THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

TIME DOTCOM BERHAD (413292-P)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS
IN RELATION TO

(I) PROPOSED RATIFICATION OF THE ACQUISITION BY HAKIKAT PASTI SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF TIME DOTCOM BERHAD ("TdC") OF 50,250,000 ORDINARY SHARES OF RM0.10 EACH IN DiGi.COM BERHAD ("DiGi"), REPRESENTING 6.70% OF THE EXISTING ISSUED AND PAID-UP SHARE CAPITAL OF DiGi FROM TELENOR ASIA PTE LTD FOR A TOTAL CASH CONSIDERATION OF RM1,080,375,000; AND

(II) PROPOSED ALLIANCE BETWEEN TdC, TT DOTCOM SDN BHD ("TT dotCOM"), A WHOLLY-OWNED SUBSIDIARY OF TdC, DiGi AND DiGi TELECOMMUNICATIONS SDN BHD ("DiGi TELECOM"), A WHOLLY-OWNED SUBSIDIARY OF DiGi (COLLECTIVELY THE "PARTIES") WHICH INVOLVES THE:-

(A) PROPOSED TRANSFER OF THE 3G SPECTRUM ASSIGNMENT NO. SA/01/2006 OVER THE FREQUENCY BANDS OF 1965MHZ-1980MHZ, 2155MHZ-2170MHZ AND 2010MHZ-2015MHZ ("SPECTRUM") BY TT dotCOM TO DiGi TELECOM TO BE SATISFIED BY THE ISSUANCE OF 27,500,000 NEW ORDINARY SHARES OF RM0.10 EACH IN DiGi ("DiGi SHARES") (OR AS MAY BE ADJUSTED) CREDITED AS FULLY PAID-UP TO TT dotCOM OR ITS NOMINEES AT AN ISSUE PRICE OF RM23.80 PER SHARE REPRESENTING A TOTAL CONSIDERATION OF RM654,500,000, DETERMINED BASED ON THE FIVE (5)-DAY VOLUME WEIGHTED AVERAGE MARKET PRICE OF DiGi SHARES UP TO AND INCLUDING 9 NOVEMBER 2007 (ADJUSTED FOR SPECIAL GROSS DIVIDEND WITH THE ENTITLEMENT DATE OF 9 NOVEMBER 2007 OF RM1.00 PER DiGi SHARE) UNDER A DEFINITIVE AGREEMENT DATED 25 JANUARY 2008; AND

(B) PROPOSED JOINT BUSINESS PLANNING BETWEEN THE PARTIES

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser
AmInvestment Bank Berhad
(Company No. 23742-V)
A Member of

AmInvestment Bank Group

The Notice of the Extraordinary General Meeting (**"EGM"**) of the Company to be convened at Grand Ballroom, Flamingo Hotel Kuala Lumpur, 5 Tasik Ampang, Jalan Hulu Kelang, 68000 Ampang, Selangor Darul Ehsan on Tuesday, 25 March 2008 at 11.00 a.m. together with the Proxy Form are enclosed herewith.

You are requested to complete the enclosed Proxy Form and deposit it at the Company's Share Registrar's office, Mega Corporate Services Sdn Bhd at Level 15-2, Faber Imperial Court, Jalan Sultan Ismail, 50774 Kuala Lumpur on or before the time and date indicated below if you are not able to attend the EGM. The lodging of the Proxy Form shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form	:	Sunday, 23 March 2008, 11.00 a.m
Date and time of the EGM	:	Tuesday, 25 March 2008, 11.00 a.m

This Circular is dated 10 March 2008

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply:-

Act	–	Companies Act, 1965 as may be amended from time to time and any re-enactment thereof
Acquisition	–	Acquisition by Hakikat Pasti of 50,250,000 DiGi Shares, representing 6.70% of the existing issued and paid-up share capital of DiGi comprising 750 million DiGi Shares, from Telenor Asia for a total cash consideration of RM1,080,375,000 at the price of RM21.50 per DiGi Share which was effected as a direct business transaction under the rules of Bursa Securities on 15 November 2007
Acquisition Consideration	–	Cash consideration of RM1,080,375,000 for the Acquisition
AmInvestment Bank	–	AmInvestment Bank Berhad, a member of the AmInvestment Bank Group
Board	–	Board of Directors
Bursa Depository	–	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	–	Bursa Malaysia Securities Berhad
Business Day	–	A day on which banks are open for business in Kuala Lumpur, excluding a Saturday or a Sunday
CMA	–	Communications and Multimedia Act 1998, as may be amended from time to time
CMSR	–	Communications and Multimedia (Spectrum) Regulations 2000, as may be amended from time to time
Consideration Shares	–	27,500,000 new DiGi Shares, representing approximately 3.54% of the enlarged issued and paid-up share capital of DiGi immediately after the Proposed Transfer, to be allotted and issued to TT dotCom or its Nominees as satisfaction for the Proposed Transfer at an issue price of RM23.80 per share, determined based on the five (5)-day VWAMP of DiGi Shares up to and including 9 November 2007 (being the full market day prior to the date of the DiGi Offer) (adjusted for special gross dividend with the entitlement date of 9 November 2007 of RM1.00 per DiGi Share) under the Definitive Agreement. The number of new DiGi Shares to be issued hereunder is subject to adjustment in the manner described in Section 3.3(d)
DBP	–	TT dotCom's detailed business plan attached to the 3G Spectrum
Definitive Agreement	–	The definitive agreement dated 25 January 2008 entered into between DiGi, DiGi Telecom, TdC and TT dotCom which formalises the Proposed Alliance
DiGi	–	DiGi.Com Berhad
DiGi Group	–	Collectively, DiGi and its subsidiaries
DiGi Offer	–	The offer to enter into the HOA from the Board of DiGi to the Board of TdC set out in the letter dated 13 November 2007
DiGi Shares	–	Ordinary share(s) of RM0.10 each in DiGi
DiGi Telecom	–	DiGi Telecommunications Sdn Bhd, a wholly-owned subsidiary of DiGi

EGM	–	Extraordinary General Meeting
EPS	–	Earnings per Share
FIC	–	Foreign Investment Committee of Malaysia
FIC Guidelines	–	Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests issued by the FIC
FYE	–	Financial year(s) ended/ending
Hakikat Pasti	–	Hakikat Pasti Sdn Bhd, a wholly-owned subsidiary of TdC
HOA	–	The heads of agreement dated 14 November 2007 entered into between DiGi, DiGi Telecom, TdC and TT dotCom in relation to the Proposed Alliance
Khazanah	–	Khazanah Nasional Berhad
KLCI	–	Kuala Lumpur Composite Index
KLSER	–	Kuala Lumpur Service Index
KTAK	–	Kementerian Tenaga, Air dan Komunikasi or Ministry of Energy, Water and Communications of Malaysia
LPD	–	6 March 2008, being the latest practicable date prior to the printing of this Circular
MHz	–	MegaHertz
MNP	–	Mobile number portability which will allow customers to transfer their service from one mobile service provider to another while retaining their existing mobile number
MOU	–	The memorandum of understanding dated 14 November 2007 entered into between Telenor Asia, TdC and TT dotCom which provides that Telenor Asia will support the nomination of one (1) TdC-nominated candidate to serve as a member on the Board of DiGi subject to, *inter alia*, the Definitive Agreement as envisaged under the HOA being executed and the completion of the Proposed Transfer
MVNO	–	Mobile Virtual Network Operator
NA	–	Net assets
Nominees	–	Comprising TdC and all its subsidiaries
Parties	–	The parties to the Definitive Agreement and HOA, namely DiGi, DiGi Telecom, TdC and TT dotCom
PAT	–	Profit after taxation
PBT	–	Profit before taxation
PER	–	Price-earnings ratio

Placement	–	The placement of 76,524,600 DiGi Shares which was carried out by Telenor Asia on 14 November 2007 by way of a book-building process to partly comply with the equity condition imposed on Telenor Asia by the KTAK. The placement was executed by way of direct business transaction under the rules of Bursa Securities on 15 November 2007
Proposals	–	Collectively, the Acquisition and the Proposed Transfer
Proposed Alliance	–	Collectively, the Proposed Transfer and the Proposed Joint Business Planning
Proposed Joint Business Planning	–	The joint business planning exercise to be undertaken by the Parties in accordance with the Definitive Agreement, whereby they will cooperate in a mutually beneficial business collaboration
Proposed Transfer	–	Proposed transfer of the Spectrum from TT dotCom to DiGi Telecom under the CMSR with all of TT dotCom's benefits and rights thereto or where the transfer of the Spectrum is not practicable, the surrender of the Spectrum by TT dotCom and reissuance of it by SKMM in DiGi Telecom's name to be satisfied via the issuance of the Consideration Shares credited as fully paid-up to TT dotCom or its Nominees, as detailed in Section 3.1 of this Circular
RM	–	Ringgit Malaysia
Sale Shares	–	50,250,000 DiGi Shares, representing approximately 6.70% of the existing issued and paid-up share capital of DiGi comprising 750 million DiGi Shares, acquired by Hakikat Pasti from Telenor Asia pursuant to the Placement
SC	–	Securities Commission of Malaysia
Security Interest	–	An interest or power:- (a) reserved in or over an interest in any asset including, but not limited to, any retention of title; or (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, by way of security for the payment of a debt or any other monetary obligation or the performance of any other obligation and includes, but is not limited to, any agreement to grant or create any of the above
SGD	–	Singapore Dollar
SKMM	–	Suruhanjaya Komunikasi dan Multimedia Malaysia or Malaysian Communications and Multimedia Commission
Spectrum	–	The 3G spectrum assignment bearing the assignment number SA/01/2006 over the following frequency bands: 1965MHz-1980MHz, 2155MHz-2170MHz and 2010MHz-2015MHz, issued to TT dotCom under Section 159 of the CMA and the CMSR and valid up to 1 April 2018 or such later date as may be approved by the SKMM, which is the subject of the Proposed Transfer or any other spectrum assignment that may be issued in replacement thereof
TdC or **Company**	–	TIME dotCom Berhad
TdC Group	–	Collectively, TdC and its subsidiaries
TdC Share(s)	–	Ordinary share(s) of RM1.00 each in TdC

Telenor Asia	–	Telenor Asia Pte Ltd
TT dotCom	–	TT dotCom Sdn Bhd
UEM	–	UEM Group Berhad
USD	–	United States Dollar
VWAMP	–	Volume weighted average market price
2G	–	Second generation wireless cellular technology
3G	–	Third generation wireless mobile technology

TABLE OF CONTENTS

Page

LETTER FROM THE BOARD TO THE SHAREHOLDERS OF TdC CONTAINING:-

APPENDICES

TIME DOTCOM BERHAD (413292-P)
(Incorporated in Malaysia)

Registered Office:
Level 1, Wisma TIME
249, Jalan Tun Razak
50400 Kuala Lumpur

10 March 2008

TdC Board of Directors
Dato' Ir. Wan Muhamad Wan Ibrahim *(Non-Independent Non-Executive Director/Chairman)*
Elakumari Kantilal *(Non-Independent Non-Executive Director)*
Amiruddin Abdul Aziz *(Non-Independent Non-Executive Director)*
Abdul Kadir Md Kassim *(Non-Independent Non-Executive Director)*
Azian Mohd Noh *(Non-Independent Non-Executive Director)*
Dato' Shaik Daud Md Ismail *(Independent Non-Executive Director)*
Kamaludin Abdul Kadir *(Independent Non-Executive Director)*
Ronnie Kok Lai Huat *(Independent Non-Executive Director)*

To : The Shareholders of TdC

Dear Sir/Madam,

(A) PROPOSED RATIFICATION OF THE ACQUISITION BY HAKIKAT PASTI, A WHOLLY-OWNED SUBSIDIARY OF TdC OF 50,250,000 DiGi SHARES, REPRESENTING 6.70% OF THE EXISTING ISSUED AND PAID-UP SHARE CAPITAL OF DiGi FROM TELENOR ASIA FOR A TOTAL CASH CONSIDERATION OF RM1,080,375,000; AND

(B) PROPOSED ALLIANCE BETWEEN THE PARTIES WHICH INVOLVES THE:-

(I) PROPOSED TRANSFER; AND

(II) PROPOSED JOINT BUSINESS PLANNING

---

1. INTRODUCTION

On 13 November 2007, AmInvestment Bank, on behalf of TdC, announced that the Company had on even date received the DiGi Offer as well as the offer from Telenor Asia to enter into the MOU in conjunction with the DiGi Offer. It was also announced that the TdC Board had received an invitation from Telenor Asia to participate in the placement of DiGi Shares to be carried out by way of a book-building process as part of its process to comply with the equity condition imposed on Telenor Asia by the KTAK ("**Placement Invitation**").

On 14 November 2007, AmInvestment Bank, on behalf of TdC, announced that TdC had accepted the DiGi Offer which resulted in the Parties entering into the HOA on the said date. It was also announced that TdC entered into the MOU with Telenor Asia and that TdC had participated in the said Placement Invitation through its wholly-owned subsidiary, Hakikat Pasti.

On 15 November 2007, AmInvestment Bank, on behalf of TdC, announced that Hakikat Pasti had further to its participation in the Placement Invitation been allocated 50,250,000 DiGi Shares, representing 6.70% of the existing issued and paid-up share capital of DiGi comprising 750 million DiGi Shares, for a total cash consideration of RM1,080,375,000 or RM21.50 per DiGi Share which Acquisition was effected as a direct business transaction under the rules of Bursa Securities on 15 November 2007.

The Company had applied to Bursa Securities on 13 November 2007 for a waiver from obtaining shareholders' prior approval pursuant to paragraph 1.03(1) of the Listing Requirements of Bursa Securities to complete the Acquisition. Bursa Securities had, via its letter dated 13 November 2007, approved the said waiver application subject to the condition that TdC shall procure shareholders' ratification on the Acquisition within two (2) months from the completion date of the Acquisition. In this connection, TdC has made a further application to Bursa Securities on 21 December 2007 for an extension of time up to 31 May 2008 for TdC to procure shareholders' ratification on the Acquisition. Bursa Securities had, via its letter dated 28 December 2007, approved the said application on the terms sought.

On 25 January 2008, AmInvestment Bank announced on behalf of TdC that the Parties have entered into the Definitive Agreement formalising the Proposed Alliance.

TT dotCom had obtained the approval of the SKMM via its letter dated 5 March 2008 for the Proposed Transfer subject to the following conditions:-

(a) Payment is made by TT dotCom for the penalty imposed as a result of non-compliance of the DBP;

(b) Acceptance by the SKMM of DiGi Telecom's irrevocable bank guarantee of RM50 million for the balance duration of the Spectrum assignment period; and

(c) DiGi Telecom is required to comply with the DBP. However, DiGi Telecom is not precluded from submitting variations to the DBP.

TdC will be appealing to the SKMM in respect of condition (a) as well as seeking clarification from the SKMM on the aforesaid conditions.

The purpose of this Circular is to provide you with the details of the Proposals, and to seek your approval for the resolutions on the Proposals to be tabled at the forthcoming EGM. The notice convening the EGM is enclosed in this Circular.

THE DETAILS OF THE PROPOSED JOINT BUSINESS PLANNING HAVE BEEN INCLUDED IN THIS CIRCULAR FOR YOUR INFORMATION ONLY AND IS NOT PART OF THE PROPOSALS FOR YOUR CONSIDERATION AND NO ACTION IS REQUIRED TO BE TAKEN BY YOU IN RESPECT OF THE PROPOSED JOINT BUSINESS PLANNING.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES BEFORE VOTING ON THE RESOLUTIONS ON THE PROPOSALS AT THE FORTHCOMING EGM.

2. DETAILS OF THE ACQUISITION

TdC had through its wholly-owned subsidiary, Hakikat Pasti participated in the Placement Invitation and was allocated 50,250,000 DiGi Shares as part of the Placement representing 6.70% of the existing issued and paid-up share capital of DiGi comprising 750 million DiGi Shares from Telenor Asia for a total cash consideration of RM1,080,375,000.

The Acquisition was effected as a direct business transaction under the rules of Bursa Securities on 15 November 2007.

2.1 Basis of Arriving at the Acquisition Consideration

The Acquisition Consideration for the Acquisition was determined based on a book-building process by Telenor Asia together with its placement agent.

The price of RM21.50 per DiGi Share represents a discount of approximately 9.66% over the five (5)-day VWAMP of DiGi Shares (adjusted for the special gross dividend with the entitlement date of 9 November 2007 of RM1.00 per DiGi Share) up to and including 9 November 2007, being the last full trading day prior to the announcement of the Placement, of RM23.80.

2.2 Source of Funding

The Acquisition was financed by a credit facility provided to Hakikat Pasti which is on a non-recourse basis to TdC. The credit facility is granted solely to Hakikat Pasti and is secured by the Sale Shares pledged by Hakikat Pasti to the lender and the Consideration Shares which are to be pledged by TT dotCom or its Nominees to the lender. As such, the only security available to the lender in respect of the credit facility is the Sale Shares and the Consideration Shares pledged or to be pledged to the lender. The lender does not have recourse to TdC in the event of default of the credit facility.

2.3 Telenor Asia's Cost and Date of Investment in DiGi Shares

Telenor Asia's original cost and date of investment in the Sale Shares are not publicly available. However, based on the relevant announcements to Bursa Securities dated 25 October 1999, 4 November 1999, 17 December 1999, 7 March 2000, 24 May 2000, 2 June 2000, 21 June 2001 and 26 September 2001, the dates and original cost of investment of Telenor Asia in the 457,499,630 DiGi Shares representing 61.0% of the issued and paid-up share capital of DiGi held by it prior to the Placement are as follows:-

Date of investment	Number of DiGi Shares	Original cost of investment (RM)	Original cost of investment per share (RM)
16.12.1999	150,000,000	787,500,000	5.25
29.02.2000	75,000,000	93,750,000	1.25
26.05.2000	22,000,000	*	*
10.09.2001	210,499,630	1,389,297,558	6.60

Note:-

* *On 24 May 2000, it was announced to Bursa Securities that Telenor Asia had notified DiGi that it was acquiring 22.0 million DiGi Shares representing 2.93% in DiGi via a married deal through Bursa Securities. The cost of investment of the above acquisition was not made public.*

The Sale Shares represent approximately 10.98% of Telenor Asia's total shareholdings in DiGi prior to the Placement.

Based on the above table, Telenor Asia's original cost of investment in DiGi Shares ranges from RM1.25 per DiGi Share to RM6.60 per DiGi Share.

2.4 Assumption of Liabilities

There are no liabilities, including contingent liabilities and guarantees, to be assumed by Hakikat Pasti pursuant to the Acquisition.

2.5 Sale Shares Acquired Free from Encumbrances

The Sale Shares were acquired free from all claims, charges, liens, encumbrances, option or right of pre-emption, third party rights and equities and with all rights and entitlements attached thereto, including the right to all dividends and/or distributions declared, paid or made thereon.

2.6 Background Information on Telenor Asia

Telenor Asia was incorporated in the Republic of Singapore on 15 August 1997 under the Registry of Companies and Businesses of Singapore as a private limited company under the name of Telenor Marlink (Singapore) Pte Ltd. The company changed its name to Telenor Asia Pte Ltd on 12 February 1999.

As at 13 February 2008, the share capital of Telenor Asia is SGD402,519,800 comprising 402,519,800 ordinary shares and 104,214 redeemable preference shares amounting to SGD1,310,570,124.28.

The principal activities of Telenor Asia are that of investment holding and provision of administration and coordination support to its related companies.

2.7 Background 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. 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 was listed on the Main Board of the Bursa Malaysia Securities Berhad on 18 December 1997.

As at 13 February 2008, the authorised share capital of DiGi is RM1,000,000,000 comprising 10,000,000,000 DiGi Shares, of which 750,000,000 DiGi Shares have been issued and are fully paid-up.

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

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

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

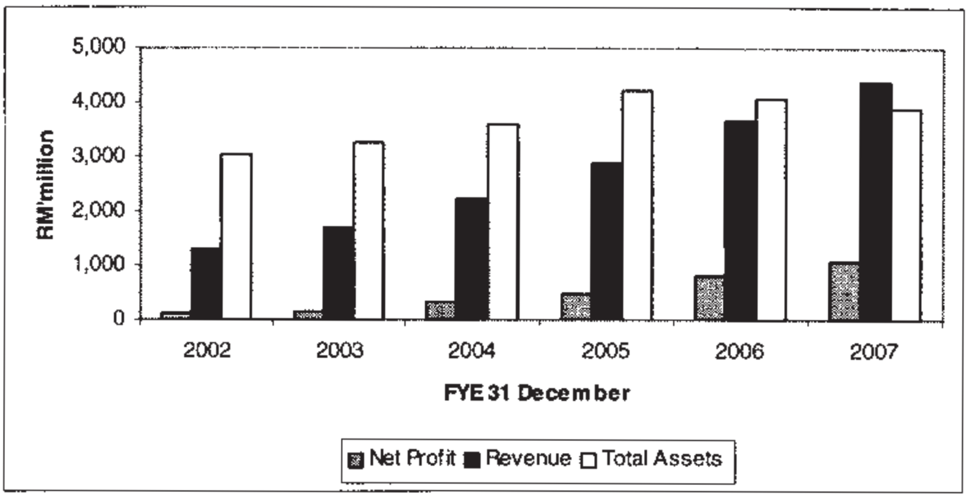
2.8 Evaluation of the Acquisition

The following factors have been taken into consideration by the TdC Board in the evaluation of the Acquisition:-

(i) Financial performance of DiGi

The charts below show a summary of the financial performance of DiGi Group for the past six (6) financial years based on the audited financial statements for FYE 31 December 2002 to 2006 and the unaudited consolidated results for FYE 31 December 2007:-

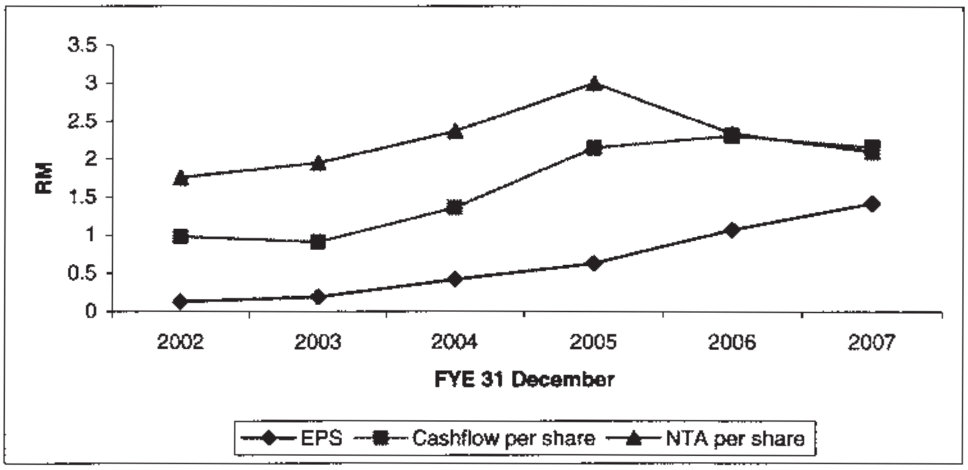
Net profit, revenue and total assets



(Source: Annual Report of DiGi for the respective years and announcement dated 5 February 2008 for quarterly report on the consolidated results for the financial period ended 31 December 2007)

Based on the above, the revenue and earnings of the DiGi Group have been on an increasing trend over the past six (6) years.

Earnings, cashflow and net tangible asset ("NTA") per share



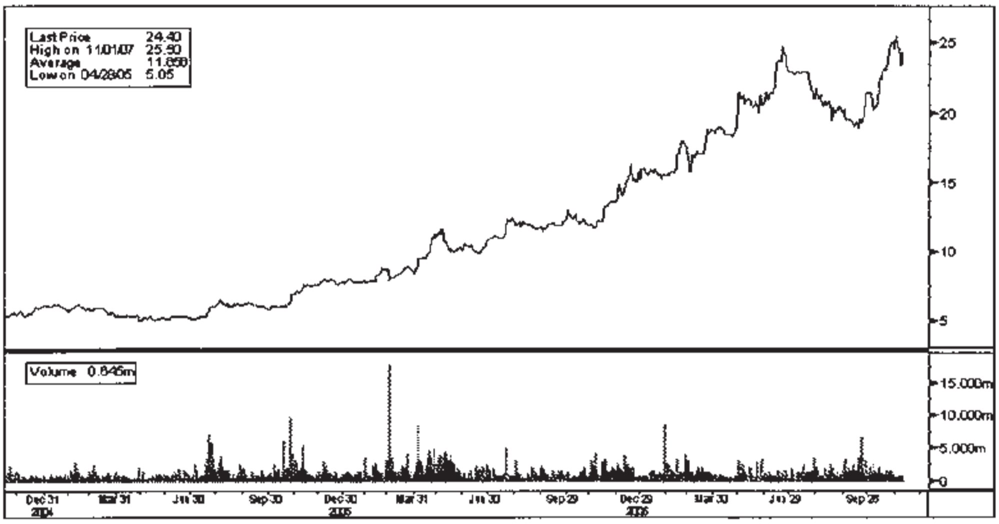
(Source: Annual Report of DiGi for the respective years and announcement dated 5 February 2008 for quarterly report on the consolidated results for the financial period ended 31 December 2007)

For the past six (6) years, DiGi Group has shown strong performance with exponential growth in EPS as well as cashflow position.

Please refer to Appendix I of this Circular for further details on the financial performance of the DiGi Group.

(ii) Historical share price performance

The movement in the market price and trading volume of DiGi Shares for the past three (3) years from 10 November 2004 to 9 November 2007, being the last full trading day prior to the announcement of the Placement are depicted in the chart below:-



(Source: Bloomberg)

Based on the graph above, DiGi's share price has increased from RM5.35 on 10 November 2005 to RM24.40 on 9 November 2007, representing an increase of 356.07% over the said period.

Although DiGi's share price took a slight dip in mid 2007, it has since regained its momentum and traded above the Acquisition price of RM21.50 per DiGi Share since 11 October 2007.

For shareholders' information, DiGi's share price has appreciated since the completion of the Acquisition. The closing market price of DiGi's share of RM23.00 on LPD, represents a premium of RM1.50 or 6.98% over the Acquisition price of RM21.50 per DiGi Share.

The monthly highest and lowest transacted market price from March 2007 to February 2008 are as follows:-

	High (RM)	Low (RM)	Volume traded
2007			
March	18.90	15.40	24,254,000
April	20.80	17.80	7,622,100
May	22.50	19.80	21,783,700
June	24.90	20.60	15,295,700
July	23.20	20.50	24,108,300
August	21.80	18.80	18,757,100
September	21.50	18.80	34,466,800
October	25.50	20.20	23,348,500
November	27.50	22.90	19,661,500
December	26.75	23.90	17,375,900
2008			
January	27.00	22.30	40,784,300
February	26.25	23.70	25,426,900

	High (RM)	Low (RM)	Volume traded
Average monthly price for the past 12 months	23.88	20.39	
Average monthly trading volume for the past 12 months			22,740,400

(Source: Bloomberg)

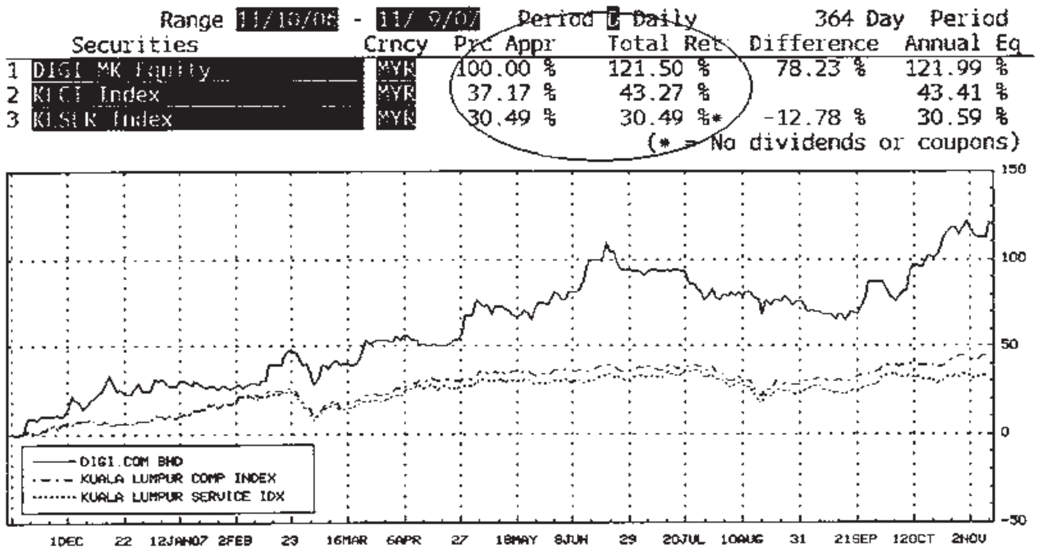
The average monthly trading volume of DiGi Shares for the past twelve (12) months was approximately 22.74 million shares, representing approximately 3.03% of the existing issued and paid-up share capital of DiGi comprising 750 million DiGi Shares, as at 29 February 2008, a relatively thin trading volume.

Furthermore, 61.0% of the issued and paid-up share capital of DiGi was held by Telenor Asia prior to the Placement may possibly be the cause of the low liquidity of DiGi Shares.

Taking into consideration the relatively low historical trading volume, the Acquisition provided an opportunity for TdC to acquire a strategic stake in DiGi at a discount of approximately 9.66% over the five (5)-day VWAMP of DiGi Shares (adjusted for the special gross dividend with the entitlement date of 9 November 2007 of RM1.00 per DiGi Share) up to and including 9 November 2007, being the last full trading day prior to the announcement of the Placement, of RM23.80.

(iii) Performance of DiGi Shares against the KLCI and KLSER

The performance of the DiGi Shares against the KLCI and KLSER for the past twelve (12) months from 10 November 2006 to 9 November 2007, being the last full trading day prior to the announcement of the Placement are depicted in the chart below:-



(Source: Bloomberg)

As shown in the above chart, DiGi Shares have consistently outperformed the KLCI and the KLSER. DiGi Share price has appreciated 100.0% while KLCI and KLSER have appreciated 37.17% and 30.49% respectively over the past 12 months. DiGi Shares have generated significantly higher total return of 121.50% as compared to KLCI and KLSER of 43.27% and 30.49% respectively over the past 12 months.

(iv) Premium / discount to DiGi's market price

Basis of comparison	Market price of DiGi Share (RM)	Premium / (Discount) of Acquisition price over / to market price (RM)	(%)
Last transacted price on 9 November 2007, being the last full trading day prior to the announcement of the Placement	24.40	(2.90)	(11.89)
Five (5)-day VWAMP of DiGi Shares (adjusted for the special gross dividend with the entitlement date of 9 November 2007 of RM1.00 per DiGi Share) up to and including 9 November 2007, being the last full trading day prior to the announcement of the Placement	23.80	(2.30)	(9.66)
One (1)-month VWAMP of DiGi Shares (adjusted for the special gross dividend with the entitlement date of 9 November 2007 of RM1.00 per DiGi Share) up to and including 9 November 2007, being the last full trading day prior to the announcement of the Placement	23.50	(2.00)	(8.51)
Last transacted price on LPD	23.00	(1.50)	(6.52)

Based on the above, the Acquisition price of RM21.50 per DiGi Share represents a discount of between 6.52% to 11.89% over the market price.

(v) Historical distributions and dividends

The capital distribution and dividends declared by DiGi for the past three (3) FYE 31 December 2005 to 2007 are set out below:-

FYE 31 December	Capital distribution (RM/DiGi Share)	Net dividend (RM/DiGi Share)	Net dividend payout (%)
2005	0.75@	-	-
2006	0.60	0.805	75.0%#
2007	-	1.810^	127.7%*
Total	**1.35**	**2.615**	

Notes:-

@ *The capital distribution of RM0.75 per DiGi Share was completed on 18 May 2006.*

\# *Based on EPS of RM1.07 from the audited financial statement for FYE 31 December 2006.*

* *Based on EPS of RM1.42 from the unaudited financial statement for FYE 31 December 2007.*

^ *The above included net dividend of RM0.58 per DiGi Share which was proposed by DiGi on 5 February 2008.*

(Source: Annual Report of DiGi for the respective years and announcement dated 5 February 2008 for quarterly report on the consolidated results for the financial period ended 31 December 2007)

Since 2005, DiGi has returned a total of about RM1.35 per DiGi Share to its shareholders via capital distribution. DiGi has also declared a total net dividend of about RM2.615 per DiGi Share since FYE 31 December 2006 of which about RM2.035 have been paid.

As announced on 26 October 2005, DiGi Board has adopted a dividend policy where DiGi will endeavour to distribute a minimum of 50% of its PAT annually to its shareholders with effect from financial year 2006. DiGi will maintain the payment of dividends in the future subject to a number of factors such as the availability of distributable reserves and its future cashflow requirements. *(Source: DiGi's Circular dated 26 February 2008)*

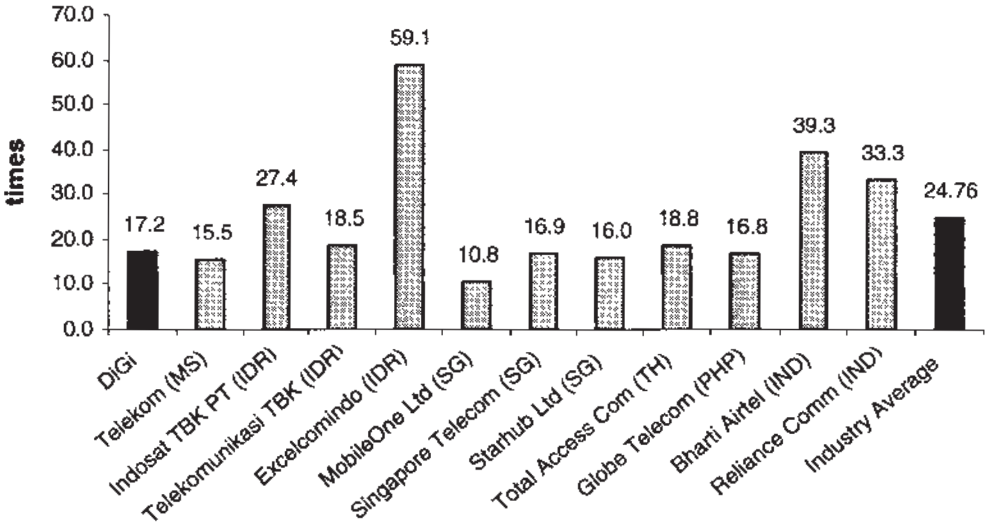
(vi) Analysis of DiGi vis-à-vis its comparable companies

A comparison of the Acquisition price of RM21.50 per DiGi Share against the EPS of DiGi is summarised as follows:-

	EPS (RM)	PER (times)
Based on the unaudited PAT of DiGi for FYE 31 December 2007 of approximately RM1,062.6 million	1.42	15.14

(Source: Announcement dated 5 February 2008 for quarterly report on the consolidated results for the financial period ended 31 December 2007)

In addition, we have undertaken a comparative analysis of the PER represented by the Acquisition price of RM21.50 per DiGi Share with the PER of comparable telecommunication companies in the Asian region:-



Notes:-

Telekom (MS)	:	*Telekom Malaysia Berhad (Malaysia)*
Indosat TBK PT (IDR)	:	*Indosat TBK PT (Indonesia)*
Telekomunikasi TBK (IDR)	:	*Telekomunikasi TBK (Indonesia)*
Excelcomindo (IDR)	:	*Excelcomindo Pratama TBK PT (Indonesia)*
MobileOne Ltd (SG)	:	*MobileOne Ltd (Singapore)*
Singapore Telecom (SG)	:	*Singapore Telecommunications Ltd (Singapore)*
Starhub Ltd (SG)	:	*Starhub Ltd (Singapore)*
Total Access Com (TH)	:	*Total Access Communication Public Company Ltd (Thailand)*
Globe Telecom (PHP)	:	*Globe Telecom Inc (Philippines)*
Bharti Airtel (IND)	:	*Bharti Airtel Ltd (India)*
Reliance Comm (IND)	:	*Reliance Communications Ltd (India)*

(Source: Bloomberg as at 22 February 2008)

Based on the above analysis, the PER of 15.14 times, based on the Acquisition price of RM21.50 per DiGi Share and the unaudited EPS of DiGi for the FYE 31 December 2007 of RM1.42, is generally lower than the average industry PER of comparable telecomunications companies in the Asian region of 24.76 times as well as the DiGi's PER of 17.18 times based on the last transacted price on 22 February 2008, of RM24.40 and the unaudited EPS of DiGi for the FYE 31 December 2007 of RM1.42.

3. DETAILS OF THE PROPOSED ALLIANCE

3.1 Proposed Transfer

Pursuant to the Definitive Agreement, the Proposed Transfer involves either:-

(i) the transfer of the Spectrum to DiGi Telecom pursuant to the CMSR and the transfer of all TT dotCom's rights and benefits in the Spectrum to DiGi Telecom free of any Security Interest or other third party rights created by TT dotCom and insofar as reasonably possible, free of any obligations or requirements imposed on TT dotCom by any Government agency in respect of the Spectrum other than those imposed on and accepted by DiGi and DiGi Telecom in relation to any conditional regulatory approval in Section 9.2 of this Circular; or

(ii) where the transfer of the Spectrum is not practicable, the surrender of the Spectrum by TT dotCom and SKMM reissuing the Spectrum in DiGi Telecom's name.

The Spectrum was issued to TT dotCom under Section 159 of the CMA and the CMSR with effect from 8 November 2006. The Spectrum is valid up to 1 April 2018 or such later date as may be approved by the SKMM.

In consideration for the Proposed Transfer, DiGi shall issue 27,500,000 new DiGi Shares, or such other number as may be adjusted in accordance with Section 3.3(d) of this Circular, to TT dotCom or its Nominees at an issue price of RM23.80 per DiGi Share, determined based on the five (5)-day VWAMP of DiGi Shares up to and including 9 November 2007 (being the last full trading day prior to the date of the DiGi Offer, adjusted for special gross dividend of RM1.00 per DiGi Share). Based on the above parameters, the value of the Consideration Shares would be RM654.5 million.

Notwithstanding the foregoing, based on the applicable accounting standards, the value of the Consideration Shares to be recorded in the books of TdC Group may be determined based on the market price of DiGi Shares at the time of their allotment.

For the purpose of determining the value of the Consideration Shares, based on the five (5)-day VWAMP of DiGi Shares up to 6 March 2008, being the last practicable date prior to the printing of this Circular, of RM23.17, the value of the Consideration Shares amount to approximately RM637.18 million.

DiGi will make an application to Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Board of Bursa Securities within five (5) Business Days from the first date on which all of the conditional regulatory approvals in Section 9.2 (i), (ii), (iv), (vi) and (vii) of this Circular have been obtained.

Upon allotment and issuance of the Consideration Shares to TT dotCom or its Nominees under the Proposed Transfer, TdC's direct and/or indirect shareholdings in DiGi will increase from 50,250,000 DiGi Shares to 77,750,000 DiGi Shares, representing 10.0% equity interest of DiGi's enlarged issued and paid-up share capital (please note that the number of Consideration Shares may be adjusted as a consequence of events and in the manner as stated in Section 3.3(d) of this Circular, which may consequently result in the direct and/or indirect shareholdings of TdC changing accordingly).

3.1.1 Basis of Arriving at the Transfer Consideration

The transfer consideration for the Spectrum was arrived at on a 'willing buyer-willing seller' basis after taking into consideration, amongst others, the general outlook, prospects as well as challenges of the 3G mobile segment in Malaysia.

The TdC Board has engaged Ernst & Young to conduct an independent valuation of the Spectrum. Based on an independent valuation report on the Spectrum dated 6 March 2008 prepared by Ernst & Young, the valuation of the Spectrum as at 31 December 2007 ranges from RM500 million to RM700 million.

The value of the Spectrum was derived using the income approach and market approach to derive the indicative value of the Spectrum which has a finite tenure that would expire on 1 April 2018. Please refer to the independent valuer's letter enclosed in the Appendix II, for further details of the valuation of the Spectrum.

For illustrative purposes, the value of the Consideration Shares based on the five (5)-day VWAMP of DiGi Shares up to and including 9 November 2007 (being the last full trading day prior to the date of the DiGi Offer, adjusted for special gross dividend of RM1.00 per DiGi Share) of RM23.80 is RM654.5 million. Accordingly, the said consideration falls within the valuation range of the Spectrum of between RM500 million and RM700 million as valued by Ernst & Young. The final value of the consideration may be determined based on the market price of DiGi Shares at the time of their allotment.

3.1.2 Status of the Consideration Shares

The Consideration Shares will upon allotment and issue, rank *pari passu* in all respects with the existing DiGi Shares save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, where the entitlement date (namely the date as at the close of business on which the shareholders of DiGi must be entered in the record of depositors maintained with Bursa Depository in order to be entitled to any dividends, rights, allotments and/or distributions) is before the date of allotment of the Consideration Shares.

TdC intends to retain the Consideration Shares as an investment.

3.1.3 TdC's Cost and Date of Investment in the Spectrum

The total cost of investment to date for TT dotCom in the Spectrum is approximately RM67.8 million. TT dotCom made the investment between October 2005 and April 2007.

The net book value of the Spectrum based on the audited consolidated financial statements of TdC for the FYE 31 December 2006 is RM60.0 million.

3.1.4 Assumption of Liabilities

The Proposed Transfer does not include the transfer of any liabilities of TdC or TT dotCom relating to the building/rolling-out of the networks and for past services offered by or to any third party in relation to the utilisation of the Spectrum, nor does it include any fines or penalties imposed by any Government agency.

Nevertheless, the Parties have agreed to share equally any fines and liabilities incurred by TT dotCom in respect of any failure to roll-out infrastructure in accordance with the DBP which accrue from the date of the Definitive Agreement to the Completion Date. Pursuant to the SKMM's letter dated 5 March 2008, DiGi Telecom is required to procure irrevocable bank guarantee of RM50,000,000 for the balance duration of the Spectrum assignment period. In this regard, SKMM is expected to release and return to TT dotCom the bank guarantee for RM50,000,000 issued in favour of the SKMM in respect of the Spectrum after DiGi Telecom's receipt of the Spectrum.

3.2 Proposed Joint Business Planning

The details on the Proposed Joint Business Planning as set out in this Circular are for your information purposes only.

Under the Definitive Agreement, the Parties intend to cooperate together in a mutually beneficial business collaboration and relationships. In this regards, the Parties have agreed to embark on a joint business planning exercise to establish a governance structure and identify business areas for collaboration. The Proposed Joint Business Planning includes the following:-

(i) DiGi and/or DiGi Telecom will enter into a service agreement with TdC and/or TT dotCom ("**Service Agreement**") where DiGi and/or DiGi Telecom will engage TdC and/or TT dotCom as one of its main suppliers of international and domestic fibre leases/bandwidth for a period of thirty six (36) months which can be extended on mutually acceptable terms. Under the Service Agreement, DiGi and/or DiGi Telecom will procure and utilise the international and domestic fibre leases/bandwidth of TdC and/or TT dotCom based on the existing technical specifications and capabilities at the time of a service order, and based on commercial terms applicable in the Malaysian telecommunications market.

The Service Agreement will have a minimum transaction value of not less than RM12.5 million for each twelve (12)-month period commencing on the Completion Date and each anniversary of the Completion Date during the tenure of the Service Agreement. TdC and/or TT dotCom will at the end of every twelve (12)-month period be entitled to invoice DiGi for any shortfall.

The signing of the Service Agreement will form part of the conditions precedent to the Proposed Transfer as set out in Section 3.3(a)(iii) of this Circular, and will be terminable in the event of termination of the Definitive Agreement;

(ii) The Parties will use their utmost endeavours to take steps to enter into an agreement within sixty (60) days from the date of the Definitive Agreement or such other agreed period, to set out the principles and the deliverables for the parties' collaboration in relation to key business areas encompassing the following collaboration opportunities:

(a) DiGi and/or DiGi Telecom to offer TdC and/or TT dotCom MVNO arrangements to allow TdC and/or TT dotCom to offer mobile services using 3G which is intended to be implemented after the commercial launch of 3G services by DiGi and/or DiGi Telecom under TdC and/or TT dotCom's own brand name. The arrangement is aimed at leveraging on, amongst others, the respective parties' customer base, business relationships, network infrastructure and product developments;

(b) provision and development of executive training curriculum and provision of necessary transfer of knowledge and technology transfer to develop respective areas of competencies which include jointly developing executive training swap arrangements and corresponding technical and management support curriculum; and

(c) other business opportunities between the Parties including but not limited to exploring or developing initiatives such as discussions on relevant access agreements to better operationalise the Parties' respective networks via tower sharing and/or co-location in particular areas; jointly developing fixed mobile convergence and fixed mobile substitution services for the Parties' respective customers particularly wireless broadband services over 3G or WiFi; distributing each others' products and services; consolidation of fixed line services; joint marketing and cross selling; sharing of content and application in their respective business areas; and sharing of data centre.

In addition to the above which are set out in the Definitive Agreement, the Parties may, from time to time, explore in good faith other areas of mutual cooperation and development.

The above initiatives will be governed by a joint steering committee ("**SCom**"), which is responsible for, amongst others, the establishment of the core working team ("**CWT**") and business areas working groups ("**BAWGs**"); initiating the business areas for possible collaboration ("**BA**"); manage the resources for each BA and assess and approve business proposals developed by the BAWGs and CWT. The SCom will be supported by the CWT and BAWGs where CWT will, *inter-alia*, review/ draft progress reports and communicate decisions and recommendations from the SCom to project managers of BAWGs. The BAWGs will be responsible for, amongst others, identifying business opportunities and evaluating project concepts while leveraging on the Parties' resources.

The first SCom meeting was held on 31 January 2008 in accordance with the terms of the Definitive Agreement.

Further, implementation of the opportunities developed under the collaborative framework are intended to be carried out after the completion of the Proposed Transfer. However, the Parties will also identify opportunities that can be implemented prior to the completion of the Proposed Transfer on a goodwill basis.

(iii) DiGi and/or DiGi Telecom will within forty five (45) days from the date of the Definitive Agreement offer TdC and/or TT dotCom to resell 2G related services under its own brand name for selected products. Where the above offer is accepted, the Parties will enter into a formal agreement within sixty (60) days from the date of the Definitive Agreement or such other date as may be practicable subject to a maximum period of ninety (90) days from the date of the abovementioned offer. The formal agreement will be terminable in the event of termination of the Definitive Agreement.

It should be noted that the Proposed Joint Business Planning is dynamic and the Parties may enter into further agreements relating to business items identified or to be identified under the Proposed Joint Business Planning prior to and after the completion of the Proposed Transfer.

As explained in Section 1 above, the details of the Proposed Joint Business Planning have been included in this Circular for your information only and no action is required to be taken by you in respect of this. The purpose of the EGM is to seek your approval for the resolution of ratification pertaining to the Acquisition and the resolution pertaining to Proposed Transfer.

3.3 Other Salient Terms of the Definitive Agreement

(a) Completion of the Definitive Agreement is conditional upon satisfaction of all of the following conditions by 30 June 2008 or such later date as the Parties may mutually agree in writing ("**Cut-Off Date**"):-

(i) the approvals as set out in Section 9.2 of this Circular;

(ii) DiGi and/or DiGi Telecom being satisfied with the results of its review of the Spectrum, including its terms, liabilities and Security Interest (if any) and the attached DBP. Notwithstanding, the aforesaid review, DiGi and DiGi Telecom acknowledge that they are satisfied with the technical and operational characteristics and suitability of the frequency bands of the Spectrum for all of its purposes; and

(iii) the Parties having entered into the Service Agreement, which forms part of the Proposed Joint Business Planning.

If any of the conditions precedent is not fulfilled by the Cut-Off Date or waived, as the case may be, any party may give notice to terminate the Definitive Agreement.

The Definitive Agreement shall become unconditional on the date when all the above-mentioned conditions are fulfilled or waived as the case may be (**"Unconditional Date"**).

(b) A Party has seven (7) days to reject a regulatory approval if such approval contains any condition which materially and adversely affects it or it cannot legally comply with such condition. However, DiGi is not entitled to reject any conditional regulatory approval due to any condition or requirement relating to the payment of any fees for the Proposed Transfer and the roll-out of infrastructure relating to the Spectrum after the receipt of the Spectrum by DiGi Telecom under the Proposed Transfer. Where a regulatory approval is given with conditions and such condition or condition(s) is/are not agreeable to any party, the Definitive Agreement provides for an avenue for appeal.

(c) Completion of the Proposed Transfer shall take place on the day which is seven (7) Business Days from the Unconditional Date or any other time and date as may be mutually agreed by Parties in writing (**"Completion Date"**) (**"Completion"**). Completion will involve an exchange of documents between the Parties to effect the Proposed Transfer. The application for the listing of and quotation (on the strength of the approval-in-principle from Bursa securities) for the Consideration Shares will be made to Bursa Securities by DiGi within three (3) Business Days after the Completion Date.

(d) The number of Consideration Shares will be adjusted if DiGi implements any capital reductions (except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets, or in consequence of DiGi purchasing its own shares), bonus issues, rights issues, capital repayments or stock dividends (excluding all dividend payments in cash) (**"Adjustment"**) between the date of the HOA (being 14 November 2007) and up to the Completion Date. For the avoidance of doubt, no Adjustment will be made for an issue by DiGi of shares in consideration or part consideration for the acquisition of any other securities, assets or business.

Any Adjustment will be determined in writing by an investment bank jointly appointed by the Parties (**"Appointed Investment Bank"**), as far as practicable, in accordance with prevailing practices and principles underlying adjustments applicable to warrants in Malaysia or other adjustment formula deemed appropriate by the Appointed Investment Bank. The determination of the Appointed Investment Bank will be final and binding on the Parties.

In addition, if DiGi implements a rights issue, DiGi must offer TT dotCom or its Nominees additional DiGi Shares for subscription (**"Additional Shares"**) at the theoretical ex-rights price of DiGi Shares (**"TERP"**), which if aggregated with the number of Consideration Shares TT dotCom or its Nominees will receive after the Adjustment will represent the same proportion of the total enlarged share capital of DiGi after the completion of the rights issue, the issue of the Consideration Shares and the Additional Shares, as the Consideration Shares represented by the share capital of DiGi immediately before the rights issue but after including the Consideration Shares. In addition to the number of Additional Shares, the Appointed Investment Bank will also determine the TERP by applying the market price which shall not be less than the price which it has applied to determine the Adjustment.

(e) The Definitive Agreement may be terminated if any conditions precedent as stated in 3.3(a) above are not fulfilled by Cut-Off Date; any of the Parties breaches a term of the agreement where such Party is unable to remedy or fails to remedy such breach within thirty (30) days or if the breach is not capable of being remedied. Further, DiGi and/or DiGi Telecom may terminate the Definitive Agreement if there is a material adverse change in respect of the Spectrum after the date of the Definitive Agreement; whilst TdC and/or TT dotCom may terminate the Definitive Agreement if there are breaches of warranties given by DiGi and/or DiGi Telecom in the Definitive Agreement.

3.4 Background Information on DiGi Telecom

DiGi Telecom, a wholly-owned subsidiary of DiGi, was incorporated in Malaysia under the Act as a private limited company on 21 July 1990 under the name of Punca Mutiara Sdn Bhd. On 19 September 1994, it changed its name to Mutiara Telecommunications Sdn Bhd and assumed its present name on 2 December 1998.

As at 13 February 2008, the authorised share capital of DiGi Telecom is RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each ("**DiGi Telecom Shares**"), of which 142,857,142 DiGi Telecom Shares have been issued and are fully paid-up.

DiGi Telecom is principally engaged in the establishment, maintenance and provision of telecommunications and related services.

4. RATIONALE FOR THE ACQUISITION AND PROPOSED ALLIANCE

4.1 Acquisition

The Acquisition represents an opportunity for the TdC Group to acquire a meaningful stake in DiGi, which is a well-managed leading telecommunications company with strong fundamentals and good prospects as well as attractive return on investment, especially in terms of capital appreciation and dividend income.

Besides, TdC believes that it may not be able to acquire a strategic stake in DiGi directly from the open market in view of the low trading volume of DiGi Shares.

4.2 Proposed Alliance

The Proposed Alliance represents an opportunity for the TdC Group to have a mutual cooperation with DiGi, which will allow both parties to pool their resources across several service categories and infrastructure, including 3G services. At the same time, TdC will be able to embark on improving operational efficiency by refocusing and concentrating on delivering higher value added services such as managed network services, fibre management and wireless services.

Besides having a new source of income as a result of the Service Agreement, DiGi will offer reselling of mobile service including MVNO services to TdC for selected markets. Accordingly, the TdC Group will be able to leverage and capitalise on the strong foothold and capabilities of the DiGi Group in terms of, amongst others, research and product development, technical expertise as well as marketing and distribution network, particularly for its wireless services.

Further, the Proposed Alliance is expected to place the TdC Group's operations on a better footing in view of the cooperation with the DiGi Group to identify and develop mutually beneficial business areas including, amongst others, knowledge sharing programs for human capital development. The benefits are expected to be derived from the utilisation of each party's networks and strengths in their respective areas of operations.

The transfer of the Spectrum to DiGi under the Proposed Transfer will eliminate the capital expenditure and risks to TdC associated with the roll-out of the 3G services. Nonetheless, as the Proposed Transfer is expected to enhance the competitiveness of the DiGi Group in the medium to long term, TdC Group will be able to participate in DiGi's existing established 2G business as well as any enhancement in the value of the businesses of DiGi through the implementation of the 3G services by virtue of its strategic stake in DiGi.

5. RISK FACTORS

The Board of TdC does not expect any material risks to TdC Group's business arising from the Acquisition and Proposed Alliance that are different from those currently faced by the TdC Group. The risks relating to the Acquisition and Proposed Alliance include but are not limited to the following:-

(i) Movement in DiGi's share price

DiGi's Shares are listed on Bursa Securities. As such, the market price of the DiGi Shares is dependent on or influenced by, amongst others, the prevailing stock market sentiments, the volatility of the stock market, movements in interest rates, DiGi Group's future profitability and the outlook of the industry in which it operates. There is no assurance that the market price of the DiGi Shares will continue to perform well in the future.

Any fluctuation in the market price of DiGi Shares may affect the value of TdC Group's investment in DiGi's Shares. In the event of a decline in the market price of DiGi Shares, other than temporary, an allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

Further, as the final consideration received pursuant to the Proposed Transfer will depend on the market price of DiGi Shares at the time of allotment, the quantum of the gain to TdC Group arising from the Proposed Transfer may change.

(ii) Ability to service the credit facility

Hakikat Pasti has been offered a credit facility of approximately RM1.16 billion to finance the Acquisition and related expenses in relation to the Acquisition. The credit facility is on a non-recourse basis to TdC and is secured against the Sale Shares acquired by Hakikat Pasti pursuant to the Acquisition and the Consideration Shares issued to TT dotCom or its Nominees pursuant to the Proposed Transfer.

The ability of Hakikat Pasti to meet its interest servicing obligations is dependent on the dividend income received from holding the DiGi Shares. Any decline in the market price of DiGi Shares will affect the security cover of the loan. If Hakikat Pasti is unable to meet its payment obligations under the terms of the credit facility or if the security cover falls below the minimum requirement, DiGi Shares held by Hakikat Pasti or TT dotCom or its Nominees may be disposed of to fulfill its payment obligations.

(iii) Non-fulfilment of the objectives of the Proposed Joint Business Planning

Although the objective of the Proposed Joint Business Planning is for the Parties to cooperate together in a mutually beneficial business collaboration and relationship and to identify such business areas which will provide opportunities for synergies between DiGi Group and TdC Group, there is no assurance that the Proposed Joint Business Planning will be able to create synergies or contribute positively to the business and operations of the TdC Group.

(iv) Malaysian mobile market risk

In line with that described in Section 6.2 "Overview and Prospect of the Telecommunications Industry" the DiGi Board believes that Malaysia will continue to experience growth in the mobile and broadband telecommunications services, including the 3G mobile services sub-sector. The Proposed Transfer will provide DiGi with an additional asset and network flexibility to enable DiGi to realise its growth strategy and to participate in this growth.

However, if 3G services in Malaysia are not as well received as expected or growth in the telecommunications market becomes slower than anticipated, the potential net benefits expected to be derived from the Proposed Transfer may be reduced in the view that the DiGi Group will be incurring costs to acquire the Spectrum as well as capital expenditure to roll-out 3G and broadband services.

Given that the Malaysian 3G and broadband market is still in the relatively early developmental stages and the current consumer acceptance rate is low-to-moderate, there is no assurance that the general Malaysian consumers will actively use 3G services in the near future. Moreover, there are existing threats of substitutes to 3G technology from other wireless broadband solutions and service providers offering these, including operators who have been recently awarded spectrum assignments to operate World Interoperability for Microwave Access ("**WiMAX**") services.

In addition to the above, the emergence of MVNOs who may in the medium to longer term establish themselves with a meaningful market share, albeit not expected to be key players within the industry, are expected to contribute to competition by putting downward pressure on pricing and in turn, reduce the average revenue per user of the mobile service providers in Malaysia. MVNOs are entities that do not have rights to their own spectrum and do not own all their own infrastructure but operate by purchasing minutes or bandwidth from mobile network operators at wholesale prices and utilising this to provide services to their own customers.

Nevertheless, DiGi will closely monitor the telecommunications market conditions to adapt and innovate to remain competitive and given its strong belief that the benefits of the Spectrum would outweigh its costs, DiGi believe that the Spectrum will be an important strategic asset to sustain its growth in the medium to long term.

(Source: DiGi's Circular dated 26 February 2008)

(v) Interruptions or delays to roll-out 3G services

DiGi wishes to implement its plans relating to the Spectrum on a prompt basis upon completion of the Proposed Transfer. However, there are factors which can cause interruptions or delays to DiGi's planning and execution pertaining to the roll-out of its 3G services and/or the installation of 3G infrastructure. An example of these factors could be DiGi's inability or delay in meeting certain requirements of the SKMM or other regulatory authorities having jurisdiction over the use of the Spectrum, in connection with DiGi's roll-out or business plan.

Despite the above, with the support of the Telenor ASA group of companies including the flow-through of knowledge, skill and experience in 3G roll-out in several other countries and DiGi's well-developed in-house expertise on the building and operation of mobile networks, DiGi believe it will be able to roll-out its 3G services in a fast and efficient manner. DiGi will also work closely with the SKMM and other relevant authorities/parties to have a better understanding of requirements and expectations. With these, DiGi should be able to minimise risks of delays or interruptions.

(Source: DiGi's Circular dated 26 February 2008)

(vi) **Suspension or cancellation of the Spectrum**

Generally, the Government and/or SKMM may suspend or under the most severe circumstance cancel the Spectrum, if there have been a breach of the terms and conditions of the Spectrum, including the obligations imposed on DiGi and/or DiGi Telecom in relation to the Proposed Transfer. While DiGi will endeavour to take all necessary steps to prevent any such breaches from occurring, there is no assurance that such breaches would not occur and result in the suspension or cancellation of the Spectrum. Additionally the Government and/or SKMM may compulsorily acquire the Spectrum under the CMSR. Under such circumstances, DiGi may not be able to enjoy the full benefits of having the Spectrum or to recover its investment in the Spectrum. However, DiGi believes that the likelihood of the above is remote.

(Source: DiGi's Circular dated 26 February 2008)

6. INDUSTRY OVERVIEW AND PROSPECTS

6.1 The Malaysia Economy

The Malaysian economy is anticipated to strengthen further to 6.0-6.5% in 2008 (2007: 6.0%) with positive contribution from all sectors of the economy. Domestic demand will be the main driver of the economy, while external demand is expected to pick up in tandem with improved prospects in world trade. Private investment and consumption spending are expected to remain robust, while public expenditure continues to expand. Inflation is anticipated to remain low despite strong expansion in the economy as output growth is still below potential level. Coupled with increased productivity, the economy would be able to absorb higher demand expenditure. In line with higher output and firm commodity prices, nominal Gross National Product ("**GNP**") per capita is expected to rise 6.8% to RM23,865 in 2008 (2007: 7.2%; RM22,345). In tems of Purchasing Power Parity ("**PPP**"), per capita income is expected to increase 6.9% to reach USD14,206 (2007: 13.9%; USD13,289), reflecting improved quality of life of the rakyat.

(Source: Economic Report 2007/2008)

6.2 Overview and Prospect of the Telecommunications Industry

The communication subsector is expected to expand by 7.2% in 2007 (2006: 6.8%), with growth emanating mainly from the telecommunications industry. Growth prospects in telecommunications remain favourable with significant expansion in cellular and broadband segments driven by intense marketing efforts and improvements in the quality of service by industry players. As at end-June 2007, cellular subscriptions stood at 21.2 million with a penetration rate of 78.0% (end-2006: 19.5 million; 72.3%) leading to high usage of voice, data and multimedia services. Increased affordability and availability of multimedia cellular phones with advanced features, which meet the current lifestyle, continues to drive the cellular segment. Additionally, higher volume of short message services ("**SMS**") traffic also contributed to the performance of the cellular segment by recording an impressive growth of 64.2% to 24.7 billion messages in the first half of 2007 (January–June 2006: 80.1%; 15.1 billion). Cellular subscription is anticipated to reach 23 million by year-end. The growing take-up rate of 3G mobile services is another factor driving the telecommunications industry. As at end-June 2007, the number of 3G subscribers reached 829,600 (end-2006: 406,717). The increase is mainly attributed to affordable 3G phones and innovative offerings. On the other hand, the number of fixed line subscribers grew marginally by 0.3% to 4.4 million (end-June 2006: -0.3%; 4.3 million), following the migration of traditional fixed line customers to mobile services.

As at end-June 2007, the internet dial-up subscriber base grew by 3.6% to 3.9 million (end-June 2006: 4.5%; 3.7 million) and is expected to reach 4 million by year-end. Consequently, the broadband subscriber base expanded by 68.4% to 1.1 million with a penetration rate of 4.1% (end-June 2006: 84.9%; 653,100; 2.5%). Service providers are continuously deploying broadband infrastructure and services to sub-urban and rural areas as well as introducing new attractive packages to increase the broadband take-up rate. Wireless internet adoption is on the rise with the number of hotspots nationwide rising steadily to 1,463 as at end-June 2007 (end-June 2006: 1,320).

(Source: Economic Report 2007/2008)

The subscription of cellular telephones in the country is expected to increase from 74.1 per 100 population in 2005 to 85.0 by 2010, largely attributed to convenience, affordability and in keeping with changing lifestyles. To achieve national mobile communications coverage and interoperability, the 3G infrastructure network in terms of service availability, quality and innovative applications, will be expanded in phases. In addition, cooperation amongst mobile operators and local content services providers will be enhanced to ensure extensive provision of mobile internet to consumers thus further increasing access to internet-based services such as e-commerce.

(Source: Ninth Malaysian Plan)

6.3 Prospects of the DiGi Group

DiGi's competitive edge lies in its branding and innovative offerings to the market. At end 2006, DiGi launched the one-low flat rate for its prepaid segment and this was subsequently followed by the launch of the 1Plan for the postpaid segment in mid-2007. DiGi's strong focus on strengthening and enhancing its key market offerings to remain attractive is a key contributor in growing its customer base. DiGi's customer base reached 6.4 million as of end-December 2007, a 21% increase from the 5.3 million customers in the preceding financial year.

Assuming the Proposed Transfer is completed in the middle of the financial year ending 31 December 2008, DiGi expects to operate the Spectrum and roll-out its 3G services in the second half of the same financial year. Additionally, with the Spectrum, DiGi will be able to offer innovative mobile data applications to spur usage and create new revenues streams.

With enhanced avenues for revenue generation coupled with DiGi's ability to stay relevant and competitive, as well as the expected increase in operating efficiency made possible by having the Spectrum, the Board of DiGi believes that DiGi Group's future operating and financial performances in the medium to long-term will strengthen. Further, with 3G DiGi will be even better positioned to take advantage of MNP, which is expected to be implemented in the second half of 2008. By having the latest technology platform to offer innovative and high quality 3G services, DiGi will be better able to attract customers to use MNP to switch to it from other mobile operators, and also be more likely to satisfy and retain its own customers who might otherwise use MNP to switch from it to one of the other 3G operators.

7. EFFECTS OF THE PROPOSALS

The effects of the Proposals are set out below:-

7.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposals will not have any effect on the issued and paid-up share capital of TdC and substantial shareholders' shareholding in TdC as the Proposals do not involve the issuance of new TdC Shares.

7.2 NA and Gearing

For illustrative purposes, the proforma effects of the Proposals on the NA and gearing of the TdC Group based on the latest audited financial statements of the TdC Group as at 31 December 2006 are set out below:-

	Audited as at 31 December 2006 (RM'000)	After Acquisition (RM'000)	After Acquisition and Proposed Transfer (RM'000)
Share capital	2,530,775	2,530,775	2,530,775
Share premium	1,570,758	1,570,758	1,570,758
Accumulated losses	(1,958,584)	(1,958,584)	(1,371,849)*
Shareholders' funds / NA	2,142,949	2,142,949	2,729,684
No of TdC Shares in issues ('000)	2,530,775	2,530,775	2,530,775
NA per share (RM)	0.85	0.85	1.08
Borrowings	-	1,106,088#	1,106,088
Gearing (times)	-	0.52	0.41

Notes:-

\# *As at LPD, the borrowings of RM1,106.1 million for Acquisition Consideration and related expenses was incurred pursuant to the Acquisition. The Acquisition was financed entirely via bank borrowings and on a non recourse basis to TdC in the event of default as the total borrowings will be secured entirely by the 77.75 million DiGi Shares.*

* *Decrease is attributed to the estimated gain of RM586.7 million arising from the Proposed Transfer assuming a transfer consideration of RM654.5 million, based on the five (5)-day VWAMP of DiGi Shares up to and including 9 November 2007 of RM23.80 (adjusted for a special gross dividend with the entitlement date of 9 November 2007 of RM1.00 per DiGi Share), being the full market day prior to the DiGi Offer.*

7.3 Earnings

For illustrative purposes, the Proposed Transfer is expected to give rise to an estimated gain of RM586.7 million or RM0.23 per share to the TdC Group for the financial year ending 31 December 2008 based on the five (5)-day VWAMP of DiGi Shares up to and including 9 November 2007 of RM23.80 (adjusted for a special gross dividend with the entitlement date of 9 November 2007of RM1.00 per DiGi Share), being the full market day prior to the DiGi Offer.

Barring unforeseen circumstances, the Proposed Transfer is expected to contribute positively to the TdC Group's earnings in the future.

8. ESTIMATED TIMEFRAME FOR COMPLETION

The Acquisition was completed on 15 November 2007.

Barring any unforeseen circumstances and subject to all the required approvals being obtained, TdC expects the Proposed Transfer to be completed by the middle of 2008.

9. APPROVALS REQUIRED

9.1 Acquisition

The Acquisition is conditional upon the following:-

(a) the FIC approval which was obtained on 18 December 2007; and

(b) the ratification of the shareholders of the Company at the forthcoming EGM to be convened.

The Acquisition is not conditional upon any corporate proposals undertaken by the Company.

9.2 Proposed Transfer

The Proposed Transfer is subject to approvals (or confirmation of no objection) being obtained from the following:-

(i) the SC for the issuance of the Consideration Shares to TT dotCom or its Nominees and listing of and quotation for the Consideration Shares on the Main Board of Bursa Securities;

(ii) the SC (under the FIC Guidelines) for the acquisition of the Consideration Shares to be issued to TT dotCom or its Nominees as the consideration for the Proposed Transfer;

(iii) the approval-in-principle of Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Board of Bursa Securities;

(iv) the SKMM for the Proposed Transfer; TT dotCom to be released from its obligations in relation to the Spectrum on DiGi Telecom's receipt of the Spectrum; and the release and return to TT dotCom the bank guarantee of RM50 million issued in favour of the SKMM in respect of the Spectrum on DiGi Telecom's receipt of the Spectrum;

(v) the shareholders of TdC for the Proposed Transfer;

(vi) the shareholders of DiGi for the Proposed Transfer; and

(vii) any other relevant regulatory authorities and/or parties, if applicable.

With regard to the above, where applicable, the same approvals sought for the issuance of and listing of and quotation for the Consideration Shares would also be sought for the additional DiGi Shares that may be issued as a result of the Adjustment (as defined in Section 3.3(d)).

The Proposed Transfer is not conditional upon any other corporate proposals by the Company.

SKMM had via its letter dated 5 March 2008 approved the Proposed Transfer subject to the following conditions:-

(a) Payment is made by TT dotCom for the penalty imposed as a result of non-compliance of the DBP;

(b) Acceptance by the SKMM of DiGi Telecom's irrevocable bank guarantee of RM50 million for the balance duration of the Spectrum assignment period; and

(c) DiGi Telecom is required to comply with the DBP. However, DiGi Telecom is not precluded from submitting variations to the DBP.

TdC will be appealing to the SKMM in respect of condition (a) as well as seeking clarification from the SKMM on the aforesaid conditions.

10. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the directors and/or major shareholders of the Company (as defined in Paragraph 1.01 of the Listing Requirements of Bursa Securities) and any person connected with them have any interest, direct or indirect, in the Proposals.

11. CORPORATE EXERCISE ANNOUNCED BUT NOT YET COMPLETED

Save for the Proposed Alliance as contained in this Circular, the Company does not have other corporate exercises which have been announced to Bursa Securities but not yet completed prior to the printing of this Circular.

12. DIRECTORS' RECOMMENDATION

After careful deliberation, the TdC Board is of the opinion that the Proposals are in the best and long-term interest of the TdC Group and its shareholders.

Accordingly, the TdC Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

13. EGM

The EGM, the Notice of which is enclosed with this Circular, will be held at Grand Ballroom, Flamingo Hotel Kuala Lumpur, 5 Tasik Ampang, Jalan Hulu Kelang, 68000 Ampang, Selangor Darul Ehsan on Tuesday, 25 March 2008 at 11.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of EGM.

If you are unable to attend and vote in person at the EGM, you may complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein as soon as possible, so as to arrive at the Company's Share Registrar's office not later than forty-eight (48) hours before the time for holding the EGM or at any adjournment thereof. The completion and lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

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

Yours faithfully
For and on behalf of the Board of
TIME dotCom Berhad

Dato' Ir Wan Muhamad Wan Ibrahim
Non-Independent Non-Executive Director/Chairman

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. 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 was listed on the Main Board of the Bursa Malaysia Securities Berhad on 18 December 1997.

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

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

2. SHARE CAPITAL

As at 13 February 2008, the authorised and issued and paid-up share capital of DiGi are as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	10,000,000,000	0.10	1,000,000,000
Issued and paid-up	750,000,000	0.10	75,000,000

Details of the changes in the issued and paid-up share capital of DiGi since its date of incorporation are as follows:-

Date of allotment	No. of shares allotted	Consideration / Type of issue	Total issued and paid-up capital (RM)
28.03.1997	*i 2	Cash / subscriber shares	2
17.10.1997	*i 449,993,998	Consideration for acquisition of Mutiara Telecommunications Sdn Bhd	449,994,000
03.12.1997	*i 50,006,000	Cash / right issue	500,000,000
29.02.2000	*i 250,000,000	Cash / public issue	750,000,000
15.05.2006	*ii -	Capital repayment	187,500,000
17.10.2006	*iii -	Capital repayment	75,000,000

Notes:

*i — *Par value of each share of RM1.00, which is prior to the capital repayment exercise as explained below.*

*ii — *On 15 May 2006, the par value of each share was reduced from RM1.00 to RM0.25 thereby reducing the issued and paid-up share capital of DiGi to RM187,500,000.*

*iii — *On 17 October 2006, the par value of each share was further reduced to RM0.10, consequently reducing the issued and paid-up share capital to RM75,000,000.*

3. DIRECTORS AND DIRECTORS' SHAREHOLDINGS

The Directors and their respective shareholdings as at 13 February 2008 are as follows:-

	<----------Direct---------->		<----------Indirect---------->	
	No of shares	%	No of shares	%
Arve Johansen	-	-	-	-
Tan Sri Leo Moggie	-	-	-	-
Dato' Ab. Halim Bin Mohyiddin	-	-	-	-
Christian Storm *(Also Alternate Director to Arve Johansen)*	-	-	-	-
Ragnar Holmen Korsaeth	-	-	-	-

4. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of DiGi and their shareholdings in DiGi as at 13 February 2008, are as follows:-

	<----------Direct---------->		<----------Indirect---------->	
	No of shares	%	No of shares	%
Telenor Asia	380,975,030	50.80	-	-
Telenor Mobile Communications AS	-	-	*i 380,975,030	50.80
Telenor Mobile Holding AS	-	-	*ii 380,975,030	50.80
Telenor ASA	-	-	*iii 380,975,030	50.80
Hakikat Pasti	50,250,000	6.70	-	-
TdC*	-	-	*iv 50,250,000	6.70
TIME Engineering Berhad*	-	-	*v 50,250,000	6.70
UEM*	-	-	*vi 50,250,000	6.70
Khazanah*	-	-	*vii 50,250,000	6.70
Employees Provident Fund Board	*viii 51,099,259	6.81	-	-

Notes:-

* *Information of their respective direct and/or indirect substantial shareholdings in Hakikat Pasti is based on publicly available information.*

*i *Deemed interested by virtue of Telenor Asia being a wholly-owned subsidiary of Telenor Mobile Communications AS.*

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

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

*iv *Deemed interested via interest in Hakikat Pasti pursuant to Section 6A of the Act.*

*v *Deemed interested via interest in TdC pursuant to Section 6A of the Act.*

*vi *Deemed interested via interest in TIME Engineering Berhad pursuant to Section 6A of the Act.*

*vii *Deemed interested via interests in UEM and TdC pursuant to Section 6A of the Act.*

*viii *Includes DiGi Shares held via nominees.*

5. SUBSIDIARY AND ASSOCIATED COMPANIES

As at 13 February 2008, the subsidiary companies of DiGi, which are incorporated in Malaysia, are as follows:-

Company	Date / Place of incorporation	Issued and paid-up capital (RM)	Equity interest (%)	Principal activities
DiGi Telecom	21.07.1990/ Malaysia	142,857,142	100	Establishment, maintenance and provision of telecommunications and related services
Subsidiaries of DiGi Telecommunications Sdn Bhd				
DiGi Services Sdn Bhd	07.07.1992/ Malaysia	500,000	100	Property holding, renting of premises and other related services*
Djuice.Com Sdn Bhd	19.12.2000/ Malaysia	2	100	Dormant

Note:

* *DiGi Services Sdn Bhd has an industrial building used for telecommunication centre bearing the postal address of 32, PLO 151 Jalan Angkasa Mas Utama, Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor.*

As at 13 February 2008, DiGi does not have any associated company.

6. SUMMARY OF FINANCIAL DATA

The summary financial information of DiGi for the past six (6) financial years based on the audited financial statements for FYE 31 December 2002 to 2006 and the unaudited results for FYE 31 December 2007 are tabulated below:-

	<------------ Audited FYE 31 December ------------>					Unaudited FYE 31 December
	2002 (RM'000)	2003 (RM'000)	2004 (RM'000)	2005 (RM'000)	2006 (RM'000)	2007 (RM'000)
Revenue	1,289,564	1,713,529	2,233,703	2,884,324	3,652,536	4,362,635
PBT	145,770	201,536	446,843	661,550	1,087,139	1,445,314
Taxation	(44,900)	(59,313)	(129,488)	(190,595)	(281,486)	(382,719)
PAT	100,870	142,223	317,355	470,955	805,653	1,062,595
Issued and paid-up share capital as at the end of the financial year	750,000	750,000	750,000	750,000	75,000	75,000
Net EPS (RM)	0.13	0.19	0.42	0.63	1.07	1.42
Net dividend (%)	-	-	-	-	804.95	1810.20
NA	1,317,615	1,459,838	1,777,193	2,248,148	1,752,401	1,577,645

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

Commentary On Financial Performance

FYE 31 December 2002

DiGi reported a higher turnover and PBT of approximately RM1.3 billion and RM145.8 million respectively, representing a 72.6% and 19.6% increase compared to the preceding 8-month financial period. This was mainly attributed by higher mobile revenue, which registered a 54% growth in its subscriber base as well as strong demand in mobile data services, particularly short messaging services ("**SMS**"). The DiGi Group's PAT after MI, however, was affected by higher depreciation and amortisation costs and deferred taxation expense for the financial year. The DiGi Group revised the estimated useful lives of telecommunications network and computer systems with effect from 1 July 2002, which had resulted in a higher depreciation charge of about RM83 million during the financial year.

FYE 31 December 2003

DiGi reported a higher turnover and PBT of approximately RM1.7 billion and RM201.5 million respectively, representing a 32.9% and 38.3% increase compared to the preceding financial year. The consistent growth trend achieved throughout the year under review has been attributed to higher mobile revenue, mainly from its 37% mobile customer base growth.

FYE 31 December 2004

DiGi reported a higher turnover and PBT of approximately RM2.2 billion and RM446.8 million respectively, representing a 30.4% and 121.7% increase compared to the preceding financial year. In 2004, the customer base grew by 47% to 3.2 million, representing total market share of 22% as at end-December.

FYE 31 December 2005

DiGi reported a higher turnover and PBT of approximately RM2.9 billion and RM661.6 million respectively, representing a 29.1% and 48.0% increase compared to the preceding financial year. In 2005, the customer base grew by 48% to 4.8 million, of which the prepaid customer base numbered 4.4 million and postpaid customers accounted for 350,000 of the total customer base. During the financial year, the estimated useful life of the DiGi Group's fixed assets was revised which resulted in an increase in depreciation charge of RM75.7 million.

FYE 31 December 2006

DiGi reported a higher turnover and PBT of approximately RM3.7 billion and RM1.1 billion respectively, representing a 26.6% and 64.3% increase compared to the preceding financial year, 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. By the end of 2006, the customer base stood at 5.3 million 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%. There was also a one-off regulatory fee adjustment of RM19 million during the financial year.

FYE 31 December 2007

DiGi registered a higher turnover and PBT of approximately RM4.4 billion and RM1.5 billion respectively, representing a 19.4% and 32.9% increase compared to the preceding financial year. In 2007, the subscriber base rebounded by 21% to 6.4 million as at end-December. 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 Condensed Consolidated Income Statements during the financial year.

7. AUDITED FINANCIAL STATEMENTS

The audited financial statements (together with the notes to the financial statements) and the Auditors' Report thereon of DiGi for the FYE 31 December 2006 are attached in the following pages:-

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

425190-X

DiGi.COM BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

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

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

RESULTS

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

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

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

DIVIDENDS

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

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

425190-X

DIVIDENDS (CONT'D.)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 57.5 sen per ordinary share, less income tax at 27%, on 750,000,000 ordinary shares, amounting to a dividend payable of RM315.0 million (42.0 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

DIRECTORS

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

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

DIRECTORS' BENEFITS

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

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

425190-X

DIRECTORS' INTERESTS

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

	<-----Number of Ordinary Shares of NOK6 Each------>			
	1.1.2006	**Acquired**	**Sold**	**31.12.2006**
Ultimate Holding Company				
Telenor ASA				
Direct Interest:				
Arve Johansen	50,132	115	-	50,247
Ragnar Holmen Korsaeth	5,670	-	(5,670)	-
Christian Storm	1,737	115	-	1,852

	<-----Number of Options Over Ordinary Shares------> of NOK6 Each			
	1.1.2006	**Granted**	**Exercised**	**31.12.2006**
Ultimate Holding Company				
Telenor ASA				
Direct Interest:				
Arve Johansen	200,000	65,000	-	265,000
Ragnar Holmen Korsaeth	43,333	40,000	-	83,333
Christian Storm	-	20,000	-	20,000

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

ISSUE OF SHARES

There were no changes in the issued and paid-up capital of the Company during the financial year other than the capital repayment exercises as disclosed in Note 30 to the financial statements.

ISSUE OF DEBENTURES

There was no issue of debentures of the Company during the financial year.

425190-X

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provisions had been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

   (i) the amount written off for bad debts or the amount of the provision for doubtful debts, in the financial statements of the Group and of the Company, inadequate to any substantial extent; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

   (ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.

425190-X

OTHER STATUTORY INFORMATION (CONT'D.)

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

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

AUDITORS

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

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

Arve Johansen
Director

Christian Storm
Director

Kuala Lumpur, Malaysia
20 MAR 2007

425190-X

DiGi.COM BERHAD
(Incorporated in Malaysia)

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

We, Arve Johansen and Christian Storm, being two of the Directors of DiGi.Com Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 9 to 56 are drawn up in accordance with applicable Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

Arve Johansen
Director

Christian Storm
Director

Kuala Lumpur, Malaysia
20 MAR 2007

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Stefan Carlsson, being the officer primarily responsible for the financial management of DiGi.Com Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 9 to 56 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Stefan Carlsson at Kuala Lumpur in Wilayah Persekutuan on 20 MAR 2007

Stefan Carlsson

Before me,

PESURUHJAYA SUMPAH
No. W 315
Nama: SOH AH KAU
MALAYSIA

SOH AH KAU, AMN
PESURUHJAYA SUMPAH
26, Jalan Beremi
50200 Kuala Lumpur W. P.

425190-X

REPORT OF THE AUDITORS TO THE MEMBERS OF
DiGi.COM BERHAD
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 9 to 56. These financial statements are the responsibility of the Company's Directors.

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

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

In our opinion:

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

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

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

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

ERNST & YOUNG
AF: 0039

425190-X

REPORT OF THE AUDITORS TO THE MEMBERS OF DiGi.COM BERHAD (CONT'D.)

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

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

Ernst & Young
Ernst & Young
AF: 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
20 MAR 2007

425190-X

DiGi.COM BERHAD
(Incorporated in Malaysia)

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

425190-X

DiGi.COM BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS
AS AT 31 DECEMBER 2006

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

425190-X

DiGi.COM BERHAD
(Incorporated in Malaysia)

BALANCE SHEETS
AS AT 31 DECEMBER 2006 (CONT'D.)

		Group		Company	
	Note	2006 RM'000	2005 RM'000 (Restated)	2006 RM'000	2005 RM'000
Current liabilities					
Trade and other payables	23	1,248,444	1,007,281	373	331
Provision for liabilities	22	75,619	73,309	-	-
Deferred revenue		244,769	220,772	-	-
Taxation		69,809	1,261	-	-
		1,638,641	1,302,623	373	331
Total liabilities		2,323,746	1,984,171	373	331
TOTAL EQUITY AND LIABILITIES		4,076,147	4,232,319	85,804	1,099,097

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

425190-X

DiGi.COM BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

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

425190-X

DiGi.COM BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONT'D.)

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

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

425190-X

DiGi.COM BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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

425190-X

DiGi.COM BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONT'D.)

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

425190-X

DiGi.COM BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006 (CONT'D.)

		Group		Company	
		2006	2005	2006	2005
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital repayments	30	(1,012,500)	-	(1,012,500)	-
Dividend paid	10	(288,900)	-	(288,900)	-
Drawdown of bank borrowings		-	300,000	-	-
Repayment of bank borrowings		-	(679,854)	-	-
Net cash used in financing activities		(1,301,400)	(379,854)	(1,301,400)	-
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(313,413)	548,243	2,559	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,182,962	634,719	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	18	869,549	1,182,962	2,559	-

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

425190-X

DiGi.COM BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2006

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 14 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below. The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the financial year, the Group and the Company had adopted new and revised Financial Reporting Standards ("FRSs") effective for the financial periods beginning on or after 1 January 2006 as disclosed in Note 3 to the financial statements.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

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

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

(c) Property, Plant and Equipment, and Depreciation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) 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 use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates or periods:

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

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

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

(d) Impairment of Property, Plant and Equipment, Intangible Assets and Investments in Subsidiaries

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. An impairment is recognised whenever the carrying amount of an asset or the cash-generating unit ("CGU") to which it belongs exceeds its recoverable amount. An impairment loss is recognised as an expense in the income statement.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

(e) Intangible Assets

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

Intangible assets with finite lives are amortised on a straight-line basis over the estimated useful lives, and the amortisation periods and amortisation method are reviewed at least at each balance sheet date. Intangible assets with indefinite useful lives are not amortised but tested for impairment annually. The useful lives of intangible assets with indefinite useful lives are also reviewed annually to determine whether the useful life assessment continues to be supportable.

(i) Technological support and technical know-how

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

(ii) Computer software

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

(f) Deferred Expenditure

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Investments in Subsidiaries

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

(h) Inventories

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

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

(i) Cash and Cash Equivalents

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

(j) Operating Lease

Leases of assets where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(k) Provision for Liabilities

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

(i) Customer loyalty programme

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

(ii) Employee leave entitlements

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

(iii) Site decommissioning and restoration costs

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

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

(iv) Defined benefit plan

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(l) Employee Benefits

(i) Short term benefits

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

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. The contributions are recognised as an expense in the income statement as incurred.

(iii) Defined benefit plan

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(l) Employee Benefits (Cont'd.)

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

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

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

(iv) Share-based payment

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

(m) Income Tax

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

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

425190-X

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Income Tax (Cont'd.)

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

(n) Receivables

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

(o) Payables

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

(p) Interest-bearing Borrowings

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

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

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

(q) Share Capital

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

(r) Revenue Recognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(r) Revenue Recognition (Cont'd.)

(i) Sale of goods and services

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

(ii) Interest income

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

(iii) Dividend income

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

(s) Foreign Currency Transactions

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

All exchange rate differences are taken to the income statement.

425190-X

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

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

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

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

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

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

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

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

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

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

(a) FRS 101 Presentation of Financial Statements

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

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

(b) FRS 117 Leases

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

(c) FRS 138 Intangible Assets

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

425190-X

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

(d) Comparatives

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

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

4. CHANGES IN ESTIMATES

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

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

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

The management has made judgement in the process of applying the accounting policies that have the most impact on the amounts recognised in the financial statements. The management also makes key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The following represents a summary of the critical accounting estimates and judgements:

(a) Depreciation and amortisation

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

(b) Impairment

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

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

(c) Deferred tax assets and liabilities

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

(d) Provision for liabilities

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

6. FINANCE COSTS

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

7. PROFIT/(LOSS) BEFORE TAX

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

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

425190-X

7. PROFIT/(LOSS) BEFORE TAX (CONT'D.)

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

8. TAXATION

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

8. TAXATION (CONT'D.)

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

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

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

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

425190-X

9. EARNINGS PER ORDINARY SHARE

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

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

10. DIVIDENDS

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

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 57.5 sen per ordinary share, less income tax at 27%, on 750,000,000 ordinary shares, amounting to a dividend payable of RM315.0 million (42.0 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

425190-X

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Cost										
At 1 January 2006	13,912	14,279	9,795	14,405	21,820	397,551	42,244	4,334,542	121,011	4,969,559
Effects of adopting FRS 117 and 138	-	-	(7,502)	(7,578)	-	(265,043)	-	-	-	(280,123)
At 1 January 2006 (restated)	13,912	14,279	2,293	6,827	21,820	132,508	42,244	4,334,542	121,011	4,689,436
Additions	-	-	-	-	-	-	-	4,056	590,949	595,005
Written off/ disposals	-	-	-	-	(252)	(2,893)	(1,776)	(231)	(876)	(6,028)
Transfer	-	54,998	-	-	2,113	28,766	48,330	489,640	(623,847)	-
At 31 December 2006	13,912	69,277	2,293	6,827	23,681	158,381	88,798	4,828,007	87,237	5,278,413

425190-X

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation and Impairment Losses										
At 1 January 2006										
Accumulated depreciation	-	620	839	3,025	13,235	211,639	27,423	1,912,818	-	2,169,599
Accumulated impairment losses	-	-	-	-	-	-	716	8,184	-	8,900
	-	620	839	3,025	13,235	211,639	28,139	1,921,002	-	2,178,499
Effects of adopting FRS 117 and 138	-	-	(702)	(1,438)	-	(158,417)	-	-	-	(160,557)
At 1 January 2006 (restated)	-	620	137	1,587	13,235	53,222	28,139	1,921,002	-	2,017,942

425190-X

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation expenses for the year	-	312	22	158	2,045	57,886	20,737	499,321	-	580,481
Impairment loss	-	-	-	-	-	-	-	4,224	-	4,224
Reversal of impairment loss*	-	-	-	-	-	-	(124)	-	-	(124)
Written off/ disposals	-	-	-	-	(164)	(2,452)	(1,601)	(139)	-	(4,356)
Transfer	-	(289)	-	-	-	139	(162)	312	-	-
At 31 December 2006	-	643	159	1,745	15,116	108,795	46,989	2,424,720	-	2,598,167
Analysed as:										
Accumulated depreciation	-	643	159	1,745	15,116	108,795	46,397	2,412,312	-	2,585,167
Accumulated impairment losses	-	-	-	-	-	-	592	12,408	-	13,000
	-	643	159	1,745	15,116	108,795	46,989	2,424,720	-	2,598,167

425190-X

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Carrying Amount										
At 31 December 2006	13,912	68,634	2,134	5,082	8,565	49,586	41,809	2,403,287	87,237	2,680,246

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

425190-X

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Cost										
At 1 January 2005	13,912	7,880	9,795	14,405	19,711	308,149	36,266	3,786,180	104,832	4,301,130
Effects of adopting FRS 117 and 138	-	-	(7,502)	(7,578)	-	(180,215)	-	-	-	(195,295)
At 1 January 2005 (restated)	13,912	7,880	2,293	6,827	19,711	127,934	36,266	3,786,180	104,832	4,105,835
Additions	-	-	-	-	-	-	2	928	602,114	603,044
Written off/ disposals	-	-	-	-	(1,601)	(4,663)	(959)	(11,182)	(1,038)	(19,443)
Transfer	-	6,399	-	-	3,710	9,237	6,935	558,616	(584,897)	-
At 31 December 2005 (restated)	13,912	14,279	2,293	6,827	21,820	132,508	42,244	4,334,542	121,011	4,689,436

425190-X

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation and Impairment Losses										
At 1 January 2005										
Accumulated depreciation	-	416	739	2,727	11,568	156,843	18,995	1,416,868	-	1,608,156
Accumulated impairment losses	-	-	-	-	-	-	-	6,018	-	6,018
	-	416	739	2,727	11,568	156,843	18,995	1,422,886	-	1,614,174
Effects of adopting FRS 117 and 138	-	-	(626)	(1,291)	-	(119,854)	-	-	-	(121,771)
At 1 January 2005 (restated)	-	416	113	1,436	11,568	36,989	18,995	1,422,886	-	1,492,403

425190-X

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold buildings RM'000	Short term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Depreciation expenses for the year	-	204	24	151	3,100	20,735	9,215	504,352	-	537,781
Impairment loss	-	-	-	-	-	-	716	2,166	-	2,882
Written off/ disposals	-	-	-	-	(1,433)	(4,502)	(787)	(8,402)	-	(15,124)
At 31 December 2005 (restated)	-	620	137	1,587	13,235	53,222	28,139	1,921,002	-	2,017,942
Analysed as:										
Accumulated depreciation	-	620	137	1,587	13,235	53,222	27,423	1,912,818	-	2,009,042
Accumulated impairment losses	-	-	-	-	-	-	716	8,184	-	8,900
	-	620	137	1,587	13,235	53,222	28,139	1,921,002	-	2,017,942
Carrying Amount										
At 31 December 2005 (restated)	13,912	13,659	2,156	5,240	8,585	79,286	14,105	2,413,540	121,011	2,671,494

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

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

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

12. INTANGIBLE ASSETS

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

13. DEFERRED EXPENDITURE

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

14. INVESTMENTS IN SUBSIDIARIES

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

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

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

Name of Company	Equity Interest Held (%) 2006	Equity Interest Held (%) 2005	Principal Activities
DiGi Telecommunications Sdn. Bhd.	100	100	Establishment, maintenance and provision of telecommunications and related services
Subsidiaries of DiGi Telecommunications Sdn. Bhd.			
DiGi Services Sdn. Bhd.	100	100	Property holding and other related services
Djuice.Com Sdn. Bhd.	100	100	Dormant

15. INVENTORIES

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

16. TRADE AND OTHER RECEIVABLES

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

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

During the financial year, the Group had written off approximately RM12.8 million (2005: RM14.2 million) of trade receivables balance against the allowance for doubtful debts brought forward.

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

17. AMOUNT DUE FROM A SUBSIDIARY

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

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

425190-X

18. CASH AND CASH EQUIVALENTS

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

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

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

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

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

19. SHARE CAPITAL

	Group/Company			
	Number of Ordinary Shares		Amount	
	2006	2005	2006	2005
	'000	'000	RM'000	RM'000
Ordinary shares of 10 sen (2005: RM1.00) each:				
Authorised	1,000,000	1,000,000	100,000	1,000,000
Issued and fully paid	750,000	750,000	75,000	750,000

19. SHARE CAPITAL (CONT'D.)

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

20. BORROWINGS

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

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

	Group	
	2006	2005
	%	%
Fixed rate term loan	4.9	4.9

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

21. DEFERRED TAX LIABILITIES

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

425190-X

21. DEFERRED TAX LIABILITIES (CONT'D.)

Presented after appropriate offsetting as follows:

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

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

Deferred Tax Liabilities:

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

Deferred Tax Assets:

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

425190-X

22. PROVISION FOR LIABILITIES

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

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

23. TRADE AND OTHER PAYABLES

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

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

24. DEFINED BENEFIT PLAN

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

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

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

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

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

425190-X

24. DEFINED BENEFIT PLAN (CONT'D.)

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

Principal actuarial assumptions used:

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

25. COMMITMENTS

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

(b) Non-Cancellable Operating Lease Commitments

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

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

425190-X

26. CONTINGENT LIABILITIES

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

27. RELATED PARTY TRANSACTIONS

Controlling related party relationships are as follows:

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

(ii) The Company's subsidiaries are as disclosed in Note 14 to the financial statements.

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

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

425190-X

27. RELATED PARTY TRANSACTIONS (CONT'D.)

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

425190-X

27. RELATED PARTY TRANSACTIONS (CONT'D.)

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

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

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

28. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objective and Policies

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

28. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Credit Risk

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

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

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

(c) Foreign Currency Risk

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

(d) Liquidity Risk

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

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

(e) Interest Rate Risk

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

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

425190-X

28. FINANCIAL INSTRUMENTS (CONT'D.)

(f) Fair Values

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

(i) Cash and Cash Equivalents

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

(ii) Trade Receivables and Payables

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

(iii) Amount due from a Subsidiary

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

(iv) Borrowings

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

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

Group

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

425190-X

29. SEGMENTAL INFORMATION

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

30. SIGNIFICANT EVENTS

The following significant events took place during the financial year:

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

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

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

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

ERNST & YOUNG
AF: 0039

Chartered Accountants
4th Floor, Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

Mail Address:
P.O. Box 11040
50734 Kuala Lumpur, Malaysia

Phone : (03) 2144-2333
Fax : (03) 2144-0709
www.ey.com/my

Independent Valuer's Letter in relation to the Valuation of the 3G Spectrum
(Prepared for inclusion in the Circular to Shareholders)

6 March 2008

The Board of Directors
TIME dotCom Berhad
Level 1, Wisma TIME
249, Jalan Tun Razak
50400 Kuala Lumpur

Dear Sirs

SUMMARY OF OUR INDEPENDENT VALUATION REPORT ON THE 3G SPECTRUM

1. Introduction

1.1 The proposed transaction

This letter is prepared for the purpose of inclusion in the Circular to Shareholders of TIME dotCom Berhad ("TdC") in relation to the proposed transfer of the Third Generation ("3G") Spectrum Assignment No. SA/01/2006 ("Spectrum") by TT dotCom Sdn Bhd ("TT dotCom") to DiGi Telecommunications Sdn Bhd to be satisfied by the issuance of 27,500,000 new ordinary shares of RM0.10 each in DiGi.COM Berhad (or as may be adjusted) credited as fully paid-up to TT dotCom or its nominees at an issue price of RM23.80 per share representing a total consideration of RM654,500,000, determined based on the five (5)-day volume weighted average market price of DiGi shares up to and including 9 November 2007 (adjusted for special gross dividend with the entitlement date of 9 November 2007 of RM1.00 each per DiGi shares) under a Definitive Agreement dated 25 January 2008 ("Proposed Transfer").

This letter has been prepared as a summary of our valuation report on the 3G Spectrum. This letter should be read in conjunction with our formal valuation report of the 3G Spectrum.

This letter is not intended as, and does not constitute, a recommendation by us on the Proposed Transfer by TdC. It is also not intended to be relied on to address all business concerns and risks pertaining to the 3G Spectrum. This letter should be read in conjunction with other reports or advice commissioned by TdC for the Proposed Transfer as deemed appropriate.

ERNST & YOUNG
AF: 0039

1.2 Scope and limitations

In connection with our engagement, we have held discussions with the representatives of TdC and have relied on the information of 3G Spectrum provided by them in arriving at our opinion. We have assumed that all information provided to us are true, accurate, not misleading and complete in all respects, and the accuracy and reliability of information provided to us are the sole responsibility of TdC. In addition, we have also conducted such other reviews and analyses on the financial, economic and market criteria deemed appropriate in arriving at our opinion.

Whilst we have considered all information provided to us, we have not carried out the work which constitutes a review of the financial information in respect of 3G Spectrum nor confirmation as to the correctness or completeness of information and financial projections provided.

2. Purpose of the valuation and structure of the report

The Board of Directors of TdC have on 4 February 2008 appointed Ernst & Young Transaction Advisory Services ("EY TAS") to provide an independent valuation of the 3G Spectrum in connection with the Proposed Transfer. Whilst there is no legal or regulatory requirement for an independent valuation report, the Directors have requested us to prepare this report for the information of the shareholders.

The actual price to be transacted may be different from that computed in our report and our valuation is not intended to be binding on any party.

The balance of this letter is structured in this manner.

3. Asset to be valued
4. Basis of valuation
5. Industry information
6. Valuation issues, methodologies and analyses
7. Conclusion

3. Asset to be valued

The asset to be valued is the Spectrum Assignment bearing the number SA/01/2006 over the following frequency bands: 1965MHz-1980MHz, 2155MHz-2170MHz and 2010MHz-2015MHz. The Spectrum was issued to TT dotCom under Section 159 of the Communications and Multimedia Act 1998 and the Communications and Multimedia (Spectrum) Regulations 2000, as amended from time to time, with effect from 8 November 2006. The Spectrum is valid up to 1 April 2018 or such later date as may be approved by the Malaysian Communications and Multimedia Commission ("MCMC").

4. Basis of valuation

The valuation is carried out on a fair value basis which is as defined in the Financial Reporting Standard 138 – Intangible Assets that '*fair value of an asset is the amount for which that asset could be exchanged between knowledgeable, willing parties in an arm's length transaction*'.

5. Industry information

5.1 Overview of the Malaysian Mobile Telecommunications Industry

The Malaysian telecommunications industry which initially had 7 operators had in the late nineties, entered into a shake-out and consolidation phase, and thereafter three principal carriers had emerged to create an oligopoly, comprising Maxis Communication Berhad ("Maxis"), Celcom (Malaysia) Berhad ("Celcom") and DiGi.Com Berhad ("DiGi"). The industry had also migrated up the technology value chain from the initial analogue systems, to the second generation GSM (2G) systems, and in 2005, two operators, namely Maxis and Celcom, had launched the third generation or 3G services on a commercial basis.

The primary focus of the cellular industry players had been on the growth of their respective subscriber base, infrastructure and network upgrades and expansion for nation-wide coverage, new product offerings and enhancement of the front-end customer services. Brand building had also been a critical corporate activity. Tariff rates were also progressively reduced by the telecommunication companies ("telcos") to spur subscriber growth, to increase average revenues per user ("ARPU") and to lower churn rates to prevent customer switching to competitors. Subscriber growth rate was further augmented when the industry focused on the then relatively untapped wider mass market, substantially comprising of the young, and the lower income consumer market segments, to reduce their entry cost with various attractively priced pre-paid plans. Pre-paid subscribers now constitute more than 80 percent of total subscriber base. Currently, the market is deemed close to saturation, having achieved a penetration rate of about 80 percent, representing 22 million subscribers, as shown in Table 1 below. Future annual penetration growth would be small and the Ninth Malaysia Plan states a projected penetration rate of 85% for cellular phone subscription base by 2010.

Table 1: Cellular phones

Year	Quarter	Postpaid	Prepaid	Total ('000)	*Growth rate (%)*	*Penetration rate (%)*
2006	1	2,983	17,607	20,590	*5.3*	*77.7*
	2	3,162	18,358	21,520	*4.5*	*80.8*
	3	3,292	18,561	21,853	*1.5*	*81.6*
	4	3,368	16,096	19,464	*-10.9*	*72.3*
2007	1	3,392	17,427	20,819	*7.0*	*77.0*
	2	3,485	17,734	21,219	*1.9*	*78.2*
	3	3,689	18,380	22,069	*4.0*	*80.8*

Source: MCMC

5.2 Revenue drivers

The relative position of the 3 telcos as at 31 December 2006 is presented in Table 2.

Table 2: The Relative Position of the 3 Cellular Operators as at 31 December 2006

Telcos	Revenue		Subscribers ('000)				Monthly
	(RM'000)	%	Prepaid	Postpaid	Total	%	ARPU
Maxis	7,706,693	*48.41%*	6,440	1,623	8,063	*41.44%*	61
Celcom	4,560,000	*28.64%*	4,849	1,230	6,079	*31.25%*	56
DiGi	3,652,536	*22.94%*	4,807	505	5,312	*27.31%*	55
Total	15,919,229	*100.00%*	16,096	3,358	19,454	*100.00%*	

Source: Respective Companies' Annual Reports and Websites

The telcos' revenues had been generated from two key drivers, namely voice and messaging (SMS) services rendered from the GSM 2G platforms. 3G penetration rates have been rather low since the commercial launch in 2005. As at 30 June 2007, the total number of 3G subscribers was 829,600, representing only about 4 percent range of the combined subscriber bases of Maxis and Celcom. Accordingly, the returns on the massive capital expenditure of several billion ringgit to develop the infrastructure and networks by the said two 3G carriers have, to date been low, though they attribute a portion of recent increases in the blended ARPU to growing 3G usage. The industry however anticipates improved 3G take-up rates over the immediate future years, and the Ministry of Energy, Water and Communications ("MEWC") Blueprint for the development of Information and Communication Technology in Malaysia over the period from 2006 to 2010, also known as the MYICMS 886, estimates that the numbers of 3G subscribers shall increase almost 17 fold as follows:

	2006 Actual	2008 Estimate	2010 Estimate
No. of 3G subscribers ('000)	300	1,500	5,000

Source: MEWC

5.3 Outlook

The mobile telephony industry in Malaysia is still substantially dependent on voice traffic, which contributes at least 65 to 75 percent of annual industry revenue. This critical revenue segment would be challenged nationwide by greater broadband accessibility rendered by TM's fixed line Streamyx, and the four new World Interoperability for Microwave Access or WiMAX licencees who will provide mobile broadband services. Broadband facilitates Voice Over Internet Protocol ("VOIP") applications such as Skype and would potentially divert voice traffic away from the 3 cellular operators. The 3 mobile telcos must therefore reconfigure their respective voice to data plus multi-media revenue ratios, by enhancing future revenue streams from data and multi-media. Accordingly, the possession of 3G spectrum licences is critical for future strategic advantage, given the technical superiority of 3G systems to support faster and higher quality data transmission as compared to the GSM 2G systems, that were principally designed for voice transmission. Future networks upgrading to 3.5G, or High Speed Downlink Packet Access (HSDPA) will substantially increase data transmission and download speeds. Current 3.5G systems feature data transfer speeds of 1 to 2 megabits per seconds ("Mbps"), which is 5 times faster than current 3G speeds. Further developments in 3.5G systems would significantly increase data download speeds up to a theoretical 14 Mbps.

ERNST & YOUNG

AF: 0039

Whilst voice and messaging will remain the key revenue drivers over the immediate short term, going forward, however, over the medium term, the emerging competitive arena for mobile telephony in Malaysia will be in 3G services. Currently, there are already four 3G licensed carriers, namely Celcom, Maxis, TdC and a new entrant, U Mobile Sdn Bhd. In this connection, it is noted that DiGi would prospectively acquire TdC's 3G Spectrum in the event that the subject transfer is finalised by mid-2008. Given that there are four licensed 3G operators, the degree of competition within this sector is expected to be significant and intense. Further, the imminent introduction in 2008, of Mobile Number Portability (MNP), will switch the bargaining power away from the cellular telcos to the consumers, and may prospectively raise the industry's churn rates.

Further, in the market segment for subscribers seeking wireless high speed broadband access, the intense intra-industry competition amongst the 3G cellular telcos will be accentuated by additional competition extended by the 4 WiMAX operators, who had been licensed pursuant to the MEWC's MYICMS 886 goals to inter-alia develop metropolitan and rural high speed broadband access zones and intended to complement TM's fixed line broadband services. The MYICMS 886 stipulates targets for 8 services as follows:

MYICMS 886 Goals 2006 Through 2010

Areas	2006	Medium Term (2008)	Expected Result (2010)
		Services	
High Speed household	1.3 million broadband subscriber lines 25% penetration of household	2.8 million subscribers in 2008 50% penetration of household	Total broadband penetration 75% of household
3G and Beyond	300,000 subscribers	1.5 million subscribers	At least 5 million subscribers
Mobile TV	Further pilot service: Adoption of standards	75% mobile useradopt mobile TV	Multimedia services anywhere, anytime, 90% of total mobile users
Digital Multimedia Broadcasting	Standards adopted, DTTB trials. Initial commercial deployment	60% household coverage for DTTB	95% household coverage
Digital Home	Home Gateway / SOHO Introduced in 60000 homes	500,000 homes interwork with external networks	1 million connected homes
Short Range Communications	Standards / Spectrum allocated. Awareness & promotion on the usage in logistics, transportation	Extensive usage in the supply chain management. Local manufacturing of RFID chipset	Widespread usage in various applications. 2% global market share of ship set & services
USP - Universal Service Provision	New USP projects. Broadband Internet community project	Increased broadband. Internet individual access	60% coverage for underserved rural household
VOIP / Internet Telephony	Establish QoS; VOIP to PSTN access. Residential & Business revenue constitute RM800 million	Residential & business services revenue constitute RM1 billion	High quality & cheaper voice services. RM1.5 billion services revenue

Source: MYICMS Website

ERNST & YOUNG
AF: 0039

Significant sources of future competitive advantage for the 3G operators intra-industry and against the broadband operators, include high quality network accessibility and reasonable mobile download speeds, innovative product offerings including multimedia content, excellent front office customer services, strong branding and attractive pricing plans for flat rate subscriptions, as well as attractively priced bundled packages for voice, message, multi-media and data. Further, the telcos would have to develop collaborative alliances with suppliers of 3G compatible handsets and provide promotional subsidies for extensive nationwide distribution to existing and new customers at lower pricing to develop their respective 3G subscriber base.

It is also noted from various analysts reports that the first 2 3G licencees, namely Celcom and Maxis, had expended huge capital sums of several billion ringgit for their respective investments in 3G infrastructure and networks but they had not benefited from the first-mover advantage, given the hitherto low 3G penetration rates. Further, the entry barrier for new 3G players has recently been lowered as a result of declining 3G equipment costs, arising from the economies of scale accruing to the equipment manufacturers consequent to improved global demand from 3G deployments. DiGi for instance, had recently revealed to the press that it would benefit from about a 30% capital cost savings as compared to only a year ago. Capital expenditure savings for new 3G entrants could also arise by tolling arrangements for existing and available infrastructure such as towers and fibre optics owned by other entities.

Further, an emerging and significant trend is the evolution of Mobile Virtual Network Operators ("MVNO"s), who are mobile service and solutions providers, but without any direct spectrum allocation, or radio network infrastructure. Instead, MVNOs buy wholesale airtime from 3G network operators. The MVNOs market their own differentiated and branded services to various segments of end-users that include the enterprise market segments, i.e. multinational companies (MNCs), large public and private organisations and Small Medium Industries (SMIs), and various niches within the consumer market. The strategic alliances between the 3G operators and the MVNOs accord improved utilisation of surplus network capacity, particularly over the medium term when 3G penetration rates remain small and sub-optimal. Revenues earned from MVNOs facilitate the monetization of the high capital investment for 3G networks, and provide an interim return on capital invested.

ERNST & YOUNG
AF: 0039

6. Valuation issues, methodologies and analyses

In 2000 at the height of the auction fever for 3G licenses, UK operators bid a total of £ 22.5 billion for 5 pieces of the UK spectrum in what was considered to be irrational pricing.

The pricing fever for 3G spectrum subsided as more licenses were issued, hardware and interoperability issues became more apparent, slow content creation (with the lack of killer applications etc) and competing technologies of WiMAX / DSL etc (with better speeds and pricing for broadband) brought sanity to the market.

According to International Telecommunication Union (ITU) reports, subsequent auctions in Austria, Switzerland and Australia has dropped from a height of total auction fees per inhabitant of USD 600 in UK/Germany to well below USD 100 in the aforementioned countries.

Closer to home, recent auctions in Indonesia and Singapore has yielded an average of about USD 38 million and USD 50 million respectively for upfront fees for the 3G license.

Malaysian 3G licenses are recently issued to qualified operators in a "beauty contest". In the absence of an auction process and comparable license transactions, there is no direct or available market pricing for these licenses.

We accordingly, consider the most appropriate valuation methodology for bare licenses to be the income approach. It is quite likely too that operators bidding for 3G licenses worldwide would have used an income approach given the lack of reliable, comparable and up to date data metrics for 3G business models at the time of the auctions.

The valuation is then benchmarked against imputed license values from market based transactions in regional 3G/2G companies in order to arrive at reasonable range of values.

6.1 Commentary on the valuation methodologies applied

The Income Approach focuses on the income-producing capability of an asset. The underlying premise of this approach is that the value of an asset can be measured by the present value of the net economic benefits to be received over the life of the asset.

The Market Approach measures values based on the current pricing parameters for assets which can be considered reasonably similar to that being valued. Therefore, we will consider the valuation parameters based on the actual transactions that have been occurred in the marketplace to arrive at appropriate benchmarks. The key processes are essentially that of comparison and correlation to the subject asset with adjustments being made to improve comparability.

ERNST & YOUNG
AF: 0039

6.2 Application of the Income Approach

In our opinion, the most appropriate income method for the valuation of a license/the Spectrum involving a new technology generation is the build up method or "Greenfield Method".

This method values an asset (a license/Spectrum, in this instance) based on valuation of its associated business starting from scratch. Start up costs including equipment and other intangible assets are deducted from this valuation to isolate the value of the license/Spectrum.

The steps used in this approach for valuation of the business consist primarily of projecting net cash flows from this business over the life of the license/the validity period of the Spectrum assignment and converting them to current values through discounting. The discounting process uses a rate of return which accounts for the time value of money and the investment risks of the business.

For this approach, we considered the industry average return and the expected rate of return on weighted average cost of capital ("WACC"), which covers the prevailing risk free rate, beta, the market risk premium, the risk profile specific to the telecommunication industry and the risks associated with the 3G business in arriving at our judgement. Accordingly, we have applied the discount rates of 10%, 11% and 12% to the projected cash flows attributable to the Spectrum.

6.2.1 Key Assumptions in applying the Greenfield Method

We considered and based our income valuation on the cash flow projections prepared by management of TdC and which were approved by the Board of Directors of TdC in October 2006. These projections were prepared by management in consultation with external firms.

The principal assumptions applied for the Greenfield Method, are

(i) Valuation date is 31 December 2007, i.e. Year 0;

(ii) Valuation period up to 1 April 2018, Period 11;

(iii) The total budgeted capital expenditure over the subject 11 years would not exceed RM2 billion.

(iv) The blended ARPU is estimated at RM85 in Year 1 of operations and will progressively decrease to RM69 by 2018, consistent with the 3G industry trends;

(v) The 3G penetration rate is modest in Year 1 of operations at 6% and will increase progressively to 89% of total cellular subscribers by Year 11 of operations;

(vi) An initial 6% market share is assumed for greenfield's 3G operator and which would then increase to 18% by Year 11; and

(vii) The 3G operations are expected to achieve profitability by Year 5.

ERNST & YOUNG
AF: 0039

6.2.2 Results of the Income Approach

The application of the Greenfield Method from the income approach has resulted in a range of possible values from **RM 480 million to RM 700 million.**

A summary is exhibited in the following table

	Discount Rate		
	10%	**11%**	**12%**
	RM'million	*RM'million*	*RM'million*
Net present value of the 3G Spectrum	697	584	481

The income approach, particularly in the case of a new business model, contains forward looking information which by its inherent nature is subject to a wide range of assumptions and operating parameters based on a hypothetical operating environment. Thus actual results and operating environment are likely to be different from the projections and the variations could be material.

We have therefore benchmarked the income valuation of the Spectrum against derived values from market based transactions to obtain the final range of values.

6.3 Application of the Market Approach

Market based approaches are naturally the preferred method of valuation as they intrinsically reflect actual transactions and are in many cases, third party transactions between willing buyers and willing sellers with knowledge of the markets in which they operate.

Before this transaction with DiGi, there were simply no transfers of 3G licenses in Malaysia.

There were however transactions in significant stakes in shares of companies with 3G licenses in Malaysia and regionally in Indonesia and Singapore from which the transaction metrics from the sale price may be broadly analyzed to derive the inherent value of the licenses in Malaysia.

6.3.1 Transaction metrics from comparable and guideline companies

(i) U Mobile Sdn Bhd ("U Mobile")

Based on a December 07 announcement by NTT DoCoMo Inc ("NTT") of Japan, KT Freetel Co Ltd. ("KFT") of Korea and NTT will each invest USD 100 million in U Mobile to give them collectively a 33 percent equity stake. U Mobile is a holder of a 3G license which is scheduled to launch service in 2008. The acquisition is reported to allow them to have participation in management of U Mobile.

U Mobile business model is not just a bare license holder. Based on research, its business activities include the following:

- It will be an operator of 3G (with a 018 branding) having its own 3G base stations providing voice, data and broadband internet services;
- Effectively it will also be a MVNO by virtue of it roaming agreement with Celcom. (Gaps in its 3G footprint will be covered as well with this arrangement);
- Content partnerships with its parent and investors enabling it to provide media content, including video, music and games software; and
- It will be providing its 3G network as a platform for other MVNOs.

The transaction price of USD200 million effectively places a gross value of about RM2 billion on U Mobile and management participation rights. There are no reliable external data or mechanisms to allocate the gross value of RM2 billion to its various components as outlined. We have to look at pricing behaviour in other markets to estimate the value of the embedded license component.

(ii) Guideline companies

We reviewed recent transactions, mainly those occurring in 2007, which basically involves a foreign party taking a significant stake in a medium sized Telco with 3G licenses in Singapore and Indonesia. Market values of bare licenses based on auctions etc were compared with gross transaction values to give an indication of the relative percentage of the license component embedded in the transaction value.

The companies included in these analyses included PT Natrindo Telepon Seluler (taken over by Maxis/Saudi Telecom Company), Hutchison Indonesia (formerly known as PT Cyber Access Communication) (taken over by Hutchison Telecommunication International (Netherlands) BV) and MobileOne Ltd. (to be taken over by TM International Berhad).

It should be noted that different markets and different companies having their own business models coupled with the lack of detailed financial information makes for imperfect comparisons. But they nevertheless provide for clues to market pricing behaviour and patterns which can be a starting point for a comparative analysis of the U Mobile transaction.

ERNST & YOUNG
AF: 0039

6.3.2 Results of the market based approach

We have adjusted the metrics derived above to improve comparability and to account for the scarcity value of Malaysian 3G licenses. The average bare 3G license component obtained above of not less than 20% of transaction value were increased to a range of 25% to 35% to provide an equivalent range of values for a bare 3G license for Malaysia.

% of bare 3G license embedded in the transaction value of U Mobile	Value of U Mobile based on NTT and KFT investments	Value of 3G license
	(RM'million)	*(RM'million)*
25%	2,034	508
30%	2,034	610
35%	2,034	712

7. Conclusion

On the basis of the foregoing, the valuation of the 3G Spectrum as at 31 December 2007 ranges from **RM 500 million to RM 700 million**.

Yours faithfully

Yeo Eng Seng
National Director
Transaction Advisory Services

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the TdC Board who collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Circular misleading.

Information pertaining to the DiGi Group and Telenor Asia as contained in Sections 2.6, 2.7, 2.8(v), 3.4, 6.3, Appendix I, Sections 3.2 and 4.2 of Appendix III of this Circular was obtained from DiGi (for which DiGi is responsible) and/or publicly available documents. Therefore, the responsibility of the TdC Board is limited to ensuring that such information is accurately reproduced in this Circular. Further, in relation to the opinions expressed by DiGi as set out in Section 5(iv), (v) and (vi) of this Circular, which was extracted from DiGi's Circular dated 26 February 2008, the responsibility of DiGi is restricted to ensuring that the opinions expressed within the context and for the purposes of DiGi's Circular are reasonable and justified.

2. CONSENT AND CONFLICT OF INTEREST

AmInvestment Bank, as Adviser to TdC, has given and has not subsequently withdrawn its consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular. AmInvestment Bank is not aware of any circumstances that would or is likely to give rise to a conflict of interest situation in its capacity as the Adviser to TdC for the Acquisition and Proposed Alliance.

Ernst & Young, as the Independent Valuer for the Spectrum, has given and has not subsequently withdrawn its consent to the inclusion of its name, its letter in relation to the valuation of Spectrum and all references thereto in the form and context in which they appear in this Circular. Ernst & Young is not aware of any circumstances that would or is likely to give rise to a conflict of interest situation in its capacity as the Independent Valuer to TdC for the Spectrum.

3. MATERIAL CONTRACTS

3.1 TdC Group

Save as disclosed below, TdC Group has not entered into any material contracts outside the ordinary course of business, within two (2) years immediately preceding the date of this Circular:-

(i) Letter of offer dated 12 November 2007 by CIMB Bank Berhad whereby Hakikat Pasti had accepted the offer of credit facility of up to RM1,155,000,00 to finance the Acquisition and related expenses of the Acquisition, and the supplemental letter of offer dated 15 November 2007 by CIMB Bank Berhad whereby Hakikat Pasti had accepted the revised terms and conditions of the repayment of the said credit facility;

(ii) Heads of Agreement dated 14 November 2007 entered into between DiGi, DiGi Telecom, TdC and TT dotCom in relation to the Proposed Alliance;

(iii) The Memorandum of Understanding dated 14 November 2007 entered into between Telenor Asia, TdC and TT dotCom which provide that Telenor Asia will support the nomination of one (1) TdC-nominated candidate to serve as a member on the Board of DiGi subject to, inter alia, the Definitive Agreement as envisaged under the HOA being executed and the completion of the Proposed Transfer;

(iv) Definitive Agreement dated 25 January 2008 entered into between DiGi, DiGi Telecom, TdC and TT dotCom which formalises the Proposed Alliance; and

(v) Agreement dated 25 January 2008 entered into between TdC, TT dotCom and Telenor Asia whereby Telenor Asia shall support the nomination of one (1) TdC-nominated candidate to serve as a member on the Board of DiGi following the issuance of the Consideration Shares.

3.2 DiGi Group

Other than the Definitive Agreement, there are no material contracts outside the ordinary course of business which have been entered into by DiGi Group within two (2) years immediately preceding the date of this Circular.

4. MATERIAL LITIGATION

4.1 TdC Group

TdC Group is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant, and the Directors of TdC are not aware of any proceeding pending or threatened against the TdC Group, or of any facts likely to give rise to any proceeding which might materially and/or adversely affect the position or business of the TdC Group immediately preceding the date of this Circular.

4.2 DiGi Group

DiGi Group is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant, and the Directors of DiGi are not aware of any proceeding pending or threatened against the DiGi Group, or of any facts likely to give rise to any proceeding which might materially and/or adversely affect the position or business of the DiGi Group immediately preceding the date of this Circular.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of TdC at Level 1, Wisma TIME, 249 Jalan Tun Razak, 50400 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) following the date of this Circular up to and including the date of the EGM:-

(i) Memorandum and Articles of Association of TdC and DiGi;

(ii) Audited consolidated financial statements of TdC for the two (2) FYE 31 December 2005 and 31 December 2006 and the unaudited consolidated financial results of TdC for FYE 31 December 2007;

(iii) Audited consolidated financial statements of DiGi for the two (2) FYE 31 December 2005 and 31 December 2006 and the unaudited consolidated financial results of DiGi for FYE 31 December 2007;

(iv) The material contracts referred to in Section 3 of this Appendix;

(v) Consent letters referred to in Section 2 of this Appendix; and

(vi) Valuation letter on the Spectrum enclosed in Appendix II and valuation report on the Spectrum dated 6 March 2008 prepared by Ernst & Young.

TIME DOTCOM BERHAD (413292-P)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of TIME dotCom Berhad ("**TdC**" or "**Company**") will be held at Grand Ballroom, Flamingo Hotel Kuala Lumpur, 5 Tasik Ampang, Jalan Hulu Kelang, 68000 Ampang, Selangor Darul Ehsan on Tuesday, 25 March 2008 at 11.00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED RATIFICATION OF THE ACQUISITION OF 50,250,000 ORDINARY SHARES OF RM0.10 EACH ("SHARES") IN DiGi.COM BERHAD ("DiGi") FROM TELENOR ASIA PTE LTD FOR A TOTAL CASH CONSIDERATION OF RM1,080,375,000

"THAT the shareholders of the Company do hereby ratify the acquisition by the Company (through its wholly-owned subsidiary, Hakikat Pasti Sdn Bhd) of 50,250,000 ordinary shares of RM0.10 each in DiGi from Telenor Asia Pte Ltd on 15 November 2007 for a total cash consideration of RM1,080,375,000 which acquisition was effected by way of a direct business transaction under the rules of Bursa Malaysia Securities Berhad."

ORDINARY RESOLUTION 2

PROPOSED TRANSFER OF THE 3G SPECTRUM ASSIGNMENT NO. SA/01/2006 OVER THE FREQUENCY BANDS OF 1965MHZ-1980MHZ, 2155MHZ-2170MHZ AND 2010MHZ-2015MHZ ("SPECTRUM") BY TT dotCOM SDN BHD ("TT dotCOM") TO DiGi TELECOMMUNICATIONS SDN BHD ("DiGi TELECOM") TO BE SATISFIED BY THE ISSUANCE OF 27,500,000 NEW SHARES IN DiGi CREDITED AS FULLY PAID-UP TO TT dotCOM OR ITS NOMINEES (COMPRISING TdC AND ALL ITS SUBSIDIARIES) ("PROPOSED TRANSFER")

"THAT, subject to all relevant regulatory requirements, authorisations, approvals, consents and/or waivers being obtained, approval be and is hereby given to TT dotCom, a wholly-owned subsidiary of the Company, to:

(a) transfer the Spectrum to DiGi Telecom, a wholly-owned subsidiary of DiGi; or

(b) where a transfer of the Spectrum is not practicable, to give effect to the Proposed Transfer through any other legal means

in accordance with the terms of the Definitive Agreement ("**DA**") dated 25 January 2008 between DiGi, DiGi Telecom, TdC and TT dotCom whereby the Proposed Transfer shall be satisfied by the issuance of 27,500,000 new Shares in DiGi (as may be adjusted in accordance with the terms of the DA) credited as fully paid up to TT dotCom or its Nominees.

AND THAT the directors of the Company be and are hereby authorised to give effect to the Proposed Transfer with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Transfer."

By Order of the Board of TdC

Misni Aryani Muhamad (LS 08983)
Company Secretary

Kuala Lumpur
10 March 2008

Notes:-

1. *A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy 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 authorized 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, 50774 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.*

PROXY FORM
TIME dotCom Berhad (413292-P)
(Incorporated in Malaysia)

CDS Account No.

I/We ____(name of shareholder as per NRIC, in capital letters) IC No./ID No./Company No.______________________________(new)______________________________(old) of____(full address) being a member(s) of the TIME dotCom Berhad, hereby appoint ______________________________(name of proxy as per NRIC, in capital letters) IC No.____________________(new) ____________________(old) of ____(full address) or failing him/her, ______________________________(name of proxy as per NRIC, in capital letters) IC No. ____________________(new)____________________________(old) of____________ ____(full address) failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company, to be held at Grand Ballroom, Flamingo Hotel Kuala Lumpur, 5 Tasik Ampang, Jalan Hulu Kelang, 68000 Ampang, Selangor Darul Ehsan on Tuesday, 25 March 2008 at 11.00 a.m, and at each and every adjournment thereof.

My/our proxy is to vote as indicated below.

	FOR	AGAINST
ORDINARY RESOLUTION 1 - ACQUISITION		
ORDINARY RESOLUTION 2 – PROPOSED TRANSFER		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

____
SIGNATURE/COMMON SEAL

Number of shares held: ____________________

Date: ____________________

Notes:-

1. *A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy 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 authorized 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, 50774 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.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

Mega Corporate Services Sdn Bhd
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50774 Kuala Lumpur

1st fold here