

DiGi.Com Berhad (425190-X)
ANNUAL REPORT 2003 LAPORAN TAHUNAN





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Our Aspiration

To be the mobile communications leader in creating experiences with a difference for our customers and business partners through our passion for success

Our Key Principles

- We have a passion for our customers
- We value ideas and encourage initiative
- We emphasise mutual trust and respect
- We believe in the power of teamwork
- We build partnerships for success



Corporate Milestones

1995

24 May
First telco in Malaysia to launch and operate a fully digital cellular network

1996

28 March
First GSM 1800 operator to offer International Roaming facilities

09 April
First digital cellular network to be operational in Sabah and Sarawak

03 June
First operator to offer enhanced information services, in the form of interactive DiGi Stock Services with DiGi Stock Alert

1997

28 May
First operator to offer DiGi Guarantees, an exclusive customer benefits programme

6 October
First operator in Asia to be part of the International Roaming Platform (IRP) and to commercially launch the use of the dual-band mobile phones for use in GSM 900, 1800 and 1900 networks by offering the first Global Cellular Service (GCS) in Malaysia

18 December
First telco (then known as Mutiara Swisscom Bhd) to be listed on the Kuala Lumpur Stock Exchange Main Board under the Infrastructure Project Companies category



1998

1 January

First operator in Malaysia to launch the highly popular prepaid mobile phone service, DiGi Prepaid

18 May

First operator to offer innovative call programmes that are designed for customer usage of mobile phones



1999

1 February

First GSM operator in Malaysia to offer Automatic International Roaming service to the United States of America

9 September

First prepaid service provider to introduce the new generation prepaid services which include Quickmail services, Voicemail and International Roaming

18 November

First telco to launch an innovative and interactive website in Malaysia as well as Asia. Known as @DiGi, it is slated to be one of the most interactive websites in the telecommunications market

7 December

First telco to introduce the e-pay system for convenient airtime reloads for customers as e-pay terminals are made available at venues with easy accessibility



2000

20 January

The strategic alliance with Telenor International AS was formed

18 April

The name of DiGi Swisscom Bhd, the holding company of DiGi Telecommunications Sdn Bhd, was changed to DiGi.Com Berhad

8 May

First telco to launch the Mobile Phone Banking Service in Malaysia using the STK platform, in collaboration with United Overseas Bank (Malaysia) Berhad

23 May

First telco in Malaysia to align itself with MTV Asia, the top music channel in Asia, to bring to consumers an interactive and exciting music programme that marries technology and entertainment



2000

4 September

DiGi Telecommunications Sdn Bhd entered into an agreement with Yahoo! Asia to jointly create WAP-enabled online services

18 October

First telco in Malaysia to launch a revolutionary mobile service in line with full deregulation. Known as DiGi Mobile One™, this latest roll-out promises substantial savings for all mobile customers

30 October

An RM800 million contract was signed with Ericsson (M) Sdn Bhd for the expansion of DiGi's existing GSM 1800 network, to boost both coverage and quality of service. The contract also includes the supply and implementation of GPRS technology

15 December

The launch of iDiGi, DiGi's new Internet Dial-up Access Service in the Klang Valley, which ensures faster access speeds and reliability

18 December

The unveiling of djuice™, DiGi's unique mobile Internet portal, with its highly entertaining, informative and useful services for customers who need and want greater mobility

2001

Early March

DiGi reaches its one million mobile customer mark due to the combined success of its innovative prepaid and postpaid mobile services

16 March

DiGi's first-ever MTV-licensed SIM Card Package and Reload Coupons was launched nationwide today. The DiGi-MTV SIM Pack and DiGi-MTV Reload Coupons are the first of their kind to be released anywhere in the world

19 March

Introduction of the innovative DiGi Mobile Movie Booking Service, available on DiGi's djuice™ WAP, STK and SMS platforms, which enables DiGi customers to make bookings of movie tickets at selected Golden Screen Cinemas, anytime and anywhere, using their mobile devices

24 July

DiGi & GHL Systems launch Whoops!, a prepaid reload service that allows prepaid customers to reload their mobile airtime without any physical prepaid reload coupons or PIN numbers at terminals located nationwide

23 August

DiGi signs agreement with Convenience Shopping Sdn Bhd, allowing customers to obtain DiGi Prepaid Plus™ reloads and purchase *chatz*™ 24 hours a day, at all 7-Eleven stores located nationwide

10 September

An alternative reload method using a new interactive medium, "Star Codes" is launched by DiGi to enable prepaid credit reload for its DiGi Prepaid Plus™ customers

14 September

DiGi becomes first majority foreign-owned service provider in Malaysia with Telenor's increased shareholdings in DiGi.Com to 61%

1 October

DiGi opens up inter-operator Short Messaging Service (SMS) with all telcos in Malaysia

2002

4 June

First telco in Malaysia to offer Automatic International Roaming and General Packet Radio Services (GPRS) to its prepaid mobile customers nationwide, and simultaneously launch an exclusive Loyalty Programme to reward its prepaid customers. DiGi today becomes the first operator in the Asian region to commercially launch General Packet Radio Services (GPRS) on both prepaid and postpaid platforms

23 September

DiGi establishes an e-commerce milestone through signing a strategic agreement with MOL AccessPortal Bhd to enable Malaysia's first automatic online reload service for DiGi Prepaid Plus™ and the purchase of *chatz*™, its International Calling Card

13 November

First telco to offer DiGi's prepaid customers the country's first auto reload service via an alliance with Citibank. The service allows DiGi's prepaid customers to perform automatic reloads using their credit cards

2003

27 May

DiGi signs a strategic agreement with Siemens Malaysia to upgrade its GSM/GPRS mobile network to next-generation wireless technology, introducing Enhanced Data Rates for Global Evolution (EDGE) in the Klang Valley

Early August

DiGi hits its two millionth mobile customer mark, through increasing customer recognition of its innovative mobile communications products and services

27 August

DiGi becomes the first mobile communications service provider to launch Multimedia Messaging Service (MMS) for both its prepaid and postpaid mobile customers in Malaysia

22 September

The launch of Beyond™ Prepaid, DiGi's new prepaid mobile service with its intelligent automatic adjusting rates feature that automatically reduces call rates as the number of calls increase. Beyond™ Prepaid comes with a host of innovative features which include automatic international roaming, MMS, faster internet connection via DiGi's GPRS network, call waiting, call divert and multi-party conferencing



18 November

DiGi launches its straightforward and simple Horizon™ Postpaid service, offering postpaid customers an attractive choice between its easy-to understand Horizon Optimum™ and Horizon Premier™ price plans. Horizon Optimum™ utilises DiGi's popular auto adjusting rates feature which allows the rate per minute to be reduced with the amount of calls the user makes, while Horizon Premier™ allows customers to enjoy a value-for-money nationwide flat rate



Corporate Information

Board of Directors

Tan Sri Dato' Seri Vincent Tan Chee Yioun (*Chairman*)

Arve Johansen (*Deputy Chairman*)

Tun Dato' Seri Dr Lim Chong Eu

Ole Bjorn Sjulstad

Per Olav Fosse

Gunnar Johan Bertelsen

Dato' Ab. Halim Bin Mohyiddin

Chan Kien Sing (*Alternate to Tan Sri Dato' Seri Vincent Tan Chee Yioun*)

Thor Asbjorn Halvorsen (*Alternate to Arve Johansen and Per Olav Fosse*)

Audit Committee

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

Tun Dato' Seri Dr Lim Chong Eu (*Independent Non-Executive Director*)

Ole Bjorn Sjulstad (*Non-Independent Non-Executive Director*)

Secretaries

Su Swee Hong (*MAICSA No.0776729*)

Gan Swee Peng (*MAICSA No.7001222*)

Domicile and Country of Incorporation

Malaysia

Registered Office

11th Floor Menara Berjaya

KL Plaza, 179 Jalan Bukit Bintang

55100 Kuala Lumpur

Tel: 03-2935 8888

Fax: 03-2935 8043

Share Registrars

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

Tel: 03-2145 0533

Fax: 03-2145 9702

Principal Bankers

Affin Bank Berhad
AmMerchant Bank Berhad
Banca Intesa S.p.A., Hong Kong Branch
Bank of America N.A., Labuan Branch
Bumiputra-Commerce Bank Berhad
Crédit Agricole Indosuez, Labuan Branch
EON Bank Berhad
Fortis Bank S.A/N.V., Singapore
JPMorgan Chase Bank, Labuan Branch
Malayan Banking Berhad
Natexis Banques Populaires, Labuan Branch
Nordea Bank Sweden AB (publ)
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
Société Générale, Labuan Branch
Svenska Handelsbanken AB (publ), Sweden
The Bank of East Asia, Limited Labuan Branch
The Bank of Nova Scotia Berhad
The Bank of Nova Scotia, Labuan Branch

Auditors

KPMG
Chartered Accountants
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

Stock Exchange Listing

Main Board of Malaysia Securities
Exchange Berhad

Stock Short Name

DIGI (6947)

Directors' Profiles



Tan Sri Dato' Seri Vincent Tan Chee Yioun

(Chairman, Non-Independent/Non-Executive)

52 years of age, Malaysian

He was appointed to the Board on 18 October 1997 and was subsequently appointed as the Chairman on 12 May 1999.

He is a businessman and entrepreneur with varied interests in property development, telecommunications, gaming, stockbroking, manufacturing, trading, motor, hospitality and Internet-related businesses, utilities, media and insurance through various public and private companies including Intan Utilities Berhad, Berjaya Times Square Sdn Bhd and Golden Arches Restaurant Sdn Bhd, the local franchisee of the McDonald's fast food chain of restaurants.

Currently, he is the Chairman and Chief Executive Officer ("CEO") of Berjaya Group Berhad, CEO of Berjaya Sports Toto Berhad and the Chairman of MOL.com Berhad and Nexnews Berhad. He also holds directorships in Berjaya Vacation Club Berhad, Bukit Tinggi Resort Berhad, Bukit Kiara Resort Berhad, Berjaya Golf Resort Berhad and KDE Recreation Berhad as well as several other private limited companies including DiGi Telecommunications Sdn Bhd, a 100% owned subsidiary of the Company.



Arve Johansen

(Deputy Chairman, Non-Independent/Non-Executive)

54 years of age, Norwegian

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

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

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

Tun Dato' Seri Dr Lim Chong Eu

(Independent/Non-Executive)

84 years of age, Malaysian



He was appointed to the Board on 1 October 1997. He graduated with a Bachelor of Medicine and a Bachelor of Surgery (M.B.Ch.B) from the Edinburgh University, Scotland in 1944. He was the Chief Minister of Penang from 1969 to 1990 and the Chairman of Penang Development Corporation.

He was conferred the Darjah Utama Pangkuan Negeri (D.U.P.N.) by the Tuan Yang Terutama (TYT) Governor of Penang; the Seri Setia Mahkota Malaysia (S.S.M.) by the Yang Di-Pertuan Agong; the Datuk Amar Bintang Kenyalang (DA) by the TYT Governor of Sarawak; the Grand Cross 2nd Class Award by His Excellency the President of Germany; and the Order of the Rising Sun, Gold and Silver Star by His Majesty, the Emperor Akihito of Japan.

He is currently the Chairman of Chin Well Holdings Berhad, Suiwah Corporation Berhad and Berjaya Vacation Club Berhad. He also sits on the Boards of Southern Steel Berhad and United Overseas Bank (Malaysia) Berhad.

Ole Bjorn Sjulstad

(Non-Independent/Non-Executive)

42 years of age, Norwegian



He was appointed to the Board on 4 October 2001. He graduated in Mechanical Engineering and Business Administration from Kongsberg Ingeniørhøgskole, Norway in 1983.

He has a background in offshore oil business, ICT (Information and Communications Technology) and telecommunications.

He joined Telenor Asia Pte Ltd as Vice President in 2000. Currently, he is the Managing Director of Telenor Asia Pte Ltd and serves as a Board member in DiGi Telecommunications Sdn Bhd, GrameenPhone Ltd and United Communications Public Company Limited.

Per Olav Fosse

(Non-Independent/Non-Executive)

49 years of age, Norwegian



He was appointed to the Board on 20 February 2003. He holds a Masters Degree in Business Administration from Norwegian School of Management and a Bachelor Degree in Electrical Engineering from Telenor's College of Engineering in Norway. He served as a Sergeant in the Norwegian Army through the year of 1977, after completing the Norwegian Army's Officers School in 1976.

He has worked as an engineer in Norway and the United States and held top management posts in areas covering satellite, data, marketing and mobile. He has also served in board positions in Telenor as well as in other telecommunications and technology companies in the United States, Africa and Europe.

Currently he is Senior Vice President of Telenor Mobile Communications AS and serves as a director of companies in Malaysia, Thailand and Canada/USA.

Gunnar Johan Bertelsen

(Non-Independent/Non-Executive)

47 years of age, Norwegian



He was appointed to the Board on 18 February 2004. He was an Alternate Director from November 2000 to February 2004. He graduated with a Diploma in Advance Management of University College Dublin, Ireland. He also holds a Masters Degree in Business Administration of University College Dublin, Ireland.

Currently, he is the Project Director of Telenor Asia Pte Ltd. He is also a Director of DiGi Telecommunications Sdn Bhd.

Dato' Ab. Halim Bin Mohyiddin

(Independent/Non-Executive)

58 years of age, Malaysian



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

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

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

He also sits on the Boards of HeiTech Padu Berhad, Arab-Malaysian Corporation Bhd, Utusan Melayu (Malaysia) Berhad, MCM Technologies Berhad, Kumpulan Perangsang Selangor Berhad, Idris Hydraulic (Malaysia) Bhd, Amway (Malaysia) Holdings Berhad, Idaman Unggul Berhad, KNM Group Berhad and several private limited companies.

Thor Asbjorn Halvorsen

(Alternate Director)

50 years of age, Norwegian



He was appointed as an Alternate Director on 27 February 2003. He holds a Master of Science in Electrical Engineering (Telecommunications and Computer Science) from the Norwegian Institute of Technology in Trondheim, Norway and read a programme for Management Development at INSEAD in Fontainebleau, France.

He has served in several Executive Management positions in Telenor including Chief Executive Officer ("CEO") of Telenor Networks from 1995 to 1998 and CEO of Telenor Business Solutions from 1998. Prior to this, he has been responsible for sales activities, Product Management and Developments and different technical activities both in the fixed and mobile networks.

Currently, he is Executive Vice President of Telenor Mobile and Director of several companies in Norway and internationally. He is also an Alternate Director in DiGi Telecommunications Sdn Bhd.

Chan Kien Sing

(Alternate Director)

47 years of age, Malaysian



He was appointed as an Alternate Director on 18 October 1997. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA).

Having articulated with Messrs Peat Marwick Mitchell (now known as KPMG) from 1975 to 1981, he subsequently joined Arab-Malaysian Merchant Bank Berhad (now known as AmMerchant Bank Berhad) specialising in corporate finance until 1989 when he joined Berjaya Group Berhad.

Currently, he is the Chief Executive Officer of Berjaya Capital Berhad, an Executive Director of Berjaya Group Berhad and Berjaya Sports Toto Berhad. He is also a Director of Matrix International Berhad, Berjaya Vacation Club Berhad, Berjaya Holdings (HK) Limited and International Lottery & Totalizator Systems Inc., USA and an Alternate Director in Nexnews Berhad. He also holds directorships in several other private limited companies in the Berjaya Group of Companies and DiGi Telecommunications Sdn Bhd.

Save as disclosed, none of the Directors have:-

1. Any family relationship with any directors and/or major shareholders of the Company;
2. Any conflict of interest with the Company; and
3. Any conviction for offences within the past 10 years other than traffic offences.

In every aspect of our interaction with our customers, we find ways to engage them and strengthen their relationship with DiGi... by offering easy-to-use products or services,

in giving them the clearest and simplest way to access our service, in making every customer interface simple, in making sure

our communication is clear and impactful



Statement on Corporate Governance

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

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

The following statement sets out how the Company has applied the key principles and the extent of its compliance with the best practices throughout the financial year ended 31 December 2003.

A. Board of Directors

Board Responsibilities

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

Meetings

The Board met four (4) times during the financial year ended 31 December 2003.

Details of each existing Director's meeting attendances are as follows:

<i>Name</i>	<i>Attendance</i>
Tan Sri Dato' Seri Vincent Tan Chee Yioun <i>Non-Independent/Non-Executive</i>	3/4
Arve Johansen <i>Non-Independent/Non-Executive</i>	4/4
Tun Dato' Seri Dr Lim Chong Eu <i>Independent/Non-Executive</i>	4/4
Ole Bjorn Sjulstad <i>Non-Independent/Non-Executive</i>	4/4
Per Olav Fosse <i>Non-Independent/Non-Executive</i>	4/4
Dato' Ab. Halim Bin Mohyiddin <i>Independent/Non-Executive</i>	4/4
Sigve Brekke (resigned on 18.2.2004) <i>Non-Independent/Non-Executive</i>	2/4

Two (2) out of the seven (7) Board members are considered independent in accordance with the definition provided under paragraph 1.01 (Definition and Interpretations) of the Malaysia Securities Exchange Berhad ("MSEB") Listing Requirements. As such, the Company fulfils the requirement to have at least one third of the Board composed of Independent Non-Executive Directors.

Tun Dato' Seri Dr Lim Chong Eu has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

Board Balance

The Board currently has seven (7) members, comprising two (2) Independent Non-Executive Directors and five (5) Non-Independent Non-Executive Directors. Together, the Directors bring a wide experience relevant to the direction of the Group. The Directors combine in them expertise and experience in various fields such as telecommunications, economics and investment, public services and accounting. Their expertise, experience and background result in thorough examination and deliberations of the various issues and matters affecting the Group. A brief description of the background of each Director is presented on pages 10 to 15 of the Annual Report.

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

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

Supply of Information

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

Statement on Corporate Governance

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

Appointments to the Board

The Nomination Committee currently comprises the following members:

Ole Bjorn Sjulstad (<i>Chairman</i>)	<i>Non-Independent/Non-Executive</i>
Tun Dato' Seri Dr Lim Chong Eu	<i>Independent/Non-Executive</i>
Dato' Ab. Halim Bin Mohyiddin	<i>Independent/Non-Executive</i>

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

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

Directors' Training

All Directors have attended and completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysts Malaysia (RIIAM), an affiliate company of the Kuala Lumpur Stock Exchange Berhad. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge on a continuous basis in compliance with Practice Note No. 15/2003 of the MSEC Listing Requirements on the Continuing Education Programme.

Re-election

Any Director appointed during the year is required, under the Company's Articles of Association, to retire and seek election by shareholders at the following annual general meeting. The Articles also require that one-third of the Directors retire by rotation each year and seek re-election at the annual general meeting. The Board has also agreed that every Director will submit himself for re-election at least every three years.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

B. Directors' Remuneration

Remuneration Committee

The Remuneration Committee currently comprises the following members:

Arve Johansen (<i>Chairman</i>)	<i>Non-Independent/Non-Executive</i>
Tan Sri Dato' Seri Vincent Tan Chee Yioun	<i>Non-Independent/Non-Executive</i>
Ole Bjorn Sjulstad	<i>Non-Independent/Non-Executive</i>

Arve Johansen was appointed as the Chairman of the Remuneration Committee on 18.2.2004 to replace Sigve Brekke who has resigned on the same date.

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

Details of the Directors' Remuneration

The aggregate Directors' remuneration paid to all Directors of the Company by the Group and categorised into appropriate components for the financial year ended 31 December 2003 are as follows:

	<i>Allowances</i> <i>RM'000</i>	<i>Bonus</i> <i>RM'000</i>	<i>Total</i> <i>RM'000</i>
Non-Executive	211	30	241

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

	<i>Number of</i> <i>Non-Executive Directors</i>
RM50,000 and below	2
RM50,001 to RM100,000	-
RM100,001 to RM150,000	-
RM150,001 to RM200,000	1
	3
	3

Statement on Corporate Governance

C. Shareholders

Dialogue between Company and Investors

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

The AGM

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

D. Accountability and Audit

Financial Reporting

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

Statement of Directors' Responsibility in Respect of the Financial Statements

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

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

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

Internal Control

The Statement on Internal Control set out on pages 24 to 26 of the Annual Report provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 27 to 30 of the Annual Report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out on page 27 of the Annual Report.

Statement on Internal Control

Introduction

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

Board Responsibility

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

Key Elements of the System of Internal Control

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

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

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

There is also submission of monthly financial and operational information to the Operating Committee (the composition of which has been approved by the Board) that includes the monthly and year-to-date financial results and comparisons to the pre-determined key performance indicators. Based on this monitoring of results against budget, significant variances are identified and management action taken, where necessary.

There is an annual budgeting and business plan process where the operating units would prepare budgets for the forthcoming financial year and for which these are approved by the Operating Committee and the Board. The Operating Committee also review quarterly forecasts prepared and submitted by the management.

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

Enterprise Risk Management Framework

The Board with the assistance of the internal audit function reviewed the risk management processes of the various operating businesses units with the aim of strengthening the risk management functions across the Group.

The consolidated risk profile of the Group was updated during the financial year. A summary of the key findings was subsequently submitted to the Audit Committee for consideration.

For the purposes of further enhancing the Group's risk management process, the following initiatives would be undertaken in 2004:

- A Risk Management Committee, to be headed by the Chief Executive Officer, shall be established with the responsibility of identifying and communicating to the Board via the Audit Committee, the critical risks (present and potential) the Group faces, their changes, and the management action plans to manage the risks.
- A full time dedicated Risk Officer shall coordinate the enterprise risk management within the Group.
- A Risk Management Manual will be issued which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues.
- There will be a requirement to submit quarterly risk management reports to the Heads of functions for reporting to the Group Risk Management Committee.

Statement on Internal Control

Internal Audit Function

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

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

Weaknesses of Internal Controls that Result in Material Losses

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

Other Compliance Information

Non-Audit Fees

The amount of non-audit fees paid to external auditors for the financial year ended 31 December 2003 is RM88,600.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries which involves directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2003 or entered into since the end of the previous financial year.

Audit Committee Report

Composition

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

Tun Dato' Seri Dr. Lim Chong Eu
Member/Independent Non-Executive Director

Ole Bjorn Sjulstad
Member/Non-Independent Non-Executive Director

Meetings

The Audit Committee held five meetings during the financial year ended 31 December 2003 which were attended by all the members. Representatives of the external auditors and other officers of the Group were also invited to attend and brief the members on specific issues during deliberations by the Audit Committee.

Summary of Activities

The activities undertaken by the Audit Committee during the financial year ended 31 December 2003 included the following:

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

Audit Committee Report

Internal Audit Function

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

Further details of the activities of the Internal Audit Division are set out in the Statement on Internal Control on pages 24 to 26.

Terms of Reference

1. Membership

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

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

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

2. Chairman

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

3. Secretary

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

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

4. Frequency of Meetings

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

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

5. Authority

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

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

6. Duties

The duties of the Committee shall be :

- (a) To consider the appointment of external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as external auditors;
- (b) To discuss with the external auditors where necessary, on the nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved;
- (c) To review the quarterly results and year-end financial statement prior to the approval by the Board, focusing on:
 - going concern assumption
 - compliance with accounting standards and regulatory requirements
 - any changes in accounting policies and practices
 - significant issues arising from the audit
 - major judgemental areas
- (d) To prepare Audit Committee Report at the end of each financial year;
- (e) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);

Audit Committee Report

- (f) To review the external auditors' management letter and management's response;
- (g) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises question of management integrity;
- (h) To do the following in respect of the internal audit function:
 - review the adequacy of scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - review internal audit programme;
 - ensure coordination of external audit with internal audit;
 - consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of the staff of the internal audit function;
 - approve any appointment or termination of senior staff member of the internal audit function;
 - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation;
 - to monitor related party transactions entered into by the Company and its subsidiaries, and to ensure that the Directors report such transactions annually to shareholders via the annual report;
 - to review and monitor the effectiveness of internal control systems and to evaluate the systems with the external auditors.
- (i) To carry out such other responsibilities as may be defined jointly by the Audit Committee and the Board of Directors;
- (j) In compliance with Paragraph 15.17 of the Malaysia Securities Exchange Berhad ('the Exchange') Listing Requirements, where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to the Exchange.

Profile of Chief Executive Officer



Tore Johnsen

Chief Executive Officer

Tore Johnsen is the Chief Executive Officer of DiGi.Com Berhad and DiGi Telecommunications Sdn Bhd. He obtained a Masters degree in Electrical Engineering from the University of Trondheim, Norway in 1972, before embarking on a long and distinguished career at Telenor. He began as an engineer at Telenor Radio Transmission Office in 1974, and advancing through the ranks, soon increased his involvement in Telenor's mobile activities. He gained extensive international experience in various cellular business areas in his appointment as Senior Advisor and Deputy CTO of Telenor Mobil AS. This naturally led to his next portfolio as Head of Product Management

responsible for the cellular business of NMT-450/900 and GSM 900 networks. With his subsequent appointment as Project Director at Mobility, Telenor International, he was tasked with providing support for Telenor's greenfield and mobile acquisition activities, as well as their international mobile ventures. Just prior to joining DiGi as Head of Corporate Strategy in January 2000, he was the Mobile Product Director at Telenor Asia in Singapore. He assumed duties as DiGi's Chief Operating Officer on February 15, 2001, before being appointed as Chief Executive Officer of DiGi.Com Berhad and DiGi Telecommunications Sdn Bhd on January 1, 2004.

Management Group

Erik Aas
Head, Mobile

Khor Choo Lin
*GM, Human Resource &
Administation*

Jon Eddy
Chief Technical Officer

Tan Lay Swee
GM, Internal Audit



Ho Meng
Chief Financial Officer

Chua Seok Theng
Chief Information Officer

Tan Kim Shah
Sr GM, International

Tore Johnsen
Chief Executive Officer

Roslan bin Rosli
*DGM, Regulatory, Legal &
Domestic Carrier Services*

Jennifer Nelson
*Sr Manager, Corporate
Communications*



Christina Ng Wai Meng
GM, Customer Services

Chan Nam Kiong
GM, Sales & Distribution