

Cover

Break free

It's about a world filled with infinite possibilities. A world where every day holds the promise of discovery, whether it is a way of doing things, a way of living your life or a way of living your dreams.

It's about the freedom to realise your full potential by embracing your past even as you run forward, into the future.

It's what we believe in DiGi.





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He's a Trekkie. He plays the drums. He plays ball. His most wanted game is Age of Empires 3. He wants to conquer the world someday, not with weapons, but drum sticks.

Is there space in his world for a house without nails?





She loves Bratz. Her favourite dress is the blue gingham smock her grandma made for her. She likes Saturdays because her family eats roti canai for breakfast and she can play with her best friends.

How does nature fit into her world?



His cell is his best bud. He really digs his iPod. His girl is the smart and cool Shika. He is spooked by the dark and he lights up every party. In his past life, he figures he could have been a nomad dude, traversing wide plains and deserts.

Why in the world would he want to dance with cut-out horses?



She's accomplished. Ballet dancer turned consultant. She can cook a fine meal and discuss a book. She has a great sense of humour. Her comfort food after a tough day is a tall glass of steaming teh tarik.

How would you paint her world in a different light?



He made it. He has worked his way through the school of hard knocks and survived the haul to the top. Now, he wants to savour the view. His aim is to coast a little before he gets on the go again.


How do you teach a high flier about greater heights?





The image shows a large, rectangular piece of Songket fabric, a traditional Indonesian textile. The fabric is richly decorated with intricate patterns of gold and silver threads woven into a dark, possibly purple or blue, base. The patterns include vertical stripes and complex geometric and floral motifs. The fabric is displayed in a museum or gallery setting, with a dark, perforated metal grid visible in the upper right corner, through which light is filtering, creating a dramatic, high-contrast lighting effect on the fabric's surface.

The word songket comes from the Malay word menyongket which means to embroider with gold or silver threads. In actual fact, these interlocking threads are not merely embroidered, but woven to form complex or simple motifs on fine silk or cotton fabric. Songket, once worn exclusively by royalty, is now used for important formal occasions such as royal installations, weddings, circumcision and ear-piercing ceremonies.



DiGi's Amazing Malaysians

DiGi's Amazing Malaysians

We value the past, as much as we value moving forward into the future. As purveyors of modern technology, DiGi understands and appreciates that what we are today is largely the result of our past. This is the basis of our Corporate Social Responsibility programme, DiGi's Amazing Malaysians, which was launched in early 2005.

DiGi's Amazing Malaysians recognises individuals who are engaged in practices which impact or contribute to natural, cultural, art, built or social heritage, and supports them in programmes which foster interest in youth and children in each particular aspect of heritage. The ultimate goal of the DiGi's Amazing Malaysians programme is to nurture the preservation of Malaysia's heritage by involving these young people who live in mainly rural areas.

In 2005, we worked with five individuals identified as DiGi's Amazing Malaysians and supported them in efforts to educate the youth and children in their communities on their respective areas of interests.

DiGi's **A** amazing
malaysians



Balu Perumal

The Wetlands
Restorer of Perak

Raja Dato' Kamarul
Bahrin Shah

The Traditional
Architect of
Terengganu



Siow Ho Phiew

The Lion Dancer
of Johor



Diana Rose

The Knowledge
Keeper of Sarawak

Romli Mahmud

The Storyteller
of Perlis



Balu Perumal, The Wetlands Restorer of Perak, shared his knowledge and love of the wetlands with the children of Kuala Gula. Together, they created a wetlands garden and resource centre which is today being used by the Co-Curricular Department of the Ministry of Education and other NGOs like the Malaysian Nature Society. In addition to this, there are efforts being made to encourage eco-tourism through the Perak State Tourism Authority and State Wildlife Department.

Raja Dato' Kamarul Bahrin Shah, The Traditional Architect of Terengganu, shared his passion for traditional architecture with youth who witnessed and documented the restoration of an old, dilapidated kampung house. These accounts are to be archived at the state museum. Based on the DiGi model, he hopes to continue this work with other student groups while spearheading efforts to build a Terengganu Heritage Village.

Siow Ho Phiew, The Lion Dancer of Johor, broke new ground when he introduced multi-racial youth to lion dance, drumming and lion head making through the DiGi programme. These youth have since performed at local community events, and 24-drum clubs may soon be formed in the participating schools.

Diana Rose, The Knowledge Keeper of Sarawak, taught children in Tellian, Mukah about Melanau heritage, focusing on dance, music and the weaving of sago fronds. DiGi will continue to support her by collaborating with the state tourism authority to promote Melanau traditions.

Romli Mahmud, The Storyteller of Perlis, has imparted the age-old tradition of Awang Batil story-telling to schoolchildren. In further support of his efforts, DiGi has built a pergola for story-telling just outside his home in Kampung Pokok Sena and will produce brochures on this artform for distribution at state tourism centres.

DiGi's Amazing Malaysians (cont'd)

2006

For 2006, five more individuals have been identified as DiGi's Amazing Malaysians and plans have been made to enable them to share their knowledge and passion for their respective fields of endeavour.

Bishan Singh, The Champion of Pahang's Lake Chini

Lake Chini, Malaysia's second largest freshwater lake, is famed for legends of lost kingdoms and dragons. Lesser known is the five settlements of orang asli who live on its periphery. This community and the lake are threatened by the slow encroachment of development. Through a series of nature camps, Bishan will teach children about the lake's ecosystem and the value it holds for the communities who live on it.

Janet Pillai, Madame "Heritage Heboh" of Penang

Penang, a seaport of great importance during the British occupation of Malaya in the late 18th century, was also the centre of commerce, industry and cultural exchange. As a result, its social history holds immense significance for us. Janet, the tireless crusader for its preservation, will impart to children a sense of Penang's rich history through a combination of dance, music and art.





Eddin Khoo, The Shadow Player of Kelantan

Kelantan, known for its rich cultural heritage such as dikir barat, menorah and makyong, counts wayang kulit as one of its most enduring performing arts. However, this ancient artform faces the threat of extinction as its practitioners are dwindling. Eddin, who had been under the tutelage of famed wayang kulit master, Dalang Abdullah Ibrahim, for ten years before the Dalang died last year, has been working to revive and document this precious artform. Eddin will introduce children to drumming, wayang kulit puppet making and the lively dikir barat.

Rashid Esa, The Woodcraft Warrior of Selangor

On Carey Island, the Mah Meri, a native tribe of seamen, are also known as master carvers of an indigenous wood called batu nyireh which is becoming scarce. There is a great chance that the Mah Meri may cease carving their unique forms once this happens. Rashid has been helping them sustain their artform by creating commercial interest in these carvings and boosting the cultivation of the batu nyireh tree. Rashid will share his knowledge with children by teaching them to replant batu nyireh, carve gargantuan wooden sculptures and perform the Mah Meri dance and music.

Laurence Loh, The Heritage Architect of Kedah

Small towns sometimes have big stories. Lunas in Kedah is such a town. Its history reflects the rise and fall of the rubber industry in Malaysia. Laurence, a Lunas boy, grew up listening to the tale of three pioneering families who made their lives in this town and remains fascinated by the stories which lie waiting to be discovered behind the walls of old buildings. With the help of a group of local children, he will work to unveil Lunas' past and restore a traditional shophouse which has been earmarked as the town museum.

DiGi in 2005

Q1

The year began on an altruistic note with the launch of DiGi's Amazing Malaysians. A CSR programme, it aims to support the preservation of the country's heritage by engaging youth and children living mainly in rural areas. Five individuals were selected to kick off this programme.

DiGi Telecommunications Sdn Bhd ("DiGi") was the first telco to launch Malaysia's Widest HighSpeed Mobile Coverage™. Over Q1 to Q2, we built up the network by extending coverage to Sabah and Sarawak and significant portions of the peninsula. With its expanded coverage, DiGi ups its offering to customers with the widest and best mobile data coverage in Malaysia.

The first to bring voice SMS to Malaysia, DiGi introduced BubbleTalk™, a simple alternative to text messaging, on 31 January.



Q2

On 11 April, DiGi Telecommunications Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a new credit facility of fixed rate term loan of RM300 million to refinance the previous borrowings which was partially subject to floating rate. Such a strategic move will mitigate the interest rate risk and lower the interest costs incurred with the anticipation that the local banks may increase lending rates in the near future, taking the cue from the interest rate hike in the United States.

DiGi customers got personal with CallerTunes™ on 13 April. This new service makes available customised versions of music and sound effects instead of conventional tones.

On 5 May, DiGi Prepaid MTV Powerpack™ created waves with its debut! First of its kind and with hot offers such as free unlimited SMS to friends and family numbers, unlimited MTV downloads and daily MTV gossip via SMS. Other irresistible features are an exclusive WAP portal, web portal and specials to parties, movies and concerts.

Less than a month later, we redefined DiGi Postpaid with Dial-A-DiGi and Zero Access Fee. Now, DiGi customers need only dial toll-free, sit back and wait for their SIM card to be delivered to their doorstep, and look forward to greater affordability.

Tan Sri Datuk Amar Leo Moggie was appointed to the Board on 10 May, to replace Tun Dato' Seri Dr Lim Chong Eu who retired on the same day.





Q4

Mr Gunnar Johan Bertelsen resigned from the Board on 6 October.

On 26 October, DiGi.Com Berhad announced its proposal to undertake a capital repayment of RM0.75 for every ordinary share of the Company, to be satisfied wholly in cash to its entitled shareholders via a reduction of the Company's share capital pursuant to Section 64 of the Companies Act 1965.

At the same time, the Company also announced a long-term recurring dividend policy with the intention to payout a minimum of 50% of net earnings as dividends beginning financial year 2006.

(Subsequently, the shareholders of the Company approved the Proposed Capital Repayment 1 at an extraordinary general meeting convened on 24 January 2006 and the said proposal is currently pending the relevant confirmation order of the High Court of Malaya.)

DiGi's proposal to issue Commercial Papers and Medium Term Notes with an aggregate nominal value of up to RM700 million received the approval from the Securities Commission on 29 November. The availability of such facilities is expected to accord further financial flexibility to the Group.

To usher in the upcoming festivities, DiGi introduced another breakthrough in messaging with XMS™. This allows customers the option of converting a simple SMS message to a more expressive picture message or MMS.

Ending the year on another first, DiGi with MTV Asia announced Malaysia's first merchant WAP portal on 9 December called MTV Powerpack Merchant Discounts.

On 15 December, DiGi launched a simple data solution product, mEye™, an inexpensive home-monitoring system which can be accessed via a mobile phone.

Q3

On 7 September, DiGi launched Rentaq, a WAP portal with all the hottest content and services in Bahasa Malaysia. Subscribers enjoy fun contests, great promo deals, latest downloads, football updates, Islamic content and tips for a better lifestyle.

On 21 September, we forged the DiGi-ING partnership, the first-ever between a telco and an insurer. Through DiGi's high-speed network access, ING agents on the move can check in on their agency portal wherever they are in the country. This is a clear demonstration of how technology can be adapted to create a competitive advantage for businesses.

Customer rewards took on a blockbuster spin with DiGi Movie Halls from 24 October. The DiGi dedicated cinemas located in four city centres throughout the country were launched with a Movie Marathon Carnival for all DiGi customers.



Corporate Information

Board of Directors

Arve Johansen *Chairman*

Tan Sri Datuk Amar Leo Moggie *(Appointed on 10 May 2005)*

Dato' Ab. Halim Bin Mohyiddin

Christian Storm *Director and Alternate Director to Arve Johansen*

Ragnar Holmen Korsæth

Tun Dato' Seri Dr Lim Chong Eu *(Retired on 10 May 2005)*

Gunnar Johan Bertelsen *(Resigned on 6 October 2005)*

Audit Committee

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

Tan Sri Datuk Amar Leo Moggie *Independent Non-Executive Director (Appointed on 10 May 2005)*

Christian Storm *Non-Independent Non-Executive Director*

Tun Dato' Seri Dr Lim Chong Eu *Independent Non-Executive Director (Retired on 10 May 2005)*

Nomination Committee

Christian Storm *Chairman/Non-Independent Non-Executive Director*

Tan Sri Datuk Amar Leo Moggie *Independent Non-Executive Director (Appointed on 10 May 2005)*

Dato' Ab. Halim Bin Mohyiddin *Independent Non-Executive Director*

Tun Dato' Seri Dr Lim Chong Eu *Independent Non-Executive Director (Retired on 10 May 2005)*

Remuneration Committee

Arve Johansen *Chairman/Non-Independent Non-Executive Director*

Christian Storm *Non-Independent Non-Executive Director*

Ragnar Holmen Korsæth *Non-Independent Non-Executive Director*

Secretaries

Tai Yit Chan *MAICSA No. 7009143*

Liew Irene *MAICSA No. 7022609*

Hee Chew Yun *LS 6249*

Domicile and Country of Incorporation

Malaysia

Registered Office

Level 7, Setia 1,
15 Lorong Dungun
Damansara Heights,
50490 Kuala Lumpur

T 03-2095 7188

F 03-2093 6325

Share Registrars

Berjaya Registration Services Sdn Bhd
Lot C1-C3, Block C, 2nd Floor, KL
Plaza, 179 Jalan Bukit Bintang,
55100 Kuala Lumpur

T 03-2145 0533

F 03-2145 9702

Auditors

Messrs Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium,
Jalan Damanlela, Pusat Bandar
Damansara, 50490 Kuala Lumpur

T 03-7495 8000

F 03-2095 5332

Principal Bankers

AmMerchant Bank Berhad
Bumiputra-Commerce Bank Berhad
Maybank Berhad
Standard Chartered Bank
Malaysia Berhad

Stock Exchange Listing

Main Board of Bursa Malaysia
Securities Berhad

Stock Short Name

DiGi (6947)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of DiGi.Com Berhad will be held at Sapphire Room, Level 1, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Friday, 19 May 2006 at 10.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

- | | |
|---|-----------------------|
| 1) To receive and adopt the audited financial statements of the Company for the year ended 31 December 2005 and the Directors' and Auditors' Reports thereon. | Ordinary Resolution 1 |
| 2) To re-elect the following Directors retiring pursuant to the Company's Articles of Association:- | |
| Under Article 98(A) | |
| (i) Dato' Ab. Halim bin Mohyiddin | Ordinary Resolution 2 |
| Under Article 98(E) | |
| (i) Tan Sri Datuk Amar Leo Moggie | Ordinary Resolution 3 |
| 3) To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 4 |

As Special Business

To consider and, if thought fit, pass the following ordinary resolutions:-

- | | |
|---|-----------------------|
| 4) Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965 | |
| <p>"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."</p> | Ordinary Resolution 5 |
| 5) Proposed Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature With Telenor ASA ("Telenor") And Persons Connected With Telenor | |
| <p>"That, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with Telenor and persons connected with Telenor as specified</p> | |

Notice of Annual General Meeting (cont'd)

in Section 2.3 of the Circular to Shareholders dated 26 April 2006 which are necessary for the day to day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is earlier;

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

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

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

Ordinary Resolution 6

6) Proposed Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature With Persons Connected With Tan Sri Dato' Seri Vincent Tan Chee Yioun

"That, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun as specified in Section 2.3 of the Circular to Shareholders dated 26 April 2006 which are necessary for the day to day operations and/or in the ordinary course of business of the Company and its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

- (i) the conclusion of the next annual general meeting of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at a general meeting, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (iii) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is earlier;

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

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

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

Ordinary Resolution 7

By Order of the Board

TAI YIT CHAN (MAICSA 7009143)

LIEW IRENE (MAICSA 7022609)

HEE CHEW YUN (LS 6249)

Company Secretaries

Kuala Lumpur

26 April 2006

Notice of Annual General Meeting (cont'd)

NOTES:-

A) APPOINTMENT OF PROXY

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

B) SPECIAL BUSINESS

1. Resolution 5 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will give the Directors of the Company, from the date of the above annual general meeting, authority to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
2. Resolutions 6 and 7 if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions in accordance with paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

Statement Accompanying Notice of Annual General Meeting pursuant to Paragraph 8.28(2) of the Bursa Malaysia Securities Berhad Listing Requirements

1. The particulars of Directors who stand for re-election are set out in the relevant pages of the Annual Report as follows:-

	Name of Director	Directors' Profile	Directors' Shareholdings
1	Dato' Ab. Halim bin Mohyiddin	Page 23	Page 113
2	Tan Sri Datuk Amar Leo Moggie	Page 22	Page 113

There were five Board Meetings held during the financial year ended 31 December 2005. The details of Directors' attendance at Board Meetings are set out on page 47 of the Annual Report.

2. Place, date and hour of the Ninth Annual General Meeting of the Company

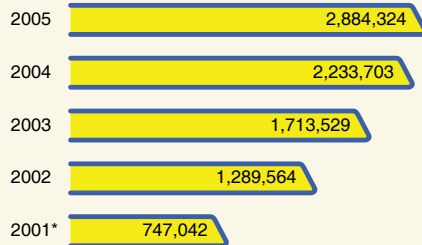
The Ninth Annual General Meeting of the Company will be held at Sapphire Room, Level 1, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Friday, 19 May 2006 at 10.00 a.m.

Group Financial Summary

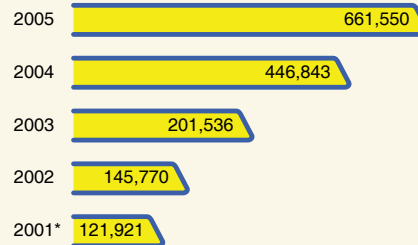
	Year ended 31 December 2005	Year ended 31 December 2004	Year ended 31 December 2003	Year ended 31 December 2002	Eight months ended 31 December 2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	2,884,324	2,233,703	1,713,529	1,289,564	747,042
Profit before taxation	661,550	446,843	201,536	145,770	121,921
Profit after taxation	470,955	317,355	142,223	100,870	158,921
Total assets	4,232,319	3,580,082	3,257,626	3,019,582	2,419,076
Shareholders' fund	2,248,148	1,777,193	1,459,838	1,317,615	1,216,745
Long term liabilities	681,548	660,069	750,035	815,715	678,002
Profit after taxation as % of revenue	16.3%	14.2%	8.3%	7.8%	21.3%
Earnings per share (sen)	62.8	42.3	19.0	13.4	21.2
Net assets per share (RM)	3.00	2.37	1.95	1.76	1.62

Note: The above group financial summary has been prepared to conform with the current year's presentation of the financial statements.

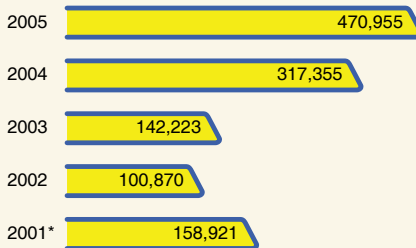
Revenue RM '000



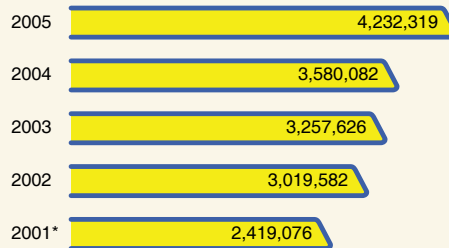
Profit before taxation RM '000



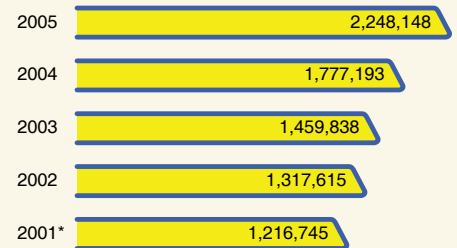
Profit after taxation RM '000



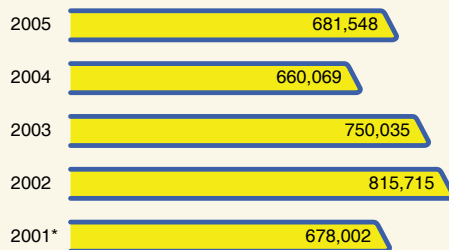
Total assets RM '000



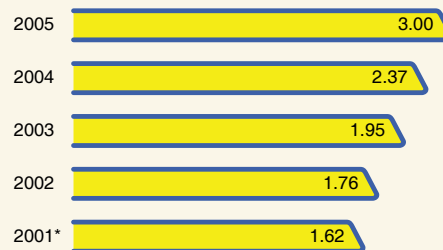
Shareholders' fund RM '000



Long term liabilities RM '000



Net assets per share RM



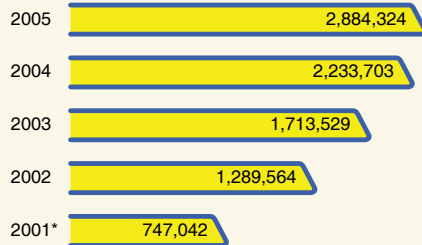
Note: * Denotes eight months ended 31 December 2001

Ringkasan Kewangan Kumpulan

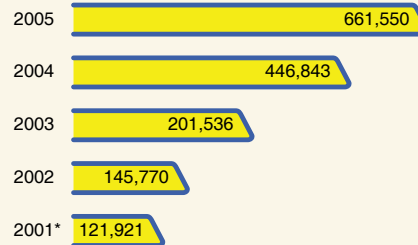
	Tahun berakhir 31 Disember 2005	Tahun berakhir 31 Disember 2004	Tahun berakhir 31 Disember 2003	Tahun berakhir 31 Disember 2002	Lapan bulan berakhir 31 Disember 2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Hasil	2,884,324	2,233,703	1,713,529	1,289,564	747,042
Keuntungan sebelum cukai	661,550	446,843	201,536	145,770	121,921
Keuntungan selepas cukai	470,955	317,355	142,223	100,870	158,921
Jumlah aset	4,232,319	3,580,082	3,257,626	3,019,582	2,419,076
Dana pemegang saham	2,248,148	1,777,193	1,459,838	1,317,615	1,216,745
Tanggungan jangka panjang	681,548	660,069	750,035	815,715	678,002
Keuntungan selepas cukai sebagai % hasil	16.3%	14.2%	8.3%	7.8%	21.3%
Pendapatan sesaham (sen)	62.8	42.3	19.0	13.4	21.2
Aset bersih sesaham (RM)	3.00	2.37	1.95	1.76	1.62

Nota: Ringkasan kewangan kumpulan di atas telah disediakan mengikut pembentangan baru penyata kewangan bagi tahun semasa.

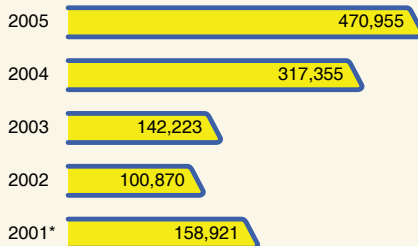
Hasil RM '000



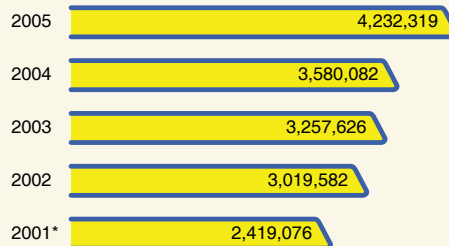
Keuntungan sebelum cukai RM '000



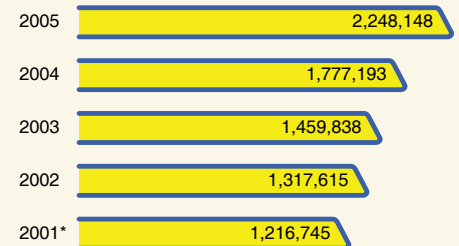
Keuntungan selepas cukai RM '000



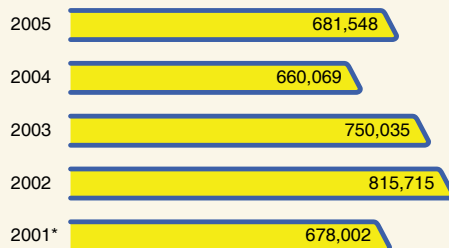
Jumlah aset RM '000



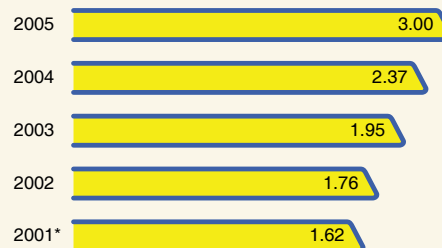
Dana pemegang saham RM '000



Tanggungjawab jangka panjang RM '000



Aset bersih sesaham RM



Nota: * Menandakan lapan bulan berakhir 31 Disember 2001



Gasing (giant tops) are handcrafted from wood and can spin for over an hour at a time. It's no child's play, as each top weighs about 5kg and can be as large as dinner plates. Top-spinning is a popular community pastime and draws intense excitement and interest during yearly competitions in the east coast states of Peninsular Malaysia.

Directors' Profiles





BOARD OF DIRECTORS

Directors' Profiles

Arve Johansen

**Chairman
(Non-Independent Non-Executive Director and
Chairman of the Remuneration Committee)
56 years of age, Norwegian**

He was appointed to the Board as Deputy Chairman on 20 January 2000 and was subsequently appointed as the Chairman of the Board on 12 January 2005. He holds a Master of Science in Electrical Engineering (Telecommunications) from the Norwegian Institute of Technology in Trondheim, Norway and has taken part in a programme for Management Development at the Harvard Business School in Boston, USA.

He has served as Senior Executive Vice-President of Telenor since 1999 and as Chief Executive Officer (CEO) of Telenor Mobile Communications AS since January 2000. He joined Telenor in 1989 and has held a number of positions, including President and CEO of Telenor International AS. Prior to this, he was Executive Vice President of Elektrisk Bureau Telecom (Ericsson of Norway), and a Research Engineer at the Norwegian Institute of Technology (ELAB). Recently he was appointed as Head of Telenor in Asia.

Currently, he is the Chairman and Director of several companies in USA, Pakistan, Russia, Thailand, Greece and Norway. He also sits on the Boards of Telenor Asia Pte Ltd and DiGi Telecommunications Sdn Bhd.

Tan Sri Datuk Amar Leo Moggie

**(Independent Non-Executive Director, member
of the Audit Committee and Nomination
Committee)
64 years of age, Malaysian**

He was appointed to the Board on 10 May 2005 and as Senior Independent Non-Executive Director on 24 March 2006. He is the Chairman of Tenaga Nasional Berhad as well as a number of companies under Tenaga Nasional since April 2004 after having served as a Federal Minister for about 26 years. He served as a Cabinet Minister in the State Government of Sarawak from 1976 to 1978 and as a Cabinet Minister with the Federal Government of Malaysia from 1978 to 2004.

He was conferred the Honorary Doctorate of Laws by Otago University in 2000, and the Honorary Doctorate of Science by Multimedia University Malaysia in 2003. He was appointed the Pro-Chancellor of Universiti Tenaga Nasional (UNITEN) on 8 February 2005. He is also the Chairman of Universiti Tenaga Nasional (UNITEN).

Directors' Profiles (cont'd)

Dato' Ab. Halim Bin Mohyiddin

(Independent Non-Executive Director, Chairman of the Audit Committee and member of the Nomination Committee)

60 years of age, Malaysian

He was appointed to the Board on 23 November 2001. He holds a Bachelor of Economics in Accounting from University of Malaya and a Masters in Business Administration from University of Alberta, Canada.

He was a lecturer at University Kebangsaan Malaysia from 1973 to 1978. He joined Messrs Peat Marwick Mitchell (now known as KPMG) in 1977 and was admitted as a Partner in 1985. Prior to his retirement on 1 October 2001, he was the Partner in charge of the Assurance and Financial Advisory Services Divisions.

He is currently the President of the Malaysian Institute of Certified Public Accountants (MICPA) and the Chairman of the Education and Training Committee of the Institute. He is also a council member of the Malaysian Institute of Accountants (MIA) and a Fellow of the Malaysian Institute of Taxation. Internationally, he is a member of the Education Committee of the International Federation of Accountants (IFAC).

He sits on the Boards of HeiTech Padu Berhad, Arab-Malaysian Corporation Bhd, Utusan Melayu (Malaysia) Berhad, MCM Technologies Berhad, Kumpulan Perangsang Selangor Berhad, Idris Hydraulic (Malaysia) Bhd, Amway (Malaysia) Holdings Berhad, Idaman Unggul Berhad, KNM Group Berhad and Bank Pembangunan & Infrastruktur Malaysia Berhad.

Save as disclosed, none of the Directors have any:-

1. Family relationship with any Director and/or major shareholders of the Company;
2. Conflict of interest with the Company; and
3. Conviction for offences within the past 10 years other than traffic offences.

The details of attendance of each Director at Board Meetings are set out on page 47 of the Annual Report.

Christian Storm

(Non-Independent Non-Executive Director, Chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee)

50 years of age, Norwegian

He was appointed as a Director of the Company on 10 November 2004 and as the Alternate Director to Mr Arve Johansen on 23 February 2005. He holds a Masters Degree in Business Administration from University of Wisconsin, Madison, USA and a Bachelor of Science (Hons) Degree from University of Leeds, UK. He has served as an officer in Telenor ASA since 2001 in the Corporate Treasury department at the corporate headquarters in Oslo, Norway.

Since 1 September 2004, he has served as the Managing Director of Telenor Asia Pte Ltd in Singapore. He sits on the Board of Total Access Communication Public Company Limited (DTAC), United Communication Industry Plc (UCOM) and Thai Telco Holdings Ltd in Thailand. He is also both a Director as well as an Alternate Director in DiGi Telecommunications Sdn Bhd.

Ragnar Holmen Korsæth

(Non-Independent Non-Executive Director and member of the Remuneration Committee)

40 years of age, Norwegian

He was appointed to the Board on 10 November 2004. He holds a Masters of Science in Finance from the Norwegian School of Business Administration and is a Certified Financial Analyst (CFA).

He served as Chief Financial Officer in Telenor International and Telenor Mobile from 1999 to 2004. Recently, he was appointed in Telenor's Group Management as Executive Vice-President and Head of Global Coordination.

He is a member of the Board of Directors in Total Access Communication Public Company Limited (Thailand), GrameenPhone Ltd (Bangladesh) and Telenor Pakistan Plc (Pakistan). He is also the Chief Operating Officer of Telenor Mobile and a Director of DiGi Telecommunications Sdn Bhd.

Ragnar Holmen Korsæth
Non-Independent
Non-Executive Director

Member of the Remuneration Committee
 40 years of age, Norwegian

Christian Storm

Non-Independent Non-Executive Director

Chairman of the Nomination Committee
 Member of the Audit Committee
 Member of the Remuneration Committee
 50 years of age, Norwegian

Dato' Ab. Halim Mohyiddin

Independent Non-Executive Director

Chairman of the Audit Committee
 Member of the Nomination Committee
 60 years of age, Malaysian

Arve Johansen

Chairman

Non-Independent Non-Executive Director
 Chairman of the Remuneration Committee
 56 years of age, Norwegian

Tan Sri Datuk Amar Leo Moggie

Independent Non-Executive Director

Member of the Audit Committee and Nomination Committee
 64 years of age, Malaysian



From left to right: Tan Sri Datuk Amar Leo Moggie, Arve Johansen, Dato' Ab. Halim Mohyiddin, Christian Storm, Ragnar Holmen Korsæth



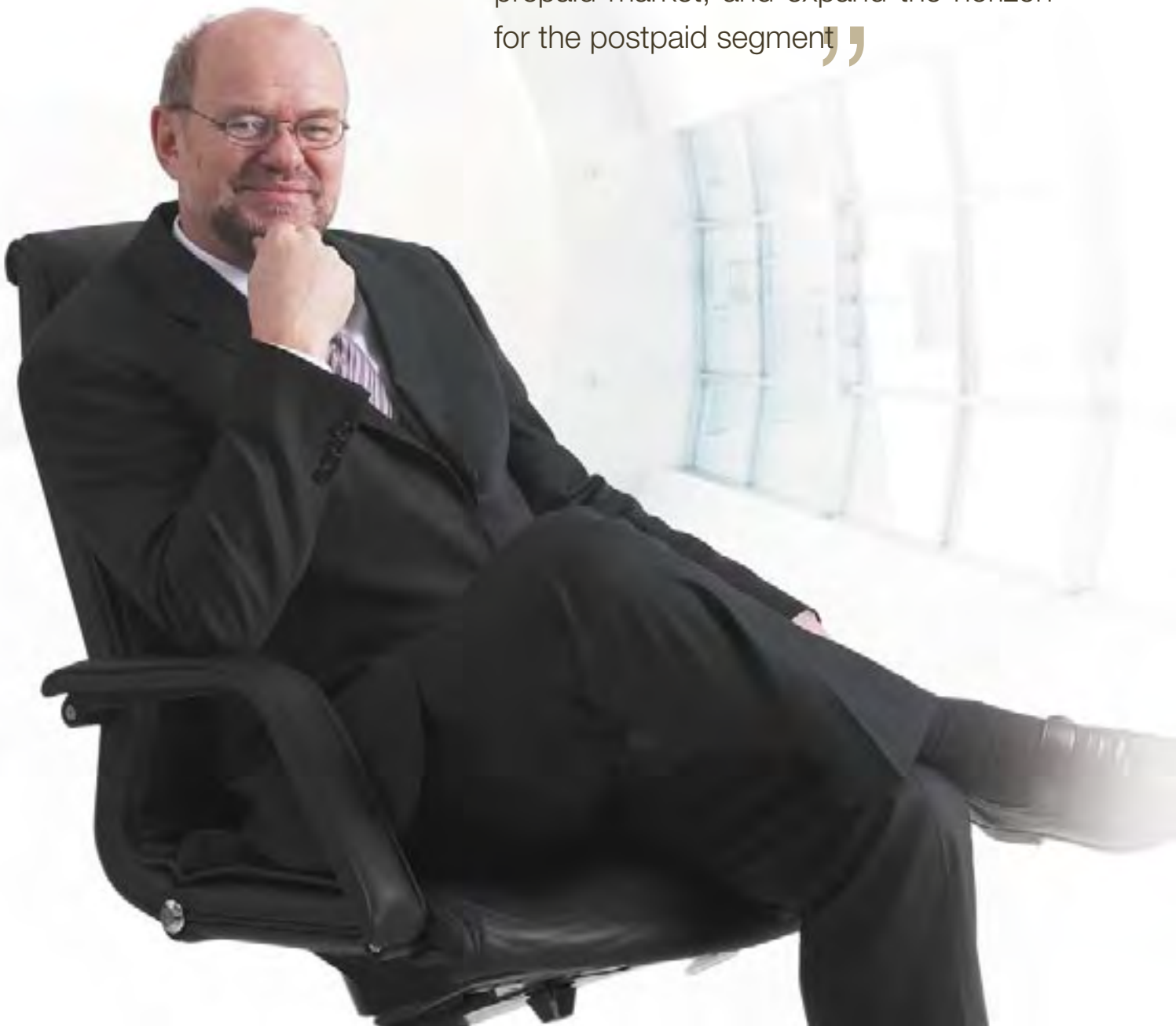
The implements of a story teller in the Awang Batil tradition comprise a mask, a batil (brass bowl) and serunai (double reed oboe). In this unique tradition, music is a necessary accompaniment to the voice to create a sense of drama to the tale.

Chairman's Statement

Penyata Pengerusi

Chairman's Statement

“We continued to balance our growth in both rural and urban areas, developing a strategy to grow our existing share of the prepaid market, and expand the horizon for the postpaid segment.”





Dear Shareholders,

Last year was a year of challenges for us. Together with the voice to data shift that is transforming the industry, we saw significant regulatory initiatives which were introduced to liberalise the market, encourage competition and product innovation, all to benefit the consumer. I am glad to report that in the face of such challenges, DiGi.Com Berhad ("DiGi.Com" or "the Company") continued to turn in good numbers.

In 2005, revenue increased 29% to RM2.88 billion while our customer base grew by 48% to reach 4.8 million. Of these, the prepaid customer base numbered 4.4 million, a rise of 45%, while postpaid customers accounted for 350,000 or 7% of the total customer base. With strong management practices in place, earnings before interest, tax, depreciation and amortisation increased 29% to touch RM1.26 billion. Profit after tax grew 48% to RM471 million.

These numbers are a good indication that we understand our goal for the Company. It is to build a business that's a good business for you, as demonstrated in the 2005 results. They are also a natural consequence of careful thought, planning and hard work.

DiGi Telecommunications Sdn Bhd ("DiGi"), a wholly owned subsidiary of DiGi.Com, was not awarded the 3G licence despite a strong bid. Although we were very disappointed, we have already begun looking into alternative technologies so that we can continue on our path of innovation and remain competitive in this exciting market.

The Board is pleased with the performance but holds the view that going forth, we should continue in the following strategic imperatives to create greater shareholder value:

- grow and sustain a business that thrives in diverse market scenarios and business cycles;
- instill customer-centric values across the business for customer satisfaction and increased profits; and
- develop and drive our people on a culture that is creative, transparent and driven to act.

Pemegang Saham Yang Dihargai,

Tahun lepas merupakan tahun yang mencabar buat kami. Bersama dengan peralihan suara ke data yang telah merubah industri ini, kami telah menyaksikan inisiatif-inisiatif kawal-selia yang penting diperkenalkan untuk meliberalisasikan pasaran, menggalakkan persaingan dan inovasi produk yang akhirnya akan menguntungkan pengguna. Dengan sukacitanya saya melaporkan bahawa dalam menghadapi cabaran-cabaran tersebut, DiGi.Com Berhad ("DiGi.Com" atau "Syarikat") terus unggul.

Dalam tahun 2005, hasil meningkat sebanyak 29% kepada RM2.88 bilion di mana jumlah pelanggan kami meningkat sebanyak 48% mencecah 4.8 juta. Daripada jumlah ini, pelanggan prabayar berjumlah 4.4 juta, satu peningkatan sebanyak 45%, dalam pada masa yang sama pelanggan pasca bayar berjumlah 350,000 atau sebanyak 7% daripada jumlah keseluruhan pelanggan. Dengan amalan pengurusan yang kukuh, pendapatan sebelum faedah, cukai, susut nilai dan amortisasi meningkat sebanyak 29% sehingga mencecah RM1.26 bilion. Keuntungan selepas cukai bertambah 48% kepada RM471 juta.

Angka-angka ini menunjukkan bahawa kami memahami hala tuju DiGi.Com. Ianya adalah untuk menghasilkan perniagaan yang cemerlang untuk anda, seperti yang terhasil dalam tahun 2005. Ia juga lahir dari pemikiran dan perancang yang teliti serta usaha gigih.

DiGi Telecommunications Sdn Bhd ("DiGi") dimiliki penuh oleh anak syarikat DiGi.Com gagal dianugerahkan spektrum 3G walaupun membida dengan sengit. Walaupun amat kecewa, kami terima dan akur dengan hakikat tersebut. Untuk masa hadapan, kami telah pun mula meneroka teknologi-teknologi alternatif supaya kami dapat meneruskan aliran inovasi dan terus bersaing dalam pasaran yang menarik ini.

Lembaga Pengarah amat bersukacita dengan prestasi ini tetapi berpendapat bahawa untuk terus melangkah ke hadapan kami harus meneruskan usaha-usaha strategik yang penting seperti berikut untuk menghasilkan nilai pemegang saham yang lebih besar;

- meningkat dan mengukuhkan perniagaan yang berkembang maju dalam kepelbagaian senario pasaran dan kitaran perniagaan;
- menyemai nilai berasaskan pelanggan untuk kepuasan pelanggan dan penambahan keuntungan; dan
- memajukan dan membawa kakitangan kami ke satu budaya yang berdaya cipta, telus dan penuh tindakan.

Chairman's Statement (cont'd)

Growth and sustenance

Last year alone, mobile telephony grew by 11% to boost penetration rate to 74.1%, an increase from 56.5% in 2004 (Malaysian Communications and Multimedia Commission: Facts & Figures). With this rapid take-up rate, the market is expected to reach saturation point by 2007. We recognise that establishing a strong pattern of growth and sustenance takes on greater importance against this market scenario.

We continued to balance our growth in both rural and urban areas, developing a strategy to grow our existing share of the prepaid market, and expanded the horizon for the postpaid segment. Innovation continued to be our mainstay, with a range of exciting products to court potential new users. Among the most impactful were DiGi's redefinition of mobile communications with the launch of DiGi Prepaid MTV Powerpack™, DiGi Postpaid and a slew of mobile data value-added services.

We recently fired another first with the launch of the innovative DiGi Business plan in a category that has seen little innovation in recent times. Targeted to fulfill the needs of SMEs and SMLs in ensuring best value and services where it matters most, DiGi has forced the industry to reexamine standard industry practices.

Apart from the intense and creative level of activity which raised DiGi's stakes in the marketplace, we continued to invest in technology to improve the quality and spread of coverage for our customers.

Creating shareholders' value

The Group initiated several measures to pursue a more efficient capital structure during the year. The first was to refinance the previous borrowings with a fixed term loan amounting to RM300 million. The new terms and conditions will provide the Group with flexibility to manage its capital structure at a lower cost.



With this flexibility, DiGi.Com then proposed to undertake two capital repayments totaling more than RM1 billion and announced its long-term recurring dividend policy. The objective of these initiatives is to increase the Company's value and consequently, shareholders' value as well.

The first capital repayment involves a return of RM562.5 million or RM0.75 for every ordinary share of the Company, to be satisfied wholly in cash to its entitled shareholders via a reduction of the Company's share capital and is pending the confirmation Order of the High Court of Malaya. The Company subsequently proposed a second capital repayment of RM0.60 per ordinary share which will be carried out via a reduction in its share capital and share premium account in order to return RM450 million to its entitled shareholders. This is pending shareholders' approval. The Company's dividend policy states its intention to pay out a minimum of 50% of net earnings as dividends beginning financial year 2006.

DiGi also put in place a proposal to issue Commercial Papers and Medium Term Notes with an aggregate nominal value of up to RM700 million, which received the approval from the Securities Commission on 29 November 2005. This facility will provide DiGi an alternative source of financing for future expansion, if required.

The DiGi Experience

We are working to move every level of customer contact into a meaningful exchange with DiGi where their needs are fully met and understood.

Our strategy is to create what we call the DiGi Experience. Through systems, processes and training, we worked from within to build a customer-centric culture amongst our staff. At the same time, we created a network of DiGi contact centres and customer service centres which enables the DiGi customer immediate access, whenever they have a need, either through the phone or face-to-face. We have also expanded energy into building loyalty through an entertainment-based rewards programme.

In 2006, we will continue to work along these lines and strengthen the quality of the DiGi experience for all our customers nationwide.



“ We are working to move every level of customer contact into a meaningful exchange with DiGi where their needs are fully met and understood ”

Pertumbuhan dan kesinambungan

Tahun lepas sahaja, industri telefon mudah alih meningkat kepada 11% sekaligus merangsang kadar penembusan ke 74.1%, satu penambahan daripada 56.5% dalam tahun 2004 (Malaysian Communications and Multimedia Commission: Facts & Figures). Dengan kadar yang tangkas ini, pasaran di jangka mencecah tahap tepu pada tahun 2007. Kami sedia maklum bahawa penubuhan corak pertumbuhan yang kukuh dan kesinambungan menjadi lebih penting dalam senario pasaran tersebut.

Kami telah meneruskan keseimbangan pertumbuhan di kawasan bandar dan luar bandar, menyediakan satu strategi untuk menambahkan bahagian pasaran prabayar sedia ada dan memperluaskan segmen pasca bayar. Inovasi masih lagi merupakan keutamaan kami, dengan pelbagai produk-produk menarik untuk para pengguna baru yang berpotensi. Antara yang paling berkesan adalah pentakrifan semula komunikasi mudah alih dengan peralancaran DiGi Prepaid MTV Powerpack™, DiGi Pascabayar, dan beberapa perkhidmatan tambah nilai.

Baru-baru ini sekali lagi kami yang pertama melancarkan pelan DiGi Bisnes yang inovatif dalam satu kategori yang kurangnya inovasi sejak kebelakangan ini. Tertumpu untuk memenuhi keperluan Industri Saiz Kecil dan Sederhana (IKS) bagi memastikan nilai dan perkhidmatan terbaik, DiGi telah berjaya menggerakkan penilaian semula amalan-amalan piawai industri.

Selain dari tahap aktiviti yang pesat dan berdaya cipta yang telah melonjakkan pegangan saham DiGi di pasaran, kami meneruskan pelaburan teknologi untuk memperbaiki mutu dan perluasan liputan kepada pelanggan-pelanggan kami.

Nilai pemegang-pemegang saham

Kumpulan telah memulakan langkah-langkah untuk mencapai struktur modal yang lebih efisien dalam tahun tersebut. Pertamanya adalah pembiayaan semula pada pinjaman-pinjaman terdahulu dengan terma pinjaman kadar tetap berjumlah RM300 juta. Terma-terma dan syarat-syarat baru memberi Kumpulan fleksibiliti untuk menguruskan modal pada kos yang lebih rendah.

Dengan kemudahan ini, DiGi.Com kemudiannya telah mencadangkan untuk melakukan dua pembayaran balik modal berjumlah lebih daripada RM1 bilion dan telah mengumumkan polisi pengurangan dividen jangka panjang.

Matlamat langkah-langkah ini adalah untuk melonjakkan nilai syarikat sekaligus nilai pemegang sahamnya sekali.

Pembayaran balik modal pertama melibatkan pulangan sebanyak RM562.5 juta atau sebanyak RM0.75 untuk setiap saham biasa Syarikat bagi menghasilkan tunai kepada pemegang saham melalui pengurangan saham modal Syarikat. Ini tertakluk kepada arahan pengesahan Mahkamah Tinggi Malaya. Syarikat seterusnya telah mencadangkan pembayaran balik modal kali kedua sebanyak RM0.60 untuk setiap saham biasa melalui pengurangan dalam akaun modal saham dan premium saham bagi mendapat pulangan sebanyak RM450 juta kepada pemegang saham. Ini tertakluk kepada kelulusan pemegang saham. Syarikat juga telah mengumumkan dasar pengurangan polisi dividen jangka panjang dengan tujuan untuk membuat pembayaran minimum 50% daripada pendapatan bersih sebagai dividen-dividen bermula pada tahun kewangan 2006.

DiGi juga telah menempatkan cadangan Kertas Komersial dan Terma Sederhana dengan nilai agregat nominal sehingga RM700 juta, dan telah mendapat kelulusan daripada Suruhanjaya Sekuriti pada 29 November 2005. Kemudahan ini akan membuat DiGi mempunyai sumber pilihan kewangan untuk berkembang di masa depan, jika perlu.

Pengalaman DiGi

Kami berusaha untuk mengalihkan setiap tahap hubungan pelanggan kepada timbal-balik yang bermakna dengan DiGi di mana keperluan mereka dipenuhi dan difahami.

Strategi kami adalah untuk menghasilkan apa yang dipanggil Pengalaman DiGi. Melalui sistem, proses dan latihan, kami bekerja dari dalam untuk menghasilkan budaya berasaskan pelanggan di kalangan kakitangan kami. Pada masa yang sama, kami telah mengadakan rangkaian pusat perhubungan DiGi dan pusat perkhidmatan pelanggan yang membolehkan pelanggan DiGi berhubung dengan segera bila-bila masa sama ada melalui telefon atau bersemuka. Kami juga telah menyumbangkan tenaga untuk membina kesetiaan melalui program ganjaran berasaskan hiburan.

Dalam tahun 2006, kami akan terus berusaha di landasan ini dan memperkukuhkan mutu pengalaman DiGi untuk semua pelanggan kami di seluruh negara.

Chairman's Statement (cont'd)

Our best asset

It is our profound belief that a company is only as great as its people. In 2005, we continued to move towards building a culture of work which encourages boldness, engagement and simplicity. We continued to hire the best people we could find and offer them an environment for growth and progress.

Last year, I mentioned that we were going to invest RM65 million in a new building which will bring together all our current offices in the central region. This will not only close physical distances and greatly improve communications but also encourage a spirit of camaraderie amongst our people. We are also very excited about the new building because it will revolutionise workspace concepts in Malaysia. We are taking away the traditional partitions and hierarchies to create a sense of equality, liberty and fraternity so that our people can be at their creative best. This has worked very well for our offices in Telenor, and we are convinced that it will translate equally well for our Malaysian colleagues.

While Telenor is a major shareholder with 61% equity in the Company, we completely embrace the fact that we are a Malaysian company with a Norwegian flavour. In 2005, we embarked on a unique programme called DiGi's Amazing Malaysians which supports the conservation of heritage by involving youth and children living largely in rural areas. We successfully located five custodians of their respectively threatened heritage and supported the education and sharing of these heritages among the youth. For 2006, we will go forward with another set of custodians. This programme has, of course, sprung from our own belief that in order to move forward, we have to remember and learn from our past.

DiGi Postpaid

Aset terbaik kami

Kami percaya bahawa sebuah syarikat yang cemerlang lahir dari kakitangannya yang cemerlang. Dalam tahun 2005, kami telah meneruskan usaha membina budaya kerja yang menggalakkan keberanian, hubung kait dan kemudahan. Kami terus mengambil kakitangan yang terbaik dengan tawaran suasana untuk berkembang dan kemajuan.

Tahun lepas saya menyatakan bahawa kami akan melabur sebanyak RM65 juta untuk bangunan baru yang akan menyatukan semua pejabat kami di kawasan sentral. Ini bukan sahaja mendekatkan jarak fizikal dan meningkatkan tahap komunikasi tetapi ia akan menggalakkan semangat keakraban di kalangan kakitangan kami. Kami juga amat teruja dengan bangunan baru ini kerana ia akan merevolusikan konsep ruang kerja di Malaysia. Kami telah meruntuhkan tradisi dinding penghalang dan tatatingkat dan menghasilkan suasana sama rata, kebebasan dan persaudaraan supaya kakitangan kami berada pada tahap daya cipta mereka yang terbaik. Ini telah berjaya dilaksanakan di pejabat-pejabat kami di Telenor, dan kami yakin bahawa ia akan memberi kesan yang sama terhadap rakan sekerja di Malaysia.

Telenor, sebagai pemegang saham terbesar sebanyak 61% ekuiti, akur pada dasarnya kami adalah sebuah syarikat Malaysia dengan sentuhan Norwegian. Dalam tahun 2005, kami telah melancarkan satu program unik diberi nama DiGi's Amazing Malaysians yang menyokong pengekalan warisan melibatkan remaja dan kanak-kanak yang kebanyakannya tinggal di luar bandar. Dengan jayanya kami telah mengenalpasti lima orang penjaga warisan yang hampir terancam dan membantu untuk mendidik dan berkongsi warisan-warisan ini di kalangan generasi muda. Untuk tahun 2006, kami akan melangkah ke hadapan dengan sekumpulan baru penjaga warisan ini. Program ini sudah tentunya timbul daripada kepercayaan kami, iaitu untuk maju ke hadapan kita harus menyelami dan belajar daripada masa silam.



“ In 2005, we continued to move towards building a culture of work which encourages boldness, engagement and simplicity ”

Welcome and appreciation

On behalf of the Board of Directors, I warmly welcome Tan Sri Datuk Amar Leo Moggie who joined the Board on 10 May 2005. I would also like to especially thank Tun Dato' Seri Dr Lim Chong Eu who has retired and Gunnar Johan Bertelsen who resigned, for services rendered as members of the Board.

We would also like to thank the staff, customers, shareholders and partners who have made DiGi a success.

At this juncture, allow me to record my thanks to the Ministry of Energy, Water and Communications, the Malaysian Communications and Multimedia Commission and the media for their support.

Arve Johansen

Chairman
17 April 2006



Selamat datang dan penghargaan


Bagi Pihak Lembaga Pengarah, dengan berbesar hati saya mengucapkan selamat datang kepada Tan Sri Datuk Amar Leo Moggie yang menyertai kita sebagai Ahli Lembaga Pengarah pada 10 May 2005. Saya juga ingin menyampaikan penghargaan setinggi terima kasih kepada Tun Dato' Seri Lim Chong Eu yang telah bersara dan Gunnar Johan Bertelsen yang telah meletak jawatan atas khidmat mereka sebagai ahli-ahli Lembaga Pengarah.

Kami ingin juga mengucapkan ribuan terima kasih kepada kakitangan, pelanggan-pelanggan, pemegang-pemegang saham dan rakan-rakan kongsi yang telah menjayakan DiGi.

Dalam pada itu, izinkan saya merakamkan terima kasih kepada Kementerian Tenaga, Air dan Komunikasi, Suruhanjaya Komunikasi dan Multimedia Malaysia dan pihak media atas sokongan mereka.

Arve Johansen

Pengerusi
17 April 2006



Centuries ago, entire palaces in Terengganu were decorated with intricate carvings. This legacy lives on today in the form of modern carvings which are sometimes combined with traditional motifs and depicted on panels and doors in private homes.

CEO's Statement

Penyata Ketua Pegawai Eksekutif



CEO's Statement

“In 2005, all our internal and external initiatives consistently underscored our aspiration to make a difference with simple but unique solutions.”





2005 was a year of tradition and change for us. In keeping with our tradition of innovation, we introduced products and services which redefined the prepaid and postpaid landscape. We also embraced change, making our working relationships and structures simpler.

Despite a challenging year where regulatory measures encouraged a scenario of increased competition and a rise in consumer demand for more sophisticated products and services, DiGi Telecommunications Sdn Bhd ("DiGi") continued to thrive as a result of its willingness to adapt to change, provide simple smart solutions, exercise operational fitness and good cost management.

The mobile communications industry has seen consistent growth in the last seven years. In the third and fourth quarters of last year, the mobile penetration rate jumped from 67% to 74%. These numbers speak of a market that is ready to take on the mobile lifestyle and its ensuing conveniences.

We are excited about what is happening in our industry. As there are challenges, so we believe there are opportunities. In 2005, we decided to embrace them equally and take the lead with some simple, smart and effective ideas and solutions.

Tahun 2005 merupakan tahun tradisi dan perubahan bagi kami. Dalam mengekalkan tradisi inovasi ini, kami perkenalkan produk-produk dan perkhidmatan yang mentakrifkan semula lanskap pelan prabayar dan pascabayar. Kami melakukan perubahan, menjadikan hubungan kerja dan struktur-struktur lebih mudah.

Di dalam tahun yang mencabar dimana panduan kawal selia menggalakkan saingan yang semakin sengit dan kehendak pengguna lebih kepada produk-produk dan perkhidmatan-perkhidmatan yang canggih, DiGi Telecommunications Sdn Bhd ("DiGi") terus cemerlang hasil dari kesediaan menghadapi perubahan, menyediakan penyelesaian mudah yang bijak, mengamalkan operasi yang kukuh dan pengurusan kos yang baik.

Industri komunikasi mudah alih telah berkembang dengan terus-menerus sejak tujuh tahun lalu. Dalam suku tahun ketiga dan keempat tahun lepas, kadar penembusan perkhidmatan mudah alih melonjak dari 67% kepada 74%. Jelas sekali jumlah tersebut menunjukkan pasaran yang telah bersedia untuk menerima gaya hidup mudah alih dan keselesaan yang terhasil darinya.

Kami teruja dengan apa yang berlaku dalam industri ini. Bagi kami semua cabaran merupakan peluang. Dalam tahun 2005, kami bertekad untuk menyatukan kesemuanya sama rata dan mendahului dengan penyelesaian dan idea-idea yang ringkas, bijak dan berkesan.



CEO's Statement (cont'd)

How did we make a difference in 2005?

Through our continuing expansion of the Enhanced Data rates for GSM Evolution ("EDGE") network into east and west Malaysia, we have been able to tap into and fulfill the Malaysian aspiration for a flexible, convenient mobile lifestyle, whether for leisure or at work. With the widest and most comprehensive mobile data coverage, the DiGi customer can enjoy high-speed mobile Internet, MobileTV™, Java and multiplayer games, financial services and traffic information services.

We have also kept up the impetus of change within DiGi. We reduced our reporting structures and hierarchy of titles. By cutting away the bureaucracy and processes, we hope to encourage a culture of creativity, increased communication and idea exchange. We look forward also to moving into our new headquarters in 2006 where we will have open spaces, few partitions and no designated seats. This mobile workspace is where traditional barriers are stripped and all staff will share the same space.

In 2005, all our internal and external initiatives consistently underscored our aspiration to make a difference with simple but unique solutions.

1st In the World

Bagaimana kami melakukan perubahan dalam tahun 2005?

Dengan perkembangan terus-menerus rangkaian EDGE (Enhanced Data rates for GSM Evolution) ke Malaysia timur dan barat, kami telah dapat menyelami dan memenuhi aspirasi rakyat Malaysia untuk gaya hidup yang fleksibel, kemudahan gaya hidup mudah alih, sama ada untuk bersantai atau di tempat kerja. Dengan liputan data mudah alih yang meluas dan menyeluruh, pelanggan DiGi boleh menikmati Internet mudah alih yang berkelajuan tinggi, MobileTV™, Java dan permainan berbilang pemain, perkhidmatan kewangan dan perkhidmatan maklumat trafik.

Kami juga telah memastikan tidak ketinggalan dalam melakukan perubahan di DiGi. Struktur laporan dan susunan tatatingkat gelaran juga dikurangkan. Dengan menyingkirkan birokrasi dan memudahkan proses-proses, kami menggalakkan budaya penuh daya cipta, peningkatan komunikasi dan pertukaran idea. Kami akan berhijrah ke ibu pejabat baru pada tahun 2006 dimana konsep ruang terbuka diamalkan, dinding penghalang dikurangkan dan tanpa tempat duduk khas. Di tempat kerja mudah alih ini tradisi sekatan komunikasi diruntuhkan dan semua kakitangan berkongsi tempat yang sama.

Dalam tahun 2005, segala usaha dalaman dan luaran kami secara terus-menerus menegaskan aspirasi kami untuk melakukan perubahan dengan penyelesaian yang mudah tetapi unik.



Celebrate
10 YEARS OF
CHANGE
with DiGi



WAP Portal
Rentaq

“For businesses, we offered the DiGi Business package... Our efforts paid off, as our postpaid subscriber base doubled by end 2005”

Marketing

2005 was a year where DiGi redefined the postpaid landscape and strengthened further our position in the prepaid segment, in what is a fiercely competitive environment.

Our roll-call of products included Dial-A-DiGi, the country's first postpaid registration-by-phone service; *128#, one code for many tasks; IDD Calls at Local Rates; Flexi e-load™ and easy bill payments at 2,000 locations. For businesses, we offered the DiGi Business package which was designed for SMIs and SMEs. Our efforts paid off as our postpaid subscriber base doubled by end 2005.

In the prepaid segment, we focused on enhancing the quality of the mobile lifestyles for Malaysians. DiGi Prepaid MTV Powerpack™, BubbleTalk™ and XMS™ made waves with attractive offerings to youth while Rentaq was designed to fulfill the needs of the Malay segment.

Our commitment to enhancing the DiGi customer experience continued in the areas of improving the quality of customer service, increasing online access to information, increasing electronic transaction choices and adding convenience and flexibility to their lives.

Creating several points of access for customers has also been one of our priorities. We have DiGi contact centres which provide quick and easy call access. Last year, 90% of the calls which went to our Contact Care Consultants were answered accurately. For walk-ins, we now have 17 customer service centres and 30 DiGi Centres which have been completely refurbished for a dynamic look.

Customer rewards centred on entertainment last year. DiGi customers enjoyed More Movies and the Movie Hall Adoption programmes across the country while VIP Priority Customers were treated to Anugerah Era '05 and the world-class Jackie Cheung musical, Snow Wolf Lake. Together with DiGi Prepaid loyalty and bonus points programmes, these events have successfully retained our high value customers.

Pemasaran

2005 merupakan tahun di mana DiGi mentakrifkan semula bentuk perkhidmatan pascabayar dan memperkukuhkan kedudukan kami di segmen perkhidmatan prabayar.

Rangkaian produk-produk panggilan kami termasuk Dial-A-DiGi, perkhidmatan pendaftaran pascabayar pertama negara melalui telefon; *128# satu kod untuk pelbagai tugas; panggilan-panggilan IDD pada kadar dalam negeri, dan Flexi e-load™, kemudahan pembayaran bil di serata 2,000 lokasi. Bagi tujuan perniagaan, kami menawarkan pakej DiGi Bisnes yang diolah untuk Industri Saiz Kecil dan Sederhana (IKS). Usaha kami ternyata berhasil di mana jumlah pelanggan pasca bayar meningkat dua kali ganda pada penghujung tahun 2005.

Bagi segmen prabayar, kami memberi perhatian untuk meningkatkan mutu gaya hidup mudah alih rakyat Malaysia. DiGi Prepaid MTV Powerpack™, BubbleTalk™ dan XMS™ adalah bagi golongan muda sementara Rentaq dicipta bagi memenuhi segmen masyarakat Melayu.

Tekad kami untuk pertingkatkan kepuasan pelanggan DiGi diteruskan dengan mempertingkatkan kualiti perkhidmatan pelanggan, menambah capaian maklumat secara talian-terus, memperbanyakkan pilihan transaksi elektronik serta menambahkan kemudahan dan fleksibiliti kehidupan pelanggan.

Mengadakan pusat-pusat akses pelanggan juga adalah salah satu keutamaan kami. Pusat Perhubungan DiGi menyediakan akses yang mudah dan pantas. Pada tahun lepas, 90% daripada panggilan-panggilan yang melalui Perunding Talian kami diselesaikan dengan tepat. Bagi pelanggan yang ingin datang-sendiri, terdapat 17 pusat perkhidmatan pelanggan dan 30 Pusat DiGi yang telah diubahsuai supaya menjadi lebih dinamik.

Ganjaran kepada pelanggan pada tahun lepas adalah berasaskan hiburan. Pelanggan-pelanggan DiGi telah diundang menonton filem-filem dengan More Movies dan program Movie Hall Adoption serata negara sementara VIP Priority Customers diundang ke Anugerah Era '05 dan drama musical bertaraf antarabangsa Jackie Cheung, Snow Wolf Lake. Selain daripada program-program kesetiaan DiGi Prabayar dan mata bonus, acara-acara tersebut telah berjaya mengekalkan pelanggan-pelanggan utama kami.

CEO's Statement (cont'd)

Technology

Our priorities in 2005 were to aggressively expand coverage, improve network quality, and provide for new products and services.

Nationwide coverage increased from 72% beginning 2005 to around 80% end 2005, enabling DiGi access into new growth areas. We also saw the highest base transceiver stations (BTS) rollouts in the last five years. Over 600 stations were added, bringing the total to almost 3100 sites at year's end. Upgrades were continually undertaken for core switching and transmission nodes to support network growth in terms of coverage expansion, traffic and offers of new products and services. With the upgrade, DiGi gained stronger presence in the east coast, and Sabah and Sarawak markets.

We also extended mobile high-speed data coverage to our customers, creating access to more than 13 cities across nine different states throughout the country, covering around half of Malaysia's population.

As we constantly work towards a higher quality customer experience, we are pleased that we have achieved greater stability and better network quality. Internally, we also improved the systems to make it simpler for information sharing and communications.



DiGi Business

Teknologi

Matlamat kami pada tahun 2005 adalah untuk mengembangkan liputan secara agresif, meningkatkan kualiti rangkaian dan menyediakan produk-produk dan perkhidmatan-perkhidmatan baru.

Liputan ke seluruh negara meningkat daripada 72% awal tahun 2005 kepada lebih kurang 80% pada akhir tahun 2005. Ini membolehkan DiGi melangkah ke tahap perkembangan yang baru. Stesen Transmisi Tapak baru (STT) melonjak pada tahap tertinggi lima tahun yang lalu. Dengan penambahan lebih 600 stesen-stesen, jumlah keseluruhan adalah sebanyak 3100 pada penghujung tahun.

Peningkatan taraf diteruskan bagi switching utama dan nod transmisi untuk menyokong perkembangan rangkaian-rangkaian termasuk peningkatan liputan, trafik dan menyediakan produk-produk dan perkhidmatan baru. Dengan peningkatan ini, DiGi memperolehi pasaran yang lebih mantap bagi pasaran Pantai Timur, Sabah dan Sarawak.

Kami juga telah memperluaskan liputan bagi data mudah alih kelajuan tinggi kepada pelanggan-pelanggan, meliputi lebih daripada setengah populasi Malaysia di 13 bandar dalam sembilan negeri.

Selagi kami terus-menerus meningkatkan tahap kualiti pengalaman pelanggan, kami teruja kerana telah mencapai tahap yang stabil dan kualiti rangkaian yang baik. Secara dalaman, kami juga telah meningkatkan sistem-sistem menjadi lebih mudah bagi berkongsi-maklumat dan komunikasi.



Regulatory

The Government's objective to position Malaysia as a regional communications hub was clearly reflected via many key development initiatives in 2005. Liberalisation of the Application Service Providers market in April 2005 signaled the move towards a more competitive market environment with wide availability of products and services at affordable rates. DiGi fully supports this policy as we believe that competition remains the cornerstone for industry development which will ultimately translate to serving the long-term interest of consumers. Nevertheless, avid competition amongst the mobile players was already evidenced by the critical shortage of mobile numbers in 2005. To cope with this, DiGi was allocated the "014-6" prefix which allows an additional one million numbers. This was launched on 21 March 2006.

To further leapfrog the development of an already competitive communications market, the Malaysian Communications and Multimedia Commission expanded the Access List to include essential facilities and services beyond the interconnection regime to facilitate the creation of level playing field for existing players and new market entrants. A review of the access pricing was also undertaken to meet this aim. Coverage objectives continued to be the focus in 2005 with implementation of the Time 1 scheme. Towards this end, intensified infrastructure sharing efforts in meeting coverage commitments have delivered clear benefits to the celcos with significantly improved mobile coverage in major towns and highways. As a major industry player with a proven track record, DiGi was also awarded five Universal Service Provision ("USP") districts under the USP program in 2005 to assist in the provisioning of basic telephony services to rural areas.

A spectrum review was also undertaken in 2005 for selected bands to nurture the development of emerging services via alternative technologies including broadband. Following this, we believe that unveiling of the MyICMS 886, a well structured and defined development framework with a broad focus on broadband by the Ministry of Energy, Water and Communications, is well set to evolve the industry to greater heights in the next five years. DiGi remains very committed to this development plan and intends to play a pivotal role in meeting some of the key targets identified in the plan.

Kawal selia

Matlamat Kerajaan untuk menjayakan Malaysia sebagai sebuah hub komunikasi serantau telah jelas diteruskan melalui inisiatif-inisiatif pembangunan penting dalam tahun 2005. Liberisasi pasaran Pembekal-pembekal Perkhidmatan Aplikasi dalam bulan April 2005 menyatakan supaya menuju ke arah pasaran yang lebih saingan dengan produk-produk dan perkhidmatan-perkhidmatan yang luas dan kadar harga yang berpatutan. DiGi amat bersetuju dengan dasar tersebut kerana kami percaya bahawa persaingan adalah asas perkembangan industri bagi memenuhi hasrat pengguna-pengguna jangka panjang. Bagaimanapun, persaingan hebat di kalangan pemain-pemain telefon mudah alih telah terbukti bahawa kekurangan nombor telefon adalah tenat dalam tahun 2005. Untuk mengatasinya, DiGi telah menyediakan nombor awalan "014-6" dengan penambahan sebanyak satu juta nombor-nombor. Ini telah dilancarkan pada April 2006.

Untuk meningkatkan perkembangan saingan pasaran komunikasi sedia ada, Suruhanjaya Komunikasi dan Multimedia Malaysia telah menambah Senarai Akses bagi meliputi kemudahan-kemudahan dan perkhidmatan-perkhidmatan penting yang kini di luar rejim "interconnect". Ini dengan tujuan menggabungkan pemain sedia ada dengan kemasukan pemain baru.

Pertimbangan semula harga diambil kira bagi memenuhi sasaran ini. Pada tahun 2005 objektif-objektif diteruskan melalui pelaksanaan Skim Time 1. Insentif infrastruktur perkongsian dalam usaha memenuhi komitmen liputan telah membawa manfaat kepada komunikasi selular dengan mempertingkatkan liputan di bandar utama dan lebuhraya. Sebagai pemain utama dalam industri dengan catatan rekod, DiGi, telah dianugerahkan lima daerah program USP (Universal Service Provision) dalam tahun 2005 bagi membantu peruntukan dalam perkhidmatan telefon mudah alih di kawasan luar bandar.

Pertimbangan semula spektrum dalam tahun 2005 bagi mengalakkan pertumbuhan penggabungan perkhidmatan-perkhidmatan melalui teknologi secara alternative termasuk teknologi jalur lebar. Berikutan ini, kami percaya MyICMS 886 adalah struktur yang baik dan rangka kerja pembangunan dengan tumpuan yang luas dalam jalur lebar oleh Kementerian Tenaga, Air dan Komunikasi. Ia akan meningkatkan tahap perkembangan industri di dalam lima tahun yang akan datang. DiGi sangat tekad dalam pelan pembangunan dan berhasrat untuk meneruskan peranan dalam memenuhi sasaran utama mengenalpasti pelan tersebut.

CEO's Statement (cont'd)

“We will continue to bring together our best resources to create innovative products and services for our customers”



Moving ahead

We are moving through a radically changing industry. In just a year, we have witnessed increased competitiveness, greater consumer demand for more advanced products and services and the transformation from voice to data communications. We are also coming into a time where emotional connection with a brand often defines the customer's choice.

This is an exciting landscape in which we intend to thrive. We will continue to bring together our best resources to create innovative products and services for our customers. We will also work our operations in efficient ways and offer simple, unique solutions to our customers, ultimately demonstrating DiGi as Malaysia's smartest choice.

Morten Lundal
Chief Executive Officer
17 April 2006

Melangkah ke hadapan

Kami sedang melangkah ke arah perubahan industri yang radikal. Dalam setahun sahaja, kami telah menyaksikan penambahan persaingan, permintaan pengguna yang tinggi untuk produk dan perkhidmatan yang lebih mencabar dan peralihan suara ke komunikasi data. Kami juga merasakan bahawa kaitan emosi dengan jenama seringkali menjadi pilihan pengguna.

Ini adalah keadaan yang teruja yang kami ingin berada. Kami akan terus menggabungkan semua sumber kami yang terbaik untuk menghasilkan produk dan perkhidmatan yang inovatif kepada pelanggan kami. Kami juga akan beroperasi dengan lebih berkesan dan menawarkan penyelesaian yang mudah dan unik kepada pengguna kami, terutama sekali memaparkan DiGi sebagai pilihan Malaysia yang amat bijak.

Morten Lundal
Ketua Pegawai Eksekutif
17 April 2006





Gongs, made from brass or bronze, are a significant feature in traditional Malay music. The canang, five to six inches in diameter, is one of the smaller gongs in a large family of circular gongs. Mounted on a horizontal rack which is often placed on the ground, the canang forms part of the ensemble for the gamelan, the traditional Malay orchestra.



DiGi Management Team

DiGi Management Team

**Morten Lundal**

Chief Executive Officer

Morten took over as Chief Executive Officer in July 2004. Prior to DiGi, he was Executive Vice-President of Corporate Strategy and Business Development at Telenor, and a member of the Telenor Executive Board from 2000 to 2002. He was appointed CEO of Telenor Business Solutions after joining Telenor as CEO of its Internet business area in February 1997. Previous employments were with Gemini Consulting, A.T. Kearney and Dyno Industries. Morten has a Master in Business and Economics from the Norwegian School of Management, and an MBA from IMD, Switzerland.

Jon Eddy

Chief Technology Officer

Jon came on board in February 2002 as Chief Technical Officer, and was appointed Chief Technology Officer in October 2004. Pre-DiGi, he was Chief Technical Officer at Cesky Mobil in the Czech Republic for two years, and Director for the Regional Technical Center at Lucent Technologies. He also spent time with US West International (Maxis) as Director of RF Engineering. Jon started his career as a communications engineer for the Boeing Defense and Space Group in the US. He graduated from Montana State University with a Bachelor of Science in Electrical Engineering.

**Chee Pok Jin**

Chief Marketing Officer

Pok Jin was appointed Chief Marketing Officer in March 2005. Prior to joining DiGi, he was Senior General Manager at Harpers' Trading (M) Sdn Bhd, a subsidiary of Zurich-based DKSH group of companies, Head of Marketing and Product Management for the Consumer Business Division (2002-2004) at Maxis Communications Berhad, and Vice-President, Head of Sales and Mass Market, Citibank. He also spent 15 years with Procter and Gamble (1982-1997), assuming the position of Sales Director for Singapore and Malaysia in 1995.



Johan Dannelind

Chief Financial Officer

Johan was appointed Chief Financial Officer in November 2004. He was previously CFO and Deputy CEO of Telenor AB and Director of International Business Development for the Nextra Group. His career in telecommunications began with Telia AB, starting out as a management trainee in the mid 90s. Johan graduated with a Master of Science in Business Administration from the University of Orebro, Sweden.



Tunku Alizakri Raja Muhammad Alias

Head of Corporate Affairs

Prior to joining DiGi on April 18, 2005, Alizakri was Vice-President and Head of Maybank Group Strategic Planning (2001-2005). Prior to that, he was with the Sime Darby Group (1996-1999), first as an executive in Group Corporate Planning, then as Special Assistant to the CEO of the Plantations Division. Alizakri is trained as a Barrister-at-Law (Lincoln's Inn), with an LLB from King's College (University of London). He has an MBA from Cornell University.



Adzhar Ibrahim

Head of Human Resource

Adzhar joined DiGi in May 2005, after varied experience in general HR management in different industries. Prior to joining DiGi, Adzhar was the Group Head of HR with Sime Darby. He was also Country Head of HR with Standard Chartered Bank Malaysia and part of the start-up management team at Maxis Communications Berhad where he served for three years. He was also employed as Group HR Manager for a major American healthcare company. Adzhar holds a Diploma in Management from the Malaysian Institute of Management and an MBA from a British university.



Khor Choo Lin

Head of Corporate Administration

Prior to joining DiGi in February 1997, Choo Lin served for 17 years at Intel Malaysia as the Compensation and Benefits Manager. She was promoted to Regional Compensation and Benefits Manager, Intel Asia Pacific, and also assumed the position of Human Resource Manager of Intel Singapore and Intel Australia in 1993. Choo Lin holds a Bachelor in Mathematics from Queen's University, Canada.

Statement on Corporate Governance

The Board of Directors (“Board”) fully appreciates the importance of adopting high standards of corporate governance throughout the Group. The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability as well as corporate performance.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form, with the aim of ensuring board effectiveness in enhancing shareholder value. The Board is thus fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance (“Code”) respectively.

The following statement sets out how the Company has applied the key principles and the extent of its compliance with the best practices throughout the financial year ended 31 December 2005.

A. Board of Directors

Board Responsibilities

The Board of Directors plays a primary role in corporate governance by setting out the strategic direction of the Group, establishing goals, monitoring the achievement of the goals and ensuring a high degree of transparency and accountability towards all stakeholders. The key responsibilities of the Board are in tandem with the 6 principal responsibilities specified under Best Practice AAI of the Code.

Meetings

The Board met five (5) times during the financial year ended 31 December 2005. Details of each existing Director’s meeting attendances are as follows:

Name	Attendance
Arve Johansen <i>Non-Independent/Non-Executive</i>	5/5
Tan Sri Datuk Amar Leo Moggie <i>(Appointed on 10.5.2005) Independent/Non-Executive</i>	4/4
Dato’ Ab. Halim Bin Mohyiddin <i>Independent/Non-Executive</i>	5/5
Christian Storm <i>Non-Independent/Non-Executive</i>	5/5
Ragnar Holmen Korsæth <i>Non-Independent/Non-Executive</i>	5/5
Tun Dato’ Seri Dr Lim Chong Eu <i>(Retired on 10.5.2005) Independent/Non-Executive</i>	1/1
Gunnar Johan Bertelsen <i>(Resigned on 6.10.2005) Non-Independent/Non-Executive</i>	1/3

Two (2) out of the five (5) Board members are considered independent in accordance with the definition provided under paragraph 1.01 (Definition and Interpretations) of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). As such, the Company fulfils the requirement to have at least one third of the Board comprised of Independent Non-Executive Directors.

Tun Dato’ Seri Dr Lim Chong Eu has on 10 May 2005 ceased to be the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed and in replacement thereof, Tan Sri Datuk Amar Leo Moggie was appointed on 24 March 2006.

Board Balance

The Board currently has five (5) members, comprising two (2) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. Together, the Directors bring wide experience relevant to the direction of the Group. The Directors combine in them expertise and experience in various fields such as telecommunications, economics and investment, public services and accounting. Their expertise, experience and background result in thorough examination and deliberations of the various issues and matters affecting the Group. A brief description of the background of each Director is presented on pages 22 to 23 of the Annual Report.

There is a clear division of responsibility between the Chairman and the Chief Executive Officer (CEO) to ensure that there is a balance of power and authority. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The CEO is responsible for the day to day management of the business as well as implementation of Board's policies and decisions. There is also balance in the Board because of the presence of Independent Non-Executive Directors of the calibre necessary to carry sufficient weight in Board decisions. Although all the Directors have an equal responsibility for the Group's operations, the roles of these Independent Directors are particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined and take into account the long term interest, not only of the shareholders, but also of employees, customers, suppliers, community and other stakeholders.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

Supply of Information

The Chairman ensures that all Directors have full and timely access to information with Board papers distributed in advance of meetings. Every Director has also unhindered access to the advice and services of the Company Secretary and may obtain independent professional advice at the Company's expense in furtherance of their duties. Prior to the meetings of the Board, Board papers which include reports on group performance and major operational, financial, strategic and regulatory matters are circulated to all the Directors. These Board papers are issued at least seven (7) days in advance to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

In addition, there are matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to control structure of the Group, including key policies and authority limits.

Statement on Corporate Governance (cont'd)

Appointments to the Board

The Nomination Committee currently comprises the following members:

Christian Storm (Chairman)	<i>Non-Independent/Non-Executive</i>
Tan Sri Datuk Amar Leo Moggie	<i>Independent/Non-Executive</i>
Dato' Ab. Halim Bin Mohyiddin	<i>Independent/Non-Executive</i>

Tan Sri Datuk Amar Leo Moggie was appointed as a member of the Nomination Committee with effect from 10 May 2005 to replace Tun Dato' Seri Dr Lim Chong Eu who has retired as a Director on the same date.

The Committee is empowered by its terms of reference to perform the following primary functions:

- Recommend new nominations to the Board;
- Recommend to the Board, Directors to fill the seats on Board Committees;
- Review annually the required mix of skills and experience and other qualities including core competencies that the Non-Executive Directors should bring to the Board.

Directors' Training

All Directors have completed the Mandatory Accreditation Programme (MAP) and attended the Continuing Education Programmes (CEP) conducted by the organiser approved by Bursa Securities except for Mr Arve Johansen who has obtained an extension of time to accumulate the requisite CEP points. (The CEP requirements have been repealed with effect from 1 January 2005). The directors are mindful that they receive continuous training to enhance their skills and knowledge in the discharge of their duties as directors. While the newly appointed directors have attended MAP during the year 2005, other directors have attended conferences and seminars relating to corporate governance and financial reporting.

Re-election

Any Director appointed during the year is required, under the Company's Articles of Association, to retire and seek re-election by shareholders at the following annual general meeting. The Articles also require that one-third of the Directors to retire by rotation each year and seek re-election at the annual general meeting and every Director shall retire from office once at least every three years but shall be eligible for re-election. Directors over seventy (70) years of age are required to seek shareholders' approval for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

B. Directors' Remuneration

Remuneration Committee

The Remuneration Committee currently comprises the following members:

Arve Johansen (Chairman)	<i>Non-Independent/Non-Executive</i>
Christian Storm	<i>Non-Independent/Non-Executive</i>
Ragnar Holmen Korsæth	<i>Non-Independent/Non-Executive</i>

The primary function of the Remuneration Committee is to set up the policy framework and to make recommendations to the Board on all elements of the remuneration package and other terms of employment of the executive directors. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decision in respect of his individual remuneration.

Details of the Directors' Remuneration

The aggregate Directors' remuneration paid or payable to all Directors of the Company by the Group and categorized into appropriate components for the financial year ended 31 December 2005 are as follows:

	Allowances RM'000	Other Emoluments RM'000	Total RM'000
Non-Executive	183	500	683

The number of Directors of the Company whose total remuneration fall within the respective band are as follows:

	Number of Non-Executive Directors
RM50,000 and below	1
RM50,001 and RM100,000	2
RM450,001 to RM500,000	1
	4

C. Shareholders

Dialogue between Company and Investors

The Company recognizes the importance of regular communication with investors in the Company, with the annual report and financial statements, regular interim statements being the key media used. Enquiries by shareholders are dealt with as promptly as practicably possible. Shareholders, investors and members of the public may also access the Company's website to obtain information on the Company.

The Annual General Meeting ("AGM")

The key element of the Company's dialogue with its shareholders is the opportunity to gather views of and answer questions from, both private and institutional shareholders on all issues relevant to the Company at the AGM. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholder with a written answer after the AGM. The Chairman of the Board also addresses the shareholders on the review of the Group's operations for the financial year and outlines the prospects of the Group for the subsequent financial year. The CEO and members of management are also present at the AGM to clarify and explain any issue.

Statement on Corporate Governance (cont'd)

D. Accountability and Audit

Financial Reporting

DiGi aims to provide a balanced and meaningful assessment of the Group's financial performance and prospects primarily through the annual report, quarterly financial statements and analyst presentations. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting process and the quality of its financial reporting.

Statement of Directors' Responsibility in Respect of the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year/period which have been made out in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of the Group and of the Company and of the results and cash flows of the Group and of the Company for that year/period. In preparing those financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Internal Control

The Statement on Internal Control set out on pages 52 to 54 of the Annual Report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 57 to 58 of the Annual Report. A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out on page 56 of the Annual Report.

Statement on Internal Control

Introduction

The Board of Directors ("Board") is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year.

Board Responsibility

The Board is ultimately responsible for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

The system of internal control covers, inter alia, risk management and financial, organizational, operational and compliance controls. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss, it is possible that internal controls can be circumvented or overridden. Furthermore, because of changing circumstances and conditions, the effectiveness of an internal control system may vary over time.

Key Elements of the System of Internal Control

The following sets out the key elements of the system of internal control of the Group, which have been in place throughout the financial year and up to the date of the Directors' Report.

There is in place a clearly defined organizational structure within the Group with formally defined lines of responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented trail of accountability.

Significant changes in the business and the external environment are reported to the Board during the Board meetings. Quarterly financial and other information are also provided to the Audit Committee and the Board. This oversight review enables the Board to control and evaluate the business performance so as to ensure that the Group is achieving its corporate objectives. The role of the Audit Committee in respect of its review of the system of internal controls is described in the Audit Committee Report included in this annual report.

The review of monthly financial and operational information that includes the monthly and year-to-date financial results and comparisons to the pre-determined key performance indicators, is empowered to the DiGi Management Team (the composition comprised the Chief Executive Officer (CEO) and 6 members of management). Based on this monitoring of results against budget, significant variances are identified and management action taken, where necessary. In addition, an Investment Committee supports the decision making process in connection with investments and divestment transactions in the Group.

There is an annual budgeting and business plan process where the management would prepare budgets for the forthcoming financial year in which these are submitted to and approved by the Board.

Statement on Internal Control (cont'd)

Key Elements of the System of Internal Control (cont'd)

Other control procedures include the establishment of appropriate limits of authority for the Board, and senior management for appropriate approval of transactions. There are established policies on health and safety, employees training and development, staff performance and evaluation. These procedures are relevant across the Group's operations and provide for continuous assurance to be given to management and, finally to the Board.

The Group is also participating in a comprehensive high priority project implemented by Telenor in its effort to implement by the deadline of 31 December 2006 the US Sarbanes Oxley Act requirements governing the assessment of the effectiveness of the internal controls of financial reporting.

Enterprise Risk Management Framework

An on-going process for identifying, evaluating and managing significant risks faced by the Group has been established, and has been in place for the whole of the year ended 31 December 2005. The risk management process, and practical guidance on its application, has been documented in a Risk Management Manual.

A Risk Management Committee, comprising the Chief Executive Officer, Chief Financial Officer and two other senior executives has been formed and met five times throughout the year with responsibility for ensuring that risks to the business are identified and evaluated and that effective responses are developed for their management. The Audit Committee is also provided with a quarterly update on the status of risk management activities and the progress in managing the key risks identified.

Major initiatives undertaken in 2005 by the Group to enhance the overall risk management framework were:

- Revenue Assurance

The revenue assurance processes, which are used to monitor potential revenue leakage that may arise during day to day operations, have been strengthened with the adoption of Telenor's Revenue Assurance Program (TRAP) method and an organisational re-alignment.

- Business Continuity Planning

The capabilities of the Group to sustain business operations in the event of a disaster were assessed and an on-going programme of review and enhancement has been instigated. In April 2005, a crisis simulation exercise was undertaken in conjunction with Telenor, and steps are being taken to design additional redundancies and alternate processing capabilities for critical technologies and operations.

- Information Security

The Group's information security standards and practices have been enhanced with the development of an Information Security Policy, based on established standards and industry best practices. The Policy defines the control environment required to protect the Group's information assets.

Internal Audit Function

The Group has in place an internal audit function, which assists the Board in conducting appropriate reviews to ensure that key controls established by the Board and management are operating effectively in order for the Board to achieve the objective of ensuring the adequacy and effectiveness of the system of internal control.

Internal audit reviews the control processes implemented by the management, and reports to the Audit Committee on a quarterly basis. Internal audit adopts a risk-based approach in the review of the internal controls in the key activities of the Group's businesses on the basis of an annual internal audit plan that had been presented to and approved by the Audit Committee.

Weaknesses of Internal Controls that Result in Material Losses

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

Other Compliance Information

Non-Audit Fees

The amount of non-audit fees paid to external auditors for the financial year ended 31 December 2005 is RM16,000.

Material Contracts

Save as disclosed below, neither the Company nor any of its subsidiary companies had entered into any material contracts which involved directors' and/or major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2005, or which were entered into since the end of the previous financial year.

Date	25 November 2004
Parties	Cosmo's World Theme Park Sdn. Bhd. DiGi Telecommunications Sdn. Bhd. (a subsidiary of DiGi.Com Berhad)
General nature of contract	An agreement in relation to the sponsorship rights on the IMAX brand granted by Cosmo's World Theme Park Sdn. Bhd. to DiGi Telecommunications Sdn. Bhd.
Consideration and mode of satisfaction of consideration	Total consideration is RM2 million for a two-year tenure commencing 1 January 2005 and a sum of RM0.25 million shall be satisfied upon signing of the agreement and subsequently, RM0.25 million will be paid on quarterly basis until the whole sponsorship fee is fully paid.
Relationship	Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") resigned as director on 12 January 2005 and ceased to be a substantial shareholder on 20 October 2005. TSVT is deemed a director and substantial shareholder for the preceding 12 months of the date on which the terms of the transactions were entered upon. TSVT is a major shareholder of Berjaya Times Square Sdn. Bhd. Cosmo's World Theme Park Sdn. Bhd. is a wholly owned subsidiary of Berjaya Times Square Sdn. Bhd.

Audit Committee Report

Composition

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

Tan Sri Datuk Amar Leo Moggie (appointed on 10.5.2005) *Member/Independent Non-Executive Director*

Christian Storm *Member/Non-Independent Non-Executive Director*

Tun Dato' Seri Dr Lim Chong Eu (retired on 10.5.2005) *Member/Independent Non-Executive Director*

Meetings

The Audit Committee held five meetings during the financial year ended 31 December 2005 which were attended by all the members. Representatives of the external auditors and other officers of the Group were also invited to attend and brief the members on specific issues during deliberations by the Audit Committee.

Summary of Activities

The activities undertaken by the Audit Committee during the financial year ended 31 December 2005 included the following:

- Reviewed the quarterly unaudited financial results/reports and annual audited financial statements before submission to the Board for consideration and approval;
- Reviewed the external auditors' scope of work and audit plans for the year;
- Reviewed and discussed the external auditors' audit report and areas of concern in the management letter thereof, including management's response;
- Assessed the adequacy and effectiveness of the system of internal control and accounting control procedures and the weaknesses of the Group's operating units by reviewing the various internal audit reports and management responses thereto and ensuring significant findings are adequately addressed by management;
- Reviewed the adequacy and relevance of the scope, functions and resources of internal audit and that it has the necessary authority to carry out its work; and
- Reported to the Board on its activities and significant findings and results.

Internal Audit Function

The Group has an established Internal Audit Division which assists the Audit Committee in the discharge of its duties and responsibilities. The Group's Internal Audit Division conducted programmed independent reviews and evaluated risk exposures relating to the Group's governance, operations and information systems. The audit reviews also included assessing the means of safeguarding assets; and the economy and efficiency with which resources are employed. Further details of the activities of the Internal Audit Division are set out in the Statement on Internal Control on pages 52 to 54.

Audit Committee Report (cont'd)

Terms of Reference

1. Membership

The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom shall be Independent Directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or such other qualifications and experience as approved by Bursa Malaysia Securities Berhad.

A quorum shall consist of two members and a majority of the members present must be Independent Directors.

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

2. Chairman

The Chairman of the Committee shall be an Independent Director appointed by the Board. He shall report on each meeting of the Committee to the Board.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

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

4. Frequency of Meetings

Meetings shall be held not less than four times a year and will normally be attended by the Officer charged with the responsibilities of the Group's finance and Head of Internal Audit. The presence of external auditors will be requested if required and the external auditors may also request a meeting if they consider it necessary.

The Committee may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconferencing or any other means of audio or audio-visual communications.

5. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary.

The Committee is also authorised to convene meetings with the external auditors excluding the attendance of the executive members of the Committee, wherever deemed necessary.

Terms of Reference (cont'd)

6. Duties

The duties of the Committee shall be :

- (a) To consider the appointment of external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as external auditors;
- (b) To discuss with the external auditors where necessary, on the nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved;
- (c) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing on:
 - going concern assumption
 - compliance with accounting standards and regulatory requirements
 - any changes in accounting policies and practices
 - significant issues arising from the audit
 - major judgemental areas
- (d) To prepare Audit Committee Report at the end of each financial year;
- (e) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);
- (f) To review the external auditors' management letter and management's response;
- (g) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises question of management integrity;
- (h) To do the following in respect of the internal audit function:
 - review the adequacy of scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - review internal audit programme;
 - ensure coordination of external audit with internal audit;
 - consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of the staff of the internal audit function;
 - approve any appointment or termination of senior staff member of the internal audit function;
 - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation;
 - to monitor related party transactions entered into by the Company and its subsidiaries, and to ensure that the Directors report such transactions annually to shareholders via the annual report;
 - to review and monitor the effectiveness of internal control systems and to evaluate the systems with the external auditors;
- (i) To carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit Committee and the Board of Directors from time to time;
- (j) In compliance with Paragraph 15.17 of Bursa Malaysia Securities Berhad ('Bursa Securities') Listing Requirements, where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to Bursa Securities.



A close-up, artistic photograph of a microscope lens. The lens is the central focus, with its glass elements and metal housing visible. The background is a soft, out-of-focus bokeh of warm, golden-yellow lights, creating a dreamy and scientific atmosphere. The lighting is warm and directional, highlighting the textures of the microscope.

Financial Statements

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

Principal activities

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are stated in Note 10 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
Net profit/(loss) for the year	<u>470,955</u>	<u>(981)</u>

There were no material transfers to or from reserves or provisions during the financial year.

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:

- (a) the effect arising from the changes in the depreciation rates as disclosed in Note 2(c) to the financial statements; and
- (b) the effect arising from the prepayment of previous borrowings as disclosed in Note 18 to the financial statements.

Dividends

No dividend has been paid or declared by the Company during the year. The Directors do not recommend any dividend to be paid for the year under review.

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	(appointed on 10 May 2005)
Dato' Ab. Halim bin Mohyiddin	
Christian Storm	(Director and Alternate Director to Arve Johansen)
Ragnar Holmen Korsæth	
Tun Dato' Seri Dr Lim Chong Eu	(retired on 10 May 2005)
Gunnar Johan Bertelsen	(resigned on 6 October 2005)

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 3 to the financial statements or the fixed salary of full-time employees of a related corporation) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interest

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

	Number of Ordinary Shares of NOK6 Each			31 December 2005
	1 January 2005	Acquired	Sold	
Ultimate Holding Company				
Telenor ASA				
Direct Interest:				
Arve Johansen	44,977	5,155	-	50,132
Ragnar Holmen Korsæth	3,515	2,155	-	5,670
Christian Storm	1,582	155	-	1,737

	Number of Options Over Ordinary Shares of NOK6 Each			31 December 2005
	1 January 2005	Acquired	Sold	
Ultimate Holding Company				
Telenor ASA				
Direct Interest:				
Arve Johansen	200,000	-	-	200,000
Ragnar Holmen Korsæth	43,333	-	-	43,333

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.

Directors' Report (cont'd.)

Issue of shares and debentures

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

Options granted over unissued shares

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

Other statutory information

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

Other statutory information (cont'd.)

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

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

(f) In the opinion of the Directors:

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

Other significant events

Significant events during the year are as disclosed in Note 26 to the financial statements.

Subsequent event

Subsequent event since the end of the financial year is as disclosed in Note 27 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

24 March 2006

**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 67 to 106 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia 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 2005 and of the results of their operations and cash flows for the year then ended.

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

Arve Johansen

Director

Kuala Lumpur, Malaysia

24 March 2006

Christian Storm

Director

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

I, Johan Eric Dannelind, 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 67 to 106 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 Johan Eric Dannelind
at Kuala Lumpur in Wilayah Persekutuan
on 24 March 2006.

Johan Eric Dannelind

Before me,

Commissioner for Oaths

Soh Ah Kau, AMN

Licence No. W 315

Kuala Lumpur

Report of the auditors to the members of DiGi.Com Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 67 to 106. 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 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 2005 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 have been properly kept in accordance with the provisions of the Act.

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

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

Ernst & Young
AF : 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
24 March 2006

Income Statements for the year ended 31 December 2005

	Note	GROUP		COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue		2,884,324	2,233,703	-	-
Other operating income		2,028	2,449	-	-
Cost of materials and traffic expenses		(645,759)	(512,234)	-	-
Sales and marketing expenses		(393,469)	(275,216)	-	-
Operations and maintenance		(96,674)	(80,428)	-	-
Rental expenses		(83,333)	(66,272)	-	-
Staff expenses		(150,840)	(125,961)	-	-
Depreciation expense and impairment losses		(579,449)	(465,553)	-	-
Amortisation expense		(4,006)	(4,016)	-	-
Other operating expenses		(256,991)	(197,045)	(981)	(664)
Profit/(loss) from operations	3	675,831	509,427	(981)	(664)
Finance costs, net	4	(14,281)	(62,584)	-	-
Profit/(loss) before taxation		661,550	446,843	(981)	(664)
Taxation	5	(190,595)	(129,488)	-	-
Net profit/(loss) for the year		470,955	317,355	(981)	(664)
Earnings per ordinary share (sen)	6	62.8	42.3		
Net dividends per ordinary share in respect of the year		-	-	-	-

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

Balance Sheets as at 31 December 2005

	Note	GROUP		COMPANY	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Property, plant and equipment	7	2,791,060	2,686,956	-	-
Intangible asset	8	35,140	39,081	-	-
Deferred expenditure	9	528	15,213	-	-
Investments in subsidiaries	10	-	-	526,501	526,501
Amount due from a subsidiary	11	-	-	-	573,439
		<u>2,826,728</u>	<u>2,741,250</u>	<u>526,501</u>	<u>1,099,940</u>
Current assets					
Inventories	12	8,197	13,423	-	-
Trade and other receivables	13	214,432	190,690	5	5
Amount due from a subsidiary	11	-	-	572,591	-
Cash and cash equivalents	14	1,182,962	634,719	-	-
		<u>1,405,591</u>	<u>838,832</u>	<u>572,596</u>	<u>5</u>
Current liabilities					
Trade and other payables	15	1,007,281	715,458	331	198
Provision for liabilities	16	73,309	44,575	-	-
Deferred revenue		220,772	158,203	-	-
Borrowings	18	-	224,584	-	-
Taxation		1,261	-	-	-
		<u>1,302,623</u>	<u>1,142,820</u>	<u>331</u>	<u>198</u>
Net current assets/(liabilities)		<u>102,968</u>	<u>(303,988)</u>	<u>572,265</u>	<u>(193)</u>
		<u>2,929,696</u>	<u>2,437,262</u>	<u>1,098,766</u>	<u>1,099,747</u>
Financed by:-					
Capital and reserves					
Share capital	19	750,000	750,000	750,000	750,000
Reserves		1,498,148	1,027,193	348,766	349,747
Shareholders' equity		<u>2,248,148</u>	<u>1,777,193</u>	<u>1,098,766</u>	<u>1,099,747</u>
Long term liabilities					
Borrowings	18	300,000	455,270	-	-
Deferred tax liabilities	20	371,518	196,684	-	-
Provision for liabilities	16	10,030	8,115	-	-
		<u>2,929,696</u>	<u>2,437,262</u>	<u>1,098,766</u>	<u>1,099,747</u>

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

Statements of Changes in Equity for the year ended 31 December 2005

GROUP	Share capital RM'000	Non- Distributable Share premium RM'000	Distributable Retained profits/ (Accumulated losses) RM'000	Total RM'000
As at 1 January 2004	750,000	352,651	357,187	1,459,838
Net profit for the year	-	-	317,355	317,355
As at 31 December 2004	750,000	352,651	674,542	1,777,193
Net profit for the year	-	-	470,955	470,955
As at 31 December 2005	750,000	352,651	1,145,497	2,248,148
	Note 19			
COMPANY				
As at 1 January 2004	750,000	352,651	(2,240)	1,100,411
Net loss for the year	-	-	(664)	(664)
As at 31 December 2004	750,000	352,651	(2,904)	1,099,747
Net loss for the year	-	-	(981)	(981)
As at 31 December 2005	750,000	352,651	(3,885)	1,098,766
	Note 19			

Cash Flow Statements for the year ended 31 December 2005

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from operating activities				
Profit/(loss) before taxation	661,550	446,843	(981)	(664)
Adjustments for:				
Depreciation expense and impairment losses	579,449	465,553	-	-
Amortisation of intangible asset	3,941	3,941	-	-
Amortisation of deferred expenditure	12,026	20,461	-	-
Allowance for doubtful debts	11,882	6,892	-	-
Interest expense	18,879	48,673	-	-
Interest income	(18,159)	(12,867)	-	-
Loss/(gain) on disposal of property, plant and equipment	4,024	(148)	-	-
Unrealised foreign exchange loss/(gain)	268	(160)	-	-
Provision for liabilities	147,738	90,632	-	-
Operating profit/(loss) before working capital changes	1,421,598	1,069,820	(981)	(664)
Decrease in inventories	5,226	643	-	-
Increase in receivables	(34,906)	(920)	-	-
Increase in payables	297,784	31,723	133	12
Increase in deferred revenue	62,569	34,592	-	-
Cash generated from/(used in) operations	1,752,271	1,135,858	(848)	(652)
Interest paid	(22,448)	(54,438)	-	-
Payments under customer loyalty programme	(117,429)	(76,609)	-	-
Payments for employee leave entitlements	(314)	(88)	-	-
Payments under defined benefit plan	(274)	(49)	-	-
Taxes paid	(14,500)	-	-	-
Net cash generated from/(used in) operating activities	1,597,306	1,004,674	(848)	(652)

Cash Flow Statements for the year ended 31 December 2005 (cont'd.)

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(686,944)	(519,930)	-	-
Amount due from a subsidiary	-	-	848	652
Interest received	17,699	12,613	-	-
Proceeds from disposal of property, plant and equipment	36	778	-	-
Net cash (used in)/generated from investing activities	(669,209)	(506,539)	848	652
Cash flows from financing activities				
Drawdown of bank borrowings	300,000	-	-	-
Repayment of bank borrowings	(679,854)	(201,932)	-	-
Net cash used in financing activities	(379,854)	(201,932)	-	-
Net increase in cash and cash equivalents	548,243	296,203	-	-
Cash and cash equivalents at beginning of year	634,719	338,516	-	-
Cash and cash equivalents at end of year (Note 14)	1,182,962	634,719	-	-

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

Notes to the Financial Statements - 31 December 2005

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are stated in Note 10 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 30, Jalan Delima 1/3, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.

The 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 number of employees in the Group and in the Company at the end of the financial year were 1,603 (2004: 1,549) and Nil (2004: Nil) respectively.

The financial statements were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 March 2006.

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 Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2005, the Group changed its accounting policy for segment information by changing the previously reportable business segment from International to Wholesale in order to better reflect the business strategy and to re-align the Group's products and services with similar risks and returns.

The impact of the change in policy is as disclosed in Note 25 to the financial statements.

(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. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheets as goodwill or negative goodwill arising on consolidation.

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.

Notes to the Financial Statements - 31 December 2005 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(c) Property, Plant and Equipment

Property, plant and equipment, except for freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses. Freehold land and capital work-in-progress are stated at cost. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(d) below.

Freehold land and capital work-in-progress are not depreciated. 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:

	2005	2004
Leasehold land and buildings	30 to 99 years	30 to 99 years
Freehold buildings	2.0%	2.0%
Motor vehicles	20.0%	20.0%
Computer systems	20.0% - 33.3%	20.0%
Furniture and fittings	20.0%	10.0%
Telecommunications network	3.3% - 33.3%	10.0%

As part of the annual review process, the Group revised the estimated useful lives of computer systems, furniture and fittings and telecommunications networks with effect from 1 January 2005, 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 charge was higher and has reduced the profit before tax of the Group for the financial year ended 31 December 2005 by approximately RM75.7 million.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statements.

(d) Impairment of Assets

At each balance sheet, 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 values of the assets with their recoverable amounts. An impairment is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. An impairment loss is recognised as an expense in the income statements.

The recoverable amount is the higher of net selling price 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 cash-generating unit to which the asset belongs.

(d) Impairment of Assets (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 statements.

(e) Intangible Asset

Intangible asset 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 fee paid is amortised on a straight line basis over the remaining period of the telecommunications license of 15 years.

(f) Deferred Expenditure**(i) License fees**

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

(ii) Ancillary cost of borrowings

Costs specifically incurred to obtain new funding for the purpose of retiring existing loans and finance further network expansion are deferred and amortised over the tenor of the new loans. Any unamortised portion will be written off proportionately as and when there is a prepayment of the outstanding loans or lapsed or cancellation of any undrawn loan amount.

The unamortised ancillary cost of borrowings as at 31 December 2004 was fully amortised and charged out to the income statements during the financial year ended 31 December 2005 as the loans were fully prepaid as stated in Note 18 to the financial statements.

(g) Investments in Subsidiaries

The Company's investments in subsidiaries are held for long term and are stated at cost. The investments are only written down when the Directors are of the opinion that there is a diminution in their values which is other than temporary. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(d) to the financial statements.

Notes to the Financial Statements - 31 December 2005 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(h) Inventories

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

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

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and at bank, balances and deposits with licensed banks and 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 statements 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.

(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 incentive realisable to the customers based on the past trend of customers' usages and utilisation.

(ii) Employee leave entitlements

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

(k) Provision for Liabilities (cont'd.)**(iii) Site decommission and restoration costs**

Provision for site decommission 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 to eligible employees is as disclosed in Note 2(l)(iii) to the financial statements.

l) Employee Benefits**(i) Short term benefits**

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

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. The contributions are recognised as an expense in the income statements 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 minimum employment period of 10 years service 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 participating 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.

Notes to the Financial Statements - 31 December 2005 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(l) Employee Benefits (cont'd.)

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

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

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

The Group amended the existing defined benefit plan, took effect from 1 January 2006, to restrict new entry into the plan and the benefits payable are to be calculated based on the employee's length of service up to 31 December 2005.

(m) Income Tax

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

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

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

(n) Revenue Recognition

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

(i) Sale of goods and services

Revenue relating to sales of goods and services are recognised net of rebates and discounts upon the transfer of risk and reward 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.

(o) Foreign Currency Transactions

Transactions in foreign currencies are initially converted in Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia 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 statements.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	2005 RM	2004 RM
1 United States Dollar	3.78	3.80
1 Swiss Franc	2.88	3.35
1 Special Drawing Rights	5.21	5.88
1 Euro Dollar	4.49	5.17
1 Norwegian Kroner	0.58	0.64

(p) Receivables

Receivables are carried at anticipated realisable values, which is cost less allowance 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.

(q) Payables

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

Notes to the Financial Statements - 31 December 2005 (cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

(r) 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.

(s) Share Capital

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

3. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is stated after charging/(crediting):

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Allowance for doubtful debts	11,882	6,892	-	-
Amortisation expense:				
- intangible asset	3,941	3,941	-	-
- license fees	65	75	-	-
Auditors' remuneration				
Statutory audit				
- current year provision	110	86	15	12
- under provision in prior year	-	7	-	1
Other services	82	27	50	17
Bad debts recovered	(1,995)	(1,784)	-	-
Directors' emoluments	683	500	183	76
Employee benefits				
- defined contribution plan	12,149	10,224	-	-
- defined benefit plan	832	655	-	-
Loss/(gain) on disposal of property, plant and equipment	4,024	(148)	-	-
Provision for:				
- customer loyalty programme	145,492	88,587	-	-
- employee leave entitlements	985	572	-	-
- site decommission and restoration cost	429	818	-	-
Lease of transmission facilities	44,197	46,503	-	-
Realised loss on foreign exchange	233	397	-	-
Rental of equipment	2,435	1,711	-	-
Rental of land and buildings	74,528	61,026	-	-
Unrealised loss/(gain) on foreign exchange	268	(160)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the Financial Statements - 31 December 2005 (cont'd.)

4. FINANCE COSTS, NET

	GROUP	
	2005 RM'000	2004 RM'000
Interest expense	18,879	48,673
Ancillary costs of borrowings (Note 9)	11,961	20,386
Others	1,600	6,392
	<u>32,440</u>	<u>75,451</u>
Interest income	(18,159)	(12,867)
	<u>14,281</u>	<u>62,584</u>

5. TAXATION

	GROUP	
	2005 RM'000	2004 RM'000
Income tax:		
Current tax expense	15,761	-
	<u>15,761</u>	<u>-</u>
Deferred taxation (Note 20):		
Relating to origination and reversal of temporary differences	174,730	131,531
Under/(over) provision in prior year	104	(2,043)
	<u>174,834</u>	<u>129,488</u>
	<u>190,595</u>	<u>129,488</u>

A reconciliation of income tax expense/rate applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense/rate at the effective income tax rate of the Group and of the Company is as follows:

	2005		2004	
	%	RM'000	%	RM'000
Group				
Profit before taxation		<u>661,550</u>		<u>446,843</u>
Taxation at Malaysian statutory tax rate	28.0	185,234	28.0	125,116
Effect of expenses not deductible	0.8	5,257	1.4	6,415
Under/(over) provision of deferred tax in prior year	0.0	104	(0.5)	(2,043)
Tax expense for the year	<u>28.8</u>	<u>190,595</u>	<u>28.9</u>	<u>129,488</u>

5. TAXATION (cont'd.)

	2005		2004	
	%	RM'000	%	RM'000
Company				
Loss before taxation		(981)		(664)
Taxation at Malaysian statutory tax rate	(28.0)	(275)	(28.0)	(186)
Effect of expenses not deductible	28.0	275	28.0	186
Tax expense for the year	-	-	-	-

There are tax savings effect for the Group of approximately RM339 million (2004: RM265 million) arising from the utilisation of capital allowances and tax losses by its subsidiary.

6. EARNINGS PER ORDINARY SHARE

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

	GROUP	
	2005	2004
Net profit for the year (RM'000)	470,955	317,355
Weighted average number of ordinary shares in issue ('000)	750,000	750,000
Earnings per ordinary share (sen)	62.8	42.3

Notes to the Financial Statements - 31 December 2005 (cont'd.)

7. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Freehold buildings RM'000	Long term leasehold land and buildings RM'000
Cost			
At 1 January 2005	13,912	7,880	9,795
Additions	-	-	-
Written off / Disposals	-	-	-
Transfers	-	6,399	-
At 31 December 2005	13,912	14,279	9,795
Accumulated Depreciation and Impairment Losses			
At 1 January 2005			
Accumulated depreciation	-	416	739
Accumulated impairment losses	-	-	-
	-	416	739
Depreciation charge for the year	-	204	100
Impairment loss	-	-	-
Written off / Disposals	-	-	-
At 31 December 2005	-	620	839
Analysed as:			
Accumulated depreciation	-	620	839
Accumulated impairment losses	-	-	-
	-	620	839
Net Book Value			
At 31 December 2005	13,912	13,659	8,956
At 31 December 2004	13,912	7,464	9,056
Depreciation charge for 2004			
	-	66	100

Short term leasehold land and buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Telecommunications network RM'000	Capital work-in-progress RM'000	Total RM'000
14,405	19,711	308,149	36,266	3,786,180	104,832	4,301,130
-	-	-	2	928	686,942	687,872
-	(1,601)	(4,663)	(959)	(11,182)	(1,038)	(19,443)
-	3,710	94,065	6,935	558,616	(669,725)	-
14,405	21,820	397,551	42,244	4,334,542	121,011	4,969,559
2,727	11,568	156,843	18,995	1,416,868	-	1,608,156
-	-	-	-	6,018	-	6,018
2,727	11,568	156,843	18,995	1,422,886	-	1,614,174
298	3,100	59,298	9,215	504,352	-	576,567
-	-	-	716	2,166	-	2,882
-	(1,433)	(4,502)	(787)	(8,402)	-	(15,124)
3,025	13,235	211,639	28,139	1,921,002	-	2,178,499
3,025	13,235	211,639	27,423	1,912,818	-	2,169,599
-	-	-	716	8,184	-	8,900
3,025	13,235	211,639	28,139	1,921,002	-	2,178,499
11,380	8,585	185,912	14,105	2,413,540	121,011	2,791,060
11,678	8,143	151,306	17,271	2,363,294	104,832	2,686,956
298	2,481	41,476	3,072	418,060	-	465,553

Notes to the Financial Statements - 31 December 2005 (cont'd.)

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

Long term leasehold land and buildings comprise leasehold interests with an unexpired term in excess of 50 years.

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 RM928,000 (2004: RM3.7 million) related to the provision for site decommission and restoration costs.

8. INTANGIBLE ASSET

	GROUP	
	2005 RM'000	2004 RM'000
As at 1 January	39,081	43,022
Amortisation for the year	(3,941)	(3,941)
As at 31 December	35,140	39,081

9. DEFERRED EXPENDITURE

	GROUP	
	2005 RM'000	2004 RM'000
License fees :		
As at 1 January	593	668
Amortisation for the year	(65)	(75)
As at 31 December	528	593
Ancillary costs of borrowings:		
As at 1 January	14,620	35,006
Amortisation for the year (Note 4)	(11,961)	(20,386)
Net refund of ancillary cost	(2,659)	-
As at 31 December	-	14,620
Total deferred expenditure	528	15,213

10. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2005 RM'000	2004 RM'000
Unquoted shares at cost	526,501	526,501

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

NAME OF COMPANY	EQUITY INTEREST HELD (%)		PRINCIPAL ACTIVITIES
	2005	2004	
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

11. AMOUNT DUE FROM A SUBSIDIARY

	COMPANY	
	2005 RM'000	2004 RM'000
Amount due from a subsidiary	572,591	573,439

The amount due from a subsidiary is non-trade, unsecured and interest-free. The amount due as at 31 December 2005 has been reclassified to current assets as it is expected to be received within the next 12 months.

Notes to the Financial Statements - 31 December 2005 (cont'd.)

12. INVENTORIES

	GROUP	
	2005 RM'000	2004 RM'000
Cost		
Trading merchandise	8,046	13,233
Net realisable value		
Trading merchandise	151	190
	8,197	13,423
	8,197	13,423

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade receivables	141,175	152,131	-	-
Other receivables	6,412	5,222	-	-
Deposits	24,660	19,993	5	5
Prepayments	48,470	21,966	-	-
	220,717	199,312	5	5
Allowance for doubtful debts	(6,285)	(8,622)	-	-
	214,432	190,690	5	5
	214,432	190,690	5	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 RM14.2 million (2004: RM14.1 million) of trade receivables balance against the allowance for doubtful debts brought forward.

At 31 December 2005, the Group's trade receivables balances includes exposure to foreign currency denominated in United States Dollars amounting to USD2.8 million (2004: USD4.2 million).

14. CASH AND CASH EQUIVALENTS

	GROUP	
	2005 RM'000	2004 RM'000
Cash and bank balances	37,254	4,246
Deposits with:		
Licensed banks	626,001	74,365
Other licensed financial institutions	519,707	556,108
	<u>1,145,708</u>	<u>630,473</u>
Cash and cash equivalents	<u>1,182,962</u>	<u>634,719</u>

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

	2005 %	2004 %
Deposits with:		
Licensed banks	2.8	2.7
Other licensed financial institutions	<u>2.9</u>	<u>2.7</u>

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

The deposits of the Group placed with licensed banks and licensed financial institutions will mature within 1 month (2004: 1 month) from the financial year end.

15. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	90,036	68,786	-	-
Other payables	123,647	64,492	-	-
Accruals	788,911	579,307	331	198
Customer deposits	4,687	2,873	-	-
	<u>1,007,281</u>	<u>715,458</u>	<u>331</u>	<u>198</u>

At 31 December 2005, the Group's trade and other payables balances include exposure to foreign currency denominated in United States Dollars amounting to USD16.8 million (2004: USD13.5 million).

Notes to the Financial Statements - 31 December 2005 (cont'd.)

16. PROVISION FOR LIABILITIES

GROUP	Customer loyalty programme RM'000	Employee leave entitlements RM'000	Total RM'000
Short Term			
As at 1 January 2005	41,192	3,383	44,575
Charged to the income statements	145,492	985	146,477
Paid during the year	(117,429)	(314)	(117,743)
As at 31 December 2005	<u>69,255</u>	<u>4,054</u>	<u>73,309</u>
As at 1 January 2004	29,214	2,899	32,113
Charged to the income statements	88,587	572	89,159
Paid during the year	(76,609)	(88)	(76,697)
As at 31 December 2004	<u>41,192</u>	<u>3,383</u>	<u>44,575</u>
Long Term			
As at 1 January 2005	4,523	3,592	8,115
Capitalised as property, plant and equipment	928	-	928
Charged to the income statements	429	832	1,261
Paid during the year	-	(274)	(274)
As at 31 December 2005	<u>5,880</u>	<u>4,150</u>	<u>10,030</u>
		Note 17	
As at 1 January 2004	-	2,986	2,986
Capitalised as property, plant and equipment	3,705	-	3,705
Charged to the income statements	818	655	1,473
Paid during the year	-	(49)	(49)
As at 31 December 2004	<u>4,523</u>	<u>3,592</u>	<u>8,115</u>
		Note 17	

17. 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 sheets are determined as follows:

	GROUP	
	2005 RM'000	2004 RM'000
Present value of unfunded obligations	2,480	3,441
Unrecognised experience (loss)/gain	(226)	151
Unrecognised curtailment gain	1,896	-
	<u>4,150</u>	<u>3,592</u>
Net liability	<u><u>4,150</u></u>	<u><u>3,592</u></u>

The unrecognised curtailment gain was resulted from the amendment of plan as stated in Note 2(l)(iii) to the financial statements. The curtailment gain will be recognised in the financial year ending 31 December 2006.

The amounts recognised in the income statements are as follows:

	GROUP	
	2005 RM'000	2004 RM'000
Current service cost	595	451
Interest on obligations	237	204
	<u>832</u>	<u>655</u>
Amount included under Staff expenses in the income statements	<u><u>832</u></u>	<u><u>655</u></u>

Principal actuarial assumptions used:

	2005 %	2004 %
Rate per annum:		
Discount rate	5.8	7.0
Expected rate of salary increases	7.0	8.0
	<u><u>7.0</u></u>	<u><u>8.0</u></u>

Notes to the Financial Statements - 31 December 2005 (cont'd.)

18. BORROWINGS

	GROUP	
	2005 RM'000	2004 RM'000
Short Term		
Secured:		
Syndicated term loan	-	136,514
USD term loan	-	49,400
Senior secured credit facilities	-	38,670
	<u>-</u>	<u>224,584</u>
Long Term		
Unsecured:		
Fixed rate term loan	<u>300,000</u>	<u>-</u>
Secured:		
Syndicated term loan	-	245,725
USD term loan	-	24,700
Senior secured credit facilities	-	184,845
	<u>-</u>	<u>455,270</u>
Total		
Fixed rate term loan	300,000	-
Syndicated term loan	-	382,239
USD term loan	-	74,100
Senior secured credit facilities	-	223,515
	<u>300,000</u>	<u>679,854</u>
Maturity of borrowings		
Less than 1 year	-	224,584
Between 1 and 5 years	300,000	455,270
	<u>300,000</u>	<u>679,854</u>

18. BORROWINGS (cont'd.)

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

	GROUP	
	2005 %	2004 %
Fixed rate term loan	4.9	-
Syndicated term loan	-	7.5
USD term loan	-	3.2
Senior secured credit facilities	-	5.9

During the financial year, a subsidiary of the Company has entered into a new credit facility of fixed rate term loan ("FRTL") of RM300.0 million to refinance the previous borrowings with lower borrowing costs and improved terms. This new FRTL facility was fully drawdown during the financial year to prepay the previous outstanding borrowings. The remaining balances of the previous outstanding borrowings were settled by utilizing the excess cash from operations.

The FRTL 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.

19. SHARE CAPITAL

	Number of Ordinary Shares of RM1.00 Each		Amount	
	2005 '000	2004 '000	2005 RM'000	2004 RM'000
Ordinary shares of RM1 each:				
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid	750,000	750,000	750,000	750,000

The Company has proposed to undertake a capital repayment of RM0.75 for each ordinary share to be satisfied wholly in cash to its shareholders. The proposed capital repayment will be carried via a reduction of the share capital of the Company pursuant to Section 64 of the Companies Act, 1965 as disclosed in Notes 26 and 27 to the financial statements.

Notes to the Financial Statements - 31 December 2005 (cont'd.)

20. DEFERRED TAX LIABILITIES

	GROUP	
	2005 RM'000	2004 RM'000
As at 1 January	196,684	67,196
Charged to the income statements (Note 5)	174,834	129,488
As at 31 December	<u>371,518</u>	<u>196,684</u>

Presented after appropriate offsetting as follows:

	GROUP	
	2005 RM'000	2004 RM'000
Deferred tax liabilities	378,015	385,116
Deferred tax assets	(6,497)	(188,432)
	<u>371,518</u>	<u>196,684</u>

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:

	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
As at 1 January 2005	383,187	1,929	385,116
Recognised in the income statements	(15,058)	7,957	(7,101)
As at 31 December 2005	<u>368,129</u>	<u>9,886</u>	<u>378,015</u>
As at 1 January 2004	309,609	2,496	312,105
Recognised in the income statements	73,578	(567)	73,011
As at 31 December 2004	<u>383,187</u>	<u>1,929</u>	<u>385,116</u>

20. DEFERRED TAX LIABILITIES (cont'd.)**Deferred Tax Assets:**

	Unabsorbed capital allowances RM'000	Unutilised tax losses RM'000	Others RM'000	Total RM'000
As at 1 January 2005	(124,938)	(63,494)	-	(188,432)
Recognised in the income statements	124,938	63,494	(6,497)	181,935
As at 31 December 2005	-	-	(6,497)	(6,497)
As at 1 January 2004	(177,791)	(67,118)	-	(244,909)
Recognised in the income statements	52,853	3,624	-	56,477
As at 31 December 2004	(124,938)	(63,494)	-	(188,432)

21. COMMITMENTS**GROUP**

	2005 RM'000	2004 RM'000
(a) Capital Commitments		
Capital expenditure in respect of property, plant and equipment		
Approved and contracted for	353,000	250,000
Approved but not contracted for	455,000	146,000

Notes to the Financial Statements - 31 December 2005 (cont'd.)

21. COMMITMENTS (cont'd.)

(b) Non-Cancellable Operating Lease Commitments

	GROUP	
	2005 RM'000	2004 RM'000
Future minimum lease payments:		
Less than 1 year	6,935	8,292
Between 1 and 5 years	22,141	23,187
More than 5 years	14,658	20,155
	43,734	51,634

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.

22. CONTINGENT LIABILITIES

	2005 RM'000	2004 RM'000
Group		
Unsecured		
Guarantees given by a subsidiary company to third parties for public infrastructure works	4,645	-
Secured		
Guarantees given by a subsidiary company to third parties for public infrastructure works	-	6,080
Company		
Secured		
Guarantees given by the Company to financial institutions for credit facilities granted to its subsidiary	-	699,854

23. RELATED PARTY TRANSACTIONS

Controlling related party relationships are as follows:

- (i) The ultimate holding company as disclosed in Note 1.
- (ii) Its subsidiaries as disclosed in Note 10.

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

	Transactions		Balance due from/(to) at	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
With fellow subsidiary companies				
- <i>Telenor Global Services AS</i>			(373)	(291)
Sales of interconnection services on international traffic	398	1,145		
Purchase of interconnection services on international traffic	1,874	1,337		
- <i>Telenor Pakistan (Private) Limited</i>			417	-
Sales of interconnection services on international traffic	1,065	-		
Purchase of interconnection services on international traffic	784	-		
- <i>Telenor Consult AS</i>				
Personnel services rendered	6,929	6,171	(109)	(1,682)
With companies in which Tan Sri Dato' Seri Vincent Tan Chee Yioun (TSVT)* is deemed to have an interest				
- <i>Berjaya General Insurance Bhd.</i>				
Insurance premiums	556	5,242	-	(6)
- <i>Berjaya Registration Services Sdn. Bhd.</i>				
Printing and mailing services	6,698	4,638	(1,243)	(783)
- <i>Convenience Shopping Sdn. Bhd.</i>				
Sales of prepaid cards and reload coupons	87,085	34,562	9,547	3,785

Notes to the Financial Statements - 31 December 2005 (cont'd.)

23. RELATED PARTY TRANSACTIONS (cont'd.)

	Transactions		Balance due from/(to) at	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
With companies in which Tan Sri Dato' Seri Vincent Tan Chee Yioun (TSVT)* is deemed to have an interest (Cont'd.)				
- <i>Convenience Shopping (Sabah) Sdn. Bhd.</i> Sales of prepaid cards and reload coupons	2,043	335	217	68
- <i>Cosway (M) Sdn. Bhd.</i> Sales of prepaid cards and reload coupons	4,270	5,326	801	798
- <i>MOL AccessPortal Sdn. Bhd.</i> Sales of prepaid cards and soft pins	2,002	2,746	53	232
- <i>Cosmo's World Theme Park Sdn. Bhd.</i> Purchase of sponsorship rights	1,000	-	(250)	-
- <i>Pentagon Engineering Sdn. Bhd.</i> Construction of transmission towers and sites	N/A**	6,160	N/A**	-

* TSVT resigned as a director on 12 January 2005 and ceased to be a substantial shareholder on 20 October 2005.

** Denotes 'Not Applicable' where this company ceased to be a related party with effect from 1 December 2004.

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.

24. 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.

24. 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 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 value 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 currency arising from the normal business activities. The currency giving rise to this risk is primarily United States dollars. 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.

As disclosed in Note 26 to the financial statements, the Group has put in place Commercial Papers and Medium Term Notes with an aggregate nominal value of up to RM700 million as the alternative source of financing which can be executed when required.

(e) Interest Rate Risk

The Group is exposed to interest rates 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.

Notes to the Financial Statements - 31 December 2005 (cont'd.)

24. 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 their short term 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 2005:			
Fixed rate term loan	18	300,000	299,300
At 31 December 2004:			
Syndicated term loan	18	382,239	382,239
USD term loan	18	74,100	74,100
Senior secured credit facilities	18		
- fixed rates		40,000	39,717
- floating rates		183,515	183,515

25. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting format by business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning and corporate assets, interest-bearing loans and general enterprise expenses.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Business Segments

The Group comprises the following main business segments:

Mobile	Provision of mobile communication services to businesses, individuals and other operators through its operating unit, DiGi Telecommunications Sdn. Bhd.
Wholesale	Provision of international gateway facilities which offers cross border interconnection and other wholesale telecommunications services with operators, through its operating unit, DiGi Telecommunications Sdn. Bhd.

During the financial year, the Group changed the previously reportable business segment from International to Wholesale in order to better reflect the business strategy and to re-align the Group products and services with similar risks and returns. Such changes resulted in reclassification of certain segment information from the previously reported International (now named as Wholesale) segment to Others as reflected herein. There is no change in the aggregate financial information reported. The comparative segmental information has been restated accordingly to reflect the revised reportable business segments.

Geographical Segments

The Group's business segments operate mainly in Malaysia, the home country of the Company and its operating subsidiary companies. No other individual country contributed more than 10% of the consolidated revenue and assets.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical locations of customers. Segment assets are also based on the geographical location of assets.

Notes to the Financial Statements - 31 December 2005 (cont'd.)

25. SEGMENT INFORMATION (cont'd.)

Business Segments	Mobile		Wholesale	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue				
External revenue	2,695,258	1,947,081	149,998	234,223
Inter-segment revenue	-	-	-	-
Total revenue	<u>2,695,258</u>	<u>1,947,081</u>	<u>149,998</u>	<u>234,223</u>
Result				
Segment results	658,231	467,877	51,969	60,987
Unallocated corporate expenses				
Profit from operations				
Finance costs, net				
Profit before taxation				
Taxation				
Net profit for the year				
Assets				
Segment assets	2,911,740	2,768,547	80,114	129,851
Unallocated assets				
Consolidated total assets				
Liabilities				
Segment liabilities	1,202,440	826,623	84,559	72,183
Unallocated liabilities				
Consolidated total liabilities				

Others		Eliminations		Consolidated	
2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
39,068	52,399	-	-	2,884,324	2,233,703
723	2,703	(723)	(2,703)	-	-
<u>39,791</u>	<u>55,102</u>	<u>(723)</u>	<u>(2,703)</u>	<u>2,884,324</u>	<u>2,233,703</u>
16,397	19,563	(30)	(30)	726,567	548,397
				(50,736)	(38,970)
				<u>675,831</u>	<u>509,427</u>
				(14,281)	(62,584)
				<u>661,550</u>	<u>446,843</u>
				(190,595)	(129,488)
				<u>470,955</u>	<u>317,355</u>
11,690	28,440	-	-	3,003,544	2,926,838
				1,228,775	653,244
				<u>4,232,319</u>	<u>3,580,082</u>
3,513	10,855	-	-	1,290,512	909,661
				692,659	893,228
				<u>1,983,171</u>	<u>1,802,889</u>

Notes to the Financial Statements - 31 December 2005 (cont'd.)

25. SEGMENT INFORMATION (cont'd.)

Business Segments	Mobile		Wholesale	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other information				
Segment capital expenditure	659,325	515,330	3,019	6,881
Unallocated segment capital expenditure				
Total capital expenditure				
Depreciation and amortisation	560,442	441,798	18,828	21,002
Non-cash expenses other than depreciation and amortisation	4,005	327	76	20

Geographical Segments

Revenue from external customers by location of customers

Segment assets by location of assets

Capital expenditure by location of assets

* Others comprise customers and assets which are mostly located in Asia region.

Others		Eliminations		Consolidated	
2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
668	1,427	-	-	663,012	523,638
				24,860	-
				<hr/>	<hr/>
				687,872	523,638
4,185	6,769	-	-	583,455	469,569
6	-	-	-	4,087	347

Malaysia		Others*		Consolidated	
2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
2,807,416	2,115,331	76,908	118,372	2,884,324	2,233,703
4,212,431	3,559,131	19,888	20,951	4,232,319	3,580,082
687,872	523,589	-	49	687,872	523,638

Notes to the Financial Statements - 31 December 2005 (cont'd.)

26. OTHER SIGNIFICANT EVENTS

- (a) On 26 October 2005, the Company announced that DiGi Telecommunications Sdn Bhd ("DTSB"), a wholly-owned subsidiary, proposed to issue Commercial Papers and Medium Term Notes with an aggregate nominal value of up to RM700 million ("the Proposed Issue").

The Proposed Issue is an alternative source of financing for DTSB to plan and manage its funding costs and requirements for its capital expenditure and working capital. The Securities Commission has approved the Proposed Issue based on the terms and conditions as contained therein.

The Proposed Issue has yet to be executed.

- (b) On 26 October 2005, the Company announced that the Company proposed to undertake a capital repayment of RM0.75 for every share to be satisfied wholly in cash to its shareholders via a share capital reduction pursuant to Section 64 of the Companies Act, 1965 ("the Proposal") and to amend the Memorandum and Articles of Association ("M&A") of the Company to facilitate the Proposal.

Upon the completion of the proposed capital repayment, the par value of the ordinary shares in the Company will be reduced from RM1.00 to RM0.25 each. Based on the Company's issued and paid-up share capital of RM750,000,000 comprising 750,000,000 ordinary shares as at 31 December 2005, the maximum amount to be distributed to the shareholders will be approximately RM562.5 million.

The Proposal is expected to be completed by the second quarter of 2006.

27. SUBSEQUENT EVENT

The Company's shareholders had approved the Proposal and the proposed amendment of M&A at an Extraordinary General Meeting convened on 24 January 2006 and the same was filed with the High Court of Malaya on 25 January 2006 for approval.

28. COMPARATIVES

The comparative figures have been audited by a firm of chartered accountants other than Ernst & Young and the following have been reclassified to conform with the current year's presentation:

	GROUP	
	As reclassified RM'000	Previously stated RM'000
Income statements		
Staff expenses	125,961	114,161
Other operating expenses	197,045	208,845
	<u>197,045</u>	<u>208,845</u>
Balance sheets		
Current assets		
Trade and other receivables	190,690	176,955
	<u>190,690</u>	<u>176,955</u>
Current liabilities		
Trade and other payables	715,458	750,821
Provision for liabilities	44,575	-
	<u>44,575</u>	<u>-</u>
Long term liabilities		
Provision for liabilities	8,115	-
Employee benefits	-	3,592
	<u>-</u>	<u>3,592</u>

List of Properties as at 31 December 2005

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

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

N/A denotes "Not Applicable"

Description/ Existing Use	Date of Acquisition	Area	Age Of Building (Years)	Net Book Value As At 31.12.2005 RM'000
Land with a building / Telecommunications Centre	29.12.1997	22,529 sq ft	8	774
Apartment / Housing base transceiver equipment	26.01.1995	802 sq ft	10	106
Apartment / Housing base transceiver equipment	04.02.1995	2,429 sq ft	12	566
Apartment / Housing base transceiver equipment	25.01.1995	1,249 sq ft	11	212
Apartment / Housing base transceiver equipment	29.03.1995	1,319 sq ft	10	81
Apartment / Housing base transceiver equipment	07.02.1995	1,115 sq ft	10	165
Land with a building / Telecommunications Centre	12.05.1995	1.58 acres	11	1,172
Land with a building / Telecommunications Centre	23.03.1995	1 acre	31	2,020
Land with a building / Telecommunications Centre	12.06.1995	0.938 acre	25	2,241
Land with a building / Telecommunications Centre	15.08.1995	4,124 sq ft	10	1,898
Land with a building / Telecommunications Centre	07.07.1995	4 acres	23	2,187
Apartment / Housing base transceiver equipment	08.02.1995	1,400 sq ft	17	190
Apartment / Housing base transceiver equipment	22.03.1995	1,100 sq ft	14	99
Land with a building / Earth Station Complex	07.08.1996	7.5 acres	11	6,081
Land with Fixed Line switch and base transceiver station	14.11.1997	25,521 sq ft	8	397
Land with trunk station	17.08.1999	40,000 sq ft	6	115
Land with a building / Telecommunications Centre	15.07.1999	5,942 sq ft	6	213
Land with a building / Telecommunications Centre	23.05.2000	18,050 sq ft	16	1,868
Land with a building / Telecommunications Centre	29.09.2000	4,937 sq ft	N/A	1,090
Land with a building under construction	19.07.2001	284,485 sq ft	N/A	22,886
Land with a building / Telecommunications Centre	21.08.2002	17,847 sq ft	9	2,780

Disclosure of Recurrent Related Party Transactions

At the Annual General Meeting held on 10 May 2005, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transaction of a revenue or trading nature.

In accordance with Paragraph 4.1.5 of Practice Note No. 12/2001 of Listing Requirement of Bursa Malaysia, the details of recurrent related party transactions conducted during the financial year ended 31 December 2005 pursuant to the shareholders' mandate are disclosed as follows:

DiGi Group with the following Related Parties	DiGi and/or its subsidiary companies	Nature of Transaction undertaken by /provided to DiGi and/or its subsidiaries	Amount transacted during the financial year RM'000
Telenor Group of Companies			
Telenor ASA	DTSB	Professional fees	254
Telenor Consult AS	DTSB	Personnel services payable	6,929
BGroup and its unlisted related companies			
BerjayaCity Sdn Bhd	DTSB	Rental payable	12
Berjaya Registration Services Sdn Bhd	DiGi DTSB	Receipt of share registration and printing to mailing services	6,698
Berjaya Soutex Sdn Bhd	DTSB	Rental payable	18
Berjaya Starbucks Coffee Company Sdn Bhd	DTSB	Purchase of coffee for promotional roadshows	16
Inter-Pacific Trading Sdn Bhd	DTSB	General trading purchases	289
Novacomm Integrated Sdn Bhd	DTSB	Receipt of advertising and publishing services	109
VRS (Malaysia) Sdn Bhd	DTSB	Rental payable	38
BCapital and its unlisted related company			
Eng Securities Sdn Bhd	DTSB	Rental payable	7
BLand and its unlisted related companies			
Amat Muhibah Sdn Bhd	DTSB	Rental payable	48

DiGi Group with the following Related Parties	DiGi and/or its subsidiary companies	Nature of Transaction undertaken by /provided to DiGi and/or its subsidiaries	Amount transacted during the financial year RM'000
BLand and its unlisted related companies (cont'd.)			
Berjaya Georgetown Hotel (Penang) Sdn Bhd	DTSB	Rental payable	39
Berjaya Golf Resort Bhd	DTSB	Rental payable	16
Berjaya Guard Services Sdn Bhd	DTSB	Provision of security services	688
Berjaya Land Development Sdn Bhd	DTSB	Rental payable	11
Bukit Kiara Resort Bhd	DTSB	Rental payable	27
Cempaka Properties Sdn Bhd	DTSB	Rental payable	294
Gemilang Cergas Sdn Bhd	DTSB	Rental payable	60
Klasik Mewah Sdn Bhd	DTSB	Rental payable	473
Kota Raya Development Sdn Bhd	DTSB	Rental payable	30
Noble Circle (M) Sdn Bhd	DTSB	1. Rental payable 2. Rental of banner space for roadshow	205 39
Nural Enterprise Sdn Bhd	DTSB	Rental payable	15
Pakar Angsana Sdn Bhd	DTSB	Rental payable	42
Securiservices Sdn Bhd	DTSB	Rental payable	42
Sinar Merdu Sdn Bhd	DTSB	Rental payable	30
Tiram Jaya Sdn Bhd	DTSB	Rental payable	36

Disclosure of Recurrent Related Party Transactions (cont'd)

DiGi Group with the following Related Parties	DiGi and/or its subsidiary companies	Nature of Transaction undertaken by /provided to DiGi and/or its subsidiaries	Amount transacted during the financial year RM'000
BToto and its unlisted related company			
Sports Toto Malaysia Sdn Bhd	DTSB	Rental payable	120
Cosway Corp and its unlisted related companies			
Stephen Properties Sdn Bhd	DTSB	Rental payable	120
DunBush and its unlisted related companies			
Dunham-Bush Industries Sdn Bhd	DTSB	Rental payable	16
Dunham-Bush (Malaysia) Bhd	DTSB	Rental payable	15
Topaire Sales & Services Sdn Bhd	DTSB	Purchase and servicing of air conditioning	40
Intan Utilities and its unlisted related company			
Convenience Shopping Sdn Bhd	DTSB	Banner space rental for roadshows	226
Matrix and its unlisted related companies			
Berjaya Times Square Sdn Bhd	DTSB	1. Rental payable - Floorspace	397
		2. Rental payable – BTS site	161
		3. Space rental for promotion	9
Cosmo's World Theme Park Sdn Bhd	DTSB	1. Sole and exclusive naming sponsor of IMAX theatre	1,000
		2. Purchase of tickets for promotion purposes	22
Other companies related to TSVT			
Sun Media Corporation Sdn Bhd	DTSB	Advertisement and promotion	1

DiGi Group with the following Related Parties	DiGi and/or its subsidiary companies	Nature of Transaction undertaken by /provided to DiGi and/or its subsidiaries	Amount transacted during the financial year RM'000
Dijaya Corp and its unlisted related companies			
Dijaya Management Services Sdn Bhd	DTSB	Rental payable	40
Tropicana Golf & Country Resort Berhad	DTSB	1. Rental payable 2. Subscription fees	48 13
Total			18,693

Notes:

- Telenor Consult AS is a wholly owned subsidiary of Telenor ASA ("Telenor") which is also the ultimate holding company of DiGi.Com Berhad ("DiGi").
- Berjaya Group Berhad ("BGroup"), Berjaya Capital Berhad ("BCapital"), Berjaya Land Berhad ("BLand"), Berjaya Sports Toto Berhad ("BToto"), Cosway Corporation Berhad ("Cosway Corp"), Dunham-Bush (Malaysia) Bhd ("DunBush"), Intan Utilities Berhad ("Intan"), Matrix International Berhad ("Matrix") and other companies are companies in which Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT"), a former Director and former substantial shareholder is deemed to have an interest.
- TSVT is the brother of Tan Sri Dato' Danny Tan Chee Sing who is the Chairman/Chief Executive Officer and Major Shareholder of Dijaya Corporation Berhad ("Dijaya Corp").
- DiGi Telecommunications Sdn Bhd ("DTSB") is a wholly owned subsidiary of DiGi.

Statement of Directors' Shareholdings as at 31 March 2006

The Company DiGi.Com Berhad	Number of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Deemed Interest	%
-	-	-	-	-

Ultimate Holding Company Telenor ASA	Number of Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Arve Johansen	50,132	0.0026	-	-
Christian Storm	1,737	0.0001	-	-
Ragnar Holmen Korsæth	5,670	0.0003	-	-

Ultimate Holding Company Telenor ASA	Number of Options over Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Arve Johansen	200,000	0.0117	-	-
Ragnar Holmen Korsæth	43,333	0.0025	-	-

Save as disclosed, none of the other Directors in office have any interest in the shares of the Company or its related corporations as at 31 March 2006.

Substantial Shareholders as at 31 March 2006

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

Notes:

- Deemed interested by virtue of its 100% interest in Telenor Asia Pte Ltd.
- Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.
- Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.

Statistics on Shareholdings as at 31 March 2006

Authorised Share Capital	:	RM1,000,000,000
Issued and Paid-Up Share Capital	:	RM750,000,000
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per share

Analysis of shareholdings

Size of shareholdings	Number of shareholders	%	Number of shares	%
less than 100	253	6.88%	3,713	0.00%
100 - 1,000	1,623	44.14%	1,341,891	0.18%
1,001 - 10,000	1,239	33.69%	4,356,207	0.58%
10,001 - 100,000	308	8.38%	12,414,755	1.66%
100,001 - 37,499,999	251	6.83%	274,383,804	36.58%
37,500,000 and above	3	0.08%	457,499,630	61.00%
Total	<u>3,677</u>	<u>100.00%</u>	<u>750,000,000</u>	<u>100.00%</u>

List of Thirty (30) Largest Shareholders as at 31 March 2006

Name of shareholders	Number of shares	%
1 Citigroup Nominees (Asing) Sdn Bhd Telenor Asia Pte Ltd	247,000,000	32.93
2 Citigroup Nominees (Asing) Sdn Bhd Telenor Asia Pte Ltd (DiGi)	105,499,630	14.07
3 Citigroup Nominees (Asing) Sdn Bhd Telenor Asia Pte Ltd (DiGi / Moratorium)	105,000,000	14.00
4 Citigroup Nominees (Asing) Sdn Bhd Goldman Sachs International	35,951,600	4.79
5 Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG22 For Smallcap World Fund, Inc	21,760,200	2.90
6 Employees Provident Fund Board	16,730,220	2.23
7 Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG05 For The New Economy Fund	13,974,400	1.86
8 HSBC Nominees (Asing) Sdn Bhd Mscoil For Perry Partners International, Inc	12,168,411	1.62
9 HSBC Nominees (Asing) Sdn Bhd Mscoil For Perry Partners L.P	5,993,081	0.80
10 Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Malpac Management Sdn Bhd (3349 Sban)	5,380,481	0.72
11 Dato Ahmad Sebi Bin Bakar	5,118,061	0.68

List of Thirty (30) Largest Shareholders as at 31 March 2006 (cont'd)

Name of shareholders	Number of shares	%
12 Citigroup Nominees (Asing) Sdn Bhd GSCO For Indus Asia Pacific Master Fund Ltd	4,547,600	0.61
13 HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.S.A)	4,094,100	0.55
14 HSBC Nominees (Tempatan) Sdn Bhd Nomura Asset Mgmt Sg For Employees Provident Fund	3,925,589	0.52
15 Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Prime Credit Leasing Sdn Bhd For Alam Nusantara Sdn Bhd	3,551,523	0.47
16 Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For Public Ittikal Fund (N14011970240)	3,022,095	0.40
17 Citigroup Nominees (Asing) Sdn Bhd CBNY For Blackrock Funds (Int Oppor Prt)	2,903,800	0.39
18 HSBC Nominees (Asing) Sdn Bhd Sal Oppenheim Jr And Cie, Germany For Oppenheim Kapitalanlag Egesellschaft	2,694,000	0.36
19 Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	2,500,000	0.33
20 Citigroup Nominees (Asing) Sdn Bhd Bear Stearns Securities Corp For Lonestar Partners Lp	2,500,000	0.33
21 HSBC Nominees (Asing) Sdn Bhd BBH (Lux) Sca For Fidelity Funds Telecommunications	2,389,000	0.32
22 Citigroup Nominees (Tempatan) Sdn Bhd ING Insurance Berhad (INV-IL PAR)	2,367,729	0.32
23 Tan Chee Sing	2,092,670	0.28
24 Cartaban Nominees (Asing) Sdn Bhd Investors Bank And Trust Company For Asian Small Companies Portfolio	2,059,500	0.27
25 Citigroup Nominees (Asing) Sdn Bhd UBS AG	2,055,000	0.27
26 Amanah Raya Nominees (Tempatan) Sdn Bhd Public Growth Fund	2,016,000	0.27
27 HSBC Nominees (Asing) Sdn Bhd BNY Brussels For JF Asean Fund	2,000,000	0.27
28 HSBC Nominees (Asing) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (U.K.)	1,972,500	0.26
29 Citigroup Nominees (Asing) Sdn Bhd Mellon Bank, N.A For Virginia Retirement System	1,878,700	0.25
30 AMMB Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For SBB Dana Al-Ihsan (5-2-7)	1,847,000	0.25
	624,992,890	83.32

Form of Proxy

DiGi.COM BERHAD(Company No.: 425190-X)
(Incorporated in Malaysia)I/We _____ **Name in full**

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

of _____ **Address**

being a member of DiGi.COM BERHAD hereby appoint:

_____ I.C. No. _____ **New and Old I.C. Nos.**

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Ninth Annual General Meeting of the Company to be held at Sapphire Room, Level 1, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Friday, 19 May 2006 at 10.00 a.m. or any adjournment thereof.

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

Ordinary Resolutions	For	Against
Resolution 1 - To receive and adopt the Audited Financial Statements		
Resolution 2 - To re-elect Dato' Ab. Halim bin Mohyiddin as Director		
Resolution 3 - To re-elect Tan Sri Datuk Amar Leo Moggie as Director		
Resolution 4 - To appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration		
Resolution 5 - To authorise Directors to allot and issue shares		
Resolution 6 - To approve the Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions with Telenor ASA ("Telenor") and persons connected with Telenor		
Resolution 7 - To approve the Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions with persons connected with Tan Sri Dato' Seri Vincent Tan Chee Yioun		

No. of Shares

Signature of Shareholder(s) or Common Seal

Signed this _____ day of _____, 2006.

Notes:

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

fold this flap for sealing

affix
stamp

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

2nd fold here

1st fold here

Corporate Directory

List of Operating Offices

Principal Place of Business/Head Office

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

Central Operating Offices

Lot 5, Jalan Pemaju U1/15,
Hicom Glenmarie Industrial Park,
40150 Shah Alam, Selangor.
Tel : 03-5721 1800
Fax : 03-5721 1857

Lots 7 & 8, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor.
Tel : 03-5721 1800
Fax : 03-5721 1857

Lots 28 & 29, Jalan Delima 1/3,
Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor.
Tel: 03-5721 1800
Fax: 03-5721 1857

Regional Operating Offices

Northern Region

62, 1st Floor, Jalan Mayang Pasir 1,
Off Jalan Mahsuri,
11950 Bayan Baru,
Pulau Pinang.
Tel : 04-641 2800
Fax : 04-641 3800

Ipoh Sales Office

C-G-2 Persiaran Greentown 3,
Greentown Business Centre,
30450 Ipoh, Perak.

Southern Region

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

Eastern Region

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

Sabah Region

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

Sarawak Region

Lot 2087, Block 10,
Bangunan Kueh Boon Teck,
Jalan Tun Ahmad Zaidi Adruce,
93150 Kuching.
Tel: 082-421 800
Fax: 082-427 597

DiGi Centres

Kuala Lumpur

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

Berjaya Times Square
01-36, Berjaya Times Square,
1, Jalan Imbi ,
55100 Kuala Lumpur.

Selangor

Klang
35 & 37, Persiaran Sultan Ibrahim,
41300 Klang.

SS2

24, Jalan SS2/66,
47300 Petaling Jaya.

Taipan

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

Penang

Beach Street
29A Beach Street,
10200 Penang.

Pulau Tikus

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

Seberang Jaya

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

Perak

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

Johor

Batu Pahat
37, Jalan Kundang,
Taman Bukit Pasir,
83100 Batu Pahat.

Taman Molek

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

Jalan Tun Razak

64, Jalan Tun Abdul Razak,
Susur 1, 80000 Johor Bahru.

Melaka

Melaka
523, Taman Melaka Raya,
75000 Melaka.

Negeri Sembilan

Seremban
No 15, Jalan Kong Sang,
70000 Seremban.

Pahang

Kuantan
Lot G22B & G23 (II),
Ground Floor, Berjaya Megamall,
Jalan Tun Ismail, 25000 Kuantan.

Sabah

Api-api
Lot 5/G3, Ground & 1st Floors,
Api-Api Centre,
88000 Kota Kinabalu.

Sarawak

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

Miri

Lot 938, Ground & 1st Floors,
Jalan POS, 98000 Miri.

Sibu

13, Ground & 1st Floors,
Lorong Kampung Datu 3,
96000 Sibu.

DiGi Service Counters

Kuala Lumpur

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

Giant Cheras

Lot 19 & 21 Connaught Market Centre,
Jln Cheras, Trm Connaught,
Cheras 56000 Kuala Lumpur.

Midvalley

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

Pandan Indah

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

Selangor

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

Giant Batu Caves

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

Giant LDP Kelana Jaya

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

Ikano Power Centre

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

One Utama

LG325, Lower Ground,
1 Utama Shopping Centre(New Wing),
Lebuhraya Utama, Bandar Utama,
47800 Petaling Jaya.

Tesco Puchong

148,149, Jalan Bandar 3,
Pusat Bandar Puchong,
47100 Puchong.

Selayang

57, Jalan 2/3A,
Pasar Borong Selayang,
Off Jalan Ipoh, 68100 Bt Caves.

Penang

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

Perak

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

Kedah

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

Johor

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

Kluang

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

Muar

44, Jalan Sisi, 84000 Muar.

Kelantan

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

Sabah

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

Tawau

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

Kota Kinabalu

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

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

DiGi.Com Berhad (425190-X)
Lot 30, Jalan Delima 1/3,
Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor.

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

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