LET'S INSPIRE

2014 ANNUAL REPORT

IN OUR 2014 REPORT

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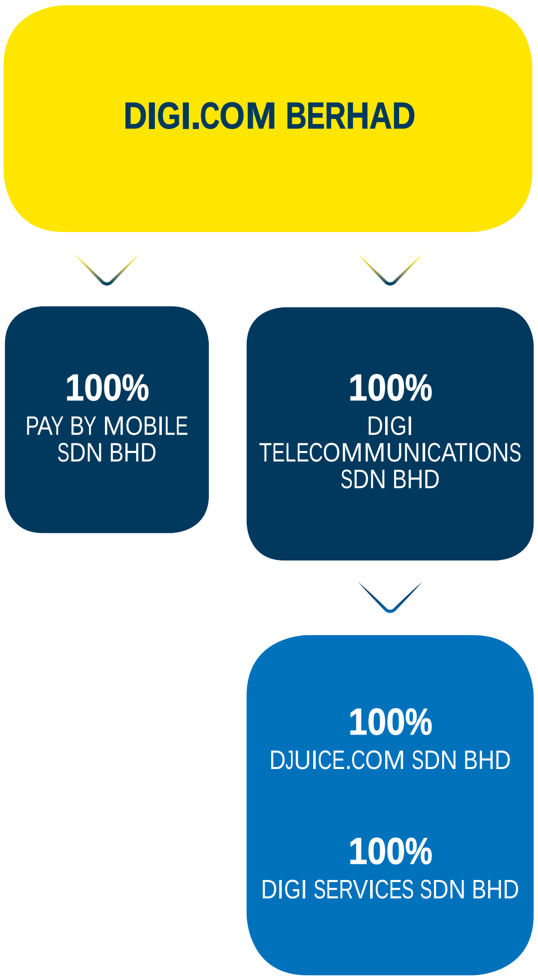
annual report.

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Sigve Brekke
Chairman

Datuk Seri Saw Choo Boon

Dato' Ab. Halim Bin Mohyiddin

Hakon Bruaset Kjol

Morten Karlsen Sorby

Tore Johnsen
Director and Alternate Director to Sigve Brekke

Yasmin Binti Aladad Khan

AUDIT & RISK COMMITTEE

Datuk Seri Saw Choo Boon
Chairman/Independent Non-Executive Director

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

Tore Johnsen
Non-Independent Non-Executive Director

NOMINATION COMMITTEE

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

Hakon Bruaset Kjol
Non-Independent Non-Executive Director

Yasmin Binti Aladad Khan
Independent Non-Executive Director

REMUNERATION COMMITTEE

Sigve Brekke
Chairman/Non-Independent Non-Executive Director

Hakon Bruaset Kjol
Non-Independent Non-Executive Director

Tore Johnsen
Non-Independent Non-Executive Director

SECRETARIES

Choo Mun Lai (MAICSA No. 7039980)

Tai Yit Chan (MAICSA No. 7009143)

Tan Ai Ning (MAICSA No. 7015852)

DOMICILE AND COUNTRY OF INCORPORATION

Malaysia

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AUDITORS

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Chartered Accountants
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Jalan Damanlela
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50490 Kuala Lumpur
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STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Listed on: 18 December 1997
Stock Name: Digi
Stock Code: 6947

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
Hong Leong Bank Berhad
UOB Bank Berhad
Sumitomo Mitsui Banking Corporation Malaysia Berhad

A STRONGER, FRESHER DIGI

Today, we are more passionate than ever about enabling mobile internet connectivity for every Malaysian to enjoy. We have built a robust internet business with a re-energised brand to deliver on this promise.
We now bring high-quality internet services and the most consistent internet experience to more than 11 million customers nationwide.
This positions us for an important new chapter in our journey to be the best mobile internet provider for mass market in Malaysia.

FASTEST GROWING DATA NETWORK

Population Coverage

3G **86%** LTE **32%**

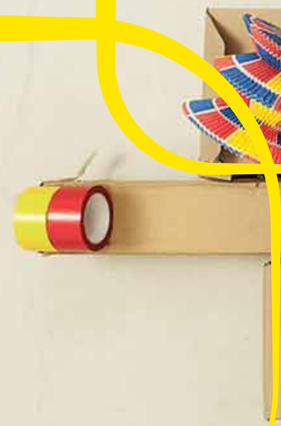
4,600km
fibre network nationwide

MODERNISED BILLING SYSTEM

Robust back-end postpaid and prepaid billing system enabling faster rollout of highly customisable products and services to the market

WIDEST NETWORK OF SERVICE TOUCHPOINTS

Up to **15,000** points of sales nationwide



INTERNET FOR INSPIRATION AND SHARING

With our new brand philosophy ‘Let’s Inspire’, we aim to be the integral source of fun and inspiration for our customers, connecting them to a melting pot of enriching content and helping them share their inspiration with others. We deliver this differentiated internet experience through our distinct brand propositions of Digi Live, Digi Value, Digi Easy and Best for Internet.

DIGI LIVE

Bringing the latest and most inspiring entertainment content, and differentiated product bundles with the latest digital services from strategic global partnerships

DIGI VALUE

Offering better value for money for voice and internet plans, and enabling affordable mobile internet access at a wide range of price points

DIGI EASY

Promising consistent and seamless customer experience, and the best self-serve channels through our widest network of service touchpoints

BEST FOR INTERNET

Guaranteeing the most consistent internet experience, and the best social media engagement and content platform

AN INTERNET-INSPIRED LIFE FOR ALL

As adoption and consumption of mobile internet services continue to grow, our focus is to ensure every customer - first time or savvy users - have access to quality, relevant and affordable internet services. More people in Malaysia can now get inspired by the freshest in music, videos, newsfeeds, games and social connectivity on their mobile whenever, wherever.

Over **60%** smartphone users in Malaysia

35% smartphone users access the internet exclusively on their devices

1 in every 2 smartphone users are on the internet

Mobile internet users spend an average of **3 hours** a day online

70% use the internet for fun and entertainment

OUR COMMITMENT TO SHAREHOLDERS

Dear shareholders,

On behalf of the Board of Directors, I am pleased to report that Digi has again delivered solid growth in 2014, continuing the company's strong performance track record. During the year, Digi made significant progress in bringing its promise of *Internet For All* to more customers in Malaysia, fueling a healthy increase in mobile internet customers to 56.5% of its total customer base and internet revenue growth of 39.6%.

INTERNET POWERING DIGITAL FUTURE

One in every two of the world's population today has access to mobile connectivity. This is an increase from just one in five 10 years ago according to GSMA, with an additional 1 billion users expected to get online on top of the current 3.6 billion mobile subscribers by 2020[1]. Asia alone is expected to account for more than half of the world's internet users, and consume as much as 40% of global mobile data traffic by 2016[2].

Rapid expansion of advanced data network, and access to affordable smartphones have been the catalyst for the exponential adoption and consumption of the internet. This trend is further encouraged by the widespread appetite for digital services and content innovation which will continue to redefine consumer experiences in many aspects of daily life, as well as promote the creation of a range of new business opportunities and services.

In Malaysia, smartphone ownership has risen to over 60%, with users spending an average of three hours a day on the internet[3]. There are also some 35% of smartphone users who exclusively use their devices as the only means of accessing the internet, making Malaysia the number one country in the world with the most number of customers using only their smartphones to access the internet[4]. This presents significant opportunities for Digi. The stronger internet-centric business we have built over the years, with a deep focus on quality of service, customer excellence, and an inspiring refreshed brand positions Digi well to serve the growing demand for internet connectivity, and realise its ambition of becoming the best mobile internet provider for mass market.

EMBRACING RESPONSIBLE BUSINESS PRACTICES

Digi believes that mobile internet is a key driver for economic and social improvements, and has profound impact on national economies worldwide. While extending the benefits of mobile internet to more people from all walks of life, Digi continues to actively promote a safe experience of its products and services. It is also committed to minimising impact on the environment, and creating a dynamic working culture and environment for its people. Digi, through Telenor Group, is a member of the UN Global Compact (UNGC), and adheres to the UNGC principles on human and labour rights, environmental protection, and anti-corruption.

Digi continues to engage with employees and business partners around its Code of Conduct and Agreement for Business Conduct respectively, with mandatory compliance to all principles, while ensuring it adheres to exemplary business practices in all aspects of its operations. I would like to invite shareholders to read about these and other efforts in Digi's 2014 Sustainability Report, available at www.digi.com.my/sustainability.

CREATING VALUE FOR SHAREHOLDERS

In 2014, Digi continues to be acknowledged in the market for its strong performance through its successive recognition at

The Edge Billion Ringgit Club Awards. Digi again received top honours for the Most Profitable Company (in the Trading & Services sector), and Most Profitable Company overall for companies with market capitalisation of above RM10 billion. Both awards were in recognition of Digi's continued ability to turn in the highest return on equity over the past three years.

Digi was also the only Malaysian company and telecoms operator in Asia to be listed as one of Forbes World's Most Innovative Companies in 2014. This is the second time Digi has been recognised in a Forbes list; having been acknowledged as one of Asia Pacific's 50 best publicly traded companies in the Forbes Asia's Fabulous 50 list in 2012. These awards demonstrate the Company's solid track record in driving performance excellence and innovation.

Over the years, Digi has also proven its ability to deliver shareholder value through its consistently strong returns to shareholders. In view of the company's solid performance, I am pleased to share that Digi's shareholders were rewarded a net dividend per share of 26.0 sen, or a total dividend of RM2.0 billion for 2014. The dividend pay-out ratio of close to 100% exceeds the Company's dividend policy of distributing a minimum 80% of its net profits.

1 *GSMA Mobile Economy 2015*
2 *Forbes, Cisco Visual Networking Index*
3 *Nielsen Report*
4 *Consumer Barometer by Google and TNS*

BOARD OF DIRECTORS


DATUK SERI SAW CHOO BOON


MORTEN KARLSEN SORBY


DATO' AB. HALIM BIN MOHYIDDIN


HAKON BRUASET KJOL


YASMIN BINTI ALADAD KHAN


TORE JOHNSEN

A LOCAL, SEASONED TELECOMMUNICATIONS EXECUTIVE TAKES HELM

In February 2015, the Board of Directors appointed Digi's Chief Operating Officer Albern Murty as the company's new Chief Executive Officer. This follows the appointment of its incumbent Chief Executive Officer Lars Norling as Chief Executive Officer of dtac (Total Access Communication PCL), Telenor Group's business unit in Thailand.

Albern has grown through the ranks of Digi, and was instrumental in shaping the vision and establishing clear strategies in driving the company's continued growth over the past 12 years. The Board continues to assess the strength of its executive team and succession plan for key management roles, and feels confident that in Albern, Digi has a strong leader who shares the same tenacity for performance excellence to continue steering the Company towards further growth.

ACKNOWLEDGEMENTS

Digi's strong performance amidst increasing competition in the marketplace is a reflection of the tireless effort and perseverance of the company's dedicated employees, able leadership of the management team, and good support from its partners. The Board and I would like to thank all Digizens for their contribution, and to Lars Norling and his predecessor Henrik Clausen for their visionary leadership as CEOs.

On behalf of the Board, we would also like to extend our appreciation to the government of Malaysia, particularly to the Ministry of Communications and Multimedia (KKMM), the Malaysian Communications and Multimedia Commission (SKMM), and to the various agencies who continue to work with us in building a progressive telecoms ecosystem for the country.

Lastly, I would like to convey our appreciation to all shareholders for your confidence in Digi. We look forward to your continued support in the years ahead. See you at our Annual General Meeting in May.

Sigve Brekke
Chairman

STRONG AND GROWING CORE BUSINESS

Dear shareholders,

2014 was another year of solid growth for Digi. We made significant inroads into the mobile internet space and achieved solid data revenue growth, powering the Company to a strong finish for the year. Total revenue rose 4.2% to RM7.019 billion from a year ago, supported by the steady increase in our customer base to 11.4 million, close to half of which are now smartphone users.

We maintained resilient financial performance in the year, once again outperforming industry peers while strengthening our operational capabilities. All this, underpinned by the unwavering commitment of our employees to win in the market every day, will help bring us closer to our ambition of becoming the best mobile internet provider for mass market.

ROBUST INTERNET BUSINESS DELIVERING *INTERNET FOR ALL*

We have invested significantly over the years to modernise our network, IT, and go-to-market ecosystem as part of our mission to bring *Internet For All*.

Today we have a stronger customer-driven network that delivers greater stability and quality in more areas across the country to cater to the burgeoning demand for always-on, high-speed data connectivity. We fast tracked the expansion of our network by growing our 3G coverage to 86%, and 4G LTE footprint to 32% of populated areas, with plans to further extend LTE services to 50% of the population over the course of 2015. The significant improvements in the performance of our network from quality focused initiatives and progressive expansion into new areas, has accelerated adoption of mobile internet and increased data traffic by 76% during the year, supporting our promise of bringing the most consistent internet experience to more customers in Malaysia.

With a made-for-internet network ready to serve the growing demand, we stepped up efforts to make access to the internet easy and relevant to every customer. Throughout the year, we consistently introduced innovative internet plans with a wide range of affordable smart devices across all customer groups, in addition to bite-sized and digital services packages to drive adoption and trigger consumption. Our ability to enable higher smartphone and mobile internet adoption has lifted incremental data demand and will pave the way for increased service revenue in the future.

During the year, we also introduced a modernised billing platform and further enhanced our cluster-based operating model to drive rapid innovation in an ever competitive marketplace. These developments give us the edge to understand customer needs in real time, tailor-make and deliver on their needs, and leverage on opportunities to fuel continuous growth in data.

DELIVERING INTERNET FOR INSPIRATION

In January 2015, we introduced a refreshed brand anchored on the promise to be an enabler of digital inspiration for customers and commitment to deliver service excellence to a growing number of internet-loving customers on our network. Tapping on our stronger data-focused business to deliver high-quality mobile internet services, we aim to draw an even closer affinity with customers by bringing together fun and uplifting internet content to constantly deliver inspiring moments and experiences to customers on the move.

ALBERN MURTY
Chief Executive Officer

Beyond a new logo and philosophy of *Let's Inspire*, we introduced four brand differentiators – *Digi Live, Digi Value, Digi Easy and Best for Internet* – promising customers a distinctive experience.

CREATING MEANINGFUL INTERNET EXPERIENCES FOR CUSTOMERS

The success of our business hinges on our ability to consistently serve each of our over 11 million customers better day by day. To this end, we have re-engineered the organisation, putting in place a structured framework to holistically deliver excellent customer experience, with direct and frequent overview by senior management. In nurturing a customer-focused culture and way of work, we have also identified a number of company-wide initiatives to deepen employees' engagement with customers, and allow them to better understand and deliver on customer's needs.

MANAGEMENT TEAM

KARL ERIK BROTEN

LOH KEH JIAT

CHRISTIAN THRANE

EUGENE TEH

HAROON BHATTI

As Malaysia goes digital, our industry plays an increasingly important role in our customers' everyday lives. By bringing the power of the internet into the hands of more customers, we are empowering them to gain knowledge, grow businesses and transform their lives for the better. During the year, we continued to encourage community groups to capitalise on the power of the internet through our 34 1Malaysia Internet Centres, and inspire customers with relevant and enriching internet content through ideas and applications developed from our community programmes such as Challenge for Change.

Realising that children are accessing the internet at a younger age, we have further strengthened our commitment towards fostering a safer internet environment building on our collaboration with CyberSecurity Malaysia through our Digi CyberSAFE™ in Schools programme. More details on these outreach programmes are available in our Sustainability Report.

OUTLOOK AND PRIORITIES FOR THE YEAR AHEAD

My priority in the coming months is to ensure we strongly deliver our brand promise for customers across all segments to have access to high-quality internet content and services, and enjoy a consistently good experience. With our deep focus on execution, and emphasis on performance and operational efficiency, I am confident we can achieve our ambition and continue delivering shareholder value.

Another area that I am very passionate about is on talent development. I believe our people are our strongest assets and will continue to differentiate us in what is a dynamic and competitive telecommunications market. We are committed to continue fostering a culture that nurtures strong talents, building on the tenets of creating a challenging and supportive work culture and environment, attractive development opportunities at all levels, and competitive and performance-based rewards for all Digizens.

I applaud Digizens for their passion and commitment in pushing the boundaries to win in the market every day. This challenger spirit that is inherently ours is what it takes for Digi to deliver strongly on our ambition. I thank all Digizens for their energy and contribution in our journey to bring world-class mobile internet services to more people in Malaysia.

I would also like to take this opportunity to express my appreciation to my predecessor Lars Norling who steered the team in crystalising our strategic focus to drive continuous growth, and for leading the delivery of key initiatives across Digi. On behalf of all Digizens, I would like to wish him the very best in his new role at dtac.

Lastly, I would like to thank all our customers for their support. We promise to continue raising the bar on quality and service excellence in our endeavour to serve you better.

Albern Murty
Chief Executive Officer

EXECUTIVE SUMMARY

DELIVERING BEST CUSTOMER EXPERIENCE

11.4 MILLION SUBSCRIBERS including 6.5 MILLION INTERNET SUBSCRIBERS[1]

49.3% SMARTPHONE USERS

ENABLING *INTERNET FOR ALL*

HIGH SPEED DATA NETWORK 3G:86% LTE:32% POPULATION COVERAGE

ENABLING FASTER ROLLOUT OF HIGHLY CUSTOMISABLE PRODUCTS AND SERVICES

SOLID FINANCIAL PERFORMANCE

GROWTH AHEAD OF INDUSTRY: 4.2% REVENUE 3.3% SERVICE REVENUE

39.6% STRONG INTERNET REVENUE GROWTH

SUSTAINED 45% EBITDA MARGIN

STRONG SHAREHOLDER RETURN

19.2% EARNINGS PER SHARE (EPS)

22.1% DIVIDEND PER SHARE (DPS) WITH ALMOST 100% DIVIDEND PAYOUT

FASTEST GROWING MOBILE TELECOMMUNICATIONS OPERATOR IN MALAYSIA

Digi delivered a solid performance in 2014, achieving strong top line growth while maintaining healthy operational momentum.

For the year under review, Digi registered a record high revenue of RM7,019 million, an increase of 4.2%, from a year ago. The relentless drive on performance and excellent execution, with a key focus on customer experience and network quality strengthened Digi's market position for continued resilience in driving sustainable growth.

Net profit increased 19.1% to RM2,031 million, while Operating Cash-Flow (Ops Cash-Flow) margin stood steady at 32% or RM2,259 million after accounting for higher capex investment of RM904 million, as planned.

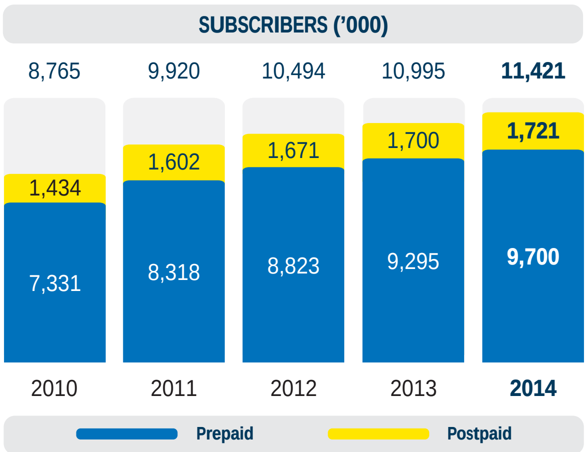
The rapid expansion of Digi's 3G and LTE network, in addition to the modernised IT billing system were part of its *Best For Internet* strategic focus to deliver a consistent high-speed mobile internet experience and innovative services to more customers across Malaysia.

Digi's consistent excellent execution successfully captured strong demand for mobile internet throughout the year and delivered on its 2014 financial guidance.

2014 FINANCIAL GUIDANCE	DELIVERED
4% - 6% revenue growth	• 4.2% revenue growth
Sustain EBITDA margin at 2013 level	• 45% EBITDA margin

1 *Subscribers with at least 150kb for the last 3 months*

PLACING CUSTOMERS FIRST



When Digi first embarked on its *Internet For All* journey, Digi was determined to take active and innovative steps to enable mobile internet access and adoption across all customer groups. Over the years, Digi has consistently driven mobile internet access through a wide variety of affordable smartphones and service bundles.

During the year, Digi continued to introduce relevant affordable smartphones, 12-month internet service bundles and flexible bite-sized internet plans, among others, to encourage greater internet adoption.

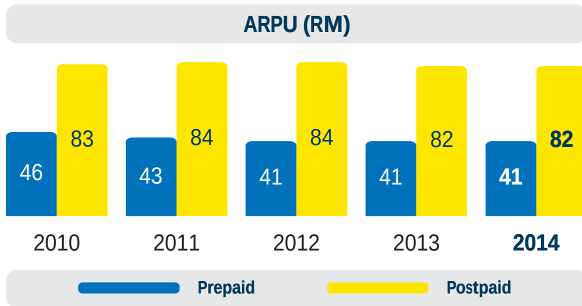
Trial promotions and nationwide customer engagements were also initiated to promote Digi's modernised network.

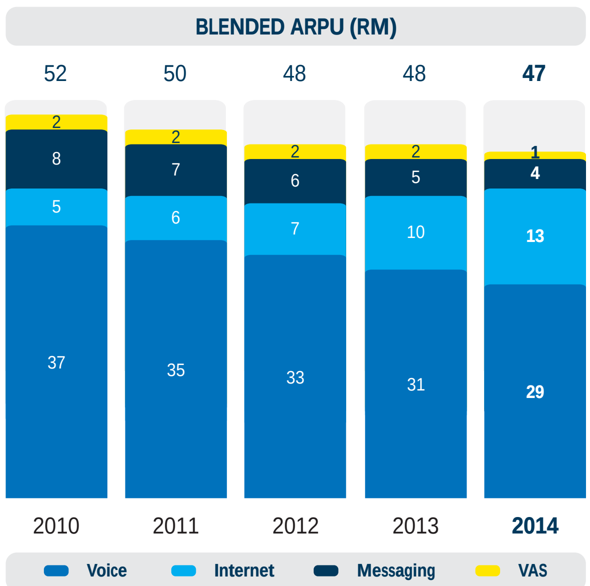
The strong focus on customer experience and solid market execution especially in distribution and network infrastructure continued to draw customer preference towards Digi as the preferred mobile operator for the mass market.

Digi gained an additional 426,000 subscribers in 2014; 405,000 of this comprised of prepaid subscribers, while 21,000 were postpaid subscribers.

Active internet subscribers[1] increased by 1.5 million to almost 6.5 million (2013: 4.9 million) and formed 56.5% of Digi's 11.4 million subscribers.

Blended ARPU remained resilient at RM47 over a larger subscriber base with stronger contribution from internet.





BUILDING STRENGTH THROUGH OUR BEST FOR INTERNET INFRASTRUCTURE

2014 was another key milestone for Digi with the completion of IT billing modernisation. Capability from the brand-new convergent billing system will be a key enabler for Digi to:

- Deliver more flexible and innovative products and services;
- Improve lead time to support go-to-market launches;
- Support dynamic charging functionalities;
- Enable better customer insights with real time intelligence; and
- Optimise cost structure to support future growth

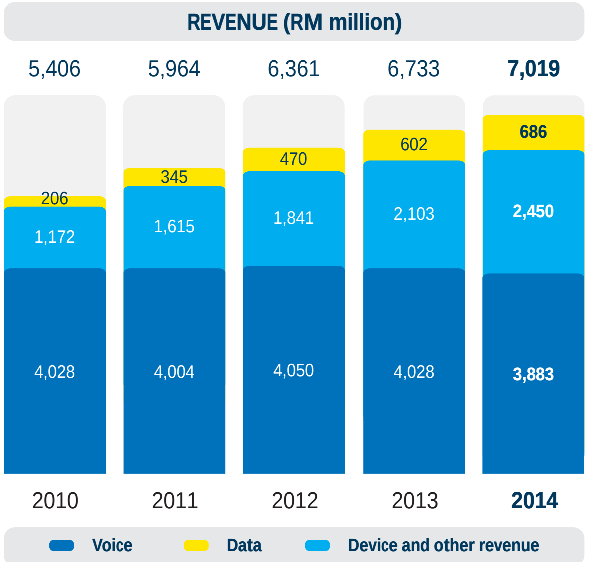
In addition, Digi continued to build and expand its 3G and LTE coverage to 86% and 32% of population, focusing on areas with strong demand for high-speed internet services, supported by device availability, and where Digi can make a real difference.

LTE services are currently available at nine (9) locations i.e. Klang Valley, Penang, Kampar, Johor Bahru, Kuching, Miri, Kota Kinabalu, Tawau, and Labuan, backed by more than 4,700 km of fibre.

Digi's stronger network performance and coverage, coupled with easy access to a wide range of affordable smartphones bundles continued to support stronger mobile internet consumption particularly on social media platforms.

1 *Subscribers with at least 150kb for the last 3 months*

CONTINUOUS REVENUE GROWTH DRIVEN BY MOBILE INTERNET

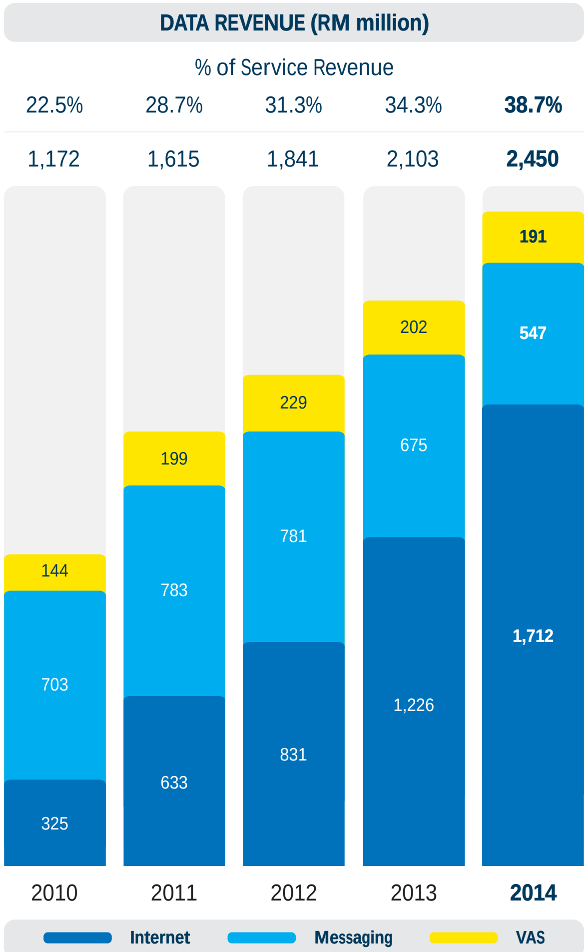


Although, the market was challenging and saw increased competition, Digi continued to stay ahead. It had one of the fastest growing revenue compared to industry peers with a higher revenue of 4.2%, compared to a year ago.

Service revenue rose 3.3% to RM6,333 million (2013: RM6,131 million), lifted by strong mobile internet demand from both existing and new subscribers enabled through Digi's *Best For Internet* network.

The spectacular growth from prepaid internet revenue of 94.9% more than offset the decline on traditional voice and messaging revenue of 2.5% and 22.6% respectively. Consequentially, service revenue from prepaid increased 4.7% to RM4,607 (2013: RM4,400 million).

Postpaid service revenue remained modest at RM1,726 million (2013: RM1,731 million), although Digi secured encouraging new subscriptions from the consumer segment and demand from prominent smartphone launches. The growth from the consumer segment was substantially offset by the decline in the enterprise business segment and impact from the revision of mobile termination rates.



Digi's consistent focus and strong execution of its *Internet For All* strategies across infrastructure, devices, pricing, products and services as well as distribution contributed to 16.5% higher data revenue and 39.6% surge in internet revenue.

Both prepaid and postpaid internet penetration[1] climbed steadily to 54% and 72% respectively, aided by a combination of positive uptake of affordable smartphones and internet packages

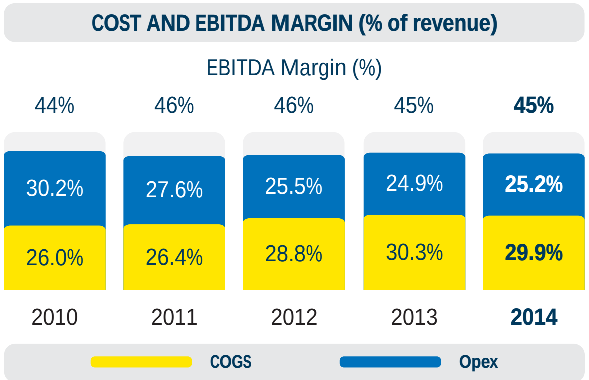
At end 2014, the number of smartphone users on the network stood at 49.3%, a marked improvement from 38.1% in 2013.

Device and other revenue rose 14.0% to RM686 million (2013: RM602 million).

1 *Subscribers with at least 150kb for the last 3 months*

DISCIPLINED OPERATIONAL EFFICIENCY AND SUSTAINED EBITDA MARGIN

Digi placed significant importance on sustainable operational efficiencies to support its growth and to deliver the best customer experience.

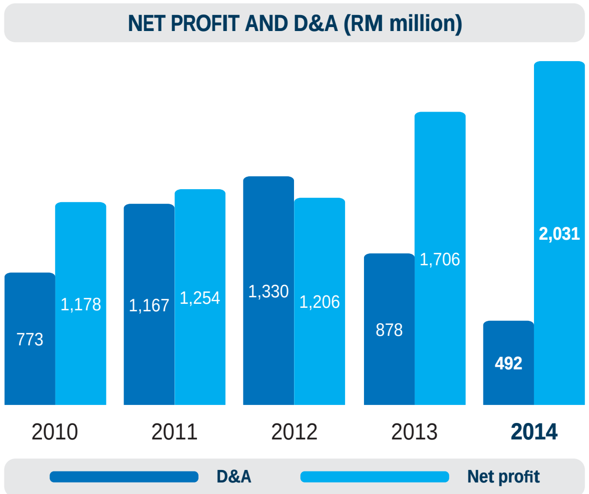


Cost of goods sold (COGS) and operational expenditure (Opex)[1] were managed prudently, driven by strong cost management discipline throughout the organisation.

Overall, the Opex to revenue ratio remained fairly resilient at 25.2% on the back of a larger nationwide network footprint.

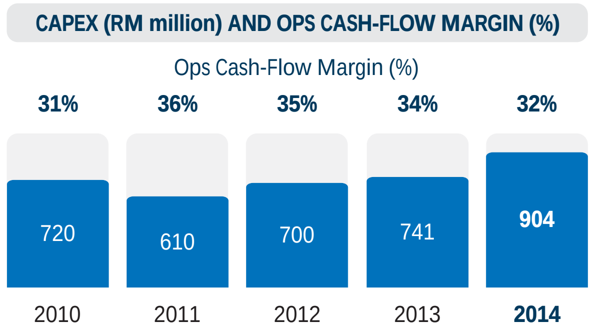
EBITDA margin remained stable at 45% while EBITDA to service revenue ratio sustained at 50%.

STRONGER EARNINGS BACKED BY DEPRECIATION EFFICIENCIES POST NETWORK MODERNISATION



Digi's net profit margin rose to 29% (2013: 25%) as a flow-through from higher EBITDA in addition to benefits from relatively more efficient depreciation and amortisation (D&A) charges and prior year tax incentives.

HIGHER CAPITAL EXPENDITURE (CAPEX) WITH 32% OPS CASH-FLOW MARGIN



In 2014, Digi invested RM904 million in capex as planned, to support its *Best For Internet* ambitions with the expansion of its 3G and LTE coverage, the fibre network and modernisation of the IT billing system to a new convergent billing system.

After accounting for relatively higher annual capex, Ops Cash-Flow margin was 2pp lower, although it remained healthy at 32% or RM2,259 million (2013: RM2,302 million).

1 *Opex excludes forex, fair value changes as well as other income*

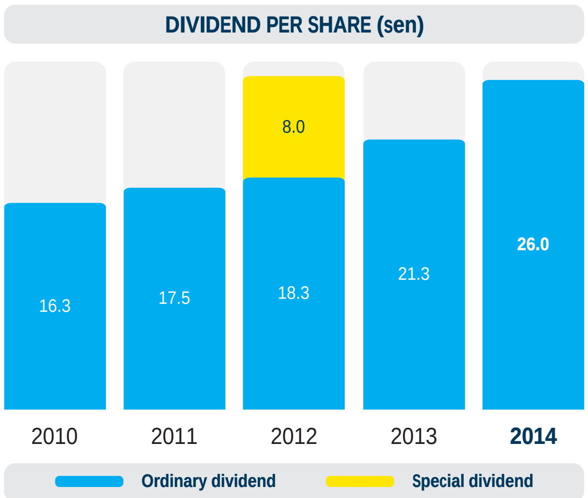
SOLID BALANCE SHEET AND STRONG SHAREHOLDER RETURN

Digi delivered 19.2% growth on EPS, up 4.2 sen from the previous year to 26.1 sen (2013: 21.9 sen).

Total assets at the end of the financial year 2014 stood at RM4,303 million, higher than the previous year's RM3,752 million, driven by higher capex investment.

Interest-bearing debt was RM1,048 million, 39.9% higher compared to previous year's balance (2013: RM749 million), mainly due to additional short term debt drawn to manage year-end financial commitments and subsequently substantially repaid in first quarter of 2015.

The overall balance sheet remained strong with net debt / EBITDA ratio kept below 0.2x.



For financial year 2014, the dividend payout ratio was almost 100% (exceeding the minimum 80% payout commitment) with a total dividend of RM2,022 million or 26.0 sen per share.

Total dividend payout for the financial year increased by 22.1%, returning an equivalent 4.2% yield on year end share price of RM6.17.

Digi remained committed to delivering healthy shareholder returns, and continuous capital management initiatives to increase capital efficiency sustainably.

REGULATORY DEVELOPMENT

Similar to prior years, regulated termination rates have been lowered beginning 1 January which have dilutive effects on top line revenue, COGS and ARPU but minimal impact on Digi's margins.

With the implementation of Goods and Services Tax (GST) effective from 1 April 2015, telecommunication services will be subjected to GST in replacement of the current service tax, both at 6%.

OUTLOOK FOR 2015

The good operational momentum and capability established in 2014 has set a solid foundation and head start for Digi into 2015. Digi believes there are good growth opportunities for the industry fueled by strong demand for mobile internet.

The key priorities in 2015 will be to drive continuous mobile internet growth opportunities supported by excellent on-ground execution and robust infrastructure capabilities to deliver the best internet experience for customers.

In tandem with its long-term aspiration to be the best mobile internet provider for mass market in Malaysia, Digi is committed to deliver on its four (4) brand propositions of *Digi Live*, *Digi Value*, *Digi Easy* and *Best For Internet*; with a deeper customer-centric approach and service excellence.

Digi will also continue its relentless focus on operational efficiency to stay ahead of competition and enable more affordable mobile services to its customers.

Consistent with the previous year, Digi aspires to deliver above industry service revenue growth and to sustain its EBITDA margins at the 2014 level. It will also continue to invest strategically to capture data growth opportunities.

In this respect, Digi believes it has the right strategies, network and resources in place to support this ambition and to continuously drive value creation within the industry.

The 2015 guidance is summarised as follows:

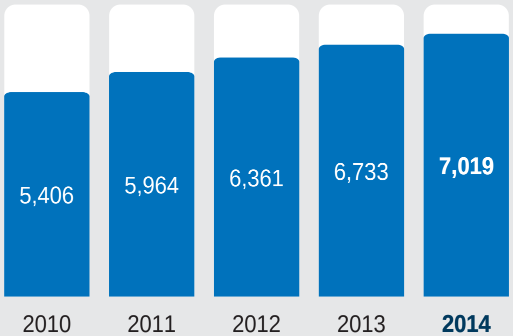
- Low - mid single digit service revenue growth
- Sustain EBITDA margin and Capex similar to 2014 level

These are internal management targets which will be reviewed periodically by the Board. Hence, these internal targets have not been reviewed by our external auditors.

PERFORMANCE AT A GLANCE

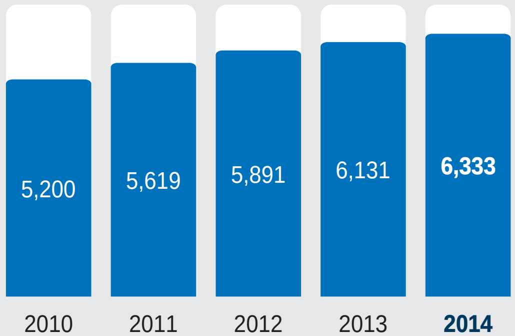
4.2% REVENUE GROWTH

RM7.0 billion



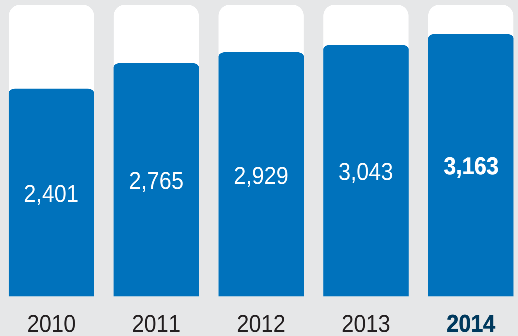
3.3% SERVICE REVENUE GROWTH

RM6.3 billion



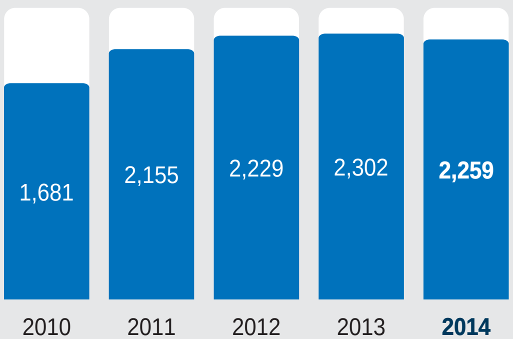
45% EBITDA MARGIN

RM3.2 billion



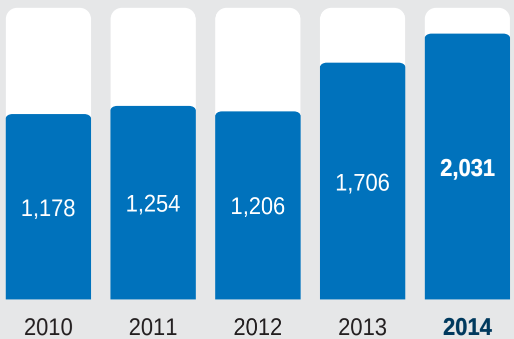
32% OPS CASH-FLOW MARGIN

RM2.3 billion



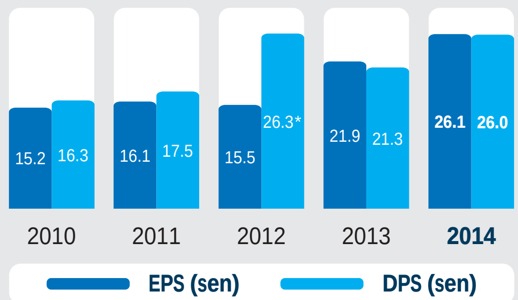
29% NET PROFIT

RM2.0 billion



STRONG SHAREHOLDER RETURN

RM2.0 billion dividend



*Include special dividend of 8.0 sen

GROUP FINANCIAL SUMMARY

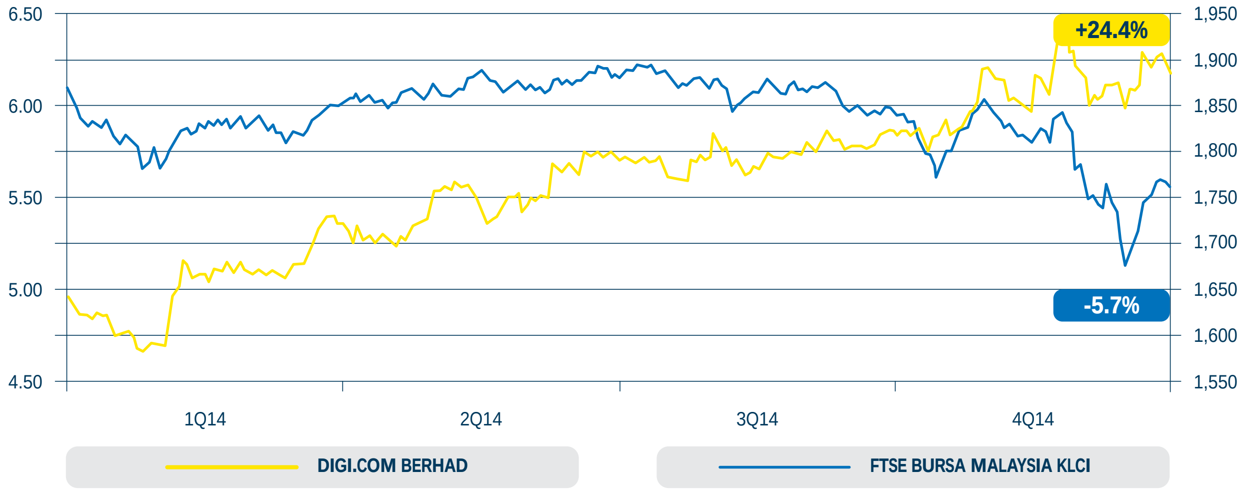
RM MILLION	2014	2013	2012	2011	2010
FINANCIAL RESULTS					
Revenue	**7,019**	6,733	6,361	5,964	5,406
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**3,163**	3,043	2,929	2,765	2,401
Earnings before interest and taxes (EBIT)	**2,671**	2,165	1,599	1,597	1,628
Interest cost	**39**	43	52	66	52
Profit before tax	**2,645**	2,140	1,591	1,560	1,597
Net profit	**2,031**	1,706	1,206	1,254	1,178
Capital expenditure	**904**	741	700	610	720
Operating cash-flow	**2,259**	2,302	2,229	2,155	1,681
FINANCIAL POSITIONS					
Total assets	**4,303**	3,752	4,014	4,863	5,137
Non-current liabilities	**534**	657	1,030	859	1,518
Total borrowings	**1,048**	749	1,080	728	1,077
Shareholders' equity	**686**	661	261	1,411	1,347
FINANCIAL RATIOS					
EBITDA margin	**45%**	45%	46%	46%	44%
Return on equity	**296.1%**	258.1%	462.1%	88.9%	87.5%
Return on total assets	**47.2%**	45.5%	30.0%	25.8%	22.9%
Earnings per share (sen) – adjusted for share split	**26.1**	21.9	15.5	16.1	15.2
Dividend per share (sen) – adjusted for share split	**26.0**	21.3	26.3	17.5	16.3
Dividend yield – yield calculated based on share price at year end	**4.2%**	4.3%	3.5%	4.6%	6.7%
Net assets per share (sen) – adjusted for share split	**8.8**	8.5	3.4	18.0	17.3
Gearing ratio (debts/share equity)(x)	**1.5**	1.1	4.1	0.5	0.8
Interest cover (x)	**69.3**	50.3	30.8	24.2	31.3

SHARE DEVELOPMENT

Digi's share price outperformed the benchmark FTSE Bursa Malaysia KLCI (FBM KLCI) in 2014 and remained fairly resilient amid a weaker equity market in the second half of 2014. At end 2014, Digi's share price was 24.4% higher than the previous year although FBM KLCI recorded a loss of 5.7%, which was impacted by global oil price weakness, relatively stronger US dollar, and vulnerability to foreign fund flow.

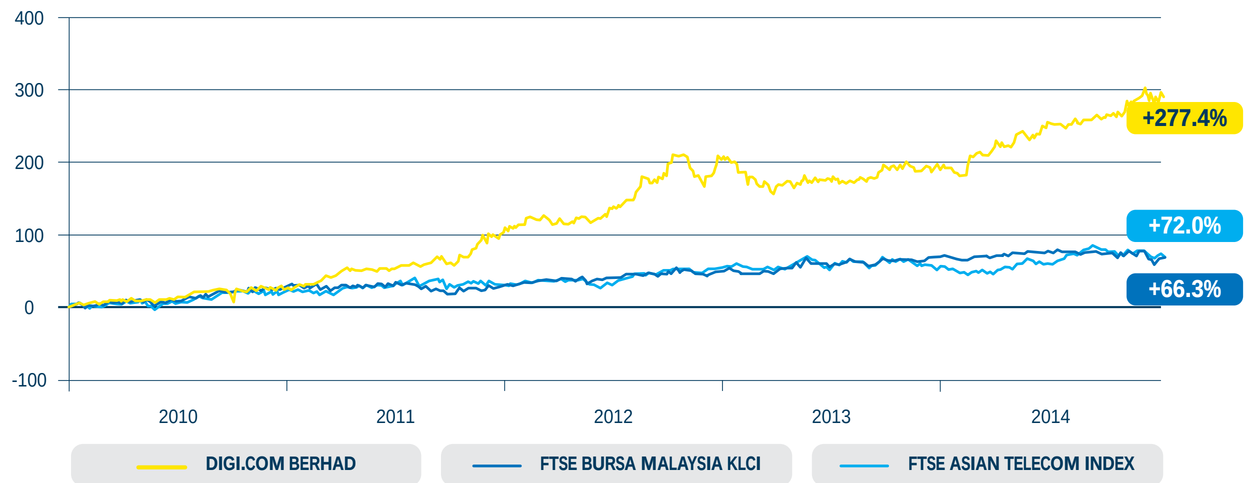
Share price	1Q14	2Q14	3Q14	4Q14	FY 2014
High Price	5.43	5.79	5.88	6.47	6.47
Low Price	4.56	5.18	5.55	5.59	4.56
Last Price	**5.39**	**5.73**	**5.85**	**6.17**	**6.17**
Period-over-Period Change (%)	8.67	6.31	2.09	5.47	24.40
Average Daily Volume ('000)	11,368	8,145	7,613	8,785	8,951

SHARE PRICE OF DIGI.COM VS FTSE BURSA MALAYSIA KLCI



Digi's total shareholder return continued to outperform the benchmark indices, supported by solid financial performance and higher dividend payout.

TOTAL SHAREHOLDER RETURN (%) OVER 5 YEARS (2010 - 2014)



Total Shareholder Return (TSR) measures total return arising from capital gains (share price increase) and dividends.

2014 HIGHLIGHTS

27 JAN

Introduced Digi Challenge for Change's first ever #IdeaJam. The 4-hour interactive idea accelerator gathered ideators and industry experts to produce stronger ideas and more impactful mobile apps for Malaysians.

11 FEB

Digi and Telenor Group reaffirmed their commitment to prioritise online safety of children in conjunction with world Safer Internet Day.

6 MAR

Unveiled two new Best for Internet offerings, weekly prepaid mobile internet add-ons for as low as RM3, and enhanced DG SmartPlans to complement the internet-and feature-rich capabilities of smartphones.

15 APR

Launched Digi WWWOW Internet For All Awards for the fourth consecutive year to recognise inspiring Malaysian netizens who nurture a thriving internet ecosystem.

19 MAY

First to offer Xiaomi Mi3 smartphones with Digi SmartPlan to empower more Malaysians with affordable internet access.

17 JUN

First to launch YouTube Internet Top-Up Package, an add-on service allowing customers to access YouTube from their mobile phones at an affordable price.

29 SEP

Rewarded four lucky customers with an all-expense paid trip to Krabi through the Spot & Win contest, Digi's rewards programme for loyal customers in partnership with Malindo Air, Mercure Krabi Deevana and Asia Web Direct.

2 OCT

Introduced Digi Deezer X Spotlight, a series of exclusive music experiences for customers who subscribe to and actively use Deezer via Digi.

14 OCT

Completed migration to a new, next-generation billing system to strengthen Digi's competitiveness by enabling faster rollout of highly customisable product and services offerings to the market.

29 OCT

Launched MobiFi, a new portable wireless router that allows up to 10 WiFi enabled devices to simultaneously connect to the internet, bundled with a range of affordable postpaid broadband plans.

10 NOV

Selected two winners to represent Malaysia at the second edition of Telenor Youth Summit 2014 in Norway and present winning ideas on how digital communication can be utilised to fuel socio-economic change.

26 NOV

Unveiled a series of public service announcement educational videos to drive greater advocacy for child online safety, highlighting the top three most common cyber risks amongst schoolchildren.

24 JUN

Announced winners of the fifth edition of Digi Challenge for Change for creating mobile apps that improve Malaysian lives. Winning mobile apps were promoted across Digi's mobile internet customer base, and various customer touch points.

5 AUG

Launched local edition of Telenor Youth Summit, calling for Malaysian youth to share ideas and initiatives on how digital communication can improve lives and fuel inclusive growth for all.

25 AUG

Over 480 Digizens mobilised to test Digi's brand-new internet network and customer service experience at 200 dealerships across the Klang Valley, Penang, Pahang, Johor and East Malaysia.

27 AUG

Introduced a new range of postpaid broadband plans, enabling customers affordable access to the internet anytime, anywhere on their desktops, laptops or tablets.

5 SEP

Released the first and largest nationwide survey on internet safety and digital resilience of Malaysian schoolchildren, polling over 14,000 schoolchildren nationwide.

25 SEP

Over 1,200 Digizens mobilised across the Klang Valley for Digi's annual Customer First Day to engage and appreciate loyal customers.

28 NOV

Expanded Digi's 4G LTE footprint to Kota Kinabalu, making it the ninth market centre in addition to Klang Valley, Penang, Kampar, Johor Bahru, Kuching, Kuantan, Tawau, Labuan and Miri to enjoy high-speed, consistent internet experience on Digi's brand-new network.

10 DEC

Introduced the new all-in-one Digi Prepaid XL 28 and 38 packages, offering customers big value for a complete combo of internet services.

15 DEC

Signed the first collective agreement with newly-formed in-house union, Digi Telecommunications Sdn Bhd Employees Union (DGEU), reaffirming Digi's commitment to create an engaging and supportive work culture and environment.

19 DEC

Launched Digi's first Kampung Internet For All (Kg IFA) in Kemaman, Terengganu, extending the benefit of high-speed internet connectivity to rural villages and underserved communities in Malaysia.

28 DEC

Initiated Digi's Flood Relief Drive in response to floods in the east coast of Peninsular Malaysia and distributed 20 tonnes of essential supplies to flood victims.

FORBES WORLD'S MOST INNOVATIVE COMPANIES 2014

- Top 100 Companies in the World

by Forbes

ASIA'S BEST MANAGED COMPANIES 2014

- No. 1, Best Corporate Governance Category
- No. 1, Most Committed to a Strong Dividend Policy Category
- No. 2, Best Managed Company Category
- No. 2, Best Corporate Responsibility Category

by FinanceAsia

THE EDGE BILLION RINGGIT CLUB 2014

- Most Profitable Company (for companies with a market capitalisation of above RM10 billion)
- Most Profitable Company, Trading and Services Category

by The EDGE Malaysia

FROST & SULLIVAN 2014 MALAYSIA EXCELLENCE AWARDS

- Mobile Service Provider of the Year
- Mobile Advanced Data Service Provider of the Year

by Frost & Sullivan Malaysia Limited

BRAND FINANCE REPORT 2014

- No. 12, Malaysia's Top 100 Brands

by Brand Finance

CHANNEL NEWSASIA SUSTAINABILITY RANKING 2014

- Top 100 Companies in Asia

by Channel NewsAsia in partnership with CSR Asia and Sustainalytics

FTSE4GOOD BURSA MALAYSIA INDEX 2014

- Top 10 Constituents in Malaysia

by Bursa Malaysia in collaboration with FTSE

MYCARBON AWARDS 2014

- Excellence Award, Top Performer for National Corporate Greenhouse Gas (GHG) Reporting Programme for Malaysia (MYCarbon)

  by Ministry of Natural Resources and Environment, Malaysia (NRE) in partnership with the United Nations Development Programme (UNDP) Malaysia

2014 EFFIE AWARDS MALAYSIA

- Bronze Award, Thank You Campaign

  by Malaysian Advertising Association (MAA), Association of Accredited Advertising Agents Malaysia (4As) and Media Specialists Association (MSA), in association with the Malaysia External Trade Development Corporation (MATRADE)

PUTRA BRAND AWARDS 2014

- Silver Award, Communication Networks

  by Association of Accredited Advertising Agents Malaysia (4As)

KANCIL AWARDS 2014

- Bronze Award, Mobile (Mobile Sites) Category for 'Lo Sang Amplifer', Digi CNY Greeting
- Bronze Award, Film (Non-Broadcast-Single) Category for 'Cyclist', Digi Internet For All Campaign
- Bronze Award, Film (Non-Broadcast-Single) Category for 'We Are Family', Digi Merdeka Day Campaign
- Bronze Award, Film Craft (Editing) Category for 'Cyclist', Digi Internet For All Campaign
- Bronze Award, Film Craft (Scriptwriting) Category for '#WorldsBestReferee', Digi Father's Day Greeting
- Merit Award, Direct (Use of Ambient) Category for 'Distracting Thumb', Digi Public Service Announcement Campaign

  by the Association of Accredited Advertising Agents Malaysia (4As)

WORLD BLOGGERS AND SOCIAL MEDIA AWARDS 2014

- Social Media Excellence Award for Most Innovative Telco

  by Social Media Chambers Malaysia

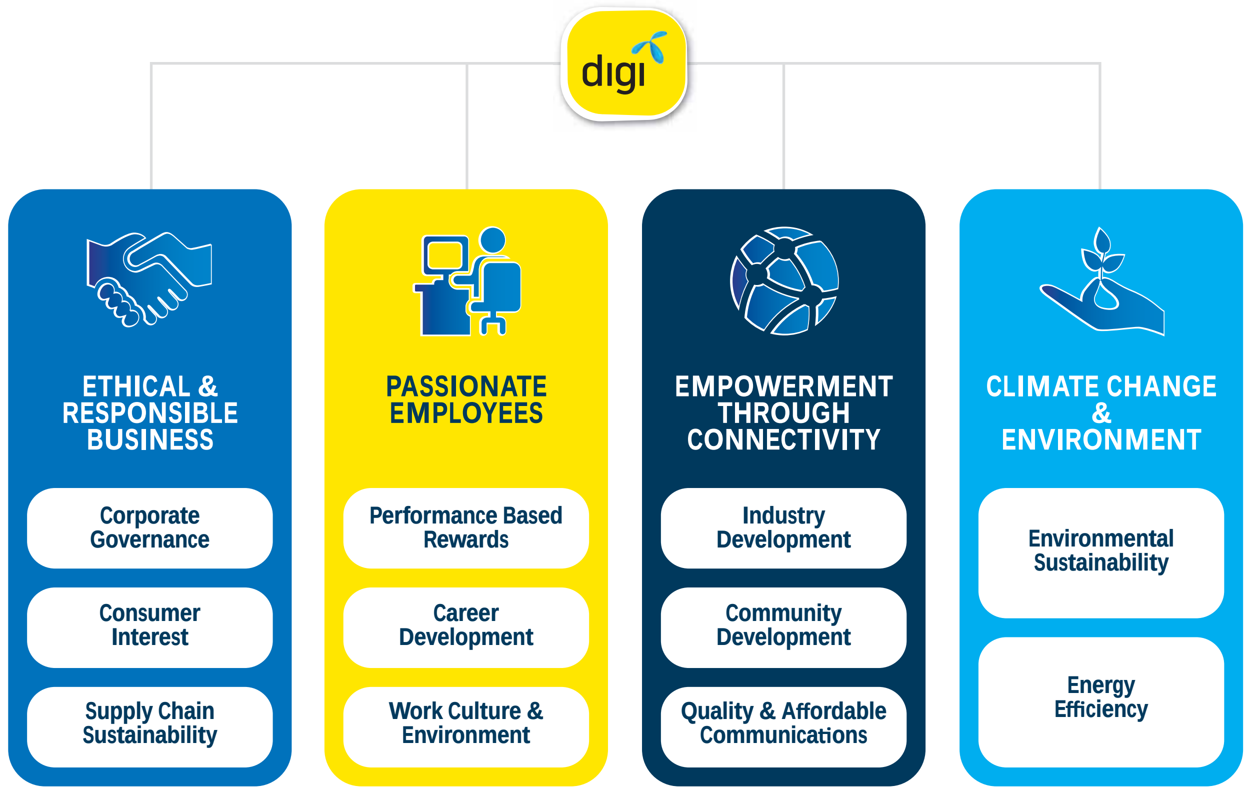
SUSTAINABILITY

SUSTAINABILITY AT DIGI

Digi is committed to driving responsible and sustainable business practices throughout our organisation. Sustainability enables innovation, creates differentiation and inspires our stakeholders. We ensure high standards of governance across our entire operations, promote responsible business practices across our supply chain, foster a highly engaged workforce, manage environmental impacts, and extend the benefits of the internet to all Malaysians.

Digi's philosophy on sustainable business practices is expressed in a body of comprehensive policies and processes, monitored across key business functions, and reported periodically to senior management, Board of Directors and Telenor Group's Sustainability team. Digi's Sustainability approach is aligned to the United Nations Global Compact (UNGC) Principles, Telenor Group's Sustainability Strategy and Bursa Malaysia's CSR Framework. We continue to regularly review this approach to ensure that relevant sustainability challenges are addressed across our value chain.

Our sustainability strategy focuses on issues that are of high importance to our stakeholders, and key to the long-term growth and success of our business. These issues are addressed through four key sustainability pillars, namely Ethical and Responsible Business, Passionate Employees, Empowerment Through Connectivity, and Climate Change and Environment.



ETHICAL AND RESPONSIBLE BUSINESS

Digi relentlessly upholds a high standard of corporate governance and ethics, aligned to the Telenor Way that defines our aspirations and sets the standard for how we do business. This governance framework outlines our corporate values, codes of conduct, and govern policies and procedures. These values and expectations are also extended to business partners across our extensive supply chain.

Corporate Governance

In 2014, we enhanced our Code of Conduct to better align with the changes in other Digi policies and to reflect the current business environment. The refresh provided additional guidance for Digizens to avoid conflict of interests, emphasised security of assets against cyber-crimes, and enhanced anti-corruption measures through adoption of a 'No Gift Policy'. A series of awareness briefings and training on handling of compliance incidents were conducted for all managers.

We implemented an Integrity Due Diligence (IDD) process to ensure that business partners share our commitment to anti-corruption practices. The IDD ensures that prior to signing of an agreement, a systematic collection and analysis of information is conducted to assess the risk of being associated with prospective business partners.

We also carried out a human rights due diligence assessment guided by the United Nations Guiding Principles of Business and Human Rights. The Guiding Principles are a global set of standards to protect, respect, and remedy human rights risks linked to business activities. We conducted internal interviews to map and identify areas of risks. Mitigation plans were developed to reduce risk of being complicit in human rights abuse in our operations and supply chain.

Supply Chain Sustainability

During the year, Digi strengthen governance of the health and safety of workers in our supply chain, especially those working on base stations, roof tops, and close to roads. A Health, Safety, Security and Environment (HSSE) Governance Committee comprising the Chief Executive Officer, Chief Operating Officer and the Chief Human Resource Officer was established to review policies, procedures and receive updates on safety compliance.

In our operations, the HSSE and Supply Chain team meets fortnightly to discuss progress of inspections and corrective actions of non-compliance. Remediation of major non-compliance was shortened from a month to two weeks. Health and safety is now a standing agenda item at weekly project meetings with contractors.

Digi's commitment to Health, Safety, Security and Environment (HSSE) sets high standards on governance for safety compliance across our supply chain, with regular review of policies and procedures by a governance committee comprising our senior management team.

We instituted a zero tolerance policy towards unsafe work practices at our sites. An 'Immediate Stop Work Order' is issued across all contractors' sites if workers are found working without safety helmets, safety harnesses, or a Working at Height Certification. Contractors are only allowed to resume operations once the required training and mitigation measures have been implemented.

We engaged extensively with the senior management of our contractors and doubled the number of site inspections to demonstrate our commitments. Despite potential of delaying our network rollout, two sub-contractors were terminated for violating our safety standards.

Transparent Disclosure

Digi was among the 24 companies included in the inaugural launch of FTSE4Good Bursa Malaysia Index. The top 200 Malaysian stocks in the FTSE Bursa Malaysia EMAS Index were screened in accordance with transparent and defined Environmental, Social and Governance disclosure criteria before being included in the index. Digi was also recognised as one of the 100 most sustainable corporations in Asia in the inaugural Channel NewsAsia Sustainability Ranking 2014. The ranking is the first of its kind in the region, and recognises companies with an outstanding commitment to sustainability.

PASSIONATE EMPLOYEES

We believe having the most engaged employees is key to our continuous and sustained growth. We remain committed to foster a culture that nurtures and invests in the welfare of strong talent by creating a challenging and supportive work culture and environment, attractive development opportunities at all levels, and competitive and performance-based rewards for all Digizens.

The Telenor Way Culture

We launched the refocused Telenor Way building upon our strong, cohesive corporate culture to drive continuous growth. This redefined Telenor Way clearly outlines our aspirations and standards for business conduct for all employees, and introduces a new set of 'Leadership attitudes' or 'e4' to guide our management team. The e4 defines the mindset expected of our leaders - to explore, engage, empower and execute - in steering the company forward. A series of workshops was conducted for leaders to understand and internalise this new set of behaviours.

Telenor Group executive management representatives and Digi management team introduce and underscore the refocused Telenor Way framework as a strong platform for the company's future growth.

Customer Centricity

Digi has a strong track record of fostering a customer-focused culture and way of work across our entire value chain to help every Digizen understand and consistently deliver on the needs and expectations of our customers. This year, we continued to nurture this customer-centric mindset by enabling numerous customer engagement platforms for Digizens across all levels.

Our senior management team leads by example with quarterly regional tours to engage employees, and strengthen relationships with dealers. Digizens are immersed in this culture by attending a two day attachment at a Digi Store as part of the onboarding process, listening to and answering customer calls at our contact centre, and participating in quarterly network drive tests to develop a strong understanding of our customers' needs. Digizens' participation in our annual Customer First Day to appreciate customers demonstrates and deepens our commitment to a culture of placing customers first.

Digi's Customer First Day event saw over 1,200 passionate and highly-engaged Digizens mobilised across the Klang Valley to appreciate loyal customers.

Employee Engagement Channels

We continued to invest strategically in the engagement and well-being of our employees. We actively engaged Digizens through multiple platforms where we listened, encouraged open dialogues, and proactively sought feedback. The success of these engagements reflected a 4% increase in Digi's annual employee engagement survey. We also conducted an employee welfare related policy roadshow to gain feedback from Digizens on matters most pertinent to them.

This resulted in changes to provide more comprehensive employee benefits and performance incentives. Follow-up engagements were conducted to close the feedback loop.

For the third continuous year, the Best on People Council (BOPC) provided another regular sounding board between the management and Digizens in the spirit of building an engaging and supportive work environment. In 2014, 55 issues relating to employee benefits, development and rewards, workplace facilities, and employee welfare were addressed. These issues were attended to in close alignment with feedback received via the policy roadshow.

Digi respects and supports the right to organise and the right to collective bargaining, within national laws and regulations. Aligned to this, we signed our first collective agreement with the newly formed in-house union, Digi Telecommunications Sdn Bhd Employees Union (DGEU) in December. The collective agreement recognises DGEU as the sole bargaining body for all eligible employees, covering all permanent employees of Digi apart from those with executive, managerial, confidential, and security functions in Peninsular Malaysia. The agreement regulates the harmonious relations between Digi and DGEU, and covers a wide range of employment terms and conditions for eligible employees.

The first collective agreement was signed at the company's headquarters by then Digi CEO Lars Norling and DGEU President Ismail bin Jonid, and witnessed by Director-General of the Department of Industrial Relations Fong Khei Por.

Talent Development

We advocate continuous, targeted learning for all Digizens to enhance competency levels and career advancement opportunities in Digi. The Telenor Development & Performance (TDP) process facilitates a clear dialogue between managers and employees, and is our approach for identifying talent and ensuring the right opportunities for building exposure, knowledge and experience in the relevant areas. In 2014, four of our talented employees had the opportunity to undertake short and long-term mobility assignments at Telenor offices around the globe.

EMPOWERMENT THROUGH CONNECTIVITY

We are committed to bringing the internet to all Malaysians. Through innovative partnerships, we offer the most affordable internet access, enable online creativity, stimulate development of local talent and digital content, and remain committed to empower safe internet use.

Quality And Affordable Communications

During the year, we launched the first Kampung Internet For All (Kg IFA) in Kg Gong Chengal, Kemaman, Terengganu. Digi's Kg IFA brings high-speed internet access to local communities in rural areas, and enables connectivity via WiFi and mobile internet, anywhere and anytime, as long as they are within the vicinity of the village. We plan to progressively rollout Kg IFA for communities nationwide in 2015.

We continue to support the government-led initiatives to extend mobile and broadband services to underserved communities. In 2014, Digi established an additional ten 1Malaysia Internet Centres (PI1M). We currently support 34 PI1Ms across Malaysia, with plans to bring the benefits of PI1Ms to another 30 rural and 40 urban poor communities in 2015.

We also installed and maintained 340 internet access points as part of the 1Malaysia Wireless Village programme, providing free wireless internet to rural communities. An additional 130 WiFi access points have been rolled out under the WiFi 1Malaysia project serving public areas and tourist hotspots.

Digi's Kg. IFA brings high-speed internet connectivity to rural villages with the aim of catalysing social economic development for local underserved communities in Malaysia.

Community Development

Digi CyberSAFE™ in Schools

In 2014, we enhanced and expanded our safe internet advocacy efforts to empower Malaysian children with strong digital resiliency skills and foster responsible digital citizenship. Our Digi CyberSAFE™ in Schools awareness workshops reached over 38,000 secondary students and 4,100 teachers. We also trained over 130 ICT teachers as ambassadors on cyber safety awareness. We also reached out to urban poor communities, piloting Digi CyberSAFE™ in Schools workshops for children living in People's Housing Programme or Program Perumahan Rakyat (PPR).

We also published a National Survey 2014: CyberSAFE™ in Schools report, the largest national survey in the country to reveal online behavioural patterns and cyber risks of Malaysian schoolchildren. Themed *Safety Net: Capacity Building Among Malaysian Schoolchildren on Staying Safe Online*, the survey used inferential statistics to unearth deeper insights, and provide national level recommendations to foster responsible in digital citizenship and ensure a positive online experience for schoolchildren. This survey polled over 14,000 schoolchildren nationwide who participated in the Digi CyberSAFE™ in Schools workshop.

Digi'sCyberSAFE™ in Schools Programme published the largest national survey on schoolchildrens' internet behavior and cyber risks, in partnership with the Ministry of Education, CyberSecurity Malaysia, SKMM and other strategic industry partners.

We also widened the reach of our advocacy efforts with increased online engagement. We launched an online safety educational portal, www.safeinternet.my, to provide children with a fun and interactive cyber safety learning experience. The portal provides games and tips on how children can remain safe online. Our latest series of public service announcements (PSA) feature the three most common online risks faced by children – cyber-bullying, cyber-grooming and cyber-stalking. These PSAs are also made accessible across Digi's social media channels.

We further deepened partnership engagements to advocate internet safety for children. We partnered UNICEF Malaysia, Childline Malaysia and the Association of Registered Childcare Providers Malaysia (ARCPM) to launch two campaigns, the 'My Promise to Children' and 'Stop It Now! #ENDviolence Against Children'. These campaigns promoted greater awareness on the rights of children, and on protecting and halting violence against children, particularly on the internet.

Digi's CyberSAFE™ in Schools programme is a strategic partnership with the Education Ministry, MCMC, CyberSecurity Malaysia, Childline Malaysia, and Protect and Save the Children.

Digi Challenge For Change

Digi Challenge for Change (DigiCFC) season five focused on discovering and developing innovative Malaysian-centric mobile applications. More than 2,500 ideas were crowdsourced during the ideation phase across the social categories of Connected Citizens, Health and Wellness, Learning and Edutainment, Discovering Culture, and a special Digizen's Choice category. Winning ideas from each of these categories were selected and used by over 200 mobile developers to develop 56 full-fledged mobile apps. Digi provided go-to-market support for the four winning apps by making them available on our app store, promoting them to our customers at retail outlets and social media platforms, and through established partnerships with the Economic Transformation Programme (ETP), the National Digital Economy Initiative (Digital Malaysia), Google Malaysia and Microsoft Malaysia, 1Malaysia for Youth (iM4U) and the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU).

As part of the programme, the winning team had the opportunity to gain international exposure by representing Malaysia at the Digital Winners Conference Summit in Oslo, hosted by Telenor Digital. The conference presented thought leadership and networking opportunities with 300 top global executives and entrepreneurs in media, technology and communications sectors.

Digi Challenge for Change supports development of local talents and mobile content creation. For more information, visit www.digicfc.my.

Telenor Youth Summit

Digi organised a challenge to select two youths to represent Malaysia at the Telenor Youth Summit in Oslo. Christine Cheah and Yong Wei Shian won with their respective ideas to connect cancer patients to virtually support each other, and channeling unconsumed and near-expiry food from restaurants, bakeries, hoteliers and wholesalers to local soup kitchens. Interaction at the Summit with youths from 12 other Telenor business units provided learning and collaborative opportunities to extend the impact of their mobile internet initiatives. They were enlightened by global leaders and technical experts, and inspired by attending events held in conjunction with the Nobel Peace Prize ceremony. Digi will continue to support these ideas through relevant market and stakeholder engagement opportunities.

Telenor Youth Summit empowered 28 young opinion leaders across the globe to dialogue and develop ideas using digital communication to improve lives and fuel inclusive growth for all.

Digi WWWOW *Internet For All* Awards

In 2014, the Digi WWWOW Internet For All Awards was hosted for the fourth year to recognise Malaysia's top talents in the area of online Commerce, Content and Community, who have inspired others to achieve greater things through the power of the internet. The awards received 750 entries and 50,000 votes over a period of eight weeks. The top three winners not only won cash prizes, but also exclusive learning experiences with Asian and global internet experts on building relevant skills, and best practices for entrepreneurial business development.

CLIMATE CHANGE AND ENVIRONMENT

Digi takes a proactive approach in managing potential environmental impacts and risks across its operations. Our strategy remains to drive energy efficiency improvements in our network and facilities. We are committed to stabilise the growth of total energy consumption and carbon dioxide (CO_2) emission levels.

Energy Efficiency

In 2014, our total energy consumption was 247 GWh, a 2.3% increase compared to the same period last year. Our energy intensity continued to improve year-on-year to 35.12 MWh per RM revenue, but was above our target of 34.8 MWh per RM revenue. This was due to the ongoing rollout of our 2G, 3G and LTE network.

The operation of Digi's network contributed to over 90% of our energy consumption. Despite customer growth of 8.5%, expansion of 3G coverage by 18%, and the ongoing LTE rollout, network energy consumption from the grid in 2014 was 1.5% lower compared to 2012. We attribute this to our network modernisation exercise, and expect to see improvements in energy intensity. Energy consumption from off-grid transmission sites rose 8% year-on-year as we deployed more generators for portable base stations.

Greenhouse Gas Emissions

For the year under review, our Greenhouse Gas (GHG) emissions increased 6.8% to 134,000 tonnes CO_2 equivalent. The higher percentage increase compared to GWh consumption is partially attributed to a 6.2% rise in Malaysia's grid electricity emission factor issued by the International Energy Agency.

Our largest GHG emission is from purchased electricity, which accounts for 84% of our total emissions. GHG emission from our assets increased 8% due to higher diesel use for more generators to power portable sites. This allowed us to reach underserved customers and accelerated recovery of over 200 sites during the east coast floods. We continued to explore and invest in green technology that supports our business goals and leverage on network infrastructure sharing to reduce GHG emissions. Though we increased use of solar power by 16% in 2014, our 74 hybrid solar powered base stations accounted for less than 1% of our network energy consumption.

During the year, Digi was awarded the Top Performer 'Excellence Award' at the inaugural MYCarbon Disclosure Project Awards in recognition for our transparency in carbon disclosure. Organised by MYCarbon, the National Corporate GHG Reporting Programme aims to encourage corporate Malaysia to review, account and report their GHG emissions adapted from the internationally recognised GHG Protocol. We also continued to disclose our GHG emissions as part of Telenor Group's submission to the Carbon Disclosure Project.

Managing our impact to the climate and environment is a key priority for Digi, earning the company industry recognition for transparent disclosure of, and commitment to, operating a sustainable business.

With the completion of our two year network modernisation programme, 3.3 tonnes of obsolete electronic equipment was collected, stored and sorted. We recycled 94% of the obsolete equipment and disposed the balance with contractors certified to manage e-waste. This is aligned to Digi's stringent processes that facilitate the recycling and reusing of swapped equipment in compliance with local environmental laws and safety standards, and our environmental policies.

Managing our impact to the climate and environment continues to be a key priority for Digi. We have set long term targets and continue to explore emerging green technologies to ensure we operate a highly sustainable business.

Since 2010, Digi has been publishing sustainability reports that adhere to the principles and guidelines of the Global Reporting Initiative (GRI). For our sixth sustainability report, we have attempted to comply with the GRI G4 Core framework. Ernst and Young has been appointed as an independent third party to conduct a limited assurance of selected material indicators in our sustainability report. For more detailed information on Digi's sustainability initiative, visit www.digi.com.my/sustainability

PERFORMANCE DATA HIGHLIGHTS

ETHICAL & RESPONSIBLE BUSINESS

Supply Chain Sustainability

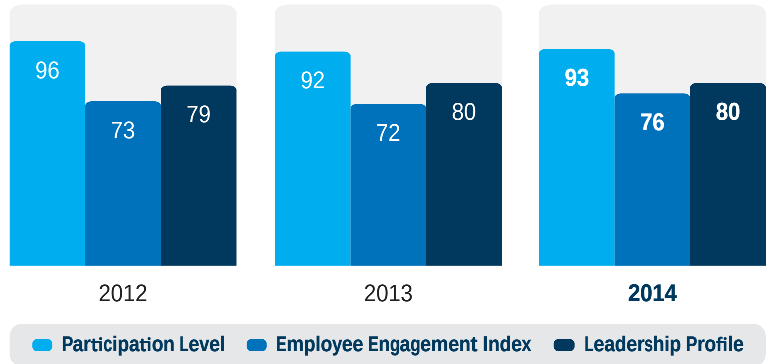
	2012	2013	2014
Suppliers signed an Agreement on Responsible Business Conduct (%)	99	99	99
Systematic SCP risk reduction during the year based on supplier Self Assessment Questionnaire (% point)	67	23	37
Number of sustainability inspections and audits	199	143	421

Health and Safety

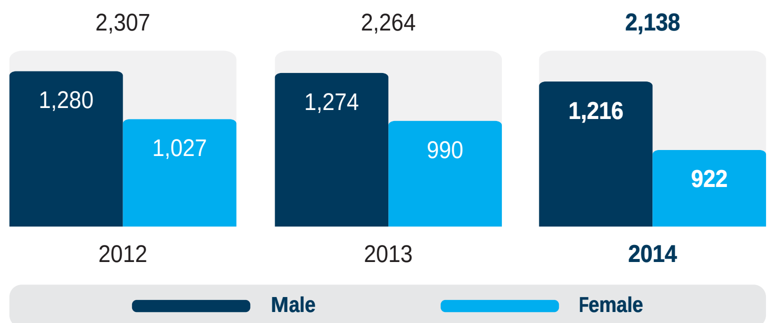
	2012	2013	2014
Total Recordable Injury Frequency (TRIF)(Number of cases in 1 million worked hours)	1.01	0.59	0
Lost Time Injury Frequency (LTIF) (Number of cases in 1 million worked hours)	0.81	0.59	0
Sickness Absence Frequency (%)	1.22	1.13	1.22

PASSIONATE EMPLOYEES

Employee Engagement Survey (%)



Diversity and Inclusion



EMPOWERMENT THROUGH CONNECTIVITY

CyberSAFE™ In Schools

	2012	2013	2014
Students	4,194	15,256	**38,098**
Schools	272	478	**46**
Teachers & Parents	832	478	**4,237**
Underprivileged communities (PI1M, urban poor)	1,729	NA	**127**
Total	7,027	16,212	**42,508**

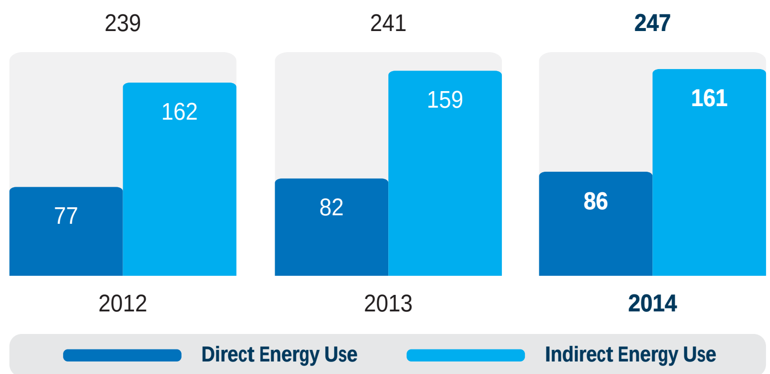
CLIMATE CHANGE AND ENVIRONMENT

CO_2 Emission (Tonnes)

	2012	2013	2014
Total CO_2 emission	126,882	125,697	**134,257**
Direct CO_2 emission (Scope 1)	18,508	19,575	**20,728**
Indirect CO_2 emission (Scope 2)	107,002	104,587	**112,196**
Other indirect CO_2 emission (Scope 3)	1,372	1,535	**1,333**

CLIMATE CHANGE AND ENVIRONMENT

Energy Use (GWh)



Other Environmental Impact (Tonnes)

	2012	2013	2014
OBSOLETE ELECTRICAL & ELECTRONIC EQUIPMENTS			
Total	495	1,626	**3,338**
E-waste	125	345	**3,147**
MUNICIPAL WASTE			
Total	393	346	**338**
Recycled	11	7	**5**

DIRECTORS' PROFILES

SIGVE BREKKE
Chairman

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

55 years of age, Norwegian

Appointed to Board: 21 August 2008

Career History: Mr. Brekke was a Director of Total Access Communication PLC (dtac), Thailand, from 2000 to 2008 and was appointed Chief Executive Officer from 2005 until 2008. He was also both a Director and Chief Executive Officer of United Communication Industry PLC, Thailand, from 2005 to 2008. He served as the Deputy Minister (State Secretary) of Defence in Norway in 1993, and has held positions at the Norwegian Defence Research Establishment. He also held an associate position at the John F. Kennedy School of Government, Harvard University, USA.

Other Commitments: Executive Vice President in Telenor Group, Head of Telenor Region Asia, Managing Director of Uninor, India, Director of Grameenphone Ltd, Bangladesh, Deputy Chairman of Total Access Communication PLC (dtac), Thailand, and Director of Digi Telecommunications Sdn Bhd.

Skills & Experience: Mr. Brekke holds a Master's degree in Public Administration from John F. Kennedy School of Government, Harvard University, USA and a degree in Business and Administration from Telemark College, Norway.

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 on Page 51 of the Annual Report.

DATUK SERI SAW CHOO BOON

(Independent Non-Executive Director, Chairman of the Audit & Risk Committee)

68 years of age, Malaysian

Appointed to Board: 9 December 2010

Career History: Datuk Seri Saw joined Shell in 1970 as a Refinery Technologist in Shell Refining Company (Federation of Malaya) Bhd. He then served in various capacities in Manufacturing, Supply, Trading and Planning in Malaysia, Singapore and the Netherlands. In 1996, Datuk Seri Saw was appointed Managing Director of Shell MDS (Malaysia) Sdn Bhd. In 1998, he assumed the position of Managing Director for Oil Products (Downstream) Shell Malaysia. In 1999, with the globalisation of the Shell Oil Products business, he was appointed Vice President of the Commercial business in the Asia Pacific region. In 2005, he assumed the Vice President Global Marine position to manage the marketing of oil products to shipping customers globally. He was appointed Chairman of Shell Malaysia from 2006 until 2010, and Senior Advisor until 30 June 2010, when he retired from Shell after 40 years of continuous service.

Other Commitments: Chairman of Guinness Anchor Berhad, Director of Shell Refining Company (Federation of Malaya) Bhd, RHB Capital Bhd and some private companies.

Skills & Experience: Datuk Seri Saw holds a Bachelor of Science Hons (Chemistry) from University of Malaya.

DATO' AB. HALIM BIN MOHYIDDIN

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

69 years of age, Malaysian

Appointed to Board: 23 November 2001

Career History: Dato' Ab. Halim 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 was a council member of the Malaysian Institute of Accountants (MIA) from 2001 to 2007. He also served as a member of the Education Committee of the International Federation of Accountants (IFAC) from 2001 to 2005. He was the President of Malaysian Institute of Certified Public Accountants ("MICPA") from 2004 to 2007.

Other Commitments: Director of Amway (Malaysia) Holdings Berhad, KNM Group Berhad, Petronas Gas Berhad, MISC Berhad, Digi Telecommunications Sdn Bhd and some private companies.

Skills & Experience: Dato' Ab. Halim holds a Bachelor of Economics in Accounting from University of Malaya and a Master in Business Administration from University of Alberta, Canada. He is currently a Council member of MICPA and also chairs the Education and Training Committee in MICPA.

YASMIN BINTI ALADAD KHAN

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

57 years of age, Malaysian

Appointed to Board: 23 July 2013

Career History: Puan Yasmin pursued a career in banking where she started out as a Credit Analyst and eventually secured a role as Vice President, Corporate and Investment Banking at JP Morgan Chase. She later joined General Electric (GE) Operations Inc as Director, Business Development of GE International Inc, Thailand and Malaysia, and was later promoted to Chief Operating Officer of GE International Inc, Thailand.

She is presently Senior Vice President, South East Asia & South Asia for DHL Express overseeing 15 countries in South East Asia and South Asia, with more than 14,000 employees and 160,000 customers. Prior to this, she was DHL Malaysia's Country Manager in 2001 and Country Manager in Singapore in 2003.

Other Commitments: Senior Vice President/ Head, South East Asia and South Asia for DHL Express, Asia Pacific, based in Singapore.

Skills & Experience: Puan Yasmin holds a Master in Business Administration from Aston University, and is currently a member of the Advisory Board of Singapore Management University.

TORE JOHNSEN

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

67 years of age, Norwegian

Appointed to Board: 15 March 2013

Career History: Mr. Johnsen started his career in Telenor in 1974 and held various managerial positions including Head of Telenor Broadcast for four years. He has extensive experience in start-up ventures after joining the mobile business area in 1988 and has international experience from various mobile operators both in Europe and South East Asia. He served as the Chief Executive Officer of Digi.Com Berhad and Chief Operating Officer of Digi Telecommunications Sdn Bhd from February 2001 to July 2004. Prior to joining Digi as the Head of Corporate Strategy in January 2000, he served as the Mobile Product Director at Telenor Asia in Singapore. Mr. Johnsen was also CEO of Telenor Pakistan Ltd from August 2004 to August 2008, CEO of Total Access Communications PLC (dtac) from August 2008 to March 2011, and CEO of Grameenphone Ltd from March 2011 to January 2013.

Other Commitments: Senior Vice President for Telenor Region Asia, and Director of Total Access Communications PLC (dtac), Thailand, Telenor Pakistan Ltd, Grameephone Ltd, Bangladesh, Telenor Myanmar Ltd and Digi Telecommunications Sdn Bhd.

Skills & Experience: Mr. Johnsen holds a Master of Science from University of Trondheim in addition to Studies in International Business Management at the Norwegian School of Economics and Business Management.

MORTEN KARLSEN SORBY

(Non-Independent Non-Executive Director)

56 years of age, Norwegian

Appointed to Board: 15 March 2013

Career History: Mr. Sorby joined Telenor in 1993 where he has held a number of senior positions. He was appointed Executive Vice President and member of the Group Executive Management team in 2003. Mr. Sorby has in his capacity as Executive Vice President served as Head of Norwegian Market from 2003 to 2005, Head of Nordic Operations from 2005 to 2009, Executive Vice President and Head of Corporate Development from 2009 to 2011, and Head of Strategy and Regulatory Affairs from 2011 to 2013. He was Chief Executive Officer of Uninor, India in 2014. He previously worked at Arthur Andersen & Co in Oslo, Norway.

Other Commitments: Executive Vice President in Telenor Group and Director of Digi Telecommunications Sdn Bhd.

Skills & Experience: Mr. Sorby has a Master of Science in Business Administration. He is a state licensed public accountant (Norway), and also has qualifications from the International Institute for Management Development, IMD, in Lausanne, Switzerland.

HAKON BRUASET KJOL

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

43 years of age, Norwegian

Appointed to Board: 16 March 2010

Career History: Mr. Kjol joined Telenor Group in 1995, beginning his career in the domestic mobile operation in Norway. Since then, he has contributed to Telenor Group's growing international presence through his strategic involvement in Telenor's international mobile business where he played significant roles in operational development, and merger and acquisition activities both in Europe and Asia. For the last 15 years, he has been based in Asia where he continues to assume a key role in the development of Telenor's Group strategy for Asia, and managing the Asia business environment including in the areas of public affairs, government relations, strategic communications and corporate responsibility.

Other Commitments: Senior Vice President and Head of Corporate Affairs for Telenor Region Asia, Director of Total Access Communication PLC (dtac), Thailand, Grameenphone Limited, Bangladesh, Telenor Pakistan Limited, Telenor Asia Pte Ltd, Telenor South Asia Investment Pte Ltd, Telenor South East Asia Investment Pte Ltd, Telenor GO Pte Ltd and Digi Telecommunications Sdn Bhd.

Skills & Experience: Mr. Kjol is a former student of the Norwegian School of Management.

MANAGEMENT PROFILES

ALBERN MURTY*
Chief Executive Officer

Career History:
Albern was appointed Chief Executive Officer on 1 April 2015. Prior to that, he was the Chief Operating Officer of Digi. Since joining Digi in 2002, he has held roles in Project Planning & Controls, Product Management & Product Development, and as Head of Strategy & New Business, Acting Co-Chief Marketing Officer and Chief Marketing Officer. Before Digi, his previous experience include business and commercial management roles in Lucent Technologies across the Asian region.

Skills & Experience:
Albern holds a Bachelor of Science in Marketing and a Bachelor of Science in Advertising Management from Portland State University, Oregon, USA.

*** The CEO does not have any:**

1. Interest in the securities of Digi.Com Berhad;
2. Directorship of public companies;
3. Family relationship with any Director and/or major shareholders of the Company;
4. Conflict of interest with the Company; and
5. Conviction for offences within the past 10 years other than traffic offences.

KARL ERIK BROTEN
Chief Financial Officer

Career History:
Karl joined Digi as Chief Financial Officer in May 2013. He was formerly the Chief Financial Officer at Telenor Pakistan and at Pannon GSM (now Telenor Hungary). He has also held leadership positions in Telenor Norway, Telenor Business Solutions, and in Telenor-owned operations in Russia, among others. He has been with the Telenor Group since 1996.

Skills & Experience:
Karl holds a Master of Science in Business Administration, majoring in International Management from Agder University College, Norway.

LOH KEH JIAT
Chief Sales Officer

Career History:
Loh was appointed Chief Sales Officer on 1 January 2014. Prior to that, he was the Head of Channels and Regional Management. He has held other various senior positions within the Marketing Division in his nine years with Digi. These include Head of Postpaid, Head of Corporate Strategy & Broadband, and Head of Product Marketing. He has more than 19 years of experience in the telecommunications and accounting industries, having held roles at KYL Consulting Sdn Bhd and PricewaterhouseCoopers prior to joining Digi.

Skills & Experience:
Loh is a Chartered Accountant who holds a Bachelor of Business (Accounting) from Monash University, Australia.

CHRISTIAN THRANE
Chief Marketing Officer

Career History:
Christian was appointed Chief Marketing Officer on 1 January 2014. He joined Digi in June 2010 as the Head of Strategy and Business Transformation, and was appointed Chief Strategy and Corporate Affairs Officer in early 2013. Prior to this, he was Head of Market Management of the Consumer Division of Telenor Denmark. Christian joined Telenor Denmark in 2005 as Business Development Manager and was later promoted to Head of Sales and Channel Management in 2007.

Skills & Experience:
Christian holds a Master of Science in Economics and Business Administration from the Copenhagen Business School in Denmark.

EUGENE TEH
Chief Corporate Affairs Officer

Career History:
Eugene was appointed Chief Corporate Affairs Officer on 1 January 2014. Formerly, he was a Director at the Prime Minister's Department's Performance Management & Delivery Unit (PEMANDU). Eugene previously helmed senior leadership roles in Arthur D. Little, and McKinsey & Co. He was also a senior investment officer at Singapore's Economic Development Board.

Skills & Experience:
Eugene holds a Master of Science in Electrical Engineering and Computer Science from University of California Berkeley, USA.

HAROON BHATTI
Chief Human Resource Officer

Career History:
Haroon was appointed Chief Human Resource Officer on 1 July 2013. Prior to that, he was the Senior Vice President of People Development at Telenor Asia. Formerly, he held leadership positions within Telenor Asia's business units, including Chief People Officer in Grameenphone, Bangladesh and dtac, Thailand. Haroon began his career with the Telenor Group in 2005 with Telenor Pakistan.

Skills & Experience:
Haroon is a graduate of McGill University in Canada. He holds a Master of Arts in Political Science (International Relations), and a Bachelor of Arts in Economics and Political Science.

LARS NORLING*
Chief Executive Officer
(until 31 March 2015)

Career History:
Lars took office as Digi's Chief Executive Officer on 1 August 2014. Previously, he was CEO of Telenor Sweden, a position he held since 2009. Lars was formerly Telenor Sweden's Chief Technology Officer and prior to that, Head of Fixed Network Operations. Before Telenor, he worked with broadband provider Bredbandsbolaget, where he held a number of senior positions.

Skills & Experience:
Lars holds a Master of Science in Engineering Physics from Uppsala University and a Master of Business Administration from Gothenburg School of Economics, Sweden.

The Board of Directors ("the Board") of Digi.Com Berhad and its Group of Companies ("Digi" or "the Group") is satisfied that in 2014, Digi had fully complied with the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 (the "MCCG 2012") and Telenor ASA's Corporate Governance Principles.

The Board recognises that maintaining good corporate ethics is critical to business integrity and performance, and key to delivering shareholders' value. The Board evaluates and where appropriate, implements relevant proposals to ensure that Digi continues to adhere to good corporate governance, relevant to developments in market practice and regulations.

This Statement outlines how Digi has applied the Principles and Recommendations of the MCCG 2012 during the financial year. The reasons for non-observance of specific Recommendations in the MCCG 2012 during the financial year under review are also included in this Statement.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

1.1 Clear functions of the Board and Management

The Board's role is to control and provide stewardship of Digi's business and affairs on behalf of shareholders. By pursuing its objective of creating long-term shareholders' value, the Board takes into account the interests of all stakeholders in its decision making.

Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objective to the Chief Executive Officer ("CEO") in accordance with the Rules of Procedure for the CEO. The CEO remains accountable to the Board for the authority that is delegated to him and for the performance of the Group.

The Board monitors the decisions and actions of the CEO and the performance of the Group to gain assurance that progress is being made towards attaining the corporate objective, within the limits it has imposed. At the same time, the CEO is supported by the Digi Management Team ("DMT") comprising 6 members.

1.2 Clear roles and responsibilities

The Board plays an active role in the development of Digi's strategies. It has in place a strategy planning process, whereby the Management presents to the Board its recommended strategies annually, together with its proposed business and regulatory plans for the ensuing year at a dedicated session, for the Board's review and endorsement. The Board also reviews and approves the annual budget for the ensuing year and monitors the corporate performance, ensuring adequate systems for good internal control and risk management, in addition to overseeing succession planning, sound financial and operational management to ensure that obligations to shareholders and other stakeholders are understood and met.

The Board shall be involved in any matters that may have a significant impact on Digi's business, including, not limited to, issues within objectives and strategies, operations, finances and employees.

The Board assumes the following principal responsibilities in discharging its fiduciary and leadership function, amongst others, for its decision:

- Ensuring that all candidates appointed to the Board are of sufficient calibre, including having in place a process to provide for the orderly succession of the members of the Board and Board diversity (including gender and age);
- Appointment to the positions of CEO and Chief Financial Officer ("CFO"), and succession planning for the CEO and senior management;
- Approval of the annual strategy plan, ambitions and targets for the Group, including addressing the Group's business strategies on promoting sustainability;
- Approval of annual and quarterly financial results;
- Overseeing the conduct of the Group's business, and evaluating whether its businesses are being properly managed;
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

1.2 Clear roles and responsibilities (cont'd)

- Reviewing the adequacy and integrity of the Group's internal controls and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;
- Decision on capital investment and disposal of tangible assets from existing business to third parties;
- Decision on major investments and contracts with significant profit impact;
- Decision on changes to control structure of Digi, including key policies and authority limits;
- Expenditure above a certain limit; and
- Business restructuring.

The Board has established three (3) Board Committees, namely the Audit & Risk Committee, Remuneration Committee and Nomination Committee which are entrusted with specific responsibilities to oversee Digi's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR"). At each Board meeting, the minutes of previous Board Committee meetings are presented to the Board. The Chairman of the relevant Board Committees also report to the Board on key issues deliberated at the respective Committee meetings. The ultimate responsibility for decision making, however, lies with the Board.

1.3 Formalised ethical standards through Code of Conduct

Code of Conduct

The Board has adopted and implemented a Code of Conduct ("Code") which reflects Digi's vision and core values of integrity, respect, trust and openness. It provides clear direction on conducting business, interacting with the community, government and business partners, and general workplace behaviour. It also includes guidance on disclosure of conflict of interests, maintaining confidentiality and disclosure of information, good practices, internal controls and the duty to report where there is a breach of the Code.

The Code is reviewed and updated regularly by the Board to meet Digi's needs and to address the changing conditions of its business environment.

The Code governs the conduct of all Digi employees including the Board members. All employees have certified in writing that they have read and understood the Code. Non-compliance and failure to report non-compliance to the Code may lead to disciplinary action.

Ongoing training is provided to employees on the Code, in particular on how to deal with situations involving ethical dilemmas to ensure that they continuously uphold high standards of conduct while performing their duties.

Compliance with the Code is monitored regularly by the Audit & Risk Committee. The Ethics and Compliance Officer of Digi reports regularly to the Audit & Risk Committee on the compliance of the Code by Digi and its employees.

A copy of the Code can be found at Digi's website: *www.digi.com.my/aboutus/resources/files/CodeOfConduct.pdf*

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

1.3 Formalised ethical standards through Code of Conduct (cont'd)

Whistle-Blowing Policy

Digi has established a whistle-blowing policy to provide an avenue for employees, suppliers, tenants and customers to voice their grievances and raise their concerns about any malpractices involving Digi without any fear of repercussions.

To further strengthen its whistle-blowing policy, Digi introduced an Integrity Hotline for employees to seek guidance or express concerns on issues that breach the Code. Reports can be made anonymously without fear of consequence. Digi has a process in place to independently investigate all reports received to ensure the appropriate follow-up actions are taken.

If an employee has concerns about illegal or unethical conduct in the workplace, they can choose to report it through the Integrity Hotline, their respective leaders or to Digi's Ethics and Compliance Officer.

Supplier Conduct Principles

The Supplier Conduct Principles ("SCP") outlines the standard for ethical and business conduct expected of suppliers and contractors in their relationship with Digi. The SCP is binding to Digi's suppliers upon the confirmation and signing of the Agreement on Responsible Business Conduct. This is to ensure high standards of business ethics amongst all Digi suppliers. Compliance of the SCP is monitored through a supply chain management system.

Anti-Corruption Policy

Digi has in place an Anti-Corruption Policy, which covers bribery, gifts and business courtesies, events and arrangements, facilitation payment, use of middlemen, use of lobbyists and gifts, and arrangements for public authorities. The policy on anti-corruption applies to the Board and employees of Digi or others with the authority to act on behalf of Digi.

The policy clearly states that bribes are strictly prohibited and staff should never offer, give, ask or accept any form of bribe. Digi has zero tolerance towards bribery and corruption.

No Gift Policy

To amplify the Anti-Corruption Policy, Digi implemented a No Gift Policy which prohibits staff to give or receive gifts to/from its vendors, partners and external stakeholders.

The No Gift Policy has been established to avoid actual or perceived conflict of interest in any ongoing or potential business dealings and decision making, and to demonstrate Digi's commitment to the highest standards of ethics and integrity.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

1.3 Formalised ethical standards through Code of Conduct (cont'd)

Information Management

The Information Management Policy sets out the main requirements for Digi and its employees in managing information in a secured, disciplined and coordinated manner, to optimise the value of information assets, and support effective and efficient operations.

Driven by its paramount business principle, the Policy advocates that information shall be kept complete, accessible, accurate, valid and handled in a trustworthy manner to ensure that it fulfills business needs and legal obligations.

Privacy

The Privacy Policy sets out the minimum requirements to process personal data with care and awareness, as required by the laws and regulations in order to uphold the interest of data subjects.

The Policy additionally advocates the mandatory need to ensure that privacy is safeguarded and enhanced as an enabling platform for the development of future applications and services.

Trading on Insider Information

Digi's Directors and employees who possess price sensitive information, which is not available to the public, are not allowed to trade in Digi's shares consistent with the Capital Markets and Services Act 2007 that prohibits insider trading.

Notices on the closed period for trading in Digi's shares are sent to Directors, principal officers and relevant employees on a quarterly basis. In 2014, none of the Directors dealt in Digi securities during closed period.

Compliance Framework

The Ethics and Compliance Officer supports the CEO and the Board of Directors in ensuring that the Code sets the appropriate standards and are implemented and enforced. The Ethics and Compliance Officer monitors the implementation of the Code by Management and handles material breaches of the Code, Digi's Governing Documents, relevant laws and regulations by Digi's employees.

Digi's Compliance framework outlines the requirements for training and awareness, risk assessment and monitoring. It also identifies the parties responsible for implementing the framework, establishes communication channels for raising concerns and seeking guidance, and sets out clear investigation and disciplinary procedures to ensure that actions taken are fair and appropriate.

1.4 Strategies promoting sustainability

The Board is mindful of the importance of building a sustainable business, therefore takes into consideration its environmental, social, and governance impact when developing Digi's corporate strategy. Digi's sustainability agenda for the year under review are disclosed on pages 24 to 30 of this Annual Report.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

1.5 Access to information and advice

The Board and its Committees receive up-to-date information for review ahead of each meeting.

The Board recognises that the decision making process is highly dependent on the quality of information provided. Furthermore, every Director has access to all information on Digi through the following means:

i) CEO, CFO and members of the senior management who attend Board and Committee meetings by invitation have to report and update on areas of the business within their responsibilities to give Board members thorough insights into the business. This includes financial, operational, customer satisfaction, service quality, regulatory and strategic information, and investor relations updates.

ii) Board and Committee papers are prepared for each item in the agenda and are issued to the Directors at least seven (7) days before the Board and Committee meetings.

iii) The Audit & Risk Committee Chairman meets with the Management, Head and senior members of the Assurance team regularly to review the reports regarding internal control system and financial reporting.

iv) Directors are provided with relevant information in between Board meetings. This includes important financial and operational updates.

v) Informal communication between the Directors, CEO and other employees.

vi) The Board may seek professional expert advice at Digi's expense, with prior approval, on any matters in relation to the discharge of their responsibilities.

1.6 Qualified and competent Company Secretaries

The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging their functions. The Company Secretaries play an advisory role to the Board in relation to the Company's Articles of Association, Board's policies and procedures, and compliance with the Companies Act 1965, Main Market Listing Requirement, relevant regulatory requirements, codes or guidance and legislations. Ms. Choo Mun Lai is the Company Secretary in Digi. She is supported by two (2) other external Company Secretaries, Ms. Tai Yit Chan and Ms. Tan Ai Ning. Together they are responsible for developing and maintaining the processes that enable the Board to fulfill its role, ensure compliance with Board procedures and advise the Board on all governance matters.

The Board is regularly updated and advised by the Company Secretaries, who are qualified, experienced and competent, on new statutory and regulatory requirements and the resultant implications to Digi and the Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence with Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committee meetings to ensure that deliberations at these meetings are well captured and minuted and subsequently communicated to the relevant Management members for necessary action. The Board is updated by the Company Secretaries on the follow-up or implementation of its decisions or recommendations by the Management till their closure.

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board.

The removal of Company Secretaries, if any, is a matter for the Board to decide collectively.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONT'D)

1.7 Board Charter

The Board is guided by the principles contained in the Code and by the Board's Charter ("Rules of Procedure for the Board") and a Delegation Authority Matrix, which set out the practices and processes in the discharge of its responsibilities, the matters that are reserved for consideration and decision making, the authority it has delegated to the CEO including the authority limits which the CEO can execute and provides guidance on the division of responsibilities between the Board and CEO.

The Rules of Procedure for the Board and the Delegation Authority Matrix are reviewed and revised, as and when required, to ensure an optimum structure for efficient and effective decision making in the organisation.

The Rules of Procedure for the Board is accessible in Digi's website: **digi.listedcompany.com/misc/factsheet/TOR_board_charter.pdf**

STRENGTHEN COMPOSITION OF THE BOARD

2.1 Nomination Committee

As at the date of this Statement, the members of the Nomination Committee are Dato' Ab. Halim Bin Mohyiddin (Chairman), Hakon Bruaset Kjol and Yasmin Binti Aladad Khan. All members of the Committee are Independent Non-Executive Directors except for Hakon Bruaset Kjol who is a Non-Independent Non-Executive Director.

The Board has decided that it is not necessary for Digi to appoint a Senior Independent Director as all the Independent Directors are well qualified and experienced and there is no combination or overlapping of roles between the current Chairman, who is a Non-Executive Director, and the CEO of the Company since these two (2) positions are held by separate individuals. The Board takes note that the MCCG 2012 recommends that the Chairman of the Nomination Committee should be a senior independent non-executive director identified by the Board. The Board will from time to time, review the recommendation and make the necessary appointment as and when it deems fit.

The Nomination Committee meets as and when required, or at least once a year. During the year, the Nomination Committee met twice and the meetings attendance are as follows:-

NAME	ATTENDANCE
Dato' Ab. Halim Bin Mohyiddin	1/2
Hakon Bruaset Kjol	2/2
Yasmin Binti Aladad Khan	2/2

The role of the Nomination Committee is to assist the Board in ensuring that the Board comprises individuals with the requisite skills, knowledge, experience and personal characteristics. The Nomination Committee:

- Leads the process for identifying and making recommendations for the Board's approval on suitable candidates for directorship to the Board and Board Committees;
- Conducts annual reviews of the structure, size and composition of the Board, including the balance mix of skills, knowledge, experience, diversity in respect of age and gender, and independence of the Independent Non-Executive Directors;

STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.1 Nomination Committee (cont'd)

- Regularly review profiles of the required skills, expertise, attributes, time commitment and core competencies for membership to the Board;
- Ensures an induction programme is in place for newly appointed directors with respect to the business structure and management of the Group as well as the expectations of the Board with regards to their contribution to the Board and Group;
- Oversees the assessment of the annual performance of the Board, Committees and the contribution of each Director;
- Assesses and makes recommendations to the Board concerning the re-election of Directors;
- Assesses the training needs of each Director;
- Reviews the character, experience, integrity, competence and time to effectively discharge the roles of CEO and CFO; and
- Reviews succession plans for members of the Board.

Activities Undertaken

The Nomination Committee assessed the overall effectiveness of the Board, its Committees and the contribution and performance of each individual Director in 2014 on their competency, time commitment, integrity and experience in meeting the needs of the Group and suggestions to enhance the Board's effectiveness. The Board's performance evaluation is discussed in detail under "Performance evaluation" on page 46.

In carrying out its duties and responsibilities, the Nomination Committee has full and unrestricted access to Digi's records and personnel. The Nomination Committee reports its recommendations to the Board for consideration and approval.

In its assessment, it was concluded that the Board's size is conducive for effective discussion and decision making and that the Board has an appropriate number of Independent Non-Executive Directors. The Board has the right balance of expertise, skills and attributes including relevant core competencies.

The Independent Non-Executive Directors continue to demonstrate their independence through their engagement in meetings, providing objective challenges to Management and bringing independent judgment to decisions taken by the Board.

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors

Appointments to the Board and Re-election of Directors

The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous, and that the appointments are made on merit. In 2014, the Board composition was reviewed with the view to identify and close any possible gap in the Board's functional knowledge and competencies by bringing in new experience, knowledge and expertise on the Board to meet the current and future needs of the Company.

STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors (cont'd)

Appointments to the Board and Re-election of Directors (cont'd)

The Nomination Committee also focused on having a balanced mix of skills, independence and diversity (including gender and age) to facilitate optimal decision making by harnessing different insights and perspectives.

Digi's Articles of Association requires a minimum of two (2) Directors and not more than thirteen (13) unless otherwise determined by shareholders at a General Meeting. The Board may appoint a Director, either as an addition to the existing Directors or to fill casual vacancies up to the maximum number. Any new Director appointed by the Board during the year is required to stand for re-election at the next Annual General Meeting ("AGM").

Other than those Directors appointed during the year, one-third of the remaining Directors are required to retire by rotation and all Directors must submit themselves for re-election at each AGM at least once every three (3) years. The Nomination Committee is responsible for recommending to the Board those Directors who are eligible for re-election.

According to Section 129(1) of the Companies Act, 1965, members of the Board who are over 70 years of age may be re-appointed as a Director to hold office until the next AGM. Currently, none of the Directors are above 70 years of age.

The Nomination Committee reviewed the results of the evaluation when considering the re-election of Directors and recommended to the Board for endorsement of the Directors, for re-election at the forthcoming 18th AGM. The re-election of each Director is voted as a separate resolution during Digi's AGM.

The Directors standing for re-election at the forthcoming 18th AGM of the Company are as follows:-

NAME	DESIGNATION
Dato' Ab Halim Bin Mohyiddin	Independent, Non-Executive Director
Hakon Bruaset Kjol	Non-Independent, Non-Executive Director

Dato' Ab Halim Bin Mohyiddin, who has served the Company for more than 13 years, has expressed his intention not to seek for re-election at the forthcoming AGM of the Company. Hence, he will retain office until the conclusion of the 18th AGM.

Hakon Bruaset Kjol, who is due to retirement by rotation pursuant to the Company's Article 98(A) of the Articles of Association, is recommended for re-election by the Board at the forthcoming AGM. Information of the aforesaid Directors is set out on page 35 of the Annual Report.

The Nomination Committee will identify a suitable candidate in replacement of Dato' Ab Halim Bin Mohyiddin.

STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors (cont'd)

Performance Evaluation

The Board regularly evaluates its performance and governance processes with the aim of improving individual contribution, effectiveness of the Board and its Committees, and Digi's performance.

For the financial year 2014, the Board assessed the effectiveness of the Board, its Committees and the contribution of each Director. The evaluation includes a review of the administration of the Board and its Committees covering the operation of the Board and its Committees, agendas, reports, information produced for consideration and the Board's relationship with its Committees and Management.

In addition, senior management participated in the review by providing feedback on areas such as monitoring of strategy and the Board's working relationship with the Management.

The evaluation of individual Directors is dependent on the contribution of the Director to the Board. Performance of individual Directors were assessed against a range of criteria including the ability of the Director to consistently take the perspective of creating shareholders' value, to contribute to the development of strategy, to provide clear direction to the Management, to contribute to the Board's cohesion, to listen to, respect the ideas of fellow Directors and members of the Management.

The evaluation process is led by the Nomination Committee Chairman and supported by the Company Secretary. The evaluation process is conducted via questionnaires to review the effectiveness of the Board and its Committees, and self–review assessment. The Nomination Committee reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement.

During the meeting held on 9 March 2015, the Nomination Committee reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, including the core competencies of the Directors; the contribution of each individual Director; independence of the Independent Directors; Board diversity in terms of gender and age; effectiveness of its Board and the Board Committees; and the retirement of Directors eligible for re-election.

The Terms of Reference for Nomination Committee is accessible in Digi's website: digi.listedcompany.com/misc/factsheet/TOR_%20Nomination_Committee.pdf

Diversity policy

The Board has approved the establishment of a Diversity policy on 12 September 2013 and was reviewed on 11 March 2015. This Policy aims to set the approach to achieve diversity on Digi's Board and its workforce. From time to time, the Board will review and monitor the implementation of this policy to ensure its effectiveness and if necessary, set measurable steps to achieve this objective.

The Terms of Reference for Diversity policy is accessible in Digi's website: digi.listedcompany.com/misc/factsheet/I_Board_Diversity_Policy.pdf

STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.3 Remuneration policies and procedures

The current members of the Remuneration Committee are Sigve Brekke (Chairman), Hakon Bruaset Kjol and Tore Johnsen. All the members are Non-Independent Non-Executive Directors. The Remuneration Committee met once during the year and the meeting attendance is as follows:-

NAME	ATTENDANCE
Sigve Brekke	1/1
Hakon Bruaset Kjol	1/1
Tore Johnsen	1/1

The role of the Remuneration Committee is to assist the Board in overseeing the remuneration policy and its specific application to the Executive Directors and CEO, evaluating the performance of the CEO annually and determining the levels of reward to the CEO.

Non-Executive Directors' remuneration is a matter to be decided by the Board collectively with the Director concerned abstaining from deliberations or voting on decisions in respect to his individual remuneration during the Board meeting.

During the financial year, there were two (2) CEOs namely Mr. Henrik Clausen, who has served until 1 August 2014 and Lars Norling who was appointed as CEO on 1 August 2014. The Remuneration Committee has evaluated Mr. Henrik Clausen as CEO against his set performance criteria and reviewed his compensation package thereof. Meanwhile, the Remuneration Committee will evaluate the newly appointed CEO, Mr. Albern Murty's performance against the set criteria in determining the levels of reward for his performance in financial year 2015.

The Chairman of the Remuneration Committee was authorised by the Board to determine the compensation package for the CEO.

The Board collectively determined the remuneration for the Independent Non-Executive Directors based on the recommendation from the Remuneration Committee. Each of the Independent Non-Executive Directors abstained from deliberating and voting on their own remuneration.

Directors' Remuneration

The objective of Digi's policy on Director's remuneration is to attract, retain and motivate the Directors. Hence, the Board has established formal and transparent remuneration policies for the Board and its Committees, and procedures for the policies. Non-Executive Directors' remuneration reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Directors.

STRENGTHEN COMPOSITION OF THE BOARD (CONT'D)

2.3 Remuneration policies and procedures (cont'd)

Details of the Directors' Remuneration

The remuneration packages of Non-Executive Directors comprise fixed monthly allowances and meeting allowances for the Audit & Risk Committee meeting. The aggregate Directors' remuneration paid to the Non-Executive Directors of Digi for the financial year ended 31 December 2014 was as follows:

NON-EXECUTIVE DIRECTORS	FIXED ALLOWANCES (RM)	MEETING ALLOWANCES^ (RM)	TOTAL (RM)
Datuk Seri Saw Choo Boon^	199,225.81	3,335	202,560.81
Dato' Ab. Halim Bin Mohyiddin*^	225,792.45	2,000	227,792.45
Yasmin Binti Aladad Khan	199,225.81	Nil	199,225.81
Total	624,244.07	5,335	629,579.07

* Includes allowance received from a subsidiary company
^ Meeting allowance is only applicable for Audit & Risk Committee meetings

The Non-Independent Non-Executive Directors of Digi receive their remuneration from their employing companies within Telenor Group and do not receive any form of remuneration from Digi pursuant to the Company's Remuneration Policy for its Non-Executive Directors.

The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in decision making. The Independent Directors are professionals of high calibre, integrity, possess in-depth knowledge and experience of the business to enable them to discharge their duties effectively. The Board considers that it should include significant representation by Directors who are capable and willing to make decisions in the best interests of the shareholders, free from interests or influences which conflict with their duties and are also independent of the Management. The Board through the Nomination Committee assesses the independence of Independent Non-Executive Directors annually using the Level of Independence of Directors' evaluation, which takes into account the individual Directors' ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

Datuk Seri Saw Choo Boon, Dato' Ab. Halim Bin Mohyiddin and Yasmin Binti Aladad Khan are the Independent Directors. Based on the independence assessment in 2014, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of Digi. The Independent Non-Executive Directors fulfill the criteria of "Independence" as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securites") ("MMLR"). Digi fulfills the requirement to have at least one-third of the Board comprising Independent Non-Executive Directors.

REINFORCE INDEPENDENCE (CONT'D)

3.2 Tenure of Independent Directors

Digi does not have term limits for Independent Directors as the Board believes that continued contribution provides benefit to the Board and Digi as a whole. The Board is of the view that there are significant advantages to be gained from long-serving Directors who provide invaluable insight and possess knowledge of Digi's affairs. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his responsibilities in the best interest of Digi predominantly determines the ability of a Director to serve effectively as an Independent Director.

Although term limits could help to ensure that new ideas and perspectives would be available to the Board, they pose the disadvantage of losing experienced Independent Directors who over time have developed detailed insight of Digi's operations and therefore, provide an increasing contribution to the effectiveness of the Board as a whole. The Board therefore viewed that imposing a fixed term limit for Independent Directors does not necessarily assure their independence and objectivity. In justifying the decision, the Nomination Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria of independence.

3.3 Separation of positions of the Chairman and Chief Executive Officer

There is a clear division of responsibility between the Chairman and the CEO to ensure that there is a balance of power and authority, such that no one individual has unfettered powers over decision making. The positions of Chairman and CEO are held by two different individuals. The Chairman is responsible to lead the Board with a keen focus on governance and compliance, ensuring its effectiveness. He engages directly with the CEO to monitor performance and oversees the implementation of strategies. The Chairman sets agendas for the meetings of the Board that focus on the strategic direction and performance of Digi.

The CEO is responsible for the day-to-day management of Digi's operations and business as well as implementation of the Board's policies and decisions. The CEO is not a Board member of Digi. Com Berhad. This is to ensure there is a clear distinction between the roles of CEO and the Board, and to prevent conflict of interest.

3.4 Board Composition and Balance

In leading a telecommunications company, the Board seeks to continually evolve its membership by seeking Non-Executive Directors with diverse and complementary skills and perspectives, as well as experience which reflects the geographical spread of Digi's operations.

The Board currently has seven (7) Directors, comprising the Chairman (Non-Independent Non-Executive), three (3) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors.

The Board has an appropriate mix of relevant skills, knowledge and experience necessary to govern Digi. The Non-Executive Directors contribute international and operational experience, and understanding of the financial and capital markets.

Several of the Directors have the relevant experience in the telecommunications industry. A brief description of the background of each Director is presented on pages 32 to 35 of the Annual Report.

REINFORCE INDEPENDENCE (CONT'D)

3.4 Board Composition and Balance (cont'd)

The Chairman, Mr. Sigve Brekke is a Non-Independent Non-Executive Director. Notwithstanding that the Board does not comprise majority Independent Directors where the Chairman is not an Independent Director as recommended in the MCCG 2012, the Independent Directors are able to exercise strong independent judgment and provide balance to the Board with their unbiased and independent views, and advice and judgment to all Board deliberations. The Nomination Committee has assessed and held the view that Mr. Brekke has and continues to play an effective role as Chairman and Director of Digi. Mr. Brekke has consistently demonstrated strong commitment and judgment in overseeing the management function, looking after the best interest of all shareholders and facilitating Board meetings to ensure that contributions by all Directors are forthcoming on matters being deliberated and that no particular Board member dominated in any of the discussions. This ensures the balance of power and authority within the Board whilst taking cognisance of the interests of minority shareholders and other stakeholders.

The Board is satisfied that the current composition of Directors provides the appropriate balance and size necessary to promote all shareholders' interests and govern Digi effectively. It also fairly represents the ownership structure of Digi, with appropriate representation of minority interests through the Independent Non-Executive Directors.

Other aspects of diversity within the Board are also important, and this includes a mix of skills, experience, perspective and gender. The Board recognises that the evolution of this mix is a long-term process that is deliberated each time a vacancy arises to ensure a balanced and diverse Board composition is maintained. The Board had also deliberated on the target set under the Corporate Governance Blueprint 2011 to ensure women participation on the Board reaches 30% by year 2016. While the Board does not believe in setting specific targets for Digi, the Board through the Nomination Committee will be actively working towards achieving the above target. Further information on diversity within the organisation is included in Digi's 2014 Sustainability Report, available at *www.digi.com.my/sustainability*.

Digi has in place a liability insurance policy for Directors and officers in respect of liabilities arising from holding office in Digi. The insurance does not, however, provide coverage in the event that a Director or a member of Management is proven to have acted negligently, fraudulently, dishonestly or in breach of his or her duty or trust.

FOSTER COMMITMENT

4.1 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors. Meetings for the year are scheduled at the end of the preceding year to enable the Directors to plan ahead and ensure that the Board and its Committee meetings are accounted for in their respective schedules. It provides the scheduled dates for meetings of the Board and Board Committees and the AGM, as well as the closed periods for dealings in securities based on the targeted dates of announcements of the Company's quarterly results. The Board meets at scheduled meetings and on other occasions to deal with urgent matters. Due notice is given for all scheduled and additional meetings.

FOSTER COMMITMENT

4.1 Time Commitment (cont'd)

The Board met seven (7) times during the year and attendance of Directors at Board meetings, was as below:-

NAME	ATTENDANCE
Sigve Brekke *Chairman/Non-Independent Non-Executive Director*	7/7
Datuk Seri Saw Choo Boon *Independent Non-Executive Director*	7/7
Dato' Ab. Halim Bin Mohyiddin *Independent Non-Executive Director*	7/7
Hakon Bruaset Kjol *Non-Independent Non-Executive Director*	7/7
Tore Johnsen *Non-Independent Non-Executive Director*	6/7
Morten Karlsen Sorby *Non-Independent Non-Executive Director*	6/7
Yasmin Binti Aladad Khan *Independent Non-Executive Director*	7/7

At Board meetings, the Chairman encourages constructive and healthy debates, and Directors are free to express their views. Any Director who has a direct or deemed interest in the subject matter shall abstain from deliberation and voting during the meeting. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings. In 2014, nine (9) resolutions ranging from administrative to operational in nature were approved by Directors via Circular Resolutions.

The agenda for the meeting of the Board are set by the Company Secretary in consultation with the Chairman and the CEO. The agenda, the relevant reports and Board papers are furnished to Directors in advance to allow the Directors to have sufficient time to peruse, thereby facilitating effective discussion and decision making during the meeting. The Board has a regular schedule of matters which are typically on the agenda and reviewed during the course of the year.

The proceedings of and resolutions passed at each Board and Committee meetings are minuted by the Company Secretary and kept in the Minutes Book at the registered office of Digi.

Directors are to devote sufficient time and effort to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. Directors are to notify the Chairman before accepting any new directorships notwithstanding that the MMLR allows a Director to sit on the boards of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

4.2 Directors' Training and Induction

The Board emphasises the importance of continuing education for its Directors to ensure that they are equipped with the necessary skills and knowledge to meet the challenges of the Board. All existing Directors have completed the Mandatory Accreditation Programme (MAP). The Board, through the Nomination Committee continues to evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors. The Company Secretary arranges for the Directors' attendance at the training programmes, which are conducted either in-house or by external service providers. Digi continues to provide Strategy workshops and internal briefings to the Directors on key Corporate Governance developments and updates them on changes to the MMLR, laws and regulations. The Directors were fully informed of the impact of such development or changes. The Directors are mindful that they continue to update their skills and knowledge to maximise their effectiveness during their tenure.

The Chairman is responsible for ensuring that induction and training programmes are provided and the Company Secretary organises the induction programmes for the newly appointed Directors to familiarise themselves with the Company's operations through briefings by the relevant Management team members. On 1 October 2014, a Board meeting was held in Kuching, Sarawak and a local market visit was organised as part of business orientation.

During the financial year, the Directors attended conferences, seminars and trainings in the areas of Leadership, Corporate Governance, Finance, Regulatory Development, Information Security and Business Interest as follows:-

NAME OF DIRECTOR	TRAINING PROGRAMME/CONFERENCE/SEMINAR
Sigve Brekke	• Telenor Top Management Meeting in Stockholm on 20 to 24 May 2014 • Workshop on Network, Spectrum and Branding on 15 May 2014 • Group Executive Management in Fornebu, Norway on 11 to 13 August 2014 • Project Orient Workshop on 15 August 2014
Datuk Seri Saw Choo Boon	• Opening of Legal year 2014 on 11 January 2014 • MACC Act – Corporate Liability Provision on 17 February 2014 • National Economic Summit and Dialogue with the Prime Minister on 7 March 2014 • Training on Internal Capital Adequacy Assessment Process on 11 March 2014 • Corruption in Malaysia: The Making of an Unequal Society on 7 April 2014 • World Bank: Study on Achieving A System of Competitive Cities on 21 April 2014 • Workshop on Network, Spectrum, Branding on 15 May 2014 • Good Regulatory Practice Workshop on 16 May 2014 • Training on Economic Outlook, Consumer Insight, Market Trends, GST and Social Media Crisis Management on 27 June 2014 • Federation of Malaysian Manufacturers (FMM) Energy Conference on 19 July 2014 • Ministry of International Trade & Industry (MITI): ASEAN Economic Initiatives Workshop on 7 August 2014 • Project Orient Workshop on 15 August 2014 • Ministry-Industry Dialogue: Generating Green Wealth in Spurring the Nation's Prosperity on 16 October 2014 • Commonwealth Association for Public Administration and Management (CAPAM) Conference: Public Service Transformation on 19 October 2014 • Academy of Sciences Malaysia (ASM) General Assembly: Malaysia Beyond 2020 on 29 November 2014

4.2 Directors' Training and Induction (cont'd)

NAME OF DIRECTOR	TRAINING PROGRAMME/CONFERENCE/SEMINAR
Dato' Ab Halim Bin Mohyiddin	• MRFS/FRS update on 18 March 2014 • Workshop on Network, Spectrum and Branding on 15 May 2014 • Risk Management & Internal Control on 5 June 2014 • The role of Chairman Programme on 23 June 2014 • Project Orient Workshop on 15 August 2014 • Board Dynamics and Governance on 25 August 2014 • Budget 2015 Review & Transfer Pricing on 30 October 2014 • Custom Advocacy Session for Session on 27 November 2014
Hakon Bruaset Kjol	• Mobile World Congress in Barcelona on 23-26 February 2014 • Workshop on Network, Spectrum and Branding on 15 May 2014 • Telenor Top Management Meeting in Stockholm on 21-23 May 2014 • Mobile Asia Expo, Shanghai on 6-11 June 2014 • Project Orient Workshop on 15 August 2014
Tore Johnsen	• Regional Business Assurances Workshop in Kuala Lumpur on 5-6 March 2014 • Workshop on Network, Spectrum and Branding on 15 May 2014 • Telenor Top Management Workshop in Stockholm on 21-24 May 2014 • Telenor CxO Board Workshop in Instanbul, Turkey on 11-12 June 2014 • Telenor Group Executive Management and Asian Business Units Workshop in Bangkok on 2- 4 September 2014 • Project Orient Workshop on 15 August 2014
Morten Karlsen Sorby	• Mobile World Congress in Barcelona on 23-26 February 2014 • Workshop on Network, Spectrum and Branding on 15 May 2014 • Project Orient Workshop on 15 August 2014 • Telenor Group Executive Management and Asian Business Units Workshop in Bangkok on 2- 4 September 2014
Yasmin Binti Aladad Khan	• Workshop on Network, Spectrum and Branding on 15 May 2014 • Project Orient Workshop on 15 August 2014

UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable financial reporting standards

Financial Reporting

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance and prospects in all the disclosures made to the stakeholders and the regulatory authorities. The Audit & Risk Committee Chairman, Datuk Seri Saw Choo Boon together with all Audit & Risk Committee members who have vast accounting and/or financial related experience, meets on a quarterly basis to review the integrity and reliability of Digi's financial statements in the presence of both external and internal auditors, prior to recommending them for the Board's approval.

As part of the governance process in reviewing the quarterly and annual financial statements by the Audit & Risk Committee, the CFO provided assurance to the Audit & Risk Committee that adequate processes and controls are in place for an effective and efficient financial statement closing process, that appropriate accounting policies had been adopted and applied consistently, and that the relevant financial statements gave a true and fair view of the state of affairs of Digi.

Timely release of quarterly results announcements, annual financial statements, annual reports and analyst presentations reflects the Board's commitment to provide transparent and up-to-date disclosures to the public. The Board is assisted by the Audit & Risk Committee in governing Digi's financial reporting processes and the quality of its financial reporting.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable Financial Reporting 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 Digi as of the reporting date, and financial performance and cash flow for the year. The Directors have prepared the information set out in Note 33 to the financial statements in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to MMLR, as issued by the Malaysian Institute of Accountants.

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 in Malaysia. In carrying out this responsibility, the Directors have:

- designed, implemented and maintained internal controls relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error;
- adopted suitable accounting policies and applied them consistently;
- stated whether applicable Financial Reporting Standards in Malaysia have been followed, material departures and disclosures, if any, are explained in the financial statements;
- made judgments and estimates that are reasonable in the circumstances; and
- employed the going-concern principle unless it is inappropriate to presume that Digi will continue its business.

The Directors are responsible for ensuring that Digi keeps proper accounting records which disclose with reasonable accuracy the financial position of Digi and to enable them to ensure that the financial statements comply with the Companies Act, 1965 and oversees the quality of the financial reporting. The Directors are also responsible for safeguarding Digi's assets and taking reasonable steps to prevent and detect fraud and other irregularities.

UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

5.1 Compliance with applicable financial reporting standards (cont'd)

Conflict of Interest and Related Party Transactions

The Board is responsible at all times for determining potential or actual conflict of interest in relation to any matter which comes before the Board.

The Board through its Audit & Risk Committee reviews all the Related Party Transactions on a quarterly basis. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolutions in respect to the transaction at the Board meetings.

Details of these transactions are set out under Notes to the Financial Statements and also the list of Related Party Transactions on pages 131 to 133 and 145 of the Annual Report.

5.2 Assessment of suitability and independence of external auditors

Key features underlying the relationship of the Audit & Risk Committee with the internal audit function and external auditors are detailed on pages 60 to 63 of the Annual Report. A summary of the activities of the Audit & Risk Committee during the year are set out on pages 64 to 66 of the Annual Report.

Digi has in place policies covering the provision of non-audit services, which are designed to ensure that such services do not impair the external auditors' independence or objectivity. The external auditors provide mainly audit-related services to Digi. Due to the strong knowledge of Digi, the external auditors also undertake certain non-audit services such as interim reviews, regulatory reviews and reporting, and other services.

The Board upholds the integrity of financial reporting by Digi and as such, the external auditors have confirmed to the Board their independence in providing both audit and non-audit services up to the date of this statement.

The Audit & Risk Committee engages regular discussions with the senior audit partner from Ernst and Young, and the Audit & Risk Committee acts as the key representative for overseeing the relationship of Digi with the external auditors. In compliance with the Malaysian Institute of Accountants By-Laws (On Professional Ethics, Conduct and Practice), Digi rotates its audit partners every five (5) years to ensure objectivity, independence and integrity of the audit opinions.

During the year, Ernst and Young charged Digi RM345,000 (2013: RM304,000) for audit and RM129,000 for non-audit services/assignments (2013: RM54,000).

The external auditors had attended twice the Audit & Risk Committee meetings held to review the Quarterly Results and the financial statements. The Audit & Risk Committee also discuss key concerns with and obtain feedback from the external auditors on matters relating to the company's affairs without the presence of the Management. The Audit & Risk Committee was satisfied with Ernst and Young's technical competency and audit independence.

RECOGNISE AND MANAGE RISKS

6.1 Internal audit function

The Board has the ultimate responsibility for Digi's system of internal control which includes the establishment of an appropriate control environment, framework and the review of its effectiveness, adequacy and integrity. A sound system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable rather than absolute assurance against material misstatement or loss.

The Board has established procedures to review the key financial, operational and compliance controls. These procedures, which are subject to regular review, provide an ongoing process for identifying, evaluating and managing the significant risks faced by Digi.

Details of Digi's internal control system and framework are set out in the Statement on Risk Management and Internal Control, and also the Audit & Risk Committee Report on pages 60 to 63 and 65 of the Annual Report respectively.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

Communications with Shareholders and Investors

Digi recognises the importance of effective and timely communications between the stakeholders, institutional investors and the investing public at large. In seeking to maintain the credibility of Digi's public reporting and investor relations activities, Digi continues to be consistent, transparent and regular in providing updates and reports on its operations and performance.

Digi remains committed to keeping the market informed of relevant information which includes appropriate disclosure and transparency, enabling both existing and potential shareholders to evaluate its business, performance and prospects, not only in compliance with the MMLR but also including additional items such as media releases done on a voluntary basis. Whilst efforts are made to provide as much relevant and material information as possible to the shareholders and stakeholders, Digi is cognisant of the legal and regulatory framework governing the release of material and sensitive information so as not to mislead the shareholders. In this respect, Digi is committed to identify and release material information in a complete, timely and accurate manner to Bursa Securities and consequently to the market.

Digi has maintained its policy of proactive engagement with shareholders and investors through its Investor Relations programme. In 2014, Digi actively engaged with the investment community and financial markets, having taken on more in-house meetings, non-deal roadshows and conferences. Digi also hosted its Analysts' Day, which provided opportunities for analysts to obtain more information on business operations and engage with senior management. Digi also leveraged on these platforms to obtain important feedback from investors and input on shareholders' expectations.

PROGRAMMES HELD	2014
Analysts Earnings Conference	4
Non-deal road shows and investor conferences	9
Analysts' Day	2

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (CONT'D)

7.1 Corporate Disclosure Policy (cont'd)

Communications with Shareholders and Investors (cont'd)

After each results announcement and any resultant major corporate exercise, Digi has made appropriate disclosures to its investors and other financial intermediaries through disclosures to Bursa Securities, media, Digi's Investor Relations website and other channels.

Information Disclosure

In accordance with the disclosure requirement and the MMLR, Digi follows these three (3) main forms of information disclosure:

- Continuous disclosure – timely disclosure of events as they take place and being Digi's primary method of informing shareholders and the market.
- Periodic disclosure – in the form of full year and quarterly reporting of financial results and major investments, capital expenditure and funding activities proposed by Digi.
- Specific information disclosure – as and when required, of administrative and corporate developments, usually in the form of Bursa Securities filing.

All information made available to Bursa Securities is immediately available to shareholders and the market on the Investor Relations section of Digi's website: *www.digi.com.my*.

7.2 Leverage on information technology for effective dissemination of information

Investor Relations Website

In addition to statutory documents, the investor relations website also features in-depth information related to Digi's financial results as well as other relevant financial data. These include announcements to Bursa Securities, media releases, investor briefings, quarterly results and annual reports.

In addition, the website also offers additional information which includes share price, details of dividends, the Management, the Board of Directors as well as corporate governance commitments to investors.

Digi remains transparent in its financial reporting and will continually add new interactive capabilities to its website.

Shareholders & Investors Queries

Whilst Digi aims to provide sufficient information to shareholders and investors about its activities, it also recognises that shareholders and investors may have specific queries and require additional information. To ensure that shareholders and investors can obtain all relevant information to assist them in exercising their rights as shareholders, they are encouraged to direct their queries to:

Investor Relations – Finance
Digi Telecommunications Sdn Bhd
Lot 10, Jalan Delima 1/1
Subang Hi-Tech Industrial Park
40000 Shah Alam, Selangor Darul Ehsan
Tel: +603 5721 1800

STRENGTHENED RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage shareholder participation at general meetings

Digi fully recognises the rights of shareholders and encourages them to exercise their rights at Digi's AGM. The date, venue and time of these meetings are determined to provide the maximum opportunity for as many shareholders as possible to attend personally.

The Notice of Meeting of the AGM is sent to shareholders at least 21 days ahead of the meeting date together with the Financial Statements and agenda for the meeting with a memorandum providing information to shareholders to assist them in deciding how they should vote on each item of business. In addition, a full copy of the Notice of Meeting and Proxy Form are posted on Digi's website and lodged with Bursa Securities. It is also advertised in a major local newspaper.

At every AGM, the Management presents a comprehensive review of Digi's financial performance for the year and outlines the prospects of Digi for the subsequent financial year. Time is set aside for shareholders' queries. Where it is not possible to provide immediate answers, Digi will undertake to provide shareholders with written answers after the AGM. Copies of the review are posted on Digi's Investor Relations website immediately.

The Chairman shared with the shareholders at the 17th AGM the responses to questions submitted in advance by the Minority Shareholder Watchdog Group, which was also posted on the Investor Relations section of Digi's website.

All Directors are expected to attend the AGM where possible. Digi also requires its external auditor to attend each AGM to answer questions on the conduct of the audit, and the preparation and content of the auditor's report.

Since 2006, Digi's AGM has been open to the business media to observe the proceedings.

The outcome of the AGM is announced to Bursa Securities on the same meeting day.

8.2 Encourage poll voting

All resolutions put forth for shareholders approval at the 17th AGM held on 14 May 2014 were voted by a show of hands.

Digi will adopt poll voting if there is/are substantive resolution(s) to be put forth for shareholders' approval at the general meetings going forward.

8.3 Effective communication and proactive engagement

Investor Meetings and Presentations

Access to timely information is vital to investors and in this regard, Digi uses an array of media channels to disseminate material and price-sensitive information for them to make informed decisions.

In keeping with Digi's standard practice, the Management conducts analyst briefings for Digi's quarterly results, with conference call facilities available for foreign participants. The results announcements, presentations and other relevant documents were made available on Digi's corporate website.

On a regular basis, outside Digi's closed period, the Management holds one-on-one and group meetings with analysts, fund managers and shareholders to provide updates on financial performance, corporate and regulatory developments as well as strategic business outlook.

Digi continues to keep investors engaged through road shows, meetings, briefings, announcements and AGMs. As part of Digi's continuous efforts to reach out to the investment community and to provide investors with greater insight into Digi, the Company has also participated in various investor conferences held locally and in major financial centres globally throughout the financial year. Some of the events in 2014 include:

VENUE	EVENT	DATE	ORGANISER
Singapore	Non-deal road show	20-21 Feb	Macquarie
Kuala Lumpur	Non-deal road show	7 May	RHB
Hong Kong	Non deal road show and Conference	28-29 May 30 May	Goldman Sach Citibank
London	Internet For All Forum	6 June	Telenor
Kuala Lumpur	Invest Malaysia	9-10 June	Bursa Securities CIMB
United Kingdom	Non-deal road show	18-21 Aug	CLSA
Tokyo	Non-deal road show	18-19 Sep	Nomura
Kuala Lumpur	Non-deal road show	29 Oct	Maybank
Singapore	Non-deal road show	17-18 Nov	UBS

Our proactive efforts in reaching out to shareholders and the investment community have been instrumental in gaining confidence and greater appreciation for Digi's Management, its business and prospects.

The Board has deliberated, reviewed and approved the Statement on Corporate Governance on 11 March 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") affirms its commitment to maintain a sound system of risk management and internal control in Digi.Com Berhad and its Group of Companies ("Digi" or "the Group") and is pleased to provide the following statement, which outlines the nature and scope of internal controls of the Group during the financial year ended 31 December 2014.

Digi has established procedures of internal control that takes into account the guidelines to Directors as set out in the "Statement on Risk Management & Internal Control - Guidelines for Directors" for the year under review. These procedures, which are subject to regular review by the Board, provide an ongoing process for identifying, evaluating and managing significant risks faced by Digi that may affect the achievement of its business objectives.

BOARD RESPONSIBILITY

The Board is responsible and accountable for Digi's system of internal control, which includes the establishment of an appropriate control environment and framework, as well as reviewing its effectiveness, adequacy and integrity on a regular basis. The system of internal control covers governance, risk management, financial, organisational, operational and compliance controls. The system of internal control is designed to identify, assess and manage risks that may impede the achievement of business objectives and strategies rather than to eliminate risks. It, therefore, provides a reasonable and not absolute assurance against material misstatement of management, financial information and records, or against financial losses or fraud.

Management is required to apply good judgement in assessing the risks faced by the Group, identifying Digi's ability to reduce the incidence and impact of risks, and ensuring that the benefits outweigh the costs of operating the controls.

The Board, through the Audit & Risk Committee, ensures that the risk management and internal control practices are adequately implemented within Digi, and observes that measures are taken in areas identified for improvement, as part of management's continued efforts to strengthen Digi's risk management and internal control system.

RISK MANAGEMENT

Digi has implemented a Risk Management framework to identify, evaluate and manage significant risks that may affect the achievement of Digi's business objectives. The Board regards risk management as an integral part of the Group's business operations. An established structured process has been set-up for managing all significant risks. These risks are reviewed and reported to the Risk and Control Forum and Audit & Risk Committee on a regular basis to ensure that adequate measures are taken to mitigate weaknesses in a controlled environment on a timely basis.

The risk management process, and practical guidance on its application, has been documented in the Risk Management Standard Operating Policy and Procedures.

Digi Management Team ("DMT"), which comprises the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Operating Officer ("COO"), Chief Marketing Officer ("CMO"), Chief Sales Officer ("CSO"), Chief Corporate Affairs Officer ("CCAO") and Chief Human Resource Officer ("CHRO"), is responsible for ensuring key risks are identified, evaluated and responses are developed and implemented in a timely manner.

Risk management scope encompasses, inter alia, strategic, financial, operational, network, information systems, health, safety, security and environment (HSSE), employees and regulatory matters.

CONTROL ENVIRONMENT AND STRUCTURE

The following sets out the control environment and its key elements within Digi, which have been in place throughout the financial year, and up to the date of the Directors' Report:

a) Organisation Structure

There is a defined organisational structure within Digi, with clear lines of responsibility, authority and accountability, to ensure that Management acts in the best interests of shareholders.

The appointment of new Chief Operating Officer ("COO"), Chief Marketing Officer ("CMO"), and Chief Sales Officer ("CSO") took effect from 1st January 2014, to drive the stronger cohesion and business focus to improve market readiness, customer responsiveness and accelerate future growth. A new Chief Corporate Affairs Officer ("CCAO") and Chief Executive Officer ("CEO") was appointed in January 2014 and August 2014 respectively.

b) Board and Management Committees

Board Committees have been set up to assist the Board to perform its oversight function, namely the Audit & Risk Committee, the Nomination Committee, and the Remuneration Committee. These Board Committees have been delegated specific responsibilities of which, are all governed by clearly defined terms of reference. The roles and responsibilities of the Audit & Risk Committee are detailed in the Audit & Risk Committee Report on pages 64 to 66, whilst those of the other two committees are detailed in the Statement on Corporate Governance on pages 43 to 49.

The various Management Committees comprising key DMT members have been established to oversee the areas of business operations assigned to them under their respective documented mandates. The Committees are:

- DMT meetings identify, discuss, approve and resolve strategic, operational, financial and key management issues pertaining to Digi's day-to-day business.
- The Investment Committee governs the approval process regarding material capital investments and operating expenditure for Digi.
- The Commercial Forum governs the decision-making process for commercial issues, and is managed by Marketing.
- Regulatory Steering Committee sets direction and makes decisions with regards to regulatory and industry matters that have a strategic impact to Digi.
- Risk and Control Forum identifies risks through the various governance and risk and control functions in Digi, and ensure that the reported operation risks and/or controls, and key compliance matters are remediated by management.

c) Assignment of Authority

The Delegation Authority Matrix ("DAM") describes the system of delegation of authority for Digi. The main objective of the DAM is to ensure efficient use of Digi's resources in accordance with overall strategies and operational plans and to safeguard the Group's assets. The DAM also sets out the matters reserved for the Board's decision and the delegation of authority to Management to make commitments on behalf of Digi.

Digi has adopted a set of values to act as a framework for its employees to exercise judgment and make decisions on a consistent basis. Digi practices segregation of duties to ensure that conflicting tasks are apportioned between different employees, to reduce the scope for error and fraud.

d) Code of Conduct

The Code of Conduct is a vital and integral part of Digi's governance regime that defines the core principles and ethical standards in conducting business and engagements with all key stakeholders, and compliance with the law and regulations. The Code of Conduct applies to the members of the Board, employees and those acting on behalf of the Group. All employees are required to sign and confirm that they have read, understood and will adhere to the Code of Conduct. Communication channels are established through which concerns on non-adherence to the Code of Conduct can be safely reported under the "Whistle-blowing" policy. More information on the Code and the "Whistle-blowing" policy are set out in the Statement on Corporate Governance on page 39.

CONTROL ENVIRONMENT AND STRUCTURE (CONT'D)

e) Policies and Procedures

Digi has set out core business policies and manuals containing key business principles and requirements for the attainment of goals and objectives on the subject areas. This includes, but is not limited to, Accounting and Financial Reporting Policy, Anti Corruption Policy, Brand Management Policy, Safety and Security Policy, People Policy, Supply Chain Sustainability, Sourcing Policy, Information Management Policy, Privacy Policy, Whistle-blowing Policy, Technology Policy, Legal Policy, Treasury Policy, Tax Policy, Security Policy, Corporate Communication Policy, Corporate Responsibility Policy, Spectrum Policy, Customer Policy, Wholesale Roaming Policy, Financial Services Policy and Regulatory Policy. These policies and manuals are communicated Group-wide, made available on the intranet for employees and revised periodically to meet changing business, operational and statutory reporting needs.

f) Revenue Assurance

The Revenue Assurance function carried out by the Risk and Revenue Management department, ensures that revenue leakage is minimised by implementing adequate controls and processes through optimal risk and revenue management framework. It covers the cycle of identification, assessment, mitigation and monitoring. Digi has in place automated controls to ensure that usage and profile integrity between the network, mediation, rating and billing is assured and adequately controlled. Processes and controls within the revenue cycle are reviewed regularly to ensure its effectiveness and efficiency.

g) Fraud Management

The Fraud Management function is carried out by the Risk and Revenue Management department. The Telecommunication Fraud Management Policy provides the direction and mandated guidelines to manage and mitigate the risk of relevant fraud and fraud losses. Close monitoring such as 24-hour surveillance of roaming and IDD traffic usage are some of the key activities that are implemented with regular ongoing review of internal fraud controls. Measures and continuous actions are taken to ensure telecommunication fraud is minimised and the requirement for preventive controls are embedded into the business processes.

h) Controls over Financial Reporting

Risk and Revenue Management department plays an important role in evaluating and improving the effectiveness of key controls surrounding Digi's Financial Reporting process to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements. Review on Digi's internal control over financial reporting is performed in accordance to Telenor Group's Internal Control over Financial Reporting Framework, which requires the assessment of risk where a material weakness exists, and testing and evaluation of the design and operating effectiveness of internal control based on the assessed risk.

i) Legal and Compliance

The Legal Department is mandated to manage and address the Group's legal affairs and mitigate legal risks in the performance of its daily business. It plays a key role in identifying, evaluating and formulating strategies on legal risks.

The Ethics & Compliance Officer supports the CEO and Board of Directors in ensuring that:

- The Code of Conduct reflects good business practices and relevant laws, regulations and widely recognised treaties.
- The Code of Conduct is implemented consistently and effectively through sharing of knowledge and measures for quality assurance.
- Compliance incidents are consistently and effectively managed.

The Ethics & Compliance Officer reports on material breaches of the Code of Conduct to the Audit & Risk Committee on a quarterly basis.

MONITORING ACTIVITIES

The key processes that have been established in monitoring and reviewing the adequacy and effectiveness of the system of internal controls include the following:

a) Board and Management Committees

- DMT meetings are held on a weekly basis to monitor and address key issues in a timely manner.
- Significant changes in the business and the external environment are reported by the DMT to the Board on an ongoing basis and/or during Board meetings.
- Digi's performance management model provides a comprehensive review of business performance, which includes a review of actual performance against targets.
- Quarterly financial results and other information are provided to the Audit & Risk Committee to enable the Board to monitor and evaluate business performance.
- The Audit & Risk Committee monitors major internal and external audit issues to ensure they are promptly addressed and resolved.
- The Regulatory Steering Committee monitors compliance on regulatory or industry related projects and/or topics, and tracks the progress of action plans. The Regulatory Steering Committee meets monthly.
- Risk and Control Forum meetings are held on a monthly basis to monitor mitigation of key risks to ensure that robust mitigation actions are implemented in a timely manner by Management.

b) Internal Audit Function

The internal audit function carried out by the Assurance Department, assists both the Board and the Audit & Risk Committee by conducting appropriate reviews of key business processes to assess the adequacy and effectiveness of internal control and risk management, compliance with regulations, and the Group's policies and procedures. To ensure independence from Management, the Head of Assurance reports directly to the Audit & Risk Committee. The Assurance Department's practices and conduct are governed by the Assurance Charter, which is subject to review and approval on an annual basis by the Audit & Risk Committee.

The Audit Plan is developed based on a risk-based approach and is approved by the Audit & Risk Committee annually. The status of the Audit Plan is presented to the Audit & Risk Committee on a quarterly basis.

The audit reports, including significant findings and recommendations for improvements, and management's responses to the recommendations are highlighted to DMT and, on a quarterly basis reported to the Audit & Risk Committee. Adequate measures and actions by management to address improvement areas highlighted are followed-up and reviewed on a quarterly basis.

The Assurance Department also maintains a quality assurance and improvement programme and continuously monitors its overall effectiveness. The Assurance Department underwent a Quality Assurance Review by the Institute of Internal Auditors Malaysia and was judged to have fully met the requirements set by the international Institute of Internal Auditors.

The Board has also received assurance from the CEO and CFO that Digi's risk management and internal control is operating adequately and effectively, in all material aspects, based on Digi's risk management and internal control system.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement in accordance with Recommended Practice Guide 5, Guidance for Auditors on the Review of Directors' Statement on Internal Control, for inclusion in the Annual Report and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control of Digi.

CONCLUSION

The system of risk management and internal control are embedded into the operations of Digi, and actions taken to mitigate any weaknesses are carefully monitored.

The Board is of the view that the system of risk management and internal control in place for the year under review and up to the date of this report, is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and Digi's assets.

COMPOSITION AND MEETINGS

The Audit & Risk Committee ("ARC") has three (3) members, all of whom are non-executive directors and a majority of whom are independent, including the Chairman of the ARC.

All members of the ARC are financially literate and are able to read, analyse, interpret and understand financial statements in order to effectively discharge their duties and responsibilities as members of the ARC. Dato' Ab. Halim Bin Mohyiddin, an Independent Non-Executive Director, is a council member of the Malaysian Institute of Certified Public Accountants ("MICPA"). Accordingly, Digi.Com Berhad and its Group of Companies ("Digi" or "the Group") complies with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Securities ("MMLR").

Details of the ARC members and the attendance of each member at ARC meetings during the financial year ended 31 December 2014 are set out as below:

NAME	STATUS	MEETINGS ATTENDED
Datuk Seri Saw Choo Boon	Chairman/Independent Non-Executive Director	6/6
Dato' Ab. Halim Bin Mohyiddin	Member/Independent Non-Executive Director	6/6
Tore Johnsen	Member/Non-Independent Non-Executive Director	6/6

The ARC held six (6) meetings during the financial year ended 31 December 2014. The CEO, CFO and Head of Assurance were also invited to attend and provide clarification on audit issues and the operations of Digi. Relevant Management of the audit subjects were invited to brief the ARC on specific issues arising from relevant audit reports.

The Board reviews the terms of office of the ARC members annually. The Board also assesses the performance of the ARC and its members through an annual Board Committee effectiveness evaluation and is satisfied that they are able to discharge their functions, duties and responsibilities in accordance to the Terms of Reference of the ARC, which are available on Digi's website, thereby supporting the Board in the areas of corporate governance, system of internal control, risk management and financial reporting within Digi.

Deliberations during the ARC meetings, including the issues tabled and rationale adopted for decisions were recorded. Minutes of the ARC meetings were tabled for confirmation at the following ARC meeting and subsequently presented to the Board for notation. The ARC Chairman conveyed to the Board matters of significant concern as and when raised by the External Auditors or Assurance Department.

Summary of Activities

In early 2015, the Board assessed the effectiveness of the ARC performance for the financial year ended 31 December 2014 and was satisfied that it was operating in an effective manner.

The ARC's principal activities during 2014 were as follows:

Financial Reporting

(a) Reviewed the quarterly unaudited financial results of Digi before recommending them for approval by the Board of Directors.

(b) Reviewed the annual audited financial statements of Digi for 2014 with the external auditors prior to submission to the Board of Directors for their approval.

Internal Audit

(a) Reviewed and approved the annual Assurance Plan to ensure adequate scope and comprehensive coverage of the activities of Digi.
(b) Reviewed and deliberated on internal audit reports tabled during the year, the audit recommendations made and Management's response to these recommendations.
(c) Monitored the implementation of mitigating actions by Management on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses are properly addressed.
(d) Reviewed and monitored the results and status of actions of internal misconduct cases in relation to Digi's Code of Conduct.
(e) Held private meetings with the Head and senior members of the Assurance Department for discussions on the activities, findings and recommendations of the Assurance Department without the presence of Management.
(f) Reviewed the performance, scope, functions, adequacy and competency of the Assurance Department including changes to its organisational structure and movements of its members.

External Audit

(a) Reviewed the scope of work and tabled to the Board for approval the engagement letter from the external auditors confirming their independence and objectivity.
(b) Reviewed Management's responses to the external auditor's interim reports, the results of the annual audit, their audit report and Management Letter, together with Management's responses to the review of the external auditors.
(c) Reviewed and approved the scope of non-audit services provided by the external auditors to ensure there was no impairment of independence or objectivity.
(d) Evaluated the effectiveness of the external auditors and made recommendations to the Board of Directors on their re-appointment and remuneration, subject to the approval of Digi's shareholders at the general meeting. Shareholders in a general meeting authorise the Directors to fix the remuneration of external auditors.
(e) Held two (2) private meetings with the external auditors on 6 February 2014 and 20 October 2014 to ensure there were no restrictions on the scope of their audit and to discuss any items that the auditors did not wish to raise in the presence of Management.

Internal Control

(a) Received and reviewed reports on the adequacy, effectiveness and reliability of controls over financial reporting.
(b) Reviewed and evaluated management procedures, which are designed to provide assurance of compliance with laws, regulations, policies and codes of conduct.
(c) Reviewed the effectiveness of the process for identifying, evaluating and managing business risks and reviewed reports on Risk Management activities, and annual and quarterly risk profiles.
(d) Reviewed controls relating to revenue assurance and fraud management activities.

Related Party Transactions

Reviewed the related party transactions entered into by Digi.

Internal Audit Function

Internal Audit activities are carried out in-house by the Assurance Department. The Head of Assurance reports directly to the ARC and assists the Committee in the discharge of its duties and responsibilities. The Assurance Department's role is to provide independent and reasonable assurance on the adequacy, integrity and effectiveness of Digi's overall system of internal control, risk management and governance. The ARC determines the adequacy of the scope, functions, competency and resources of the Assurance Department, which comprises 5 staff members as at 31 December 2014 and that it has the necessary authority to carry out its work.

The Assurance Department practices adaptive auditing, which provides the flexibility needed to address emerging current risks as well as potential future risks. This allows Assurance to focus its resources and skills on ensuring alignment with business strategy and goals, thus maintaining relevance and driving continuous improvements within Digi.

As part of its activities to ensure continuous relevance to the business units and fulfil the purpose of improving Digi's overall system of internal control, risk management and governance, the Assurance Department carried out its reviews based on the annual Assurance plan for 2014, which was developed using a risk-based approach and in line with Digi's strategic ambitions. In 2014, the Assurance Department conducted a wide range of audit assignments covering operational audits, IT and technical audits, and compliance with established procedures and regulatory requirements. The Assurance Department also undertook special reviews and advisory services at the request of the ARC and/or Management over and above the planned reviews. Follow-up reviews were performed on the implementation of audit recommendations and the status of implementation was reported to the ARC quarterly.

The total costs incurred for the Assurance Department for 2014 was RM1,566,920.

Training

The training attended by the ARC members during the financial year is reported under the Statement on Corporate Governance on pages 52 to 53.

The full Terms of Reference of ARC is set out on pages 67 to 69 of the Annual Report.

The ARC Report is made in accordance with the resolution of the Board of Directors dated 11 March 2015.

AUDIT & RISK COMMITTEE REPORT
TERMS OF REFERENCE

Purpose

To assist the Board of Directors in fulfilling its responsibilities for the oversight of:

- The financial reporting process.
- The system of risk management and internal control.
- The audit process.
- The process for monitoring compliance with laws and regulations and Digi's code of conduct.

To report to the Board of Directors and the shareholders the ARC's activities and issues, and the ARC's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.

Authority

The ARC shall have unrestricted access to external auditors, internal auditors (hereinafter referred to as "Assurance") and employees of Digi and is authorised by the Board to investigate any activity within its terms of reference and to:

- Obtain external legal or other independent professional advice as necessary.
- Appoint, remunerate, and oversee the work of any registered public accounting firm employed by Digi.
- Pre-approve all auditing and non-audit services provided by the external auditors.
- If deemed necessary, convene meetings with the external auditors, Assurance or both, excluding the attendance of the other Directors and Management.
- Resolve any disagreements between Management and the external auditors regarding financial reporting.

Membership

The ARC shall be appointed by the Board from amongst the Directors and shall consist of not less than three members. All members shall be non-executive directors, a majority of whom shall be Independent Directors. All members shall be financially literate and at least one member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and experience as approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

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

Chairman

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

Secretary

The Company Secretary shall be the Secretary of the ARC and shall be responsible, in consultation with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation, to the ARC members prior to each meeting. The Secretary shall also be responsible for keeping the minutes of meetings of the ARC and circulating them to the ARC members and to the other members of the Board of Directors.

Meetings

Meetings shall be held not less than four times a year and will normally be attended by the CFO and the Head of Assurance. 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 ARC shall meet with the external auditors without the presence of Management at least twice a year. By request of the ARC, the Head of Assurance and/or his team members, if required, shall meet with the ARC without the presence of Management. The ARC 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.

Responsibilities

The ARC shall undertake the following responsibilities:

<u>Financial Reporting</u>

- Review quarterly results, year-end financial statements and any formal announcements affecting Digi in accordance with Main Market Listing Requirements of Bursa Securities (“MMLR”), in consultation with Management and the external auditors prior to recommendation to the Board for its approval, focusing on but not limited to, the following:

    - Going concern assumption;
    - Compliance with accounting standards, statutory and regulatory requirements;
    - Changes to accounting policies, if any as required by MASB, practices within the Group and implementation of such change;
    - Significant issues arising from the audit;
    - Significant change or unusual transactions, critical accounting estimates and judgmental areas, taking into account the views of the external auditors; and
    - Review the adequacy and accuracy of disclosures to the financial statements.

- Review any related party transactions and conflict of interest situations that may arise within Digi, including any transaction, procedure or course of conduct that raises questions on management integrity, and to ensure that the Directors report such transactions annually to shareholders via the annual report.
- Review with the external auditors the results of the audit, the management letter, Management’s responses and any difficulties encountered (in the absence of Management, where necessary).
- Ensure timely submission of quarterly announcements and annual financial statements by Management.

<u>Risk Management and Internal Control</u>

- Review the adequacy and effectiveness of risk management, internal control and governance systems in Digi, including information technology security and control, and to evaluate the systems with the external auditors.
- Ensure that Assurance carries out its functions according to the standards set by recognised professional bodies.

<u>The Audit Process</u>

(i) Assurance

- Review the Assurance Charter, activities, competency, resources and organisational structure of the Assurance function.
- Ensure that Assurance has the necessary authority to carry out its work and is free of management and other restrictions.
- Have final authority to review and approve the annual Assurance plan and all major changes to the plan.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Head of Assurance.
- At least once per year, review the performance of the Head of Assurance and concur with the annual remuneration and salary adjustment.
- Review key observations and recommendations from Assurance and Management's actions towards these recommendations.

(ii) External Audit

- Review the external auditors' proposed audit plan, their nature, scope and approach, including coordination of audit effort with Assurance.
- Review the competency and performance of the external auditors.
- Consider and recommend the appointment, re-appointment, resignation, dismissal and remuneration of external auditors.
- Review and confirm the independence and objectivity of the external auditors, taking into consideration the local professional and regulatory requirements.
- To develop and implement a policy on the engagement of the external auditor to supply non-audit services and to report to the Board.
- To identify any matters in respect of which it considers that action or improvement is needed and reviewing recommendations as to the steps to be taken.

<u>Compliance</u>

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any major instances of non-compliance.
- Review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure arrangements are in place in terms of the proportionate and independent investigation of such matters and for appropriate follow-up action.
- Review the findings of any examination by regulatory agencies and any auditor observations.
- Review the process for communicating the Code of Conduct to the staff, and for monitoring compliance therewith.
- Obtain regular updates from Management and the General Counsel regarding compliance matters.
- Review the effectiveness of measures put in place to combat corruption in the company.

<u>Other Responsibilities</u>

- Institute and oversee special investigations as needed.
- In compliance with Paragraph 15.16 of the MMLR, where the ARC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the ARC must promptly report such matters to Bursa Securities.
- Prepare the ARC Report at the end of each financial year.
- Perform other activities related to this Terms of Reference, as requested by the Board of Directors.

ADDITIONAL COMPLIANCE INFORMATION

OTHER DISCLOSURES

The following information is provided in accordance with Paragraph 9.25 of Main Market Listing Requirements of Bursa Securities as set out in Appendix 9C thereto.

1 Non-Audit Fees

The amount of non-audit fees paid to external auditors for the financial year ended 31 December 2014 is RM129,000.

2. Share Buy-Back

Digi had not made any proposal for share buy-back during the financial year.

3. Depository Receipt Programme

Digi did not sponsor any depository receipt programme during the financial year.

4. Imposition of Sanctions/Penalties

There were no material sanction and/or other penalties imposed on Digi, Directors or Management by the relevant regulatory bodies during the financial year.

5. Options, Warrants or Convertible Securities

Digi did not issue any options, warrants or convertible securities during the financial year ended 31 December 2014.

6. Variation in Results

There was no profit estimation, forecast or projection made or released by Digi during the financial year under review. There were no variances of 10% or more between the results for the financial year and the unaudited results.

7. Profit Guarantee

There was no profit guarantees given or received by Digi during the financial year under review.

8. Material Contracts Involving Directors' and Major Shareholders' Interests

There was no material contract by Digi and/or its subsidiaries involving Directors' and major shareholders' interests either subsisting as at 31 December 2014 or entered into since the end of the previous financial year.

9. Recurrent Related Party Transaction of a Revenue or Trading Nature

At the Annual General Meeting ("AGM") held on 14 May 2014, Digi obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2014 are set out on pages 145 of the Annual Report.

FINANCIAL STATEMENTS

Notes to the Financial Statements

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 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are stated in Note 13 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	**2,031,088**	**2,006,352**
Attributable to:		
Owners of the parent	**2,031,088**	**2,006,352**

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2013:	
- Fourth interim tax exempt (single-tier) dividend of 7.0 sen per ordinary share, declared on 6 February 2014 and paid on 7 March 2014	544,250
In respect of the financial year ended 31 December 2014:	
- First interim tax exempt (single-tier) dividend of 6.2 sen per ordinary share, declared on 25 April 2014 and paid on 6 June 2014	**482,050**
- Second interim tax exempt (single-tier) dividend of 6.4 sen per ordinary share, declared on 17 July 2014 and paid on 5 September 2014	**497,600**
- Third interim tax exempt (single-tier) dividend of 6.2 sen per ordinary share, declared on 20 October 2014 and paid on 5 December 2014	**482,050**

The Board of Directors had on 9 February 2015, declared a fourth interim tax exempt (single-tier) dividend of 7.2 sen per ordinary share in respect of the financial year ended 31 December 2014. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

DIRECTORS

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

Sigve Brekke
Dato' Ab. Halim Bin Mohyiddin
Hakon Bruaset Kjol
Datuk Seri Saw Choo Boon
Morten Karlsen Sorby
Tore Johnsen
Yasmin Binti Aladad Khan

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTEREST

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

	NUMBER OF ORDINARY SHARES OF NOK6 EACH			
	1 January 2014/ date of appointment	**Acquired**	**Sold**	**31 December 2014**
Ultimate holding company				
Telenor ASA				
Direct interest:				
- Sigve Brekke	**91,034**	**10,835**	**–**	**101,869**
- Hakon Bruaset Kjol	**6,403**	**2,673**	**–**	**9,076**
- Morten Karlsen Sorby	**67,077**	**8,806**	**–**	**75,883**
- Tore Johnsen	**34,241**	**5,065**	**–**	**39,306**
Indirect interest:				
- Morten Karlsen Sorby*	**682**	**–**	**–**	**682**

* Deemed interest through shares held by his spouse pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007.

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

ISSUE OF SHARES

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

ISSUE OF DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

- (i) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate provisions had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written-down to an amount which they might be expected so to realise.

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

- (i) the amount written-off for bad debts or the amount of the provision for doubtful debts, in the financial statements of the Group and of the Company, inadequate to any substantial extent; and
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

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

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

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

(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 12 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.

SUBSEQUENT EVENTS

Details of events occurring after the reporting date are disclosed in Note 31 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 March 2015.

DATUK SERI SAW CHOO BOON
Director

SIGVE BREKKE
Director

STATEMENT BY DIRECTORS

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

We, Datuk Seri Saw Choo Boon and Sigve Brekke, 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 79 to 139 are drawn-up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then-ended.

The information set out in Note 33 to the financial statements on page 140 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and guidance on Amendments to Enhance the Financial Reporting and Continuing Disclosure Obligations of Listed Issuers.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 March 2015.

DATUK SERI SAW CHOO BOON
Director

SIGVE BREKKE
Director

STATUTORY DECLARATION

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

I, Karl Erik Broten, 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 79 to 140 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 above-named Karl Erik Broten at
Kuala Lumpur in Wilayah Persekutuan
on 11 March 2015

KARL ERIK BROTEN

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Digi.Com Berhad (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Digi.Com Berhad, which comprise statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 79 to 139.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We are satisfied that the 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.

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

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 33 on page 140 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Ernst & Young
AF: 0039
Chartered Accountants

Nik Rahmat Kamarulzaman bin Nik Ab. Rahman
No. 1759/02/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
11 March 2015

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2014

		Group		Company	
		2014	2013	**2014**	2013
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Revenue	5	**7,018,507**	6,733,411	**2,005,950**	1,262,500
Other income		**19,847**	23,150	**1,631**	1,452
Cost of materials and traffic expenses		**(2,099,253)**	(2,040,346)	**–**	–
Sales and marketing expenses		**(535,332)**	(513,409)	**–**	–
Operations and maintenance expenses		**(86,391)**	(90,510)	**–**	–
Rental expenses		**(239,637)**	(232,751)	**–**	–
Staff expenses		**(247,553)**	(234,915)	**–**	–
Depreciation expenses		**(375,964)**	(730,594)	**–**	–
Amortisation expenses		**(116,515)**	(147,501)	**–**	–
Other expenses		**(666,697)**	(601,863)	**(1,435)**	(1,387)
Finance costs	6	**(38,557)**	(43,464)	**–**	–
Interest income		**12,728**	18,953	**293**	401
Profit before tax	7	**2,645,183**	2,140,161	**2,006,439**	1,262,966
Taxation	8	**(614,095)**	(434,283)	**(87)**	(83)
Profit for the year, representing total comprehensive income for the year		**2,031,088**	1,705,878	**2,006,352**	1,262,883
Attributable to:					
Owners of the parent		**2,031,088**	1,705,878	**2,006,352**	1,262,883

		Group	
		2014	2013
Earnings per share attributable to owners of the parent (sen per share)	9	**26.1**	21.9

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current assets					
Property, plant and equipment	11	**2,382,112**	1,947,042	**–**	–
Intangible assets	12	**502,084**	525,965	**–**	–
Investment in subsidiaries	13	**–**	–	**772,751**	772,751
		2,884,196	2,473,007	**772,751**	772,751
Current assets					
Inventories	14	**64,542**	58,452	**–**	–
Trade and other receivables	15	**733,217**	697,205	**10**	9
Derivative financial instruments	16	**266**	811	**–**	–
Tax recoverable		**94,904**	111,636	**–**	–
Cash and cash equivalents	17	**526,278**	411,079	**1,216**	923
		1,419,207	1,279,183	**1,226**	932
TOTAL ASSETS		**4,303,403**	3,752,190	**773,977**	773,683
Non-current liabilities					
Loans and borrowings	18	**243,907**	445,869	**–**	–
Deferred tax liabilities	19	**263,425**	190,008	**–**	–
Provision for liabilities	20	**26,949**	21,348	**–**	–
		534,281	657,225	**–**	–

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current liabilities					
Trade and other payables	21	**1,840,015**	1,736,571	**752**	848
Provision for liabilities	20	**19,206**	24,992	**–**	–
Deferred revenue		**397,075**	368,946	**–**	–
Loans and borrowings	18	**803,739**	303,457	**–**	–
Taxation		**22,950**	–	**28**	40
		3,082,985	2,433,966	**780**	888
Total liabilities		**3,617,266**	3,091,191	**780**	888
Equity					
Share capital	22	**77,750**	77,750	**77,750**	77,750
Reserves		**608,387**	583,249	**695,447**	695,045
Total equity - attributable to owners of the parent		**686,137**	660,999	**773,197**	772,795
TOTAL EQUITY AND LIABILITIES		**4,303,403**	3,752,190	**773,977**	773,683

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2014

		ATTRIBUTABLE TO OWNERS OF THE PARENT			
	Note	Share capital RM'000	Non-distributable share premium RM'000	Distributable retained earnings/ (deficit) RM'000	Total RM'000
Group					
At 1 January 2013		77,750	691,905	(508,334)	261,321
Total comprehensive income		–	–	1,705,878	1,705,878
Transaction with owners:					
Dividends on ordinary shares	10	–	–	(1,306,200)	(1,306,200)
At 31 December 2013		77,750	691,905	(108,656)[1]	660,999
Total comprehensive income		**–**	**–**	**2,031,088**	**2,031,088**
Transaction with owners:					
Dividends on ordinary shares	10	**–**	**–**	**(2,005,950)**	**(2,005,950)**
At 31 December 2014		**77,750**	**691,905**	**(83,518)[1]**	**686,137**

Note: [1] In the previous financial year, as part of the Group's capital management initiatives, the Company received dividends in specie from its subsidiary, Digi Telecommunications Sdn. Bhd. ("DTSB"), in the form of bonus issue of redeemable preference shares and capital repayment by DTSB amounting to RM509.0 million and RM495.0 million respectively. The Company has declared part of these as special dividend to its shareholders. The deficit arose from the elimination of these intra-group dividends at Group level.

	Note	Share capital RM'000	Non-distributable share premium RM'000	Distributable retained earnings RM'000 (Note 24)	Total RM'000
		ATTRIBUTABLE TO OWNERS OF THE PARENT			
Company					
At 1 January 2013		77,750	691,905	46,457	816,112
Total comprehensive income		–	–	1,262,883	1,262,883
Transaction with owners:					
Dividends on ordinary shares	10	–	–	(1,306,200)	(1,306,200)
At 31 December 2013		77,750	691,905	3,140	772,795
Total comprehensive income		**–**	**–**	**2,006,352**	**2,006,352**
Transaction with owners:					
Dividends on ordinary shares	10	**–**	**–**	**(2,005,950)**	**(2,005,950)**
At 31 December 2014		**77,750**	**691,905**	**3,542**	**773,197**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2014

		Group		Company	
	Note	**2014 RM'000**	2013 RM'000	**2014 RM'000**	2013 RM'000
Cash flows from operating activities					
Profit before tax		**2,645,183**	2,140,161	**2,006,439**	1,262,966
Adjustments for:					
Amortisation of intangible assets	12	**116,515**	147,501	**–**	–
Allowance for impairment on trade receivables	15	**32,998**	26,501	**–**	–
Inventories written-down		**1,108**	2,301	**–**	–
Dividend income		**–**	–	**(2,005,950)**	(1,262,500)
Depreciation of property, plant and equipment	11	**375,964**	730,594	**–**	–
Finance costs	6	**38,557**	43,464	**–**	–
Gain on disposal of property, plant and equipment		**(6,695)**	(2,176)	**–**	–
Interest income		**(12,728)**	(18,953)	**(293)**	(401)
Provision for liabilities		**127,922**	166,842	**–**	–
Share-based payment		**1,878**	1,492	**–**	–
Fair value loss/(gain) on derivative financial instruments		**545**	(962)	**–**	–
Unrealised foreign exchange (gain)/loss		**(2,827)**	6,085	**–**	–
Operating profit before working capital changes		**3,318,420**	3,242,850	**196**	65
(Increase)/decrease in inventories		**(7,198)**	8,536	**–**	–
(Increase)/decrease in trade and other receivables		**(155,353)**	(190,988)	**(1)**	4
Increase/(decrease) in trade and other payables		**105,765**	(356,603)	**(96)**	39
Increase/(decrease) in deferred revenue		**28,129**	(36,290)	**–**	–
Cash generated from operations		**3,289,763**	2,667,505	**99**	108
Interest paid		**(36,348)**	(47,435)	**–**	–
Proceeds from government grants		**80,406**	87,660	**–**	–
Payments for provisions	20	**(133,824)**	(182,406)	**–**	–
Taxes paid		**(500,996)**	(466,362)	**(99)**	(43)
Net cash generated from operating activities		**2,699,001**	2,058,962	**–**	65

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash flows from investing activities					
Purchase of property, plant and equipment and intangible assets		**(899,701)**	(741,002)	**–**	–
Dividends received from a subsidiary		**–**	–	**2,005,950**	1,304,500
Interest received		**12,641**	19,869	**293**	401
Proceeds from disposal of property, plant and equipment		**7,446**	2,413	**–**	–
Net cash (used in)/generated from investing activities		**(879,614)**	(718,720)	**2,006,243**	1,304,901
Cash flows from financing activities					
Repayment of loans and borrowings		**(1,196,000)**	(623,000)	**–**	–
Repayment of obligations under finance lease		**(7,471)**	(8,773)	**–**	–
Draw-down of loans and borrowings		**1,500,000**	300,000	**–**	–
Dividends paid	10	**(2,005,950)**	(1,306,200)	**(2,005,950)**	(1,306,200)
Net cash used in financing activities		**(1,709,421)**	(1,637,973)	**(2,005,950)**	(1,306,200)
Net increase/(decrease) in cash and cash equivalents		**109,966**	(297,731)	**293**	(1,234)
Effect of exchange rate changes on cash and cash equivalents		**5,233**	(46)	**–**	–
Cash and cash equivalents at beginning of financial year		**411,079**	708,856	**923**	2,157
Cash and cash equivalents at end of financial year	17	**526,278**	411,079	**1,216**	923

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

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

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

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are stated in Note 13. There have been no significant changes in the nature of the principal activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised MFRSs which are mandatory for the financial periods beginning on or after 1 January 2014 as described fully in Note 3(a).

The financial statements of the Group and of the Company have been prepared on the historical cost convention unless otherwise indicated in the accounting policies below.

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

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

Business combinations (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

(c) Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(d) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment, except for freehold land and capital work-in-progress, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item includes expenditure that is attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of the replaced part is then derecognised. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit and loss as incurred.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit and loss in the year the asset is derecognised.

(e) Intangible assets

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least during each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated prospectively as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit and loss.

Intangible assets not-yet-available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit ("CGU") level. Such intangible assets are not amortised.

Any gain or loss arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit and loss when the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible assets (cont'd)

(i) 3G spectrum

Expenditure for the acquisition of the 3G spectrum are capitalised under intangible assets. The amount is amortised using the straight-line method over the shorter of the asset's estimated useful life or remaining spectrum period up to 1 April 2018.

(ii) Computer software

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

(iii) License fee

License fees are capitalised and amortised over the period of the licenses. The license fees had been fully-amortised in the financial year ended 31 December 2009.

(f) Impairment of non-financial assets

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

For intangible assets not-yet-available for use, the recoverable amount is estimated at the end of each reporting period, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the CGU level.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, namely a CGU.

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written-down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units, if any and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount, and the impairment loss is recognised as an expense in profit and loss in the period in which it arises.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed if, and only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

(g) Inventories

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

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

(h) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are recognised initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognised in other comprehensive income is recognised in profit or loss.

Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular-way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

The Group and the Company classify their financial assets in the following categories - at fair value through profit or loss and loans and receivables, as appropriate. Management determines the classification of its financial assets at initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading purposes or are designated as such upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss.

Derivatives embedded in host contracts, if any, are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value. These embedded derivatives are measured at fair value with any gain or loss arising from changes in fair value being recognised in profit and loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(i) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment as a result of one or more events that has occured after the initial recognition of the assets, i.e. an incurred loss event, and that loss event has an impact on the estimated future cash flows of the financial assets of the Group and the Company, that can be reliably estimated.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables include the Group's past experience of collecting debts, and reduced collection rates for specific ageing buckets.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment of financial assets (cont'd)

Trade and other receivables and other financial assets carried at amortised cost (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written-off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(j) 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 reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability to the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Customer loyalty programme

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

(ii) Employee leave entitlements

Employees' entitlement to annual leave are recognised when the associated services performed by employees increase their entitlements to annual leave. A provision is made for the estimated liability for the annual leave as a result of services rendered by employees up to the end of the reporting period netted-off against annual leave utilised to-date.

(iii) Site decommissioning and restoration costs

Provision for site decommissioning and restoration costs is in respect of management's best estimate on the costs necessary to be incurred to decommission the Group's telecommunications network infrastructure and restore the previously-occupied 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 of property, plant and equipment. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Provision for liabilities (cont'd)

(iv) Defined benefit plan

Provision for defined benefit plan for eligible employees is as disclosed in Note 2(n)(iii).

(k) Financial liabilities

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Financial assets and financial liabilities are off-set and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to off-set the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial liabilities are classified as either financial liabilites at fair value through profit or loss, or other financial liabilities, as appropriate in the statement of financial position, according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Management determines the classification of financial liabilites of the Group and the Company upon initial recognition.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading purposes and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Financial liabilites are classified as held for trading purposes if they are acquired for the purpose of selling in the near-term. This category includes derivative financial instruments entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss.

(ii) Other financial liabilities

The Group's other financial liabilities include trade and other payables, and loans and borrowings.

Trade and other payables are initially measured at fair value plus directly attributable transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial liabilities (cont'd)

(ii) Other financial liabilities (cont'd)

Loans and borrowings are initially measured at fair value, and are subseqently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in profit and loss over the period of the borrowings using the effective interest method.

Borrowing costs are recognised in profit and loss as an expense in the period in which they are incurred.

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(l) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are an equity instrument.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) Leases

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred. All other leases where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state-defined contribution pension scheme known as the Employee Provident Fund, and will have no legal or constructive obligation to make further contributions in the future, over-and-above what is existingly legally-required. The contributions are recognised as an expense in profit and loss in the period which the related services are rendered by employees.

(iii) Defined benefit plan

The Group operates an unfunded defined benefit plan for its eligible employees. The benefits are calculated based on the length of service and the agreed percentages of eligible employees' salaries over the period of their employment and are payable upon resignation after completion of the minimum employment period of ten years or upon retirement age of 60 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.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income in the period in which they occur and recorded in defined benefit reserve. Remeasurements are not reclassified to profit and loss in subsequent periods.

Past service costs are recognised in profit and loss on the earlier of:
- The date of the plan amendment or curtailment; or
- The date that the Group recognises restructuring-related costs.

Net interest and other expenses relating to defined benefit plans are calculated by applying the discount rate to the net defined benefit liability or asset and recognised in profit and loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Employee benefits (cont'd)

(iv) Share-based payment

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

(o) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are off-set, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the financial statements.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of goods and services in the ordinary course of the Group's business activities, net of discounts and service taxes. The Group recognises revenue when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) Telecommunication revenue

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

Revenue from sale of device is recognised when significant risks and rewards of ownership of the device have been passed to the customer, usually on delivery and acceptance of the device.

(ii) Interest income

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

(iii) Dividend income

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

(r) Government grants

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

A grant relating to asset is recognised as income over the life of the depreciable assets by way of a reduced depreciation charge. Grant relating to income is recognised in profit and loss by crediting directly against the related expense.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Foreign currency transactions

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(t) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 28(f).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability; or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1- Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(ii) Level 2- Valuation techniques for which the lowest level input that is significant to the fair value measurement if directly or indirectly observable
(iii) Level 3- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(u) Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. CHANGES IN ACCOUNTING POLICIES

(a) Adoption of new and revised MFRSs

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2014, the Group and the Company adopted the following new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014

The adoption of the above standards and interpretations did not have any significant effect on the financial statements of the Group and of the Company.

(b) Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018

3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(b) Standards issued but not yet effective (cont'd)

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118: Revenue, MFRS: 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have an impact on the amounts reported and disclosures made in the Group's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9: Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139: Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

(a) Useful lives of property, plant and equipment and intangible assets

Depreciation and amortisation are based on management's estimates of the future estimated average useful lives and residual values of property, plant and equipment and intangible assets. Estimates may change due to technological developments, modernisation initiatives, expected level of usage, competition, market conditions and other factors, which could potentially impact the estimated average useful lives and the residual values of these assets. This may result in future changes in the estimated useful lives and in the depreciation or amortisation expenses. A 5.0% difference in the expected useful lives of these assets from management's estimates would result in approximately 1.0% (2013: 2.3%) variance in the Group's profit for the year.

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment on all non-financial assets at each reporting date. Non-financial assets are tested for impairment when indications of potential impairment exist. Indicators of impairment which could trigger an impairment review include evidence of obsolescence or physical damage, significant fall in market values, significant underperformance relative to historical or projected future operating results, significant changes in the use of assets or the strategy of the business, significant adverse industry or economic changes.

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

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant reduction in collection rates.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's trade and other receivables at the reporting date are disclosed in Note 15. If the present value of estimated future cash flows varies by 5.0% from management's estimates, the Group's allowance for impairment will cause either a 0.1% (2013: 0.1%) increase or 0.1% (2013: 0.1%) decrease respectively in the Group's profit for the year.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(d) Deferred tax assets and liabilities

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

(e) Provisions for liabilities and charges

Provision for site decommissioning and restoration costs are provided based on the present value of the estimated future expenditure to be incurred for dismantling the inactive sites. Significant management judgement and estimation is required in determining the discount rate, the estimated life cycle and the expenditure to be incurred for dismantling each network infrastructure sites. Where expectations differ from the original estimates, the differences will impact the carrying amount of provision for site decommissioning and restoration costs. The carrying amount of provision for site decommissioning and restoration costs at the reporting date is disclosed in Note 20.

5. REVENUE

	Group		Company	
	2014	2013	**2014**	2013
	RM'000	RM'000	**RM'000**	RM'000
Telecommunication revenue	**7,018,507**	6,733,411	–	–
Dividend income from a subsidiary	**–**	–	**2,005,950**	1,262,500
	7,018,507	6,733,411	**2,005,950**	1,262,500

6. FINANCE COSTS

	Group	
	2014	2013
	RM'000	RM'000
Interest expense on:		
- Loans and borrowings	**33,523**	37,897
- Obligations under finance lease	**4,035**	4,791
- Others	**999**	776
	38,557	43,464

7. PROFIT BEFORE TAX

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

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Allowance for impairment on trade receivables	15	**32,998**	26,501	**–**	–
Auditors' remuneration:					
- statutory audit		**345**	304	**28**	28
- other services		**129**	54	**8**	8
Non-Executive Directors' remuneration:					
- fees		**624**	528	**63**	53
- other emoluments		**4**	4	**–**	–
Employee benefits:					
- defined contribution plan		**27,268**	25,063	**–**	–
- defined benefit plan	20	**36**	127	**–**	–
- share-based payment		**1,878**	1,492	**–**	–
Lease of transmission facilities		**158,486**	142,804	**–**	–
Provision for/(reversal of provision for):					
- customer loyalty programme	20	**130,190**	167,770	**–**	–
- employee leave entitlements	20	**(2,304)**	(1,055)	**–**	–
- site decommissioning and restoration costs	20	**999**	692	**–**	–
Inventories written-down		**1,108**	2,301	**–**	–
Rental of equipment		**42**	1,064	**–**	–
Rental of land and buildings		**222,518**	218,792	**–**	–
Realised foreign exchange loss/(gain)		**6,818**	(15,024)	**–**	–
Unrealised foreign exchange (gain)/loss		**(2,827)**	6,085	**–**	–
Fair value loss/(gain) on derivative financial instruments		**545**	(962)	**–**	–
Amortisation of intangible assets	12	**116,515**	147,501	**–**	–
Depreciation of property, plant and equipment	11	**375,964**	730,594	**–**	–
Gain on disposal of property, plant and equipment		**(6,695)**	(2,176)	**–**	–
Bad debts recovered		**(9,357)**	(9,733)	**–**	–
Interest income		**(12,728)**	(18,953)	**(293)**	(401)

7. PROFIT BEFORE TAX (CONT'D)

The number of Directors of the Company whose total remuneration during the financial year fell within the following band is analysed below:

	Number of Directors	
	2014	2013
Non-Executive Directors:		
- Below RM100,000	**–**	2
- RM100,001 - RM200,000	**1**	2
- RM200,001 - RM300,000	**2**	–

8. TAXATION

	Group		Company	
	2014	2013	**2014**	2013
	RM'000	RM'000	**RM'000**	RM'000
Income tax:				
- Current tax expense	**627,253**	406,330	**87**	101
- Over accrual in prior years	**(86,575)**	(46,756)	**–**	(18)
	540,678	359,574	**87**	83
Deferred taxation (Note 19):				
- Relating to origination and reversal of temporary differences	**57,745**	64,437	**–**	–
- Under accrual in prior years	**15,672**	10,272	**–**	–
	73,417	74,709	**–**	–
	614,095	434,283	**87**	83

Current tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated taxable profit for the year.

8. TAXATION (CONT'D)

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

	2014		2013	
	%	**RM'000**	%	RM'000
Group				
Profit before tax		**2,645,183**		2,140,161
Taxation at Malaysian statutory tax rate	**25.0**	**661,296**	25.0	535,040
Effect of expenses not deductible	**0.9**	**23,702**	1.1	23,227
Utilisation of tax incentives	**–**	**–**	(4.1)	(87,500)
Over accrual of income tax expense in prior years	**(3.3)**	**(86,575)**	(2.2)	(46,756)
Under accrual of deferred tax in prior years	**0.6**	**15,672**	0.5	10,272
Effective tax rate/income tax for the year	**23.2**	**614,095**	20.3	434,283
Company				
Profit before tax		**2,006,439**		1,262,966
Taxation at Malaysian statutory tax rate	**25.0**	**501,610**	25.0	315,742
Income not subjected to tax	**(25.0)**	**(501,523)**	(25.0)	(315,641)
Over accrual of income tax expense in prior years	**–**	**–**	(0.0)	(18)
Effective tax rate/income tax for the year	**0.0**	**87**	0.0	83

9. EARNINGS PER ORDINARY SHARE

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

	Group	
	2014	2013
Profit attributable to owners of the parent (RM'000)	**2,031,088**	1,705,878
Weighted average number of ordinary shares in issue ('000)	**7,775,000**	7,775,000
Basic earnings per share (sen)	**26.1**	21.9

10. DIVIDENDS

	Group/Company 2014 RM'000	Group/Company 2013 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
- Fourth interim tax exempt (single-tier) dividend (2013: 7.0 sen; 2012: 2.5 sen)	**544,250**	194,375
- First interim tax exempt (single-tier) dividend (2014: 6.2 sen; 2013: 3.8 sen)	**482,050**	295,450
- Second interim tax exempt (single-tier) dividend (2014: 6.4 sen; 2013: 4.8 sen)	**497,600**	373,200
- Third interim tax exempt (single-tier) dividend (2014: 6.2 sen; 2013: 5.7 sen)	**482,050**	443,175
	2,005,950	1,306,200
Interim dividend declared subsequent to the reporting date (not recognised as a liability as at 31 December):		
Dividends on ordinary shares:		
- Fourth interim tax exempt (single-tier) dividend (2014: 7.2 sen; 2013: 7.0 sen)	**559,800**	544,250

The Board of Directors had on 9 February 2015, declared a fourth interim tax exempt (single-tier) dividend of 7.2 sen per ordinary share in respect of the financial year ended 31 December 2014. The financial statements for the current financial year do not reflect this fourth interim dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2015.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long-term leasehold land RM'000	Short-term leasehold land RM'000	Freehold buildings RM'000	Long-term leasehold buildings RM'000	Short-term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Cost												
At 1 January 2014	29,638	7,502	7,578	138,740	7,365	6,866	20,852	389,937	153,575	3,090,723	266,391	4,119,167
Additions	–	–	–	–	–	–	3,663	–	684	107,214	700,224	811,785
Disposals	–	–	–	–	–	–	(3,213)	(1,179)	(141)	(77)	–	(4,610)
Write-offs	–	–	–	–	–	–	–	(21,315)	(6)	(104,041)	–	(125,362)
Transfers	–	–	–	–	–	–	–	42,170	19,925	575,934	(638,029)	–
At 31 December 2014	29,638	7,502	7,578	138,740	7,365	6,866	21,302	409,613	174,037	3,669,753	328,586	4,800,980
Accumulated Depreciation and Impairment Losses												
At 1 January 2014:												
Accumulated depreciation	–	1,278	2,575	15,477	543	2,726	13,938	309,752	124,882	1,687,085	–	2,158,256
Accumulated impairment losses	–	–	–	–	–	–	–	–	398	13,471	–	13,869
	–	1,278	2,575	15,477	543	2,726	13,938	309,752	125,280	1,700,556	–	2,172,125

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

Group	Freehold land RM'000	Long-term leasehold land RM'000	Short-term leasehold land RM'000	Freehold buildings RM'000	Long-term leasehold buildings RM'000	Short-term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation and Impairment Losses (cont'd)												
Depreciation expenses for the year (Note 7)	–	62	128	2,719	68	108	4,603	32,435	14,224	321,617	–	375,964
Disposals	–	–	–	–	–	–	(2,463)	(1,179)	(141)	(76)	–	(3,859)
Write-offs	–	–	–	–	–	–	–	(21,315)	(6)	(104,041)	–	(125,362)
At 31 December 2014	–	1,340	2,703	18,196	611	2,834	16,078	319,693	139,357	1,918,056	–	2,418,868
Analysed as:												
Accumulated depreciation	–	1,340	2,703	18,196	611	2,834	16,078	319,693	138,959	1,904,585	–	2,404,999
Accumulated impairment losses	–	–	–	–	–	–	–	–	398	13,471	–	13,869
	–	1,340	2,703	18,196	611	2,834	16,078	319,693	139,357	1,918,056	–	2,418,868
Carrying Amount												
At 31 December 2014	29,638	6,162	4,875	120,544	6,754	4,032	5,224	89,920	34,680	1,751,697	328,586	2,382,112

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

Group	Freehold land RM'000	Long-term leasehold land RM'000	Short-term leasehold land RM'000	Freehold buildings RM'000	Long-term leasehold buildings RM'000	Short-term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Cost												
At 1 January 2013	29,638	7,502	7,578	145,993	7,365	6,866	23,126	372,835	143,097	7,785,511	368,637	8,898,148
Additions	–	–	–	–	–	–	–	–	358	89,534	580,165	670,057
Disposals	–	–	–	–	–	–	(4,525)	–	–	(3,002)	(87)	(7,614)
Reclassifications	–	–	–	(7,253)	–	–	–	–	–	–	7,253	–
Write-offs	–	–	–	–	–	–	(196)	(4,308)	(4,453)	(5,432,467)	–	(5,441,424)
Transfers	–	–	–	–	–	–	2,447	21,410	14,573	651,147	(689,577)	–
At 31 December 2013	29,638	7,502	7,578	138,740	7,365	6,866	20,852	389,937	153,575	3,090,723	266,391	4,119,167
Accumulated Depreciation and Impairment Losses												
At 1 January 2013:												
Accumulated depreciation	–	1,216	2,447	13,193	475	2,618	15,997	287,539	114,790	6,438,188	–	6,876,463
Accumulated impairment losses	–	–	–	–	–	–	–	–	398	13,471	–	13,869
	–	1,216	2,447	13,193	475	2,618	15,997	287,539	115,188	6,451,659	–	6,890,332

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

Group	Freehold land RM'000	Long-term leasehold land RM'000	Short-term leasehold land RM'000	Freehold buildings RM'000	Long-term leasehold buildings RM'000	Short-term leasehold buildings RM'000	Motor vehicles RM'000	Computer systems RM'000	Furniture and fittings RM'000	Tele-communi-cations network RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation and Impairment Losses (cont'd)												
Depreciation expenses for the year (Note 7)	–	62	128	2,284	68	108	2,512	26,521	14,545	684,366	–	730,594
Disposals	–	–	–	–	–	–	(4,375)	–	–	(3,002)	–	(7,377)
Write-offs	–	–	–	–	–	–	(196)	(4,308)	(4,453)	(5,432,467)	–	(5,441,424)
At 31 December 2013	–	1,278	2,575	15,477	543	2,726	13,938	309,752	125,280	1,700,556	–	2,172,125
Analysed as:												
Accumulated depreciation	–	1,278	2,575	15,477	543	2,726	13,938	309,752	124,882	1,687,085	–	2,158,256
Accumulated impairment losses	–	–	–	–	–	–	–	–	398	13,471	–	13,869
	–	1,278	2,575	15,477	543	2,726	13,938	309,752	125,280	1,700,556	–	2,172,125
Carrying Amount												
At 31 December 2013	29,638	6,224	5,003	123,263	6,822	4,140	6,914	80,185	28,295	1,390,167	266,391	1,947,042

(a) The Group acquired property, plant and equipment with an aggregate cost of RM811.8 million (2013: RM670.1 million) of which RM4.7 million (2013: RM0.7 million) relates to the provision for site decommissioning and restoration costs, as disclosed in Note 20.

(b) Government grants of RM46.9 million (2013: RM23.2 million) relating to assets, were deducted before arriving at the carrying amount of property, plant and equipment as at 31 December 2014.

12. INTANGIBLE ASSETS

Group	3G spectrum RM'000	Computer software RM'000	Licenses RM'000	Total RM'000
Cost				
At 1 January 2014	695,066	890,673	1,300	1,587,039
Additions	–	92,634	–	92,634
Write-offs	–	(271,745)	–	(271,745)
At 31 December 2014	695,066	711,562	1,300	1,407,928
Accumulated Amortisation				
At 1 January 2014	372,807	686,967	1,300	1,061,074
Amortisation expenses for the year (Note 7)	75,825	40,690	–	116,515
Write-offs	–	(271,745)	–	(271,745)
At 31 December 2014	448,632	455,912	1,300	905,844
Carrying Amount				
At 31 December 2014	246,434	255,650	–	502,084

12. INTANGIBLE ASSETS (CONT'D)

Group	3G spectrum RM'000	Computer software RM'000	Licenses RM'000	Total RM'000
Cost				
At 1 January 2013	695,066	835,616	1,300	1,531,982
Additions	–	71,605	–	71,605
Write-offs	–	(16,548)	–	(16,548)
At 31 December 2013	695,066	890,673	1,300	1,587,039
Accumulated Amortisation				
At 1 January 2013	296,982	631,839	1,300	930,121
Amortisation expenses for the year (Note 7)	75,825	71,676	–	147,501
Write-offs	–	(16,548)	–	(16,548)
At 31 December 2013	372,807	686,967	1,300	1,061,074
Carrying Amount				
At 31 December 2013	322,259	203,706	–	525,965

13. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares at cost	**772,751**	772,751

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

Name of company	Equity interest held (%) 2014	Equity interest held (%) 2013	Principal activities
- Digi Telecommunications Sdn Bhd ("DTSB")	**100**	100	Establishment, maintenance and provision of telecommunications and related services
- Pay By Mobile Sdn Bhd	**100**	100	Dormant
Subsidiaries of DTSB:			
- Digi Services Sdn Bhd	**100**	100	Property holding, renting of premises and other related services
- Djuice.Com Sdn Bhd	**100**	100	Dormant

14. INVENTORIES

	Group 2014 RM'000	Group 2013 RM'000
Merchandise		
- At cost	**60,822**	56,069
- At net realisable value	**3,720**	2,383
	64,542	58,452

During the financial year, the amount of inventories recognised as an expense in cost of materials of the Group was RM722.2 million (2013: RM615.6 million).

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
Trade receivables	**326,355**	322,904	**–**	–
Other receivables	**74,854**	58,493	**4**	5
Deposits	**64,317**	60,483	**–**	–
Prepayments	**279,546**	263,859	**6**	4
	745,072	705,739	**10**	9
Allowance for impairment on trade receivables	**(11,855)**	(8,534)	**–**	–
	733,217	697,205	**10**	9

15. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group's trade receivables are non-interest bearing, and are subject to normal trade credit terms ranging from 30 to 45 days (2013: 30 to 45 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

(a) Impairment losses

As at 31 December, the ageing analysis of trade receivables net of allowance for impairment and bad debts written-off, is as follows:

	Group	
	2014	2013
	RM'000	RM'000
Trade receivables:		
- Neither past due nor impaired	**222,408**	250,046
- 1 to 30 days past due not impaired	**65,310**	32,230
- 31 to 60 days past due not impaired	**9,251**	14,631
- 61 to 90 days past due not impaired	**8,324**	3,574
- 91 to 180 days past due not impaired	**5,576**	8,044
- More than 181 days past due not impaired	**3,631**	5,845
	314,500	314,370

Trade receivables that are neither past due nor impaired, representing 71% (2013: 80%) of the Group's total net trade receivables, are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

At the reporting date, 29% (2013: 20%) of the Group's trade receivables were past due but not impaired. These relate mostly to corporate customers with slower repayment patterns, for whom there is no history of default.

15. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Impairment losses (cont'd)

The Group's trade receivables that are impaired at the reporting date and the movement of the Group's allowance for impairment on trade receivables are as follows:

	Note	Individually impaired RM'000	Collectively impaired RM'000	Total RM'000
At 1 January 2013		–	14,572	14,572
Charge for the year	7	26,501	–	26,501
Write-offs		(26,501)	(6,038)	(32,539)
At 31 December 2013		–	8,534	8,534
Charge for the year	7	**29,677**	**3,321**	**32,998**
Write-offs		**(29,677)**	**–**	**(29,677)**
At 31 December 2014		**–**	**11,855**	**11,855**

The Group's trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments in excess of two months. These receivables are not secured by any collateral or credit enhancements.

(b) Foreign currency exposures

At 31 December 2014, the Group's trade receivables balances included exposure to foreign currency denominated in United States Dollar ("USD") and Special Drawing Rights ("SDR") amounting to RM2.6 million (2013: RM9.6 million) and RM50.4 million (2013: RM40.7 million) respectively.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract value in foreign currency USD'000	Notional value RM'000	Fair value RM'000	Gain arising from fair value changes RM'000
Non-hedging derivatives				
Current				
Foreign currency forward contracts:				
- 2014	**21,000**	**73,357**	**73,623**	**266**
- 2013	19,000	61,490	62,301	811

The above foreign currency forward contracts were entered into by the Group to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. These contracts are not designated as cash flow or fair value hedges, and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting. Foreign currency forward contracts are used to hedge certain payables denominated in USD for which firm commitments existed at the reporting date, extending to January and February 2015.

During the financial year, the Group recognised a gain of RM266,000 (2013: a gain of RM811,000) arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rates respectively. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 28(f)(iv).

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	RM'000	RM'000	**RM'000**	RM'000
Cash and bank balances	**200,384**	182,971	**1,216**	923
Deposits with licensed banks	**325,894**	228,108	**–**	–
	526,278	411,079	**1,216**	923

Cash and cash equivalents include cash in hand and at bank and deposits with licensed banks. For the purpose of the statement of cash flows, cash and cash equivalents are net of outstanding bank overdrafts, if any.

The Group's cash and cash equivalents included amounts of foreign currency denominated in USD totalling RM27.8 million (2013: RM8.3 million) at the reporting date.

Cash at banks earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates of deposits at the reporting date are as follows:

	Group	
	2014	2013
	%	%
Deposits with licensed banks	**3.3**	3.3

The deposits of the Group placed with licensed banks will mature within one month (2013: one month) from the end of the reporting date.

18. LOANS AND BORROWINGS

	Note	Group 2014 RM'000	Group 2013 RM'000
Non-current (unsecured)			
Floating-rate term loan		**210,000**	404,223
Finance lease obligation	25(c)	**33,907**	41,646
		243,907	445,869
Current (unsecured)			
Floating-rate term loan		**196,000**	195,918
Revolving credit		**600,000**	100,000
Finance lease obligation	25(c)	**7,739**	7,539
		803,739	303,457
Total loans and borrowings		**1,047,646**	749,326

The weighted average effective and implicit interest rates at the reporting date for loans and borrowings are as follows:

	Note	Group 2014 %	Group 2013 %
Fixed-rate term loan	(a)	**–**	5.2
Floating-rate term loan		**4.8**	4.4
Finance lease obligation		**9.3**	9.3
Revolving credit		**4.6**	4.1

The above loans and borrowings are denominated in RM.

(a) The Company had fully settled the fixed-rate term loan in prior year. The weighted average effective interest rate was related to the interest payment for fixed-rate term loan during the financial year ended 31 December 2013.

18. LOANS AND BORROWINGS (CONT'D)

(b) The obligation under finance lease at the reporting date is as follows:

	Group 2014 RM'000	Group 2013 RM'000
Future instalments payable	**50,693**	62,267
Less: Unexpired finance lease interest	**(9,047)**	(13,082)
Principal outstanding	**41,646**	49,185

The maturities of the Group's loans and borrowings at the reporting date are as follows:

	Group 2014 RM'000	Group 2013 RM'000
Less than one year	**803,739**	303,457
Between one and two years	**218,808**	203,739
Between two and five years	**23,392**	234,019
More than five years	**1,707**	8,111
	1,047,646	749,326

19. DEFERRED TAX LIABILITIES

	Group 2014 RM'000	2013 RM'000
At 1 January	**190,008**	115,299
Recognised in profit and loss (Note 8)	**73,417**	74,709
At 31 December	**263,425**	190,008

Presented after appropriate off-setting as follows:

	Group 2014 RM'000	2013 RM'000
Deferred tax liability	**519,374**	399,936
Deferred tax assets	**(255,949)**	(209,928)
	263,425	190,008

The components and movements of recognised deferred tax liability and assets of the Group during the financial year prior to off-setting are as follows:

Deferred tax liability:	**Property, plant and equipment and intangible assets RM'000**
At 1 January 2014	**399,936**
Recognised in profit and loss	**119,438**
At 31 December 2014	**519,374**
At 1 January 2013	363,099
Recognised in profit and loss	36,837
At 31 December 2013	399,936

19. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of recognised deferred tax liability and assets of the Group during the financial year prior to off-setting are as follows (cont'd):

Deferred tax assets:

	Deferred revenue RM'000	Others RM'000	Total RM'000
At 1 January 2014	**(83,320)**	**(126,608)**	**(209,928)**
Recognised in profit and loss	**(9,433)**	**(36,588)**	**(46,021)**
At 31 December 2014	**(92,753)**	**(163,196)**	**(255,949)**
At 1 January 2013	(92,102)	(155,698)	(247,800)
Recognised in profit and loss	8,782	29,090	37,872
At 31 December 2013	(83,320)	(126,608)	(209,928)

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

20. PROVISION FOR LIABILITIES

Group	Note	Site decommissioning and restoration costs RM'000	Defined benefit plan RM'000 (Note 23)	Total RM'000
Non-current				
At 1 January 2014		**20,097**	**1,251**	**21,348**
Capitalised as property, plant and equipment	11(a)	**4,718**	**–**	**4,718**
Recognised in profit and loss		**999**	**36**	**1,035**
Paid during the year		**–**	**(152)**	**(152)**
At 31 December 2014		**25,814**	**1,135**	**26,949**
At 1 January 2013		18,745	1,357	20,102
Capitalised as property, plant and equipment	11(a)	660	–	660
Recognised in profit and loss		692	127	819
Paid during the year		–	(233)	(233)
At 31 December 2013		20,097	1,251	21,348

20. PROVISION FOR LIABILITIES (CONT'D)

Group	Customer loyalty programme RM'000	Employee leave entitlement RM'000	Total RM'000
Current			
At 1 January 2014	**18,029**	**6,963**	**24,992**
Recognised in profit and loss	**130,190**	**(2,304)**	**127,886**
Paid during the year	**(133,672)**	**–**	**(133,672)**
At 31 December 2014	**14,547**	**4,659**	**19,206**
At 1 January 2013	32,432	8,018	40,450
Recognised in profit and loss	167,770	(1,055)	166,715
Paid during the year	(182,173)	–	(182,173)
At 31 December 2013	18,029	6,963	24,992

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**261,858**	312,630	**–**	–
Other payables	**176,938**	162,811	**–**	–
Accruals	**1,385,889**	1,246,282	**752**	848
Customer deposits	**15,330**	14,848	**–**	–
	1,840,015	1,736,571	**752**	848

The Group's trade and other payables are non-interest bearing, and are subject to normal credit terms ranging from 30 to 60 days (2013: 30 to 60 days).

At 31 December 2014, the Group's trade and other payables balances included exposure to foreign currency denominated in USD, SDR and Norwegian Krone ("NOK") amounting to RM137.9 million (2013: RM166.5 million), RM37.3 million (2013: RM36.6 million) and RM16.0 million (2013: RM20.8 million) respectively.

22. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares of 1 sen each		Amount	
	2014	2013	**2014**	2013
	'000	'000	**RM'000**	RM'000
Authorised	**100,000,000**	100,000,000	**1,000,000**	1,000,000
Issued and fully paid	**7,775,000**	7,775,000	**77,750**	77,750

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

23. DEFINED BENEFIT PLAN

The Group operates an unfunded defined benefit plan for its eligible employees. The estimated obligations under the retirement benefit scheme are determined based on actuarial valuation by a qualified independent actuary on 18 March 2014.

The amounts recognised in the consolidated statement of financial position are determined as follows:

		Group	
	Note	**2014 RM'000**	2013 RM'000
Present value of unfunded obligations	20	**1,135**	1,251

The amount recognised in profit and loss, included under staff expenses, is as follows:

	Group	
	2014 RM'000	2013 RM'000
Interest on obligations, representing increase in provision for defined benefit plan	**36**	127

The principal actuarial assumption used in determining the retirement benefit obligation for the defined benefit plan, is as follows:

	Group	
	2014 %	2013 %
Rate per annum:		
- Discount rate	**5.3**	6.4

24. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 December 2014 and 2013 respectively, under the single-tier system.

25. COMMITMENTS

	Group	
	2014	2013
	RM'000	RM'000
(a) Capital commitments		
Capital expenditure in respect of property, plant and equipment and intangible assets:		
- Approved and contracted for	**570,000**	594,000
- Approved but not contracted for	**975,000**	941,000
(b) Non-cancellable operating lease commitments		
Future minimum lease payments:		
- Less than one year	**239,951**	156,628
- Between one and five years	**380,526**	268,053
- More than five years	**60,629**	45,353
	681,106	470,034

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

25. COMMITMENTS (CONT'D)

(c) Finance lease commitment

The Group's finance lease commitment is in relation to the acquired indefeasible right of use ("IRU") over purchased fibre optic wavelength by means of a finance lease arrangement. Future minimum lease payments under the finance lease together with the present value of the net minimum lease payments are as follows:

	Group 2014 RM'000	Group 2013 RM'000
Minimum lease payments:		
- Less than one year	**11,105**	11,574
- Between one and two years	**11,410**	11,105
- Between two and five years	**26,468**	31,082
- More than five years	**1,710**	8,506
Total minimum lease payments	**50,693**	62,267
Less: Amounts representing finance charges	**(9,047)**	(13,082)
Present value of minimum lease payments	**41,646**	49,185
Present value of payments:		
- Less than one year	**7,739**	7,539
- Between one and two years	**8,808**	7,739
- Between two and five years	**23,392**	25,796
- More than five years	**1,707**	8,111
Present value of minimum lease payments	**41,646**	49,185
Less: Amount due within 12 months (Note 18)	**(7,739)**	(7,539)
Amount due after 12 months (Note 18)	**33,907**	41,646

26. CORPORATE GUARANTEES

	Group 2014 RM'000	Group 2013 RM'000
Unsecured		
Guarantees given to third parties for public infrastructure works	**22,793**	18,667
Guarantee given to SKMM on the transfer of 3G spectrum	**50,000**	50,000
Guarantee given to SKMM on the allocation of the 2600 MHz spectrum band	**10,000**	10,000
	82,793	78,667

27. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Sales and purchases of services

Controlling related party relationships are as follows:

(i) The ultimate holding company is as disclosed in Note 1; and
(ii) The Company's subsidiaries are as disclosed in Note 13.

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

	Transactions 2014 RM'000	Transactions 2013 RM'000	Balance due (to)/from at 2014 RM'000	Balance due (to)/from at 2013 RM'000
With the ultimate holding company and fellow subsidiaries				
- *Telenor ASA*			**(29,221)**	(33,152)
Consultancy services rendered	**24,756**	25,895		
- *Telenor Consult AS*			**(3,110)**	(1,040)
Personnel services rendered	**13,686**	13,066		

27. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

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

	Transactions		Balance due (to)/from at	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
With the ultimate holding company and fellow subsidiaries (cont'd)				
- *Telenor Global Services AS*			**(5,711)**	(2,336)
Sales of interconnection services on international traffic	**293**	272		
Purchases of interconnection services on international traffic	**19,160**	9,117		
Purchases of IP transit	**265**	503		
Purchases of global connectivity	**752**	980		
- *Total Access Communication Public Company Limited*			**3,852**	6,180
Sales of international roaming services	**248**	544		
Purchases of international roaming services	**4,442**	5,093		
- *dtac Network Co. Ltd*			**(2,342)**	(13,250)
Sales of interconnection services on international traffic	**770**	360		
Purchases of interconnection services on international traffic	**2,788**	19,860		
- *Telenor Norge AS*			**39**	50
Sales of international roaming services	**432**	464		
Purchases of international roaming services	**31**	22		
- *Telenor Shared Services Pakistan (Private Limited)*			**(650)**	(307)
Purchases of customer centre off-shoring services	**1,758**	1,476		
- *Telenor Global Shared Services AS*			**(3,176)**	25
Services rendered on application operations and basic operation for data centre	**163**	2,165		
Purchases of operation application	**617**	1,449		
- *Telenor IT Asia Sdn Bhd*			**4,978**	4,296
Services rendered on Asian Infrastructure Shared Services Centre	**883**	886		

27. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

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

	Transactions		Balance due (to)/from at	
	2014 RM'000	2013 RM'000	**2014 RM'000**	2013 RM'000
With the ultimate holding company and fellow subsidiaries (cont'd)				
- *Telenor Eiendom Holding AS*			**(625)**	–
Consultancy services rendered	**625**	–		
- *Telenor Digital Services AS*			**(372)**	(419)
Consultancy services rendered	**354**	419		

Amounts due (to)/from related companies are trade in nature, unsecured, non-interest bearing and are repayable upon demand.

(b) Compensation of key management personnel

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

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

	Group	
	2014 RM'000	2013 RM'000
Short-term employee benefit	**15,332**	13,352
Post-employment benefits	**587**	551
Share-based payment	**617**	1,997
	16,536	15,900

28. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligations. 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 or only entered into with reputable licensed banks and unit trust funds, if any.

The maximum credit risk exposure in respect of trade receivables is limited to the carrying amount of the receivables less allowance for impairment, whereas the maximum exposure for other receivables, and cash and cash equivalents are the reported carrying values in the financial statements. Information regarding trade receivables that are neither past due nor impaired, and past due but not impaired, are disclosed in Note 15.

At the reporting date, there were no significant concentrations of credit risk.

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. The currencies giving rise to this risk are primarily the USD, SDR and NOK. Although approximately 21% (2013: 20%) of the Group's total expenses are denominated in the above-mentioned foreign currencies, the settlements of these payables are on a net basis, together with revenues earned from the same operators and partners. The Group also holds cash and cash equivalents denominated in USD for working capital purposes. The Group's foreign-denominated cash and cash equivalents at the reporting date is disclosed in Note 17.

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 in accordance with its foreign currency hedging policy. In line with the Group's foreign currency hedging policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Speculative activities are strictly prohibited. The Group adopts a layered approach to hedging, where a higher percentage of hedging will be executed for closer-dated exposures and with time, increase the hedge as the probability of the underlying exposure increases. These derivatives and their underlying exposures will be monitored on an ongoing basis.

The Group's foreign currency forward contracts are executed only with creditworthy financial institutions in Malaysia which are governed by appropriate policies and procedures. The cash requirement for settling these foreign currency forward contracts is solely from the Group's working capital.

Details of the Group's outstanding foreign currency forward contracts for the purpose of hedging certain payables denominated in USD for which firm commitments existed at the reporting date, extending to January and February 2015, are disclosed in Note 16. The effects of changes in the fair values of these derivative financial instruments have already been included in the financial statements during the financial year.

28. FINANCIAL INSTRUMENTS (CONT'D)

(c) Foreign currency risk (cont'd)

Management believes that there is no reasonably possible fluctuation in the foreign exchange rate which would cause any material effect to the Group's profit for the year.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management, for working capital purposes and to mitigate the effects of fluctuations in cash flows. The Group invests only in highly liquid cash management funds, if any. The Group has remaining revolving credit and floating-rate term loan facilities with an aggregate nominal value of up to RM200.0 million (2013: RM300.0 million) as an alternative source of financing which can be executed as and when required.

The Group's trade and other payables and non-hedging derivative liabilities at the reporting date, are short-term in nature, and are payable either on-demand or within one year. Details of respective maturities for the Group's loans and borrowings are as disclosed in Note 18.

(e) Interest rate risk

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

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available. A difference of 20 (2013: 20) basis points in interest rates applicable for the Group's entire loans and borrowings (excluding finance lease obligation) would result in approximately 0.07% (2013: 0.5%) variance in the Group's profit for the year.

(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 their fair values due to the relatively short-term maturity of these financial instruments.

(ii) Trade and other receivables and payables

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

28. FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair values (cont'd)

(iii) Loans and borrowings

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amounts of floating-rate term loan are reasonable approximations of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of non-current portion of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing or leasing arrangements at the reporting date.

(iv) Derivative financial instruments

Derivatives are stated at fair value which is equivalent to the marking of the derivatives to market, using prevailing market rates.

At the reporting date, the carrying amounts and fair values of the Group's financial instruments not carried at fair values and whose carrying amounts are not reasonable approximation of fair values, are as follows:

		Group			
		Carrying amount		**Fair value**	
		2014	2013	**2014**	2013
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Financial liabilities					
Loans and borrowings (non-current):					
- Finance lease obligation	18	**33,907**	41,646	**42,235**	50,329

28. FINANCIAL INSTRUMENTS (CONT'D)

(g) Carrying amounts

The carrying amounts of financial instruments under each category of MFRS139, are as follows:

		Group		Company	
		2014	2013	**2014**	2013
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Loans and receivables:					
- Trade receivables	15	**314,500**	314,370	**–**	–
- Other receivables	15	**74,854**	58,493	**4**	5
- Deposits	15	**64,317**	60,483	**–**	–
- Cash and cash equivalents	17	**526,278**	411,079	**1,216**	923
		979,949	844,425	**1,220**	928
Non-hedging derivative financial assets	16	**266**	811	**–**	–
Other financial liabilities:					
- Loans and borrowings	18	**1,047,646**	749,326	**–**	–
- Trade payables	21	**261,858**	312,630	**–**	–
- Other payables	21	**176,938**	162,811	**–**	–
- Accruals	21	**1,385,889**	1,246,282	**752**	848
- Customer deposits	21	**15,330**	14,848	**–**	–
		2,887,661	2,485,897	**752**	848

28. FINANCIAL INSTRUMENTS (CONT'D)

(h) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities.

	Note	Date of valuation	Total RM'000	Fair value measurement using: Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
Quantitative disclosures fair value measurement hierarchy for financial assets/(liabilities) as at 31 December 2014:						
Financial assets measured at fair value:						
Non-hedging derivative financial assets	16	31 December 2014	**266**	**–**	**266**	**–**
Financial liabilities for which fair values are disclosed:						
Loans and borrowings (non-current):						
- Finance lease obligation	28(f)	31 December 2014	**(42,235)**	**–**	**(42,235)**	**–**

There have been no transfers between Level 1 and Level 2 during the year.

	Note	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Quantitative disclosures fair value measurement hierarchy for financial assets/(liabilities) as at 31 December 2013:						
Financial assets measured at fair value:						
Non-hedging derivative financial assets	16	31 December 2013	811	–	811	–
Financial liabilities for which fair values are disclosed:						
Loans and borrowings (non-current):						
- Finance lease obligation	28(f)	31 December 2013	(50,329)	–	(50,329)	–

There have been no transfers between Level 1 and Level 2 during the year.

29. CAPITAL MANAGEMENT

The essence of the Group's capital management strategy is to support its long-term strategic ambitions including:

(i) its commitment to long-term sustainable dividend policy;

(ii) its financial obligation and ability to maintain financial flexibility; and

(iii) its ability to support its business requirements and enable future growth.

Going-forward, the Group will continue to actively manage its capital structure to enhance shareholders' value and make adjustments to address changes in the economic environment and its business risk characteristics. The Group had during the financial year ended 31 December 2009, revised its minimum dividend pay-out policy to at least 80% of the Company's profit for the year, and dividend payment frequency. The dividend policy will be maintained subject to ongoing assessment, and based on the availability of distributable reserves as well as the Group's future cash flow requirements and market conditions. These revisions and any other revision to its allocation of capital resources are subject to the approval of the Board of Directors. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2014.

30. SEGMENTAL INFORMATION

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products in Malaysia.

31. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting date, the Group had partially repaid the outstanding revolving credit amounting to RM100.0 million each on 5 January 2015 and 4 February 2015 respectively.

32. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 11 March 2015.

33. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The break-down of the (deficits)/retained earnings of the Group and of the Company as at 31 December 2014 and 2013 into realised and unrealised (losses)/profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad, and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014	2013	**2014**	2013
	RM'000	RM'000	**RM'000**	RM'000
Total (deficit)/retained profits of the Company and its subsidiaries:				
- Realised	**(14,868)**	(10,101)	**3,542**	3,140
- Unrealised	**(68,650)**	(98,555)	**–**	–
	(83,518)	(108,656)	**3,542**	3,140

LIST OF PROPERTIES

as at 31 December 2014

NO.	LOCATION	TENURE	DESCRIPTION/ EXISTING USE	DATE OF ACQUISITION	AREA	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2013 RM'000	NET BOOK VALUE AS AT 31.12.2014 RM'000
1	H.S.(D) No. 92086 & 92087 P.T. No. 9 & No. 10 Pekan Seremban Jaya Daerah Seremban Negeri Sembilan	Freehold	Land with a building/ Telecommunications Centre	29.12.1997	22,529 sq ft	16	631	613
2	Unit No. 202-4-11 Sri Bandar Besi Jalan Sungai Besi Sungai Besi Kuala Lumpur	Freehold	Apartment/ Housing base transceiver equipment	26.01.1995	802 sq ft	18	85	82
3	Unit No. C16-2 Indera Subang UEP Jalan UEP 6/2L UEP Subang Jaya Petaling Jaya Selangor	Freehold	Apartment/ Housing base transceiver equipment	04.02.1995	2,249 sq ft	20	451	437
4	No. 1-16.2, 16th Floor Union Height, Taman Yan Jalan Klang Lama Kuala Lumpur	Freehold	Apartment/ Housing base transceiver equipment	25.01.1995	1,249 sq ft	19	169	164
5	3rd Floor Unit Pt 4888/4786 C Block TC-14 Taman Sri Gombak Jalan Batu Caves, Selangor	Freehold	Apartment/ Housing base transceiver equipment	29.03.1995	1,319 sq ft	18	64	62
6	4572, 7th Floor Sri Jelatek Condominiums Section 10 Wangsa Maju Kuala Lumpur	Freehold	Apartment/ Housing base transceiver equipment	07.02.1995	1,115 sq ft	19	132	127

NO.	LOCATION	TENURE	DESCRIPTION/ EXISTING USE	DATE OF ACQUISITION	AREA	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2013 RM'000	NET BOOK VALUE AS AT 31.12.2014 RM'000
7	32, PLO 151 Jln Angkasa Mas Utama Kawasan Perindustrian Tebrau II 81100 Johor Bahru, Johor	30 years lease (expiring in 2023)	Land with a building/ Telecommunications Centre	12.05.1995	1.58 acres	20	764	752
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)	Land with a building/ Telecommunications Centre	23.03.1995	1 acre	40	1,605	1,554
9	Lot 36, Sedco Light Industrial Estate, Jalan Kelombong Kota Kinabalu, Sabah	Leasehold 60 years (expiring in 2034)	Land with a building/ Telecommunications Centre	12.06.1995	0.938 acre	34	1,793	1,737
10	Lot 1220, Section 66 Kuching Town Land District, Sarawak	Leasehold 60 years (expiring in 2036)	Land with a building/ Telecommunications Centre	15.08.1995	4,124 sq ft	19	1,546	1,497
11	No. 112 Semambu Industrial Estate Kuantan, Pahang	Leasehold 66 years (expiring in 2041)	Land with a building/ Telecommunications Centre	07.07.1995	4 acres	32	1,749	1,694
12	Unit 16-12-1 12th Floor Cloud View Tower Taman Supreme, Cheras Kuala Lumpur	Leasehold 99 years (expiring in 2076)	Apartment/ Housing base transceiver equipment	08.02.1995	1,400 sq ft	26	168	165
13	Unit No. M803 8th Floor, Sunrise Park Ampang, Kuala Lumpur	Leasehold 99 years (expiring in 2088)	Apartment/ Housing base transceiver equipment	22.03.1995	1,100 sq ft	23	89	88

NO.	LOCATION	TENURE	DESCRIPTION/ EXISTING USE	DATE OF ACQUISITION	AREA	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2013 RM'000	NET BOOK VALUE AS AT 31.12.2014 RM'000
14	H.S.(D) 12776 P.T. No. 15866 Mukim Bentong District of Bentong, Pahang	Leasehold 99 years (expiring in 2091)	Land with a building/ Earth Station Complex	07.08.1996	7.5 acres	21	5,533	5,464
15	Plot D-38 Taman Industri Prima Kota Fasa 1 Sector 3 Bandar Indera Mahkota Kuantan, Pahang	Leasehold 99 years (expiring in 2097)	Land with fixed line switch and base transceiver station	14.11.1997	25,521 sq ft	17	362	358
16	Ptd 1490 Mukim of Jemaluang District of Mersing, Johor	Leasehold 99 years (expiring in 2098)	Land with trunk station	17.08.1999	40,000 sq ft	15	105	104
17	PN 89926, Lot 191363 Mukim Hulu Kinta Daerah Kinta, Perak	Leasehold 90 years (expiring in 2081)	Land with a building/ Telecommunications Centre	15.07.1999	5,942 sq ft	15	195	192
18	Lot No. 54, Jalan 6/2 Kawasan Perindustrian Seri Kembangan 43000 Seri Kembangan Selangor	Leasehold 99 years (expiring in 2091)	Land with a building/ Telecommunications Centre	23.05.2000	18,050 sq ft	25	1,709	1,689
19	Lot 2728 Miri Concession Land District Lopeng , Miri, Sarawak	Leasehold 60 years (expiring in 2027)	Land with cabin container/ Telecommunications Centre	29.09.2000	4,937 sq m	N/A	896	871
20	Lot 10, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Land with a building	19.07.2001	284,485 sq ft	9	68,728	67,433

LIST OF PROPERTIES

as at 31 December 2014

NO.	LOCATION	TENURE	DESCRIPTION/ EXISTING USE	DATE OF ACQUISITION	AREA	AGE OF BUILDING (YEARS)	NET BOOK VALUE AS AT 31.12.2013 RM'000	NET BOOK VALUE AS AT 31.12.2014 RM'000
21	No. 24, Jalan KIP 7 Taman Perindustrian KIP 52200 Kuala Lumpur	Freehold	Land with a building/ Telecommunications Centre	21.08.2002	17,847 sq ft	18	2,779	2,779
22	Lot 42, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Parking lot	28.04.2008 (Title transfer date)	91,676 sq ft	N/A	8,234	8,234
23	Lot 43, Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor	Freehold	Land with a building/ Telecommunications Centre	06.04.2008 (Title transfer date)	92,142 sq ft	N/A	71,500	70,125
24	13, 1st Floor Gemilang Indah Condominium Geran Mukim 2227/M1/2/7 Lot 295, Sek 98, Bandar KL Wilayah Perseketuan	Freehold	Apartment unit	26.10.2009	935 sq ft	24	128	125
25	H.S.(M) 26928 P.T. 180 Pekan Serdang Tempat Seri Kembangan Daerah Petaling, Selangor	Leasehold 90 years (expiring in 2099)	Land with a building/ Telecommunications Centre	03.03.2009	1,803 sq m	19	4,139	4,091
26	Title No. PN 89925 Lot 191362 No. 4, Hala Perusahaan Kledang U5 Kawasan Perusahaan Menglembu Daerah Kinta, Perak	Leasehold 90 years (expiring in 2099)	Land with a building/ Telecommunications Centre	21.09.2009	358 sq m	14	693	685

Notes:
The Group does not adopt a revaluation policy on landed properties.
N/A denotes "Not Applicable"

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

as at 31 December 2014

At the Annual General Meeting held on 14 May 2014, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature.

In accordance with Practice Note 12 of Main Market Listing Requirements of Bursa Securities, the details of recurrent related party transactions conducted during the financial year ended 31 December 2014 pursuant to the shareholders' mandate are disclosed as follows:-

DIGI GROUP WITH THE FOLLOWING RELATED PARTIES	DIGI AND/OR ITS SUBSIDIARY COMPANIES	NATURE OF TRANSACTION UNDERTAKEN BY/ PROVIDED TO DIGI AND/OR ITS SUBSIDIARIES	AMOUNT TRANSACTED DURING THE FINANCIAL YEAR (RM'000)
Telenor Group of Companies			
Telenor Group	DTSB	Business service costs, which include consultancy, training programmes and advisory fees ("Business Service Costs")	24,756
Telenor Group	DTSB	Personnel services payable and professional fees ("Professional Service")	14,767
Telenor Group	DTSB	International Accounting Settlement. This refers to an arrangement for interconnection services on international traffic between foreign carriers i.e. Telenor Group and DTSB	23,011
Telenor Group	DTSB	International Roaming	5,844
Telenor Group	DTSB	Customer Centre off-shoring services	1,758
Telenor Group	DTSB	IP Transit (Internet Upstream)	265
Telenor Group	DTSB	Global connectivity services Telenor Business Units (BUs) in Asia and to data centres for common services	752
Telenor Group	DTSB	Services rendered on Enterprise Resource Planning ("ERP") and enterprise applications	454
Telenor Group	DTSB	Infrastructure Shared Services Centre in Asia ("ITSSC")	883
TOTAL			**72,490**

Notes:

1. Telenor Group refers to Telenor ASA and its subsidiary and related companies (including the associated companies). Telenor ASA is the ultimate holding company of Digi.Com Berhad (Digi).
2. Digi Telecommunications Sdn Bhd ("DTSB") is a wholly-owned subsidiary of Digi.

STATEMENT ON DIRECTORS' SHAREHOLDINGS

as at 9 March 2015

The Company **Digi.Com Berhad**	**NUMBER OF ORDINARY SHARES OF RM0.01 EACH** **Direct Interest**	**%**	**Deemed Interest**	**%**
	–	–	–	–

Ultimate Holding Company **Telenor ASA**	**NUMBER OF ORDINARY SHARES OF NOK6 EACH** **Direct Interest**	**%**	**Deemed Interest**	**%**
Sigve Brekke	101,869	0.0068	–	–
Hakon Bruaset Kjol	9,076	0.0006	–	–
Tore Johnsen	39,306	0.0026	–	–
Morten Karlsen Sorby	75,883	0.0051	682	0

Ultimate Holding Company **Telenor ASA**	**NUMBER OF OPTIONS OVER ORDINARY SHARES OF NOK6 EACH** **Direct Interest**	**%**	**Deemed Interest**	**%**
Sigve Brekke	–	–	–	–
Hakon Bruaset Kjol	–	–	–	–
Tore Johnsen	–	–	–	–
Morten Karlsen Sorby	–	–	–	–

STATISTIC ON SHAREHOLDINGS

as at 9 March 2015

Authorised Share Capital : RM1,000,000,000 divided into 100,000,000,000 ordinary shares of RM0.01 each

Issued and Paid up Share Capital: RM77,750,000 comprising 7,775,000,000 ordinary shares of RM0.01 each

Class of Shares: Ordinary shares of RM0.01 each

Voting Rights : One vote per share

Analysis by Size of Holdings as at 9 March 2015

Size of holdings	No. of holders	%	No. of shares	%
1 - 99	779	2.93	9,581	0.00
100 - 1,000	12,127	45.64	6,838,011	0.09
1,001 - 10,000	10,613	39.94	43,079,366	0.55
10,001 - 100,000	2,085	7.85	63,417,848	0.82
100,001 - 388,749,999 (*)	965	3.63	2,917,514,744	37.52
388,750,000 AND ABOVE (**)	2	0.01	4,744,140,450	61.02
TOTAL	26,571	100.00	7,775,000,000	100.00

REMARK :
* - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

Substantial Shareholders as per Register of Substantial Shareholders as at 9 March 2015

	NUMBER OF SHARES			
Name	Direct Interest	%	Deemed Interest	%
1. Telenor Asia Pte Ltd	3,809,750,300	49.00	–	–
2. Telenor Mobile Communications AS	–	–	3,809,750,300 (a)	49.00
3. Telenor Mobile Holding AS	–	–	3,809,750,300 (b)	49.00
4. Telenor ASA	–	–	3,809,750,300 (c)	49.00
5. Employees Provident Fund Board	1,035,133,840	13.31	–	–

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

STATISTIC ON SHAREHOLDINGS

as at 9 March 2015

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 9 MARCH 2015

	Name of Shareholders	Number of Shares	%
1	CITIGROUP NOMINEES (ASING) SDN BHD *TELENOR ASIA PTE LTD (DIGI)*	3,809,750,300	49.00
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	934,390,150	12.02
3	AMANAHRAYA TRUSTEES BERHAD *SKIM AMANAH SAHAM BUMIPUTERA*	250,367,600	3.22
4	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	206,816,600	2.66
5	CARTABAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)*	85,472,100	1.10
6	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM WAWASAN 2020*	84,038,500	1.08
7	CARTABAN NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD*	77,912,400	1.00
8	HSBC NOMINEES (ASING) SDN BHD *BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND*	69,516,550	0.89
9	TIME DOTCOM BERHAD	67,456,522	0.87
10	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM MALAYSIA*	66,500,000	0.85
11	DATO AHMAD SEBI BIN BAKAR	58,629,330	0.75
12	AMSEC NOMINEES (TEMPATAN) SDN BHD *AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)*	55,507,000	0.71
13	TIME DOTCOM BERHAD	50,063,523	0.64
14	CARTABAN NOMINEES (ASING) SDN BHD *GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)*	48,311,800	0.62
15	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)*	47,321,378	0.61
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)*	43,000,000	0.55

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 9 MARCH 2015

	Name of Shareholders	Number of Shares	%
17	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC DIVIDEND FUND*	41,417,900	0.53
18	AMANAHRAYA TRUSTEES BERHAD *AMANAH SAHAM DIDIK*	36,955,800	0.48
19	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)*	36,602,563	0.47
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)*	35,663,800	0.46
21	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD *GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)*	33,989,900	0.44
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)*	33,114,400	0.43
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR AIA BHD.*	26,248,690	0.34
24	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC SELECT ENTERPRISES FUND*	25,806,500	0.33
25	CARTABAN NOMINEES (ASING) SDN BHD *BBH (LUX) SCA FOR FIDELITY FUNDS SOUTH EAST ASIA*	23,311,800	0.30
26	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC EQUITY FUND*	21,490,000	0.28
27	CARTABAN NOMINEES (ASING) SDN BHD *RBC INVESTOR SERVICES BANK FOR ROBECO CAPITAL GROWTH FUNDS*	21,465,500	0.28
28	HSBC NOMINEES (ASING) SDN BHD *HSBC BK PLC FOR SAUDI ARABIAN MONETARY AGENCY*	19,134,300	0.25
29	HSBC NOMINEES (ASING) SDN BHD *HSBC BK PLC FOR ABU DHABI INVESTMENT AUTHORITY (AGUS)*	18,365,800	0.24
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (NOMURA)*	16,635,590	0.21
TOTAL		**6,345,256,296**	**81.61**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting ("18th AGM") of Digi.Com Berhad ("the Company") will be held at Pyramid 1, Level CP3, Sunway Pyramid Convention Centre, Persiaran Lagoon, Bandar Sunway, 47500 Petaling Jaya, Selangor Darul Ehsan on Thursday, 7 May 2015 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 financial year ended 31 December 2014 and the Directors' and Auditors' Reports thereon. **(Please refer to Note 1 of the Explanatory Notes)**

2. To re-elect Mr. Hakon Bruaset Kjol, the Director of the Company who is retiring pursuant to Article 98(A) of the Company's Articles of Association. **Ordinary Resolution 1**

3. To approve the payment of Directors' Allowances of RM624,244.07 for the financial year ended 31 December 2014. **Ordinary Resolution 2**

4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 3**

As Special Business

To consider and, if thought fit, to pass the following resolution:-

5. **Proposed Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature to be entered with Telenor ASA ("Telenor") and Persons Connected with Telenor. ("Proposed Shareholders' Mandate")** **Ordinary Resolution 4**

   "THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Proposed Shareholders' Mandate 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 in Section 2.3 of the Circular to Shareholders dated 13 April 2015 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

5. **Proposed Renewal of Existing Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature to be entered with Telenor ASA ("Telenor") and Persons Connected with Telenor. ("Proposed Shareholders' Mandate") (cont'd)**

(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 names 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."

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 18th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 54(1)(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 24 April 2015. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at the said meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

By Order of the Board

CHOO MUN LAI (MAICSA 7039980)
TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
Company Secretaries

Selangor Darul Ehsan
13 April 2015

NOTES:-

(A) APPOINTMENT OF PROXY

(i) A member entitled to attend and vote at a general meeting of the Company is entitled to appoint one (1) person as his proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company. The provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.

(ii) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(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 its seal or under the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Company's Share Registrar Office at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia at least forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

(B) EXPLANATORY NOTES

1. Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Ordinary Resolution 4 proposed under Agenda item no. 5 on the shareholders' mandate, if passed, will allow the Company and its subsidiaries ("Group") to enter into recurrent related party transactions in accordance with paragraph 10.09 of the Main Market 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.

3. Dato' Ab. Halim Bin Mohyiddin who is retiring pursuant to Article 98(A) of the Company's Articles of Association has expressed his intention not to seek for re-election. Hence, he will retire upon the conclusion of the 18th AGM.

Personal data privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

FORM OF PROXY

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

I/We *(Name in full)* ______________________________

NRIC No. or Company No. *(New and Old NRIC No.)* ______________________________

CDS Account No. ______________________ of *(Address)* ______________________________

____

being a member of DIGI.COM BERHAD hereby appoint: *(Name in full)* ______________________________

NRIC No. *(New and Old NRIC No.)* ______________________ of *(Address)* ______________________________

____

or failing him/her, the *Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Pyramid 1, Level CP3, Sunway Pyramid Convention Centre, Persiaran Lagoon, Bandar Sunway, 47500 Petaling Jaya, Selangor Darul Ehsan on Thursday, 7 May 2015 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 below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

*Please delete the words "Chairman of the Meeting" if you wish to appoint some other person to be your proxy.

ORDINARY RESOLUTIONS			FOR	AGAINST
RESOLUTION 1	–	To re-elect Mr. Hakon Bruaset Kjol as Director		
RESOLUTION 2	–	To approve the payment of Directors' Allowances for the financial year ended 31 December 2014		
RESOLUTION 3	–	To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration		
RESOLUTION 4	–	To approve the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature to be entered with Telenor ASA ("Telenor") and Persons Connected with Telenor		

No. of Shares ______________________

____
Signature of Shareholder(s) or Common Seal

Signed this ____________ day of ____________ , 2015.

Tel. No. ______________________

Notes:

1. A member entitled to attend and vote at a general meeting of the Company is only entitled to appoint one (1) person as his proxy to attend and vote in his stead. A proxy need not be a member of the Company. The provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
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 its seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Company's Share Registrar Office at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur at least forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2015.

PLEASE FOLD HERE TO SEAL

AFFIX
STAMP
HERE

Share Registrars
TRICOR INVESTOR SERVICES SDN BHD
Level 17, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur,
Malaysia

PLEASE FOLD HERE TO SEAL

CORPORATE DIRECTORY

PRINCIPAL PLACE OF BUSINESS/ HEAD OFFICE

D'House, Lot 10, Jalan Delima 1/1,
Subang Hi-Tech Industrial Park,
40000 Shah Alam, Selangor
T 03-5721 1800
F 03-5721 1857

CENTRAL OPERATING OFFICES

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

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

REGIONAL OPERATING OFFICES

Northern Region
1-03-18, E-Gate Commercial Centre,
Lebuh Tunku Kudin 2,
11700 Gelugor, Penang
T 04-248 6000
F 04-248 6001

Ipoh Sales Office
C-G-2 Persiaran Greentown 3,
Greentown Business Centre,
30450 Ipoh, Perak
T 05-242 1616
F 05-242 3800

Southern Region
6 & 8, Jalan Molek 1/12,
Taman Molek,
81100 Johor Bahru, Johor
T 07-351 1800
F 07-352 8016

Eastern Region
Lot 112 & 113,
Lorong Industri Semambu 7,
Semambu Industrial Estate,
25350 Kuantan, Pahang
F 09-508 0016

Sabah Region
4th Floor, Lot 10, Block B,
Warisan Square,
Jalan Tun Fuad Stephens,
88000 Kota Kinabalu
T 088-251 016
F 088-262 016

Sarawak Region
Level 21, Gateway Kuching,
No. 9, Jalan Bukit Mata,
93100 Kuching
T 082-421 800
F 082-427 597

DIGI STORES

KUALA LUMPUR

Gardens
S-233, 2nd Floor, Gardens Mall,
Mid Valley City Lingkaran Syed Putra,
59200 Kuala Lumpur

Bangsar
Lot F140, 1st Floor,
Bangsar Shopping Centre,
285 Jalan Maarof, Bukit Bandaraya,
59000 Kuala Lumpur

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

Festival Mall City
G49, No. 67, Jalan Taman Ibu Kota,
Taman Danau Kota, Setapak,
53300 Kuala Lumpur

SELANGOR

Klang
Lot Unit B-G-8, BBT One,
Lebuh Batu Nilam 2,
Bandar Bukit Tinggi,
41200 Klang, Selangor

SS2
24, Jalan SS2/66,
47300 Petaling Jaya, Selangor

Sunway Pyramid
Lot LG2.69, Lower Ground 2,
Sunway Pyramid Shopping Mall,
No. 3, Jalan PJS 11/15,
Bandar Sunway,
46150 Petaling Jaya, Selangor

Ampang
No. 86G, Lorong Mamanda 1,
Ampang Point,
68000 Selangor

Alamanda
Lot LG08, Lower Ground Floor,
Alamanda Putrajaya Shopping Centre,
Jalan Alamanda, Precinct 1,
62000 Putrajaya, Selangor

KLIA
Lot L2-75, Terminal KLIA2,
KL International Airport, Jalan Klia 2/1,
64000 KLIA Sepang, Selangor

Cheras
No. 3-G, Jalan C180/1, Dataran C180,
43200 Cheras, Selangor

MELAKA

Melaka
No. 2, Jalan Plaza Merdeka,
Plaza Merdeka,
75000 Melaka

NEGERI SEMBILAN

Seremban
No. 15, Ground Floor, Jalan Kong Sang,
70000 Seremban, Negeri Sembilan

JOHOR

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

Danga Walk
Blk 6, G-35, Danga Walk,
Batu 4-1/2, Jalan Skudai,
80200 Johor Bahru, Johor

PENANG

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

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

KEDAH

Alor Setar
No. 2 & 3,
Kompleks Perniagaan Pintu 10,
Jalan Pintu Sepuluh,
05100 Alor Setar, Kedah

PERAK

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

De Gardens
DGR-1A, Ground Floor,
No.1, Persiaran Medan Ipoh,
Medan Ipoh,
31400 Ipoh, Perak

PAHANG

Kuantan
No. 91 Jalan Tun Ismail,
25000 Kuantan, Pahang

KELANTAN

Kota Bharu
Lot G-42, KB Mall, Jalan Hamzah,
15050 Kota Bharu, Kelantan

SABAH

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

1-Borneo
Lot G612, 1 Borneo Hypermall,
Jalan Sulaman,
88450 Kota Kinabalu, Sabah

SARAWAK

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

Miri
Lot 1382, Jalan Kubu, Centre Point 2,
98000 Miri, Sarawak

Bintulu
Lot 18 & 19, Parent Lot 7668,
Blk 31, Kemena Land District,
97000 Bintulu, Sarawak

Sibu
No. 17 & 19, Ground Floor,
Jalan Tong Sang,
Off Jalan Wong King Huo,
96000 Sibu, Sarawak

DIGI SERVICE COUNTERS

KUALA LUMPUR

Giant Cheras
Lot 19 & 21 Connaught Market Centre,
Jalan Cheras, Taman Connaught Cheras,
56000 Kuala Lumpur

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

Taman Tun Dr Ismail (TTDI)
No. 35, Jalan Wan Kadir 2,
Taman Tun Dr Ismail,
60000 Kuala Lumpur

Low Yat
Lot No. 4K 18, 4th Floor,
Plaza Low Yat, Jalan Bintang,
55100 Kuala Lumpur

Mid Valley
Lot LG 013A,
Lower Ground Mid Valley Mega Mall,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur

SELANGOR

Tesco Puchong
148, 149, Jalan Bandar 3,
Pusat Bandar Puchong,
47100 Puchong, Selangor

Selayang
57, Jalan 2/3A, Pasar Borong Selayang,
Off Jalan Ipoh,
68100 Batu Caves, Selangor

Kajang
No. 1-G, Ground Floor,
Plaza Citra Kajang, Jalan Citra 1,
43000 Kajang, Selangor

KEDAH

Sungai Petani
Kompleks Amanjaya Mall,
No. 1, Jalan Jati 1,
Lot 3B, Tingkat Bawah,
08000 Sg Petani, Kedah

Alor Setar
No. 34, Ground Floor, Kompleks Sultan
Abdul Hamid, Jalan Pegawai,
05050 Kedah

PENANG

Bukit Jambul
3A-G24, Kompleks Bukit Jambul,
Jalan Lebuh Pantai,
10300 Penang

PERAK

Seri Manjung
Billion Shopping Centre,
No. 2477, Taman Samudera,
32040 Seri Manjung, Perak

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

KELANTAN

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

TERENGGANU

Kuala Terengganu
63B, Jalan Sultan Ismail,
20200 Kuala Terengganu,
Terengganu

JOHOR

Tebrau
Lot S09, 2nd Floor,
AEON Tebrau City Shopping Centre,
No. 1, Jalan Desa Tebrau,
Taman Desa Tebrau,
81100 Johor Bahru, Johor

Bukit Indah
S49, 2nd Floor,
AEON Bukit Indah Shopping Centre,
No. 8, Jalan Indah 15/2, Bukit Indah,
81200 Johor Bahru, Johor

Kluang
No. 69, Ground Floor, Jalan Rambutan,
86000 Kluang, Johor

City Square JB
Lot JK2.04, Level 2,
Johor Bahru City Square,
No. 168 & 108, Jalan Wong Ah Fook,
80000 Johor Bahru, Johor

Muar
No. 44, Jalan Sisi,
84000 Muar,
Johor

Batu Pahat
No. 6 Jalan Kundang 3,
Taman Bukit Pasir,
83000 Batu Pahat, Johor

Sutera
Lot L3-209/210 Sutera Mall,
No. 1, Jalan Sutera Tanjung 84,
Taman Sutera,
81300 Skudai, Johor

SABAH

Sandakan
Lot 162, Block 18, Ground Floor,
Prima Square, Mile 4,
90000 Sandakan, Sabah

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

Lintas Kota Kinabalu
No. 11-0, Lot 6, Ground Floor,
Lintas Plaza, Lorong Lintas Plaza,
88300 Kota Kinabalu, Sabah

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