THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. The Notice of our Extraordinary General Meeting ("**EGM**") together with the Form of Proxy is enclosed in this Circular.

As a shareholder who is entitled to attend and vote at the meeting, you are entitled to appoint a proxy to attend and vote on your behalf. The Form of Proxy must be deposited at Mega Corporate Services Sdn Bhd at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, not later than forty-eight (48) hours before the time set for the meeting or at any adjournment thereof should you be unable to attend our EGM. You may still attend and vote in person at the meeting if you wish to, even after you have lodged the Form of Proxy.

TIME DOTCOM BERHAD

(Company No. 413292-P)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

SHAREHOLDERS' RATIFICATION ON THE DISPOSAL BY HAKIKAT PASTI SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF TIME DOTCOM BERHAD, OF 27,750,000 ORDINARY SHARES OF RM0.10 EACH IN DiGi.COM BERHAD ("DiGi"), REPRESENTING 3.6% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL IN DiGi AS AT 18 AUGUST 2009, VIA A PRIVATE PLACEMENT EXERCISE FOR A TOTAL CASH CONSIDERATION OF RM604.95 MILLION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

CIMB Investment Bank Berhad (18417-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Date and time of the Extraordinary General Meeting	:	Thursday, 22 October 2009 at 10.30 a.m.
Venue of the Extraordinary General Meeting	:	Glenmarie Ballroom, Level 1, Holiday Inn Glenmarie Kuala Lumpur, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan
Last date and time for lodging of Form of Proxy	:	Tuesday, 20 October 2009 at 10.30 am

This Circular is dated 7 October 2009

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act, 1965, as amended from time to time
Board	:	Board of Directors
Bursa Securities	:	Bursa Malaysia Securities Berhad
CIMB	:	CIMB Investment Bank Berhad
DiGi	:	DiGi.Com Berhad
DiGi Group	:	DiGi and its subsidiaries
DiGi Share(s)	:	Ordinary share(s) of RM0.10 each in DiGi
DiGi Telecom	:	DiGi Telecommunications Sdn Bhd, a wholly-owned subsidiary of DiGi
Disposal	:	Disposal by Hakikat Pasti of the Disposal Shares via a private placement exercise for a total cash consideration of RM604.95 million
Disposal Shares	:	A total of 27,750,000 DiGi Shares, representing about 3.6% of the total issued and paid-up share capital of DiGi as at 18 August 2009, which were disposed of under the Disposal
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
First Disposal	:	Disposal by Hakikat Pasti on 15 January 2009 of a total of 22,500,000 DiGi Shares through a book-building exercise for a total cash consideration of RM463.50 million
FYE	:	Financial year ended/ending (as the case may be)
Hakikat Pasti	:	Hakikat Pasti Sdn Bhd, a wholly-owned subsidiary of our Company
KWAP	:	Kumpulan Wang Persaraan (Diperbadankan)
LPD	:	29 September 2009, being the latest practicable date prior to the printing of this Circular
NA	:	Net assets
PKV	:	Pulau Kapas Ventures Sdn Bhd, the single largest shareholder of our Company
TdC or Company	:	TIME dotCom Berhad
TDSB	:	TT dotCom Sdn Bhd, a wholly-owned subsidiary of our Company
TEB	:	TIME Engineering Berhad, the second largest shareholder of our Company

Currency:

RM and sen	:	Ringgit Malaysia and sen respectively

All references to "we", "us", "our", "ourselves", "our Company" or "TdC" in this Circular are to TdC and references to "our Group" are to our Company and subsidiaries. All references to "you" or "your" in this Circular are to the shareholders of TdC who are entitled to attend and vote at the EGM and whose names appear in our Record of Depositors at the time and on the date to be determined by our Board.

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LETTER TO OUR SHAREHOLDERS CONTAINING:

APPENDICES

TIME

TIME DOTCOM BERHAD

(Company No. 413292-P)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Level 4, No. 14
Jalan Majistret U1/26
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan

7 October 2009

Board of Directors:

Dato' Ir. Wan Muhamad Wan Ibrahim *(Non-Independent Non-Executive Director/Chairman)*
Elakumari Kantilal *(Non-Independent Non-Executive Director)*
Abdul Kadir Md Kassim *(Non-Independent Non-Executive Director)*
Dato' Azian Mohd Noh *(Non-Independent Non-Executive Director)*
Ronnie Kok Lai Huat *(Senior Independent Non-Executive Director)*
Afzal Abdul Rahim *(Non-Independent Executive Director/Chief Executive Officer)*
Megat Hisham Hassan *(Non-Independent Executive Director/Chief Operating Officer)*
Asgari Mohd Fuad Stephens *(Independent Non-Executive Director)*
Balasingham A. Namasiwayam *(Independent Non-Executive Director)*

To: Our shareholders

Dear Sir/Madam,

SHAREHOLDERS' RATIFICATION ON THE DISPOSAL BY HAKIKAT PASTI OF 27,750,000 DiGi SHARES, REPRESENTING 3.6% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL IN DiGi AS AT 18 AUGUST 2009, VIA A PRIVATE PLACEMENT EXERCISE FOR A TOTAL CASH CONSIDERATION OF RM604.95 MILLION

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1. INTRODUCTION

1.1 On 15 January 2009, CIMB, on our behalf, announced that Hakikat Pasti disposed of a total of 22,500,000 DiGi Shares through a book-building exercise for a total cash consideration of RM463.50 million.

1.2 On 26 August 2009, Bursa Securities approved a waiver to TdC from the need to comply with the requirement of Paragraph 8.29(1) of the Main Market Listing Requirements of Bursa Securities, which would ordinarily require us to seek our shareholders' prior approval for the Disposal, subject to the condition that our Company procures shareholders' ratification on the Disposal within two (2) months from the completion date of the Disposal.

1.3 On 26 August 2009, CIMB, on our behalf, announced that Hakikat Pasti disposed of a total of 27,750,000 DiGi Shares, representing about 3.6% of the total issued and paid-up share capital of DiGi as at 18 August 2009, via a private placement exercise for a total cash consideration of RM604.95 million or at the price of RM21.80 per DiGi Share. The Disposal was effected via direct business transactions under the rules and regulations of Bursa Securities.

Prior to the Disposal, our Group held in aggregate 55.25 million DiGi Shares, representing 7.1% of the total issued and paid-up share capital of DiGi as at 18 August 2009, out of which 27.75 million were held by Hakikat Pasti and the remaining 27.50 million by TDSB. Following the Disposal, the aggregate shareholdings of our Group has reduced to 27.50 million DiGi Shares, representing about 3.5% equity interest in DiGi.

The purpose of this Circular is to provide you with the details of the Disposal and to seek your approval for the resolution pertaining to the ratification of the Disposal to be tabled at our forthcoming EGM. The Notice convening the EGM is enclosed in this Circular.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE RATIFICATION OF THE DISPOSAL AT OUR FORTHCOMING EGM.

2. DETAILS OF THE DISPOSAL

2.1 The sale consideration and original cost of investment

The sale price of RM21.80 per DiGi Share was determined on a willing buyer-willing seller basis through a private placement exercise and represents a discount of 0.9% to the 5-day volume weighted average market price of DiGi Shares up to and including 25 August 2009 of RM22.00.

Our Group's original cost of investment in the Disposal Shares was RM597.22 million or equivalent to RM21.52 per DiGi Share.

Since we first held the Disposal Shares (i.e. the 27,750,000 DiGi Shares placed out under the Disposal) in November 2007, our Group has received an aggregate net dividend income of RM68.27 million (or equivalent to about RM2.46 per share) in respect of these shares, out of which RM53.56 million (or equivalent to about RM1.93 per share) was recorded as income in the audited consolidated financial statements of our Company for the FYE 31 December 2008.

2.2 Assumed liabilities and details of placees

There are no liabilities to be assumed by the placees in relation to the Disposal.

Based on market convention, information relating to placees of private placement exercises is not publicly disclosed. In this regard, we obtained an exemption from Bursa Securities on 5 October 2009 from the need to disclose the said information in this Circular.

2.3 Proposed utilisation of proceeds

The proposed utilisation of proceeds from the Disposal is as follows:

	Timeframe for the utilisation of proceeds	**RM'000**
Repayment of bank borrowings of our Group	Fully utilised on 1 September 2009	552,700
Working capital requirements	Within twelve (12) months from the receipt of the proceeds of the Disposal	49,850
Estimated expenses in relation to the Disposal*	Within two (2) months from the completion of the Disposal	2,400
		604,950

Note:

* *Any variation to the estimated expenses will be adjusted to/from working capital.*

Out of the total cash proceeds of RM604.95 million from the Disposal, RM552.7 million were used to repay our Group's term loan which we took to fund our Group's investment in DiGi Shares and the balance will be used for the working capital requirements of our Group and to defray the expenses in relation to the Disposal. As a result of having repaid the above term loan, we will enjoy pre-tax interest savings estimated at RM23.2 million per annum going forward, based on the last applicable interest rate of 4.2% on the RM552.7 million bank borrowings which were repaid. As at the LPD, which is after we have fully repaid the above term loan the total bank borrowings of our Group amounted to RM6.50 million, which comprises solely of revolving credit facilities drawn down in July 2009.

2.4 Information on DiGi

DiGi was incorporated in Malaysia under the Act as a private limited company on 28 March 1997 under the name of Mutiara Swisscom Sdn Bhd. The company was subsequently converted into a public company on 3 April 1997 and assumed the name Mutiara Swisscom Berhad. DiGi was officially listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 18 December 1997. On 16 December 1998, the company's name was changed to DiGi Swisscom Berhad and subsequently, the company assumed its present name on 18 April 2000.

DiGi is principally involved in investment holding whilst its subsidiaries are primarily involved in the establishment, maintenance and provision of wireless telecommunication and related services in Malaysia as well as property holding.

DiGi Group offers a comprehensive range of wireless mobile services to its customers in Malaysia. The main products and services offered are those of voice and data prepaid services under the DiGi Prepaid brand name. DiGi's post-paid services which are offered under the DiGi Postpaid brand name include voice, data and value-added mobile content catered to individuals as well as corporate customers in Malaysia.

Further information on DiGi is set out in **Appendix I** of this Circular.

3. RATIONALE FOR THE DISPOSAL

Market conditions have improved recently, as evidenced by the performance of the FTSE Bursa Malaysia KLCI Index, which has been recording an uptrend since its 52-week low of 829.41 points on 29 October 2008 to 1,171.09 points on 25 August 2009, being the market day immediately before the Disposal. Furthermore, the price performance of DiGi Shares has improved much from their 52-week low of RM17.32 on 31 October 2008 to RM21.98 on 25 August 2009.

Given the then improved market conditions and DiGi Share price, and in line with our prudent debt management practices, we have decided to settle the borrowings of our Group which were taken to finance our investments in securities. The Disposal will enable our Group to raise funds to achieve this objective.

We have utilised RM552.7 million out of the net proceeds from the Disposal totalling RM602.6 million to repay the bank borrowings of our Group and will utilise the remaining balance for working capital purposes.

4. RISK FACTORS

We are not aware of any material risk factors associated with the Disposal, which has already been completed.

5. EFFECTS OF THE DISPOSAL

5.1 Share capital and substantial shareholders' shareholdings

The Disposal will not have any effect on the issued and paid-up share capital of our Company and the shareholdings of our substantial shareholders, as the Disposal did not involve any issue of new shares by our Company.

5.2 NA, NA per share and gearing

Strictly for illustrative purposes only, the proforma effects of the First Disposal and the Disposal on the NA, NA per share and gearing of our Group, based on the audited consolidated financial statements of our Company for the FYE 31 December 2008 assuming that the First Disposal and the Disposal had been implemented on that date, are as follows:

		Proforma I	Proforma II	Proforma III
	Audited as at 31 December 2008 RM'000	**After the First Disposal RM'000**	**After Proforma I and adjustments for dividends and finance expenses RM'000**	**After Proforma II and the Disposal RM'000**
Share capital	2,530,775	2,530,775	2,530,775	2,530,775
Share premium	1,570,758	1,570,758	1,570,758	1,570,758
Accumulated losses	(3,068,887)	[*i](3,091,939)	[*iii](3,081,744)	[*v](3,076,416)
Shareholders' funds / NA	**1,032,646**	**1,009,594**	**1,019,789**	**1,025,117**
Number of shares ('000)	2,530,775	2,530,775	2,530,775	2,530,775
NA per share (RM)	**0.41**	**0.40**	**0.40**	**0.41**
Total borrowings (RM'000)	1,119,310	[*ii]613,410	[*iv]552,700	[*vi]-
Total cash and cash equivalents (RM'000)	138,595	93,877	96,858	[*vii]146,708
Net gearing (times)	**0.95**	**0.51**	**0.45**	[*viii]

Notes:

*i — *After incorporating the actual loss on disposal of RM23.052 million arising from the First Disposal.*

*ii — *After incorporating the actual repayments of borrowings of RM505.900 million by utilising RM461.000 million from the net proceeds of the First Disposal and RM44.900 million from our Company's cash balances held in an escrow account. The escrow account was created to capture dividends in respect of the DiGi Shares that were pledged for our Group's term loan taken to fund our Group's investment in DiGi Shares.*

*iii — *After incorporating dividend income earned and finance charges incurred from 1 January 2009 to 1 September 2009, being the date the borrowings in relation to the investment in DiGi Shares were fully repaid, of RM29.283 million and RM19.088 million respectively.*

*iv — *After incorporating the actual repayment of borrowings of RM60.710 million by utilising RM60.710 million of the net proceeds from the dividends received in January 2009 and June 2009 by our Group in respect of our holdings of DiGi Shares.*

*v — *After incorporating the estimated gain on disposal of RM5.328 million (before taking into account the tax effects, if any) arising from the Disposal.*

*vi — *The borrowings in relation to the investment in DiGi Shares were fully repaid as at 1 September 2009 by utilising the proceeds from the Disposal as set out in Section 2.3 above. Notwithstanding the above, as at the LPD, which is after we have fully repaid the above borrowings, the total bank borrowings of our Group amounted to RM6.500 million, which comprises solely of revolving credit facilities drawn down in July 2009.*

*vii — *After effecting the utilisation of proceeds as set out in Section 2.3 above.*

*viii — *Net cash position.*

5.3 Earnings and EPS

The Disposal will result in an estimated gain on disposal of about RM5.33 million (before taking into account tax effects, if any) to our Group for the FYE 31 December 2009 after taking into account the carrying value of DiGi Shares in our Company of RM597.22 million as at 31 December 2008 and the estimated expenses of RM2.4 million relating to the Disposal.

Strictly for illustrative purposes only, based on the estimated gain arising from the Disposal of RM5.33 million (before taking into account tax effects, if any) and assuming that the Disposal was completed on 1 January 2008, being the beginning of the FYE 31 December 2008, the proforma loss per share to our Group for the FYE 31 December 2008 would have been 37.3 sen, which is an improvement of 0.2 sen to the actual audited loss per share of our Group for the same financial year of 37.5 sen.

Having disposed of the Disposal Shares, we will no longer receive any future dividends in respect of these shares. However, in return, we will enjoy pre-tax interest savings estimated at RM23.2 million per annum going forward based on the last applicable interest rate of 4.2% on the RM552.7 million bank borrowings which were repaid with the net proceeds from the Disposal.

6. APPROVALS REQUIRED

The Disposal is subject to the concurrence of our Company's shareholders via a ratification process at the forthcoming EGM.

The improved DiGi Share price and positive market momentum around the time of the Disposal as highlighted in Section 3 above, coupled with the indication of interest from investors at that point in time and the large size of the block of DiGi Shares we were contemplating to dispose of, had necessitated our Company to complete the Disposal as soon as possible. In this respect, we were cautious that any delay in implementing the Disposal may bring about greater exposure of TdC to the vagaries and uncertainty of market forces. To achieve an expeditious completion of the Disposal, we decided that it was necessary to seek your concurrence via ratification at the forthcoming EGM, instead of your prior approval for the Disposal.

In this connection, our Company had applied to Bursa Securities for a waiver from the need to comply with the requirement of Paragraph 8.29(1) of the Main Market Listing Requirements of Bursa Securities, which would ordinarily require our Company to seek our shareholders' prior approval for the Disposal. Bursa Securities had, via its letter dated 26 August 2009 approved the said waiver application subject to the condition that our Company procures shareholders' ratification on the Disposal within two (2) months from the completion date of the Disposal.

In relation to the above waiver, our Company has secured irrevocable and unconditional undertakings from PKV on 21 August 2009 and from TEB on 24 August 2009, the single largest and second largest shareholders of TdC respectively to, amongst others, vote in favour of the resolution on the Disposal at the forthcoming EGM; and for PKV and TEB to maintain their shareholdings in our Company such that their shareholdings would collectively be more than 50% in our Company up to the date of the forthcoming EGM or any adjournment thereof. As at 10 September 2009, PKV holds directly 30.04% and TEB holds directly 28.69% of the voting shares in TdC respectively.

The Disposal is not subject to the approval of any government authority.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED

Dato' Azian Mohd Noh, a non-Executive Director of our Company, is also the Chief Executive Officer and a director of KWAP. As at 10 September 2009, KWAP holds 238,725,440 ordinary shares in our Company representing 9.43% equity interest in our Company, while Dato' Azian Mohd Noh did not hold any shares in either TdC (other than held indirectly via KWAP) or KWAP. As KWAP was one of the placees in the Disposal, Dato' Azian Mohd Noh had abstained from all deliberations and votings at the relevant board meetings of our Company with regard to the Disposal. Further, our Company will ensure that KWAP will abstain from voting in respect of its direct and indirect shareholdings, if any, on the resolution pertaining to the ratification of the Disposal at the forthcoming EGM. Our Company will also inform KWAP to ensure that persons connected to them abstain from voting in respect of their direct and indirect shareholdings, if any, on the resolution pertaining to the ratification of the Disposal at the forthcoming EGM.

Other than the above, none of the Directors and/or major shareholders of our Company and persons connected to our Directors and/or major shareholders has any interest, direct or indirect, in the Disposal.

8. DIRECTORS' RECOMMENDATION

After careful deliberation, our Board, other than Dato' Azian Mohd Noh who had abstained from all deliberations and votings at the relevant board meetings on the Disposal, is of the opinion that the Disposal is in the best interest of our Company in light of the rationale for the Disposal, the details of which are set out in Section 3 of this Circular.

Accordingly, our Board, other than Dato' Azian Mohd Noh, recommends that you vote in favour of the resolution for the ratification of the Disposal to be tabled at our forthcoming EGM.

9. ESTIMATED TIMEFRAME FOR COMPLETION

The Disposal was completed on 26 August 2009. Our Company will seek our shareholders' ratification for the Disposal at the forthcoming EGM.

10. DETAILS OF OTHER INTENDED CORPORATE EXERCISES OR SCHEMES ANNOUNCED BY US

Save for the Disposal, as at the LPD, we do not have any outstanding proposals, other intended corporate exercises or schemes which have been announced but not yet completed prior to the printing of this Circular.

11. FUTURE ACTIVITIES AND DIRECTION AFTER THE DISPOSAL

After the Disposal, going forward, our Group will work towards preserving existing revenue streams and will continue with our turnaround plan, which focuses heavily on the wholesale and corporate business segments to generate revenue and improve margins.

In addition to this, our Group is committed to reducing our operating costs, whilst putting specific emphasis on improving our internal operations in an effort to capture market share.

12. EGM

We will hold the EGM, the notice of which is enclosed in this Circular at Glenmarie Ballroom, Level 1, Holiday Inn Glenmarie Kuala Lumpur, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Thursday, 22 October 2009 at 10.30 a.m. or any adjournment thereof for the purposes of considering and if thought fit, passing with or without modifications, the resolution on the ratification of the Disposal at the EGM.

If you are unable to attend and vote in person at the EGM, please complete and send the enclosed Form of Proxy for the EGM to Mega Corporate Services Sdn Bhd at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, so as to arrive no later than forty-eight (48) hours before the time set for holding the EGM or at any adjournment thereof. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The completion and return of the Form of Proxy will not preclude you from attending and voting in person in place of your proxy should you so decide later.

13. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully
for and on behalf of the Board of Directors of
TIME dotCom Berhad

Afzal Abdul Rahim
Non-Independent Executive Director/Chief Executive Officer

INFORMATION ON DiGi

1. HISTORY AND BUSINESS

DiGi was incorporated in Malaysia under the Act as a private limited company on 28 March 1997 under the name of Mutiara Swisscom Sdn Bhd. The company was subsequently converted into a public company on 3 April 1997 and assumed the name Mutiara Swisscom Berhad. DiGi was officially listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 18 December 1997. On 16 December 1998, the company's name was changed to DiGi Swisscom Berhad and subsequently, the company assumed its present name on 18 April 2000.

DiGi is principally involved in investment holding. The principal activities of its subsidiaries are as disclosed in Section 5 of this Appendix. DiGi Group's operations are conducted predominantly in Malaysia.

DiGi Group offers a comprehensive range of wireless mobile services to its customers in Malaysia. The main products and services offered are those of voice and data prepaid services under the DiGi Prepaid brand name. DiGi's post-paid services which are offered under the DiGi Postpaid brand name include voice, data and value-added mobile content catered to individuals as well as corporate customers in Malaysia. Information on the amount spent on and number of persons employed in research and development by the DiGi Group was not available for inclusion in this Circular.

2. SHARE CAPITAL

Authorised and issued and fully paid-up share capital

The authorised and issued and fully paid-up share capital of DiGi as at 10 September 2009 are as follows:

	RM
Authorised	
10,000,000,000 ordinary shares of RM0.10 each	1,000,000,000
Issued and fully paid-up	
777,500,000 ordinary shares of RM0.10 each	77,750,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of DiGi (holding 5% or more of the total issued and paid-up ordinary share capital) and their respective shareholdings in DiGi as at 10 September 2009 are as follows:

		<--------Direct------->		<--------Indirect-------->	
Name	**Country of incorporation**	**No. of DiGi Shares held**	**%**	**No. of DiGi Shares held**	**%**
Telenor Asia Pte Ltd	Singapore	380,975,030	49.00	-	-
Telenor Mobile Communications AS	Norway	-	-	*i 380,975,030	49.00
Telenor Mobile Holding AS	Norway	-	-	*ii 380,975,030	49.00
Telenor ASA	Norway	-	-	*iii 380,975,030	49.00
Employees Provident Fund Board	Malaysia	*iv 121,058,784	15.57	-	-

Notes:

*i — *Deemed interest by virtue of Telenor Asia Pte Ltd being a wholly-owned subsidiary of Telenor Mobile Communications AS.*

*ii — *Deemed interest by virtue of Telenor Mobile Communications AS being a wholly-owned subsidiary of Telenor Mobile Holding AS.*

*iii — *Deemed interest by virtue of Telenor Mobile Holding AS being a wholly-owned subsidiary of Telenor ASA.*

*iv — *Includes DiGi Shares held via nominees.*

4. DIRECTORS

The particulars of the Directors of DiGi and their respective shareholdings in DiGi as at 10 September 2009 are as follows:

			<--------Direct-------->		<--------Indirect ------>	
Name	**Designation**	**Nationality**	**No. of DiGi Shares**	**%**	**No. of DiGi Shares**	**%**
Sigve Brekke	Chairman and Non-Independent Non-Executive Director	Norwegian	-	-	-	-
Tan Sri Leo Moggie	Senior Independent Non-Executive Director	Malaysian	-	-	-	-
Dato' Ab. Halim Bin Mohyiddin	Independent Non-Executive Director	Malaysian	-	-	-	-
Christian Storm^	Non-Independent Non-Executive Director	Norwegian	-	-	-	-
Ragnar Holmen Korsaeth*	Non-Independent Non-Executive Director	Norwegian	-	-	-	-
Eirik Boerve Monsen	Non-Independent Non-Executive Director	Norwegian	-	-	-	-

Notes:

^ — *He is also the alternate director to Sigve Brekke.*

* — *Resigned as director with effect from 16 September 2009.*

5. SUBSIDIARIES AND ASSOCIATED COMPANY

The particulars of the subsidiaries of DiGi as at 10 September 2009 are as follows:

Name of company	Date and country of incorporation	Issued and paid-up share capital	Equity interest held	Principal activities
		RM	%	
DiGi Telecom	21.07.1990; Malaysia	142,857,142	100.00	Establishment, maintenance and provision of telecommunications and related services
Pay By Mobile Sdn Bhd	10.02.2009; Malaysia	2	100.00	The intended principal activities are provision of financial services related to remittance of money and provision of services and products which use electronic payment as its main mode of payment. The company has not commenced business.
Subsidiaries of DiGi Telecom				
DiGi Services Sdn Bhd	07.07.1992; Malaysia	500,000	100.00	Property holding, renting of premises and other related services
Djuice.Com Sdn Bhd	19.12.2000; Malaysia	2	100.00	Dormant

As at 10 September 2009, DiGi does not have any interest in an associated company.

6. FINANCIAL INFORMATION

The financial information of DiGi based on its audited consolidated financial statements for the three (3) FYE 31 December 2006 to 2008 and the unaudited consolidated results of DiGi for the six (6)-month financial period ended 30 June 2009 are as follows:

	< ---------- Audited	----------	---------- >	Unaudited
Financial year/period ended:	**31 December 2006 RM'000**	**31 December 2007 RM'000**	**31 December 2008 RM'000**	**30 June 2009 RM'000**
Revenue	3,652,536	4,362,635	4,814,475	2,423,187
Profit before taxation	1,087,139	1,445,314	1,546,896	696,399
Profit after taxation	805,653	1,062,595	1,140,715	509,906
Issued and paid-up share capital	75,000	75,000	77,750	77,750
Shareholders' fund	1,752,401	1,577,645	1,897,172	1,995,003
NA	1,752,401	1,577,645	1,897,172	1,995,003
Total borrowings (all interest-bearing debts)	300,000	300,000	397,821	571,726
Number of DiGi Shares in issue ('000)	750,000	750,000	777,500	777,500
Weighted average number of DiGi Shares in issue ('000)	750,000	750,000	767,958	777,500
NA per DiGi Share[*i] (RM)	2.34	2.10	2.44	2.57
Basic gross EPS[*ii] (sen)	145.0	192.7	201.4	[*v]179.1
Basic net EPS[*iii] (sen)	107.4	141.7	148.5	[*v]131.2
Current ratio (times)	0.70	0.54	0.34	0.49
Gearing ratio[*iv] (times)	0.17	0.19	0.21	0.29

Notes:

*i — *Calculated as NA over the number of DiGi Shares in issue.*

*ii — *Calculated as profit before taxation over the corresponding weighted average number of DiGi Shares in issue*

*iii — *Calculated as profit after taxation over the corresponding weighted average number of DiGi Shares in issue.*

*iv — *Calculated as total borrowings (all interest-bearing debts) over the corresponding equity funds attributable to equity holders.*

*v — *Annualised for comparison purposes.*

There were no exceptional or extraordinary items in any of the financial years or financial period under review.

The financial statements of the DiGi Group for the financial years under review were not subjected to any audit qualification.

Commentaries on financial performance

FYE 31 December 2006

DiGi recorded total revenue of RM3.7 billion, an increase of 26.6% from RM2.9 billion for the FYE 31 December 2005, mainly due to the growth of its prepaid subscriber market share by 3.2% to 29.9% as well as the growth of its postpaid market share by 2.8% to 15%.

DiGi recorded a profit before taxation of RM1.1 billion, an increase of 64.3% from RM661.6 million in the FYE 31 December 2005 despite an additional accelerated depreciation and amortisation expense of RM83.8 million as a result of the revision of the estimated useful lives for computers and telecommunications network. There was also a one-off regulatory fee adjustment of RM19 million during the financial year.

FYE 31 December 2007

DiGi recorded total revenue of RM4.4 billion, an increase of 19.4% from RM3.7 billion recorded in the FYE 31 December 2006 due to the subscriber base rebounding by 21% to 6.4 million at year end of 2007.

DiGi recorded a profit before taxation of RM1.4 billion, an increase of 32.9% from RM1.1 billion in the FYE 31 December 2006 and this was mainly attributable to the encouraging revenue growth coupled with efficient spending and economies of scale. There was a change in the amortisation period for an intangible asset which resulted in an increase of RM27.3 million in the amortisation charged to the income statement during the financial year.

FYE 31 December 2008

DiGi recorded total revenue of RM4.8 billion, an increase of 10.4% from the RM4.4 billion recorded in the FYE 31 December 2007 driven by demand for mobile services and growth in subscriber base, reaching 7.1 million at year end of 2008. Average revenue per user ("**ARPU**") stayed firm at RM59 despite pressure on tariffs and challenging economic conditions particularly towards the second-half of 2008.

DiGi recorded a profit before taxation of RM1.5 billion, an increase of 7.0% from RM1.4 billion in the FYE 31 December 2007, mainly on increased revenue and earnings before interest, tax, depreciation and amortisation. Profit after taxation rose by 7.4% to RM1.1 billion.

The transfer of the 3G spectrum to DiGi Telecom was also completed in 2008. The 3G spectrum and its related costs were capitalised as an intangible asset totalling approximately RM695 million.

Six (6)-month financial period ended 30 June 2009

DiGi recorded revenue of RM2.4 billion, an increase of 2.7% from the six (6)-month financial period ended 30 June 2008. Revenue growth was driven by the demand for mobile services from the 7.2 million subscriber base as at end-June 2009. ARPU decreased to RM55 from RM59 recorded in the six (6)-month financial period ended 30 June 2008 as a result of lower usage by the low income segments amidst the economic slowdown.

DiGi recorded a profit before taxation of RM696.4 million, a decrease of 12.9% from the six (6)-month financial period ended 30 June 2008. The decline was mainly due to increased finance costs pertaining to the additional borrowings for working capital purposes and funding of capital expenditure, along with higher depreciation and amortisation resulting mainly from the commencement of the 3G spectrum amortisation, and accelerated depreciation on certain end-of-life equipments during the six (6)-month financial period ended 30 June 2009. Consequently, profit after taxation was lower at RM509.9 million, a decrease of 13.4% from the six (6)-month financial period ended 30 June 2008.

7. MATERIAL LITIGATION AND MATERIAL CONTRACTS

Based on the quarterly report of DiGi for the six (6)-month financial period ended 30 June 2009, there was no pending material litigation as at the date of the quarterly report.

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the DiGi Group within two (2) years immediately preceding the date of this Circular.

The definitive agreement dated 25 January 2008 entered into between DiGi, DiGi Telecom, our Company and TDSB (collectively the "**Parties**") which formalised the alliance between the Parties involving the transfer of the third generation spectrum by TDSB to DiGi Telecom ("**3G Transfer**") and the joint business planning exercise between the Parties. DiGi issued 27.5 million new DiGi Shares to TDSB as consideration for the 3G Transfer. The 3G Transfer was completed on 12 May 2008.

PROFORMA CONSOLIDATED BALANCE SHEETS OF TDC AS AT 31 DECEMBER 2008 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

KPMG

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The Board of Directors
TIME dotCom Berhad
Level 4, No.14, Jalan Majistreet U1/26,
Hicom Glenmarie Industrial Park,
40150 Shah Alam, Selangor

7 October 2009

Dear Sirs

Reporting accountants' letter on the proforma consolidated balance sheets of TIME dotCom Berhad as at 31 December 2008.

We have reviewed the presentation of the proforma consolidated balance sheets of TIME dotCom Berhad ("TdC") as at 31 December 2008 which has been prepared for illustrative purposes only, for which the Directors are solely responsible, as set out in the attachment (which have been stamped by us for identification), for inclusion in TdC's Circular to shareholders dated 7 October 2009, in connection with shareholders' ratification on the disposal by Hakikat Pasti Sdn. Bhd., a wholly owned subsidiary of TdC, of 27,750,000 ordinary shares of RM0.10 each in DiGi.Com Berhad ("DiGi"), representing 3.6% of the total paid up capital in DiGi as at 18 August 2009, via a private placement exercise for a total cash consideration of RM604.95 million and should not be relied on for any other purposes.

In our opinion,

- the proforma consolidated balance sheets have been properly compiled on the basis of preparation stated and such basis is consistent with the accounting policies adopted by TdC and its subsidiaries;
- the financial statements used in the preparation of the proforma consolidated balance sheets have been properly prepared in accordance with the Financial Reporting Standards in Malaysia; and
- each material adjustment made is appropriate for the purpose of preparing the proforma consolidated balance sheets.

Yours faithfully

KPMG.

KPMG
Firm Number: AF0758
Chartered Accountants

TIME dotCom Berhad (No. 413292-P)

(Incorporated in Malaysia)

Proforma consolidated balance sheets as at 31 December 2008

The Proforma Consolidated Balance Sheets of TdC as at 31 December 2008 set out below are provided solely for illustrative purposes only.

	Audited 2008	Proforma I	Proforma II	Proforma III
Assets	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	30,664	30,664	30,664	30,664
Prepaid lease payment	2,609	2,609	2,609	2,609
Telecommunications network	297,471	297,471	297,471	297,471
Other investments	1,196,722	1,196,722	1,196,722	599,500
Total non-current assets	**1,527,466**	**1,527,466**	**1,527,466**	**930,244**
Receivables, deposits and prepayments	135,532	135,532	74,887	74,887
Assets classified as held for sale	504,670	20,436	20,436	20,436
Cash and cash equivalents	138,595	93,877	96,858	146,708
Total current assets	**778,797**	**249,845**	**192,181**	**242,031**
Total assets	**2,306,263**	**1,777,311**	**1,719,647**	**1,172,275**
Equity				
Share capital	2,530,775	2,530,775	2,530,775	2,530,775
Share premium	1,570,758	1,570,758	1,570,758	1,570,758
Accumulated losses	(3,068,887)	(3,091,939)	(3,081,744)	(3,076,416)
Total equity	**1,032,646**	**1,009,594**	**1,019,789**	**1,025,117**
Liabilities				
Loans and borrowings	613,410	613,410	552,700	-
Total non-current liabilities	**613,410**	**613,410**	**552,700**	**-**
Payables and accruals	142,171	142,171	135,022	135,022
Loans and borrowings	505,900	-	-	-
Liabilities classified as held for sale	12,136	12,136	12,136	12,136
Total current liabilities	**660,207**	**154,307**	**147,158**	**147,158**
Total liabilities	**1,273,617**	**767,717**	**699,858**	**147,158**
Total equity and liabilities	**2,306,263**	**1,777,311**	**1,719,647**	**1,172,275**
Net assets per share (RM)	**0.41**	**0.40**	**0.40**	**0.41**

TIME dotCom Berhad (No. 413292-P)

(Incorporated in Malaysia)

Proforma consolidated balance sheets as at 31 December 2008

Notes to the Proforma Consolidated Balance Sheets as at 31 December 2008

1 Basis of Preparation

1.1 The proforma consolidated balance sheets of TdC as at 31 December 2008, is provided for illustrative purposes only, which takes into account the effects of the items mentioned in Section 2 below as if the transactions had taken place on 31 December 2008

1.2 The proforma consolidated balance sheets of TdC as at 31 December 2008 have been prepared using accounting principles and bases consistent with the accounting policies adopted by TdC in the preparation of the audited consolidated financial statements of TdC for the financial year ended 31 December 2008. The audited consolidated financial statements of TdC are prepared in accordance with the Financial Reporting Standards in Malaysia issued by the Malaysian Accounting Standards Boards.

2 Proforma effects

2.1 Proforma I –First Disposal

Proforma I incorporates the effects arising from the disposal by Hakikat Pasti Sdn. Bhd. (a wholly-owned subsidiary of TdC) of 22,500,000 DiGi Shares, representing approximately 2.9% of the existing issued and paid-up share capital of DiGi as at 18 August 2009, via a book-building process for a total cash consideration of RM463.50 million or at the price of RM20.60 per DiGi Share on 15 January 2009.

- The effect of the First Disposal are as follow:

	RM'000
Total Consideration	*463,500*
Less: Expenses related to the First Disposal	*(2,318)*
Net Proceeds	**461,182**
Less:	
Net book value of shares disposed	(484,234)
Loss on disposal	**23,052**

- The proceeds from First Disposal were utilised as follows:

	RM'000
Part repayment of loans and borrowings	*461,000*
Expenses related to the First Disposal	*2,318*
Retained as cash and bank balance (escrow account)	*182*
	463,500

2 Proforma effects (continued)

2.1 Proforma I – First Disposal (continued)

Apart from partially repaying the loans and borrowings by utilising the proceeds from the First Disposal set out above, TdC had made an additional repayment of RM44.9 million on its loans and borrowings on 8 January 2009 by utilising its existing cash and bank balances from the escrow account.

2.2 Proforma II – Adjustments for dividends and finance expenses

Proforma II incorporates Proforma I and certain adjustments for dividends earned and/or received in respect of TdC Group investment in DiGi Shares and finance expenses incurred and/or paid by TdC Group on loans and borrowings used to finance the said investment from 1 January 2009 to 1 September 2009 (being the date for above loans and borrowings are fully paid). Based on the audited consolidated balance sheet of TdC as at 31 December 2008, TdC has outstanding dividend receivables of RM60.645 million arising from its holding of 77,750 million DiGi Shares. The above dividend receivables as at 31 December 2008 were subsequently received in January 2009. Further, TdC Group received dividend income of RM 29.283 million on 12 June 2009 arising from its holding of 55,250 million DiGi Shares.

TdC Group also has outstanding interest payables of RM7.149 million based on its audited consolidated balance sheet as at 31 December 2008. TdC Group also incurred finance expenses from 1 January 2009 to 1 September 2009 amounting to RM19.088 million.

- The proceeds from the above dividends received in January and June 2009 amounting to RM89.928 million were utilised as follows:

	RM'000
Part repayment of loans and borrowings	*60,710*
Payment of accrued finance expenses incurred for financial year ended 2008	*7,149*
Payment of finance expenses incurred from 1 January to 1 September 2009	*19,088*
Retained as cash and bank balance (escrow account)	*2,981*
	89,928

2.3 Proforma III – Second Disposal

The proforma consolidated balance sheets are stated after the effects of Proforma I, II and incorporating the effects of the disposal of 27,750,000 DiGi Shares, representing approximately 3.6% of the issued and paid-up share capital of DiGi as at 18 August 2009, via a private placement exercise for a total cash consideration of RM604.950 million or at the price of RM21.80 per DiGi Share.

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2 Proforma effects (continued)

2.3 Proforma III – Second Disposal (continued)

- The effects of the Second Disposal are as follow:

	RM'000
Total Consideration	*604,950*
Less: Estimated expenses related to the Second Disposal	*(2,400)*
Net Proceeds	**602,550**
Less:Net book value of shares disposed	*(597,222)*
Gain on disposal	**5,328**

- The proceeds from Second Disposal were utilised as follows:

	RM'000
Repayment of loans and borrowings	*552,700*
Estimated expenses related to the Second Disposal	*2,400*
Working capital requirements	*49,850*
	604,950

3 Shareholders' Equity

The movements in TdC's share capital, share premium and accumulated losses incorporating effects of Proforma I, II and III are as follows:

	Share capital	Share premium	Accumulated losses	Total shareholders' equity
	RM'000	RM'000	RM'000	RM'000
As at 31 December 2008	2,530,775	1,570,758	(3,068,887)	1,032,646
Loss on First Disposal	-	-	(23,052)	(23,052)
Proforma I	**2,530,775**	**1,570,758**	**(3,091,939)**	**1,009,594**
Dividends*	-	-	29,283	29,283
Finance expenses	-	-	(19,088)	(19,088)
Proforma II	**2,530,775**	**1,570,758**	**(3,081,744)**	**1,019,789**
Gain on Second Disposal	-	-	5,328	5,328
Proforma III	**2,530,775**	**1,570,758**	**(3,076,416)**	**1,025,117**

*Note: * Being dividends which were received by the TdC Group in June 2009 in respect of TdC Group's investment in DiGi Shares.*

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4 Computation of Net Assets Per Share and Gearing

		Audited 2008	Proforma I	Proforma II	Proforma III
Net assets attributable to equity holders (RM'000)	(A)	1,032,646	1,009,594	1,019,789	1,025,117
No of ordinary share of RM1.00 each	(B)	2,530,775	2,530,775	2,530,775	2,530,775
Net assets per share (RM)	(A) / (B)	0.41	0.40	0.40	0.41
Total loans and borrowings (RM'000)	(C)	1,119,310	613,410	552,700	-
Total cash and cash equivalents	(D)	138,595	93,877	96,858	146,708
Net Gearing	$\frac{(C - D)}{A}$	0.95	0.51	0.45	-

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

Report on the financial statements

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

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

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

Opinion

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

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

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

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

Other matters

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

Ernst & Young	Lim Saw Keng
AF: 0039	No. 2215/10/09(J)
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
11 March 2009

DiGi.Com Berhad
(Incorporated in Malaysia)

Income Statements
For the year ended 31 December 2008

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

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

DiGi.Com Berhad
(Incorporated in Malaysia)

Balance Sheets
As at 31 December 2008

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

DiGi.Com Berhad
(Incorporated in Malaysia)

Balance Sheets
As at 31 December 2008 (cont'd.)

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

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

DiGi.Com Berhad
(Incorporated in Malaysia)

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

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

DiGi.Com Berhad
(Incorporated in Malaysia)

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

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

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

DiGi.Com Berhad
(Incorporated in Malaysia)

Cash Flow Statements
For the year ended 31 December 2008

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

DiGi.Com Berhad
(Incorporated in Malaysia)

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

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

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

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

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

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Notes to the Financial Statements - 31 December 2008

1. Corporate Information

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

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

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

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

2. Significant Accounting Policies

(a) Basis of preparation

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

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

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

(b) Basis of consolidation

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

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

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

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

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

(c) Investments in subsidiaries

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

(d) Property, plant and equipment, and depreciation

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

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

2. Significant Accounting Policies (cont'd.)

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

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

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

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

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

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

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

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

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

2. Significant Accounting Policies (cont'd.)

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

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

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

(f) Intangible assets

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

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

(i) 3G spectrum

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

2. Significant Accounting Policies (cont'd.)

(f) Intangible assets (cont'd.)

(ii) Computer software

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

(iii) License fee

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

(g) Inventories

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

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

(h) Provision for liabilities

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

(i) Customer loyalty programme

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

2. Significant Accounting Policies (cont'd.)

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

(ii) Employee leave entitlements

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

(iii) Site decommissioning and restoration costs

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

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

(iv) Defined benefit plan

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

(i) Leases

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

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

2. Significant Accounting Policies (cont'd.)

(i) Leases (cont'd.)

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

(j) Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plan

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

2. Significant Accounting Policies (cont'd.)

(j) Employee benefits (cont'd.)

(iii) Defined benefit plan

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

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

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

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

2. Significant Accounting Policies (cont'd.)

(j) Employee benefits (cont'd.)

(iv) Share-based payment

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

(k) Income tax

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

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

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

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

(l) Financial instruments

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

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

(i) Short-term investment

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

(ii) Cash and cash equivalents

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

(iii) Receivables

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

(iv) Payables

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

(v) Borrowings

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

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

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

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

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

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

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

(vi) **Equity instruments**

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

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

(m) **Revenue recognition**

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

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

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

2. Significant Accounting Policies (cont'd.)

(m) Revenue recognition (cont'd.)

(ii) Interest income

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

(iii) Dividend income

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

(n) Government grants

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

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

(o) Foreign currency transactions

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

All exchange rate differences are taken to the income statement.

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

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

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

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

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

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

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

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

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

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

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

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

(a) Depreciation and amortisation

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

(b) Impairment

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

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

(b) Impairment (cont'd.)

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

(c) Deferred tax assets and liabilities

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

(d) Provision for liabilities

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

5. Finance Costs

	Group	
	2008	**2007**
	RM'000	**RM'000**
Interest expense	11,491	14,700
Others	870	526
	12,361	15,226

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6. Profit Before Tax

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

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

7. Taxation

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

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

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

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

7. Taxation (cont'd.)

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

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

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

8. Earnings Per Ordinary Share

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

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

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9. Dividends

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

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

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10. Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

11. Intangible Assets

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

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

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12. Investments in Subsidiaries

	Company	
	2008	**2007**
	RM'000	**RM'000**
Unquoted shares at cost	75,000	75,000

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

Name of company	Equity interest held (%) 2008	2007	Principal activities
DiGi Telecommunications Sdn Bhd ("DTSB")	100	100	Establishment, maintenance and provision of telecommunications and related services
Subsidiaries of DTSB			
DiGi Services Sdn Bhd	100	100	Property holding, renting of premises and other related services
Djuice.Com Sdn Bhd	100	100	Dormant

13. Amount Due from a Subsidiary

	Company	
	2008	**2007**
	RM'000	**RM'000**
Amount due from a subsidiary	698,281	36,143

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

14. Inventories

	Group	
	2008	2007
	RM'000	RM'000
Trading merchandise	17,053	8,659

15. Trade and Other Receivables

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

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

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

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

16. Short-term Investment

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

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

17. Cash and Cash Equivalents

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

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

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

	Group 2008 %	Group 2007 %
Money on call with licensed bank	3.0	3.5
Deposits with licensed banks	3.3	3.5

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

18. Share Capital

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

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

19. Borrowings

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

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

	Group	
	2008	2007
	%	%
Fixed rate term loan	4.9	4.9
Commercial papers	4.1	-

19. Borrowings (cont'd.)

The above borrowings are denominated in RM.

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

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

20. Deferred Tax Liabilities

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

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

Deferred tax liabilities:

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

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20. Deferred Tax Liabilities (Cont'd.)

Deferred tax assets:

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

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

21. Provision for Liabilities

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

21. Provision for Liabilities (Cont'd.)

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

22. Trade and Other Payables

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

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

23. Defined Benefit Plan

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

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

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

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

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

Principal actuarial assumption used:

	Group 2008 %	Group 2007 %
Rate per annum:		
Discount rate	5.8	5.8

24. Non-cash Transactions

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

(i) Issue of new shares pursuant to the transfer of the 3G spectrum as disclosed in Note 30 to the financial statements; and

(ii) trade-in value of RM10.7 million on the swapping of assets with a vendor, for new assets.

25. Commitments

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

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

26. Contingent Liabilities

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

27. Significant Related Party Disclosures

(a) Sales and purchases of services

Controlling related party relationships are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

(b) Compensation of key management personnel

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

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

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

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

28. Financial Instruments

(a) Financial risk management objectives and policies

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

(b) Credit risk

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

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

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

28. Financial Instruments (cont'd.)

(c) Foreign currency risk

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

(d) Liquidity risk

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

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

(e) Interest rate risk

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

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

(f) Fair values

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

(i) Cash and cash equivalents

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

28. Financial Instruments (cont'd.)

(f) Fair values (cont'd.)

(ii) Trade receivables and payables

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

(iii) Amount due from a subsidiary

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

(iv) Short-term investment and borrowings

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

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

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

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

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

29. Segmental Information

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

30. Significant Events

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

(i) the 3G spectrum was transferred to DTSB on 7 May 2008, with an assignment period from 7 May 08 until 1 April 2018. The 3G spectrum and its related costs were capitalised as an intangible asset totaling approximately RM695 million; and

(ii) the issued and paid-up capital of the Company was increased by 27.5 million shares as the purchase consideration for the transfer of 3G spectrum. The new shares were issued at RM24.90 per share based on the closing market price on the allotment date. The new shares were listed and quoted on the Main Board of Bursa Malaysia Securities Berhad on 12 May 2008.

31. Subsequent Events

Subsequent to the balance sheet date:

(i) the Group had drawn down an unsecured fixed rate term loan of RM475.0 million in January 2009. The facility comprises 3 tranches with different repayment periods, amounts and interest rates respectively; and

(ii) the Company had on 10 February 2009, incorporated a wholly-owned subsidiary - Pay By Mobile Sdn Bhd ("PBM"), under the Companies Act,1965. PBM has an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 and an issued and paid-up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each. Its intended principal activities include the provision of financial services related to remittance of money and provision of services and products which use electronic payment as its main mode of payment.

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

Our Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information contained in this Circular. They confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Circular false or misleading.

Information relating to DiGi in this Circular was obtained from the management of DiGi and published or otherwise publicly available documents. The only responsibility of our Board is to ensure that the information relating to DiGi is accurately reproduced in this Circular.

2. CONSENTS AND CONFLICTS OF INTEREST

CIMB, as Adviser to our Company, has given and has not subsequently withdrawn its consent for the inclusion of its name and all other references to it in the form and context which they appear in this Circular.

CIMB is not aware of any circumstances that would give rise to or likely to give rise to a conflict of interest situation in its capacity to act as Adviser to our Company for the Disposal.

Nevertheless, we wish to highlight that CIMB Bank Berhad ("**CIMB Bank**"), a related company of CIMB, had granted a term loan to our Group, with a total limit and amount outstanding as at 31 August 2009 of RM1,155 million and RM552.7 million respectively. The outstanding amount of the said term loan was fully settled on 1 September 2009 by utilising part of the proceeds from the Disposal.

Further, CIMB was also joint placement agent, together with Maybank Investment Bank Berhad, to our Company for the Disposal.

Messrs KPMG, as the Reporting Accountants, have given and have not subsequently withdrawn their consent to the inclusion of their name and Reporting Accountants' letter on the proforma consolidated balance sheets of our Company as at 31 December 2008 and all references thereto in the form and context which they appear in this Circular.

KPMG is not aware of any circumstances that would give rise to or likely to give rise to a conflict of interest situation in their capacity to act as Reporting Accountants in relation to the Disposal.

Maybank Investment Bank Berhad, as joint placement agent to our Company for the Disposal, has given and has not subsequently withdrawn its consent for the inclusion of its name and all other references to it in the form and context which they appear in this Circular.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 Material commitments

Save as disclosed below, as at 10 September 2009, our Directors are not aware of any material commitments contracted or known to be contracted by our Group which, upon becoming enforceable, may have a material impact on our Group's profits and net assets.

(i) Capital commitments

	RM'000
Telecommunications network	
- Approved and contracted for	
Purchase and construction of telecommunications infrastructure	46,946
- Approved but not contracted for	
Purchase and construction of telecommunications infrastructure and license	20,876
Total	**67,822**

(ii) Lease commitments

	RM'000
Future minimum lease payments	171,343

One of our subsidiaries has entered into an agreement with Projek Lebuhraya Utara-Selatan Berhad ("**PLUS**") on wayleave and right of use pertaining to telecommunications facilities of the North-South Expressway ("**PLUS Agreement**") for a fee equal to an annual sum of RM10,800,000 for the calendar year 2000 with an incremental amount of 5% compounded annually up to the calendar year 2014.

Thereafter the annual sum will remain at RM4,240,000 until the expiry of the agreement. The PLUS Agreement shall terminate upon the expiry of the PLUS concession agreement with the Government of Malaysia on 30 May 2030 unless the said PLUS concession agreement is renewed in which event the PLUS Agreement will continue to subsist for the renewed term.

3.2 Contingent liabilities

As at the LPD, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on our Group's profits or net assets.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are made available for inspection at our registered office at Level 4, No. 14, Jalan Majistret U1/26, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia from Monday to Friday (except on public holidays) during normal business hours from the date of this Circular up to and including the date of the EGM:

(i) our Memorandum and Articles of Association;

(ii) the Memorandum and Articles of Association of DiGi;

(iii) our audited consolidated financial statements for the two (2) FYE 31 December 2007 and 2008 and, our latest unaudited consolidated financial results for the six (6)-month financial period ended 30 June 2009;

(iv) the audited consolidated financial statements of DiGi for the two (2) FYE 31 December 2007 and 2008 and DiGi's latest unaudited consolidated financial results for the six (6)-month financial period ended 30 June 2009;

(v) the proforma consolidated balance sheets of TdC together with the notes and the Reporting Accountants' letter referred to in Appendix II;

(vi) the material contract referred to in Section 7 of Appendix I; and

(vii) the letters of consent referred to in Section 2 of this Appendix.

TIME

TIME DOTCOM BERHAD (413292-P)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting ("**EGM**") of TIME dotCom Berhad ("**Company**") will be held at Glenmarie Ballroom, Level 1, Holiday Inn Glenmarie Kuala Lumpur, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Thursday, 22 October 2009 at 10.30 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing, with or without any modifications the following resolution:

ORDINARY RESOLUTION

SHAREHOLDERS' RATIFICATION ON THE DISPOSAL BY HAKIKAT PASTI SDN BHD ("HAKIKAT PASTI"), A WHOLLY-OWNED SUBSIDIARY OF TIME DOTCOM BERHAD, OF 27,750,000 ORDINARY SHARES OF RM0.10 EACH IN DiGi.COM BERHAD ("DiGi") ("DiGi SHARES"), REPRESENTING 3.6% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL IN DiGi AS AT 18 AUGUST 2009, VIA A PRIVATE PLACEMENT EXERCISE FOR A TOTAL CASH CONSIDERATION OF RM604,950,000

"**THAT** the shareholders of the Company do hereby ratify the disposal by Hakikat Pasti, of an aggregate of 27,750,000 DiGi Shares through a private placement exercise at RM21.80 per DiGi Share for a total cash consideration of RM604.95 million completed on 26 August 2009 and which disposal was effected by way of direct business transactions under the rules and regulations of Bursa Malaysia Securities Berhad."

BY ORDER OF THE BOARD

MISNI ARYANI MUHAMAD (LS 0009413)
Secretary

7 October 2009
Selangor Darul Ehsan

Notes:

1. A member entitled to attend and vote at the above EGM of the Company is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. The instrument of proxy shall be in writing and signed by the appointer or by his attorney and in the case of a corporation, either under its common seal or signed by its attorney or officer on behalf of the corporation.

3. A member who holds 1,000 shares or less in the Company is entitled to appoint one (1) proxy whilst a member holding more than 1,000 shares in the Company is entitled to appoint a maximum of two (2) proxies. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportion of holding to be represented by each proxy is specified.

5. The instrument appointing a proxy or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's Share Registrar's office, **Mega Corporate Services Sdn Bhd at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur** not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting, or in the case of a poll not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

FORM OF PROXY

TIME

TIME dotCom Berhad
(Company No: 413292-P)

No. of shares	*CDS Account No.*

I/ We, ... Identification/Company No. ....
(Name in block letters)

of ....
(Full Address)

being a member/members of TIME dotCom Berhad hereby appoint ....

....

of ....

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Glenmarie Ballroom, Level 1, Holiday Inn Glenmarie Kuala Lumpur, 1 Jalan Usahawan U1/8, Seksyen U1, 40250 Shah Alam, Selangor Darul Ehsan on Thursday, 22 October at 10.30 a.m. and at any adjournment thereof.

You may indicate with an "X" or "✓" in the box provided below how you wish your votes to be cast. Please note that the filling of this form is for indicative purposes only and shall not bind the Company or in any way oblige or require the Company to ensure that your proxy shall vote in the manner as indicated by you.

Please take further note that the Company shall accept the vote cast by your proxy as a valid vote whether or not your proxy has acted in accordance with your instructions.

	For	*Against*
Ordinary Resolution – Disposal		

Signed this ....day of.........................2009.

....

Signature/Common Seal of Appointer

NOTES :-

1. A member entitled to attend and vote at the above EGM of the Company is entitled to appoint a proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

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Fold this flap for sealing

Then fold here

AFFIX
STAMP

Mega Corporate Services Sdn Bhd
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

1st fold here