the shareholders was RM562.5 million.

(b) On 27 October 2006, the Company completed a further capital repayment of RM0.60 for every ordinary share satisfied wholly in cash to its shareholders via a reduction of share capital and share premium account pursuant to Section 60 and 64 of the Companies Act, 1965.

Upon completion, the par value of the ordinary shares in the Company was further reduced from RM0.25 to RM0.10 each. Based on the Company's issued and paid-up ordinary shares of 750,000,000, the amount distributed to the shareholders was RM450.0 million.

List of Properties as at 31 December 2006

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

Notes: The Group does not adapt a revaluation policy on landed properties. N/A denotes “Not Applicable”

Description/ Existing Use	Date of Acquisition	Area	Age Of Building (Years)	Carrying Amount As At 31.12.2006 RM'000
Land with a building / Telecommunications Centre	29.12.1997	22,529 sq ft	9	756
Apartment / Housing base transceiver equipment	26.01.1995	802 sq ft	11	104
Apartment / Housing base transceiver equipment	04.02.1995	2,429 sq ft	13	552
Apartment / Housing base transceiver equipment	25.01.1995	1,249 sq ft	12	207
Apartment / Housing base transceiver equipment	29.03.1995	1,319 sq ft	11	79
Apartment / Housing base transceiver equipment	07.02.1995	1,115 sq ft	11	161
Land with a building / Telecommunications Centre	12.05.1995	1.58 acres	12	1,108
Land with a building / Telecommunications Centre	23.03.1995	1 acre	32	1,969
Land with a building / Telecommunications Centre	12.06.1995	0.938 acre	26	2,184
Land with a building / Telecommunications Centre	15.08.1995	4,124 sq ft	11	1,849
Land with a building / Telecommunications Centre	07.07.1995	4 acres	24	2,131
Apartment / Housing base transceiver equipment	08.02.1995	1,400 sq ft	18	187
Apartment / Housing base transceiver equipment	22.03.1995	1,100 sq ft	15	98
Land with a building / Earth Station Complex	07.08.1996	7.5 acres	12	6,010
Land with Fixed Line switch and base transceiver station	14.11.1997	25,521 sq ft	9	392
Land with trunk station	17.08.1999	40,000 sq ft	7	114
Land with a building / Telecommunications Centre	15.07.1999	5,942 sq ft	7	211
Land with a building / Telecommunications Centre	23.05.2000	18,050 sq ft	17	1,848
Land with a building / Telecommunications Centre	29.09.2000	4,937 sq ft	N/A	1,065
Land with corporate building	19.07.2001	284,485 sq ft	N/A	77,905
Land with a building / Telecommunications Centre	21.08.2002	17,847 sq ft	10	2,782

Disclosure of Recurrent Related Party Transactions

At the Annual General Meeting held on 19 May 2006, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature.

In accordance with Paragraph 4.1.5 of Practice Note No. 12/2001 of Listing Requirements of Bursa Malaysia Securities Berhad, the details of recurrent related party transactions conducted during the financial year ended 31 December 2006 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	Consultancy, personnel services payable, training programmes, professional fees and business service costs	15,378
BCorp and its unlisted related companies			
BerjayaCity Sdn Bhd	DTSB	Site rental payable	9
Berjaya Registration Services Sdn Bhd	DTSB	Receipt of printing and mailing services	6,189
Berjaya Soutex Sdn Bhd	DTSB	Site rental payable	15
VRS (Malaysia) Sdn Bhd	DTSB	Site rental payable	28
BCapital and its unlisted related company			
Eng Equity Sdn Bhd	DTSB	Site rental payable	4
BLand and its unlisted related companies			
Amat Muhibah Sdn Bhd	DTSB	Site rental payable	38
Berjaya Georgetown Hotel (Penang) Sdn Bhd	DTSB	Site rental payable	31
Berjaya Golf Resort Bhd	DTSB	Site rental payable	12
Berjaya Land Development Sdn Bhd	DTSB	Site rental payable	9
Bukit Kiara Resort Bhd	DTSB	Site rental payable	21

DiGi Group with the following Related Parties	DiGi and/or its subsidiary companies	Nature of Transaction undertaken by/provided to DiGi and/or its subsidiaries	Amount transacted during the financial year RM'000
BLand and its unlisted related companies (cont'd.)			
Cempaka Properties Sdn Bhd	DTSB	Office rental payable	246
Gemilang Cergas Sdn Bhd	DTSB	Site rental payable	46
Klasik Mewah Sdn Bhd	DTSB	Office rental and warehouse rental payable	415
Kota Raya Development Sdn Bhd	DTSB	Site rental payable	22
Noble Circle (M) Sdn Bhd	DTSB	1. Site rental payable 2. Rental of banner space for roadshow	85 76
Nural Enterprise Sdn Bhd	DTSB	Site rental payable	11
Pakar Angsana Sdn Bhd	DTSB	Site rental payable	32
Securiservices Sdn Bhd	DTSB	Site rental payable	32
Sinar Merdu Sdn Bhd	DTSB	Site rental payable	22
Tiram Jaya Sdn Bhd	DTSB	Site rental payable	28
BToto and its unlisted related company			
Sports Toto Malaysia Sdn Bhd	DTSB	Service centre rental, back office rental and site rental payable	90
Cosway Corp and its unlisted related company			
Stephen Properties Sdn Bhd	DTSB	Site rental payable	90
DunBush and its unlisted related company			
Dunham-Bush Industries Sdn Bhd	DTSB	Site rental payable	12
Dunham-Bush (Malaysia) Bhd	DTSB	Site rental payable	12

Disclosure of Recurrent Related Party Transactions (cont'd)

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
Matrix and its unlisted related companies			
Berjaya Times Square Sdn Bhd	DTSB	1. Floorspace rental payable	321
		2. Site rental payable	121
Berjaya TS Management Sdn Bhd	DTSB	Advertisement and space rental for promotion	12
Cosmo's World Theme Park Sdn Bhd	DTSB	Sole and exclusive naming sponsor of IMAX theatre	750
Dijaya Corp and its unlisted related companies			
Dijaya Management Services Sdn Bhd	DTSB	Site rental payable	31
Tropicana Golf & Country Resort Berhad	DTSB	Site rental payable	38
Total			24,226

Notes:

1. Telenor Consult AS is a wholly-owned subsidiary of Telenor ASA ("Telenor") which is also the ultimate holding company of DiGi.Com Berhad ("DiGi").
2. Berjaya Corporation Berhad ("BCorp"), Berjaya Capital Berhad ("BCapital"), Berjaya Land Berhad ("BLand"), Berjaya Sports Toto Berhad ("BToto"), Cosway Corporation Berhad ("Cosway Corp"), Dunham-Bush (Malaysia) Bhd ("DunBush"), Intan Utilities Berhad ("Intan"), Matrix International Berhad ("Matrix") and other companies are companies in which Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT"), a former Director and former substantial shareholder, is deemed to have an interest.
3. TSVT is the brother of Tan Sri Dato' Danny Tan Chee Sing who is the Chairman/Chief Executive Officer and Major Shareholder of Dijaya Corporation Berhad ("Dijaya Corp").
4. DiGi Telecommunications Sdn Bhd ("DTSB") is a wholly-owned subsidiary of DiGi.
5. TSVT ceased to be a substantial shareholder on 20 October 2005. However, pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, for the purpose of related party transactions, he is a substantial shareholder until 19 October 2006, therefore the transactions with companies in which TSVT is deemed to have an interest are disclosed accordingly.

Statement of Directors' Shareholdings as at 30 March 2007

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

Ultimate Holding Company Telenor ASA	Number of Ordinary Shares of NOK6 each Direct Interest	%	Deemed Interest	%
Arve Johansen	50,247	0.0030	-	-
Christian Storm	1,852	0.0001	-	-
Ragnar Holmen Korsaeth	-	-	-	-

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

Statistics on Shareholdings as at 30 March 2007

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

Analysis of shareholdings

Size of shareholdings	Number of shareholders	%	Number of shares	%
Less than 100	272	10.16	4,000	0.00
100 - 1,000	1,156	43.17	874,889	0.12
1,001 - 10,000	756	28.23	2,459,977	0.33
10,001 - 100,000	254	9.48	10,087,383	1.34
100,001 - 37,499,999*	237	8.85	279,074,121	37.21
37,500,000 and above**	3	0.11	457,499,630	61.00
Total	2,678	100.00	750,000,000	100.00

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

Substantial Shareholders as at 30 March 2007

	Number of Shares			
Name	Direct Interest	%	Deemed Interest	%
1. Telenor Asia Pte Ltd	457,499,630	61.00	-	-
2. Telenor Mobile Communications AS	-	-	457,499,630 (a)	61.00
3. Telenor Mobile Holding AS	-	-	457,499,630 (b)	61.00
4. Telenor ASA	-	-	457,499,630 (c)	61.00

Notes:
(a) Deemed interested by virtue of its 100% interest in Telenor Asia Pte Ltd.
(b) Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.
(c) Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.

List of Thirty (30) Largest Shareholders as at 30 March 2007

	Name of shareholders	Number of shares	%
1	Citigroup Nominees (Asing) Sdn Bhd Telenor Asia Pte Ltd	247,000,000	32.93
2	Citigroup Nominees (Asing) Sdn Bhd Telenor Asia Pte Ltd (DiGi)	105,499,630	14.07
3	Citigroup Nominees (Asing) Sdn Bhd Telenor Asia Pte Ltd (DiGi / Moratorium)	105,000,000	14.00
4	Employees Provident Fund Board	31,668,720	4.22
5	Citigroup Nominees (Asing) Sdn Bhd Goldman Sachs International	21,427,807	2.86
6	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG22 For Smallcap World Fund, Inc.	19,308,700	2.57
7	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Mellon Bank (ABN AMRO Mellon)	16,282,000	2.17
8	HSBC Nominees (Asing) Sdn Bhd Exempt An For Morgan Stanley & Co. Incorporated	14,971,300	2.00
9	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG05 For The New Economy Fund	13,974,400	1.86
10	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.K.)	6,729,600	0.90
11	Dato Ahmad Sebi Bin Bakar	5,959,313	0.79
12	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Mellon Bank (Mellon)	5,314,307	0.71
13	HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)	5,111,700	0.68
14	HSBC Nominees (Asing) Sdn Bhd TNTC For Saudi Arabian Monetary Agency	3,959,800	0.53
15	HSBC Nominees (Asing) Sdn Bhd TNTC For Unilever Pension Fund	3,797,500	0.51
16	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund JY73 For The Pacific Basin Equity Fund (Ric Plc)	3,612,500	0.48
17	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Prime Credit Leasing Sdn Bhd For Alam Nusantara Sdn Bhd	3,451,523	0.46
18	Cartaban Nominees (Asing) Sdn Bhd Nomura Trust And Banking Company Limited Tokyo For Asia Attractive Dividend Stock Fund Mother Fund	3,272,800	0.44
19	HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt Sg For Employees Provident Fund	3,184,189	0.42
20	Cartaban Nominees (Asing) Sdn Bhd Investors Bank And Trust Company For Asian Small Companies Portfolio	3,130,800	0.42
21	ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Ahmad Sebi Bin Bakar	3,000,000	0.40

List of Thirty (30) Largest Shareholders as at 30 March 2007 (cont'd.)

	Name of shareholders	Number of shares	%
22	HSBC Nominees (Asing) Sdn Bhd Sal Oppenheim Jr And Cie, Germany For Oppenheim Kapitalanlagegesellschaft	2,400,300	0.32
23	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For Public Ittikal Fund (N14011970240)	2,323,795	0.31
24	Cartaban Nominees (Asing) Sdn Bhd Credit Suisse Securities (Europe) Limited	2,266,140	0.30
25	HSBC Nominees (Asing) Sdn Bhd BBH (Lux) Sca For Fidelity Funds Malaysia	2,201,100	0.29
26	HSBC Nominees (Asing) Sdn Bhd BNY Brussels For The Royal Bank Of Scotland Group Pension Fund	2,018,100	0.27
27	Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (INV-IL PAR)	2,015,229	0.27
28	HSBC Nominees (Asing) Sdn Bhd TNTC For Sanford C. Bernstein & Co. Delaware Business Trust	2,014,700	0.27
29	HSBC Nominees (Asing) Sdn Bhd TNTC For Government Of Singapore Investment Corporation Pte Ltd	1,957,727	0.26
30	HSBC Nominees (Asing) Sdn Bhd BBH (Lux) Sca For Fidelity Funds Telecommunications	1,889,000	0.25
		644,742,680	85.96

Form of Proxy

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

I/We ____
Name in full

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

of ____
Address

being a member of DiGi.COM BERHAD hereby appoint:

______________________________ I.C. No. ____________________
Name in full New and Old I.C. Nos.

of ____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Tenth Annual General Meeting of the Company to be held at Diamond Ballroom, Ground Floor, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Tuesday, 8 May 2007 at 10.00 a.m. or any adjournment thereof.

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

Ordinary Resolutions	For	Against
Resolution 1 - To receive and adopt the Audited Financial Statements		
Resolution 2 - To declare a final dividend		
Resolution 3 - To re-elect Christian Storm as Director		
Resolution 4 - To re-elect Ragnar Holmen Korsaeth as Director		
Resolution 5 - To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration		
Resolution 6 - To authorise Directors to allot and issue shares		
Resolution 7 - To approve the Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions with Telenor ASA ("Telenor") and persons connected with Telenor		

No. of Shares

____

Signature of Shareholder(s) or Common Seal

Signed this ________ day of ____________, 2007.

Notes:

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

fold this flap for sealing

affix
stamp

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

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1st fold here

CORPORATE DIRECTORY

List of Operating Offices

Principal Place of Business/Head Office

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

Central Operating Offices

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

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

Regional Operating Offices

Northern Region

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

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

Southern Region

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

Eastern Region

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

Sabah Region

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

Sarawak Region

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

DiGi Centres

Kuala Lumpur

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

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

Selangor

Klang
35 & 37, Persiaran Sultan Ibrahim,
41300 Klang

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

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

Melaka

Melaka
523, Taman Melaka Raya,
75000 Melaka

Negeri Sembilan

Seremban
No 15, Jalan Kong Sang,
70000 Seremban
Negeri Sembilan

Penang

Beach Street
No 29A, Beach Street,
10200 Penang

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

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

Perak

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

Pahang

Kuantan
Lot G22B & G23 (II), Grd Flr,
Berjaya Megamall, Jalan Tun Ismail,
25000 Kuantan

Johor

Batu Pahat
37, Jalan Kundang, Tmn Bukit Pasir,
83100 Batu Pahat

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

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

Sabah

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

Sarawak

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

Miri (NEW)
Lot 1382, Jalan Kubu, Centre Point 2,
98000 Miri, Sarawak

DiGi Service Counters

Kuala Lumpur

Metro Prima
Lot F08, 1st Floor,
Metro Prima Shopping Centre,
No. 1 Jalan Metro Prima,
52100 Kepong

KLCC
K2-2 Level 2 Suria KLCC
Jalan Ampang, 50450 Kuala Lumpur

Giant Cheras
Lot 19 & 21 Connaught Market Centre
Jln Cheras, Tmn Connaught Cheras,
56000 Kuala Lumpur

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

Selangor

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

Giant LDP Kelana Jaya
Lot F32A, 1st Floor Giant Hypermarket,
No. 33 Jalan SS6/12, SS6 Kelana Jaya,
47301 Petaling Jaya

Ikano Power Centre
G17 Ikano Power Centre, No.2 Jln PJU
7/12 Mutiara Damansara,
47800 Petaling Jaya

One Utama
LG325, Lower Ground,
1Utama 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 Bt Caves

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

Kajang
No 1-G , Grd floor , Plaza Citra Kajang
Jln Citra 1,Kajang

Kedah

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

Alor Setar
No 34 Grd Flr, Kompleks Sultan
Abdul Hamid, Jalan Pegawai,
05050 Alor Setar

Penang

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

Perak

Giant Superstore Tambun
Lot A10, Grd Floor, Giant Superstore
Tambun, 31150 Ipoh

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

Kelantan

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

Terengganu

Sandakan
80 F, Jalan Petani,
20000 Kuala Terengganu

Johor

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

Kluang
No 8A, Jln Syed Abdul Hamid Sagaff
86000 Kluang, Johor

Muar
44, Jalan Sisi, 84000 Muar, Johor

City Square JB
Lot JK 2.04, Level 2
Johor Bahru City Square
106 - 108 Jalan Wong Ah Fook
80000 Johor

Sabah

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

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

Kota Kinabalu
No 11-0, Lot 6, Grd Flr,
Lintas Plaza, Lorong Lintas Plaza,
88300 Kota Kinabalu, Sabah

Sarawak

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