

*We believe in injecting  
professionalism and  
integrity into everything we  
do. By being focused and  
getting it right each time,*

*we save costs, we minimise wastage,  
we protect our relationships with one another  
and best of all, we give our customers  
just what they ask for!*

## Directors' Report *for the year ended 31 December 2003*

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2003.

### Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### Results

	<b>Group</b> <i>RM'000</i>	<b>Company</b> <i>RM'000</i>
Net profit/(loss) for the year	142,223	(390)

### Reserves and provisions

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

### Dividends

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

### Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Dato' Seri Vincent Tan Chee Yioun

Arve Johansen

Tun Dato' Seri Dr. Lim Chong Eu

Ole Bjorn Sjulstad

Dato' Ab. Halim Bin Mohyiddin

Per Olav Fosse

Gunnar Johan Bertelsen *(appointed on 18.2.2004)*

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

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

Sigve Brekke *(resigned on 18.2.2004)*

Gunnar Johan Bertelsen *(ceased as Alternate Director to Sigve Brekke and Ole Bjorn Sjulstad on 18.2.2004)*

## Directors' Report *for the year ended 31 December 2003*

### Directors' interests

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in the shares of the Company and its related corporations are as follows:

	Number of Ordinary Shares of RM1.00 each			
	At 1.1.2003	Acquired	Disposed	At 31.12.2003
The Company				
Direct interests				
Tan Sri Dato' Seri Vincent Tan Chee Yioun	70,116,237	3,688,000	(20,000,000)	53,804,237
Indirect interests				
Tan Sri Dato' Seri Vincent Tan Chee Yioun	84,937,387	1,361,700	(2,500,000)	83,799,087

	Number of Ordinary Shares of NOK6 each			
	At 1.1.2003/ *Date of appointment on 20.2.2003	Acquired	Disposed	At 31.12.2003
Ultimate holding company				
Telenor ASA				
Direct interests				
Arve Johansen	24,556	235	-	24,791
Ole Bjorn Sjulstad	825	176	-	1,001
Sigve Brekke	-	1,870	(1,800)	70
Per Olav Fosse	3,536*	235	-	3,771
Thor Asbjorn Halvorsen	1,651*	235	-	1,886

	Number of Options over Ordinary Shares of NOK6 each			
	At 1.1.2003/ *Date of appointment on 20.2.2003	Granted	Exercised	At 31.12.2003
Ultimate holding company				
Telenor ASA				
Arve Johansen	100,000	100,000	-	200,000
Ole Bjorn Sjulstad	-	10,000	-	10,000
Per Olav Fosse	10,000*	-	-	10,000
Thor Asbjorn Halvorsen	85,000*	-	-	85,000

By virtue of his interests in the shares of the Company shown above, Tan Sri Dato' Seri Vincent Tan Chee Yioun is deemed to be interested in the shares of the subsidiaries (as set out in Note 5 to the financial statements) to the extent the Company has an interest.

None of the other Directors holding office at 31 December 2003 had any interest in the shares of the Company and its related corporations during the year.

## Directors' Report *for the year ended 31 December 2003*

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of related corporations) by reason of a contract made by the Company or a related corporation with the 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, other than those in the normal course of business as disclosed in Note 24 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### Issue of shares and debentures

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

### Options granted over unissued shares

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

### Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render 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, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

## Directors' Report *for the year ended 31 December 2003*

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2003 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

**Tan Sri Dato' Seri Vincent Tan Chee Yioun**

*Director*

**Ole Bjorn Sjulstad**

*Director*

Date: 18 March 2004

## Statement by Directors pursuant to Section 169 (15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 112 to 145 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2003 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

**Tan Sri Dato' Seri Vincent Tan Chee Yioun**

*Director*

**Ole Bjorn Sjulstad**

*Director*

Date: 18 March 2004

## Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Ho Meng**, the officer primarily responsible for the financial management of DiGi.Com Berhad, do solemnly and sincerely declare that the financial statements set out on pages 112 to 145 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 18 March 2004.

**Ho Meng**

Before me:

Commissioner for Oaths

**Soh Ah Kau**

Licence No. W315

Kuala Lumpur

## Report of the auditors to the members of DiGi.Com Berhad

We have audited the financial statements set out on pages 112 to 145. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - i) the state of affairs of the Group and of the Company at 31 December 2003 and the results of their operations and cash flows for the year ended on that date; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

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

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

**KPMG**

Firm Number: AF 0758  
Chartered Accountants

**Khaw Hock Hoe**

Partner  
Approval Number: 2229/04/04(J)

Kuala Lumpur,  
Date: 18 March 2004

## Balance Sheets at 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Property, plant and equipment</b>	2	2,629,501	2,494,506	-	-
<b>Intangible asset</b>	3	43,022	46,963	-	-
<b>Deferred expenditure</b>	4	35,674	43,265	-	-
<b>Investments in subsidiaries</b>	5	-	-	526,501	526,501
<b>Amount due from a subsidiary</b>	6	-	-	574,091	574,495
		<u>2,708,197</u>	<u>2,584,734</u>	<u>1,100,592</u>	<u>1,100,996</u>
<b>Current assets</b>					
Inventories	7	14,066	11,101	-	-
Trade and other receivables	8	186,653	167,010	5	5
Cash and cash equivalents	9	338,516	245,672	-	-
		<u>539,235</u>	<u>423,783</u>	<u>5</u>	<u>5</u>
<b>Current liabilities</b>					
Trade and other payables	10	712,015	664,606	186	200
Deferred revenue		123,611	104,443	-	-
Borrowings	11	201,933	106,138	-	-
		<u>1,037,559</u>	<u>875,187</u>	<u>186</u>	<u>200</u>
<b>Net current liabilities</b>		(498,324)	(451,404)	(181)	(195)
		<u>2,209,873</u>	<u>2,133,330</u>	<u>1,100,411</u>	<u>1,100,801</u>
<b>Financed by:</b>					
<b>Capital and reserves</b>					
Share capital	12	750,000	750,000	750,000	750,000
Reserves		709,838	567,615	350,411	350,801
<b>Shareholders' funds</b>		<u>1,459,838</u>	<u>1,317,615</u>	<u>1,100,411</u>	<u>1,100,801</u>
<b>Long term liabilities</b>					
Borrowings	11	679,853	805,441	-	-
Deferred tax liabilities	13	67,196	7,900	-	-
Employee benefits	14	2,986	2,374	-	-
		<u>2,209,873</u>	<u>2,133,330</u>	<u>1,100,411</u>	<u>1,100,801</u>

The financial statements were approved and authorised for issue by the Board of Directors on 18 March 2004.

The notes set out on pages 117 to 145 form an integral part of, and should be read in conjunction with, these financial statements.

## Income Statements for the year ended 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Revenue</b>		1,713,529	1,289,564	-	-
Other operating income		1,919	4,428	-	-
Staff costs		(96,452)	(85,004)	-	-
Depreciation expense and impairment losses	2	(426,490)	(276,992)	-	-
Amortisation expense		(4,016)	(4,016)	-	-
Operating expenses		(920,093)	(723,524)	(390)	(369)
<b>Operating profit/(loss)</b>	15	268,397	204,456	(390)	(369)
Financing costs	16	(74,507)	(62,937)	-	-
Interest income		7,646	4,251	-	-
<b>Profit/(loss) before taxation</b>		201,536	145,770	(390)	(369)
Tax expense	17	(59,313)	(44,900)	-	-
<b>Net profit/(loss) for the year</b>		142,223	100,870	(390)	(369)
Earnings per ordinary share (sen)	18	19.0	13.4		
Dividend per ordinary share (sen)		-	-		

The notes set out on pages 117 to 145 form an integral part of, and should be read in conjunction with, these financial statements.

## Statements of Changes in Equity *for the year ended 31 December 2003*

Group	Share capital	Non-Distributable Share premium	Distributable Retained Profits/ (Accumulated losses)	Total
	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2002</b>	750,000	352,651	114,094	1,216,745
Net profit for the year	-	-	100,870	100,870
<b>At 31 December 2002</b>	750,000	352,651	214,964	1,317,615
Net profit for the year	-	-	142,223	142,223
<b>At 31 December 2003</b>	750,000	352,651	357,187	1,459,838
	Note 12			
<b>Company</b>				
<b>At 1 January 2002</b>	750,000	352,651	(1,481)	1,101,170
Net loss for the year	-	-	(369)	(369)
<b>At 31 December 2002</b>	750,000	352,651	(1,850)	1,100,801
Net loss for the year	-	-	(390)	(390)
<b>At 31 December 2003</b>	750,000	352,651	(2,240)	1,100,411
	Note 12			

The notes set out on pages 117 to 145 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statements *for the year ended 31 December 2003*

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before taxation	201,536	145,770	(390)	(369)
Adjustments for:				
Depreciation expense	416,990	276,992	-	-
Impairment losses on property, plant and equipment	9,500	-	-	-
Amortisation of intangible asset	3,941	3,941	-	-
Amortisation of deferred expenditure	14,015	6,708	-	-
Interest expense	54,695	54,731	-	-
Interest income	(7,646)	(4,251)	-	-
(Gain)/Loss on disposal of property, plant and equipment	(21)	271	-	-
Unrealised foreign exchange loss	1,639	304	-	-
Property, plant and equipment written off	-	45	-	-
Employee benefits expense	640	2,412	-	-
Operating profit/(loss) before working capital changes	695,289	486,923	(390)	(369)
Changes in working capital:				
Inventories	(2,965)	2,936	-	-
Trade and other receivables	(21,323)	(12,050)	-	(5)
Trade and other payables	64,242	296,464	(14)	(56)
Deferred revenue	19,168	39,424	-	-
Cash generated from/(used in) operations	754,411	813,697	(404)	(430)
Interest paid	(71,528)	(46,830)	-	-
Increase in deferred expenditure	(6,424)	(32,467)	-	-
Employee benefits paid	(28)	(38)	-	-
Taxation paid	(17)	-	-	-
<b>Net cash generated from/(used in) operating activities</b>	<b>676,414</b>	<b>734,362</b>	<b>(404)</b>	<b>(430)</b>

## Cash Flow Statements *for the year ended 31 December 2003*

(continued)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(562,814)	(794,506)	-	-
Amount due from a subsidiary	-	-	404	430
Interest income received	7,687	4,189	-	-
Proceeds from disposal of property, plant and equipment	1,350	741	-	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(553,777)</b>	<b>(789,576)</b>	<b>404</b>	<b>430</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowings	90,231	192,623	-	-
Repayment of bank borrowings	(120,024)	(49,400)	-	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(29,793)</b>	<b>143,223</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>92,844</b>	<b>88,009</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>245,672</b>	<b>157,663</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of year (Note 9)</b>	<b>338,516</b>	<b>245,672</b>	<b>-</b>	<b>-</b>

The notes set out on pages 117 to 145 form an integral part of, and should be read in conjunction with, these financial statements.

## Notes to the Financial Statements 31 December 2003

### 1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous financial years except for the retrospective adoption of the following:

- i) MASB 25, Income Taxes;
- ii) MASB 27, Borrowing Costs; and
- iii) MASB 29, Employee Benefits.

Apart from the new policies and extended disclosures where required by these new standards, there is no material impact on the financial statements.

#### (a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

#### (b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

**1. Summary of significant accounting policies** (continued)**(c) Property, plant and equipment**

Property, plant and equipment, except for freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses. Freehold land and capital work-in-progress are stated at cost.

*Depreciation*

Freehold land and capital work-in-progress are not depreciated. All other assets are depreciated on a straight-line basis over their estimated useful lives except for leasehold land and buildings which are amortised over their remaining leasehold period.

The principal annual rates used are as follows:

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

**(d) Investments in subsidiaries**

Investments in subsidiaries are held for long term and are stated at cost. Such investments are only written down when the Directors are of the opinion that there is a diminution in their values which is other than temporary.

**(e) Capitalisation of borrowing costs**

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

## Notes to the Financial Statements 31 December 2003

### 1. Summary of significant accounting policies (continued)

#### (f) Impairment

The carrying amount of assets, other than inventories and financial assets (other than investment in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

#### (g) Inventories

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

#### (h) Cash and cash equivalents

Cash and cash equivalents consists of cash in hand, balances and deposits with licensed banks and financial institutions. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts, if any.

**1. Summary of significant accounting policies** (continued)**(i) Income tax**

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

**(j) Foreign currency**

Transactions in foreign currencies are translated into Ringgit Malaysia at rates approximating those ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated into Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising from translation are recognised in the income statement.

The closing rates used in the translation of foreign currency monetary assets and liabilities are as follows:

	<i>2003</i>	<i>2002</i>
1 US Dollar	RM3.80	RM3.80
1 Swiss Franc	RM3.06	RM2.74
1 Special Drawing Rights	RM5.65	RM5.15
1 Euro Dollar	RM4.78	RM3.98
1 Norwegian Kroner	RM0.54	RM0.55

## Notes to the Financial Statements 31 December 2003

### 1. Summary of significant accounting policies (continued)

#### (k) Revenue

##### i) Goods sold and services rendered

Net revenue include all sales of goods and services, net of rebates and discounts. Revenue are recognised when goods are delivered or services are rendered. Revenue from the prepaid cards that have been sold to customers but where services have not been rendered at the balance sheet date is deferred.

##### ii) Interest income

Interest income is recognised in the income statement as it accrues taking into account the effective yield on the asset.

#### (l) Expenses

##### i) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on the straight line basis over the lease period.

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.

##### ii) Financing costs

All interest and other ancillary costs incurred in connection with borrowings are expensed as incurred except for those as mentioned in Notes 1(e) and 1(n)(ii).

## 1. Summary of significant accounting policies (continued)

### (m) Intangible asset

Intangible asset comprises a fee paid during the financial period ended 31 December 2001 for the provision of technology and transfer of technical know-how pursuant to a technical services agreement signed between the Company and Telenor Mobile Communications AS, a wholly owned subsidiary of Telenor ASA, its ultimate holding company.

The fee paid is amortised on a straight line basis over the remaining period of the telecommunications license of fifteen years.

### (n) Deferred expenditure

#### i) License fees

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

#### ii) Ancillary costs of borrowings

Costs specifically incurred to obtain new funding for the purpose of retiring existing loans and finance further network expansion are deferred to the extent that these are recoverable out of future revenue.

The costs incurred are amortised over the tenor of the new loans and any unamortised portion will be written off proportionately as and when there is a prepayment of the outstanding loans.

### (o) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

Bad debts are written off in the year in which these are identified. Allowances are made for doubtful debts based on a review of all outstanding balances at the year end.

## Notes to the Financial Statements 31 December 2003

### 1. Summary of significant accounting policies (continued)

#### (p) Employee benefits

##### i) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

##### ii) Defined benefits plans

The Group operates an unfunded defined benefit plan for its eligible employees. The benefits are calculated based on the length of service and the agreed percentages of eligible employees' salaries over the period of their employment and are payable upon resignation after completion of minimum employment period of 10 years service or upon retirement age of 55 years. The obligations under the retirement benefit scheme are determined based on actuarial valuation by a qualified independent actuary on a bi-annual basis. That benefit is calculated using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when cumulative unrecognised actuarial gains or losses exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Where there are any improvements in benefits for the plan, past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

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

#### (q) Liabilities

Borrowings and trade and other payables are stated at cost.

## Notes to the Financial Statements 31 December 2003

## 2. Property, plant and equipment

<b>Group</b>	<i>Freehold land and buildings RM'000</i>	<i>Long term leasehold land and buildings RM'000</i>	<i>Short term leasehold land and buildings RM'000</i>
<b>Cost</b>			
At 1 January 2003	18,858	9,605	14,312
Additions	-	190	-
Written off/Disposals	-	-	-
Transfers	515	-	93
At 31 December 2003	<u>19,373</u>	<u>9,795</u>	<u>14,405</u>
<b>Depreciation and impairment losses</b>			
Accumulated depreciation	288	539	2,139
Accumulated impairment losses	-	-	-
At 1 January 2003	288	539	2,139
Depreciation charge for the year	62	100	290
Written off/Disposals	-	-	-
Impairment losses for the year	-	-	-
At 31 December 2003	<u>350</u>	<u>639</u>	<u>2,429</u>
At 31 December 2003	<u>350</u>	<u>639</u>	<u>2,429</u>
<b>Net book value</b>			
At 31 December 2003	<u>19,023</u>	<u>9,156</u>	<u>11,976</u>
At 31 December 2002	<u>18,570</u>	<u>9,066</u>	<u>12,173</u>
For the year ended 31 December 2002			
Depreciation charge	<u>47</u>	<u>104</u>	<u>297</u>

<i>Motor vehicles RM'000</i>	<i>Computer systems RM'000</i>	<i>Furniture and fittings RM'000</i>	<i>Telecommunications network RM'000</i>	<i>Capital work-in-progress RM'000</i>	<i>Total RM'000</i>
14,898	183,492	27,289	2,739,232	231,271	3,238,957
827	4,762	295	46,011	510,729	562,814
(1,509)	(2,464)	(60)	(12,699)	(262)	(16,994)
2,494	55,851	1,027	528,804	(588,784)	-
<u>16,710</u>	<u>241,641</u>	<u>28,551</u>	<u>3,301,348</u>	<u>152,954</u>	<u>3,784,777</u>
8,590	75,194	13,210	644,491	-	744,451
-	-	-	-	-	-
8,590	75,194	13,210	644,491	-	744,451
1,994	43,044	2,791	368,709	-	416,990
(1,394)	(2,429)	(42)	(11,800)	-	(15,665)
-	-	-	9,500	-	9,500
<u>9,190</u>	<u>115,809</u>	<u>15,959</u>	<u>1,001,400</u>	<u>-</u>	<u>1,145,776</u>
-	-	-	9,500	-	9,500
<u>9,190</u>	<u>115,809</u>	<u>15,959</u>	<u>1,010,900</u>	<u>-</u>	<u>1,155,276</u>
<u>7,520</u>	<u>125,832</u>	<u>12,592</u>	<u>2,290,448</u>	<u>152,954</u>	<u>2,629,501</u>
<u>6,308</u>	<u>108,298</u>	<u>14,079</u>	<u>2,094,741</u>	<u>231,271</u>	<u>2,494,506</u>
<u>1,624</u>	<u>35,804</u>	<u>2,638</u>	<u>236,478</u>	<u>-</u>	<u>276,992</u>

## Notes to the Financial Statements 31 December 2003

**2. Property, plant and equipment** (continued)

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

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

Property, plant and equipment amounting to RM2.627 billion (2002 - RM2.492 billion) belonging to a subsidiary have been charged to financial and other institutions for credit facilities.

The current year impairment losses represents the subsidiary company Directors' best estimate of the adjustments required to state certain telecommunication equipment at their net realisable values.

**3. Intangible asset**

	<b>Group</b>	
	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>
Balance as at 1 January	46,963	50,904
Less: Amount amortised during the year	(3,941)	(3,941)
Balance as at 31 December	43,022	46,963

**4. Deferred expenditure**

	<b>Group</b>	
	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>
License fees		
Balance as at 1 January	743	818
Less: Amount amortised during the year	(75)	(75)
Balance as at 31 December	668	743
Ancillary costs of borrowings		
Balance as at 1 January	42,522	16,688
Add: Amount capitalised during the year	6,424	32,467
Less: Amount amortised during the year (Note 16)	(13,940)	(6,633)
Balance as at 31 December	35,006	42,522
Total deferred expenditure	35,674	43,265

## Notes to the Financial Statements 31 December 2003

**5. Investments in subsidiaries**

	<b>Company</b>	
	2003 RM'000	2002 RM'000
Unquoted shares, at cost	526,501	526,501

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

Name of Company	Principal activity	<b>Effective ownership interest</b>	
		2003 %	2002 %
DiGi Telecommunications Sdn. Bhd.	Establishment, maintenance and provision of telecommunications and related services	100	100
Subsidiaries of DiGi Telecommunications Sdn. Bhd.			
DiGi Services Sdn. Bhd.	Property holding and other related services	100	100
Djuice.Com Sdn. Bhd.	Dormant	100	100

**6. Amount due from a subsidiary company**

	<b>Company</b>	
	2003 RM'000	2002 RM'000
Amount due from a subsidiary company	574,091	574,495

The amount due is non-trade, unsecured, interest free and not repayable within the next twelve months. In addition, the amount due has been subordinated to the secured lenders of the subsidiary company.

**7. Inventories**

	<b>Group</b>	
	2003 RM'000	2002 RM'000
Trading merchandise	14,066	11,101

Included in the trading merchandise balance are those stated at net realisable values of RM174,000 (2002 - RM176,000).

## Notes to the Financial Statements 31 December 2003

**8. Trade and other receivables**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables	145,928	123,734	-	-
Other receivables, deposits and prepayments	40,725	43,276	5	5
	<u>186,653</u>	<u>167,010</u>	<u>5</u>	<u>5</u>

Trade receivables are stated net of allowance for doubtful debts of RM15.821 million (2002 - RM21.495 million).

During the financial year, the Group had written off approximately RM15.242 million (2002 - RM20.716 million) of trade receivables balance against the allowance for doubtful debts balance brought forward.

At 31 December 2003, the Group's trade receivables balance includes exposure to foreign currency denominated in US Dollars amounting to USD12.3 million (2002 - USD7.9 million).

**9. Cash and cash equivalents**

	Group	
	2003 RM'000	2002 RM'000
Deposits placed with:		
Licensed banks	127,956	-
Other licensed financial institutions	201,813	241,568
	<u>329,769</u>	<u>241,568</u>
Cash and bank balances	8,747	4,104
	<u>338,516</u>	<u>245,672</u>

## Notes to the Financial Statements 31 December 2003

**10. Trade and other payables**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade payables	50,977	72,527	-	-
Other payables	131,546	224,793	-	-
Accruals	526,685	364,244	186	200
Customer deposits	2,807	3,042	-	-
	<u>712,015</u>	<u>664,606</u>	<u>186</u>	<u>200</u>

Included in other payables in the previous financial year is an amount of RM103.0 million relating to a creditor for telecommunication equipment purchases which bears interest of 8.5% per annum. The balance due to this creditor at 31 December 2003 is RM20.4 million. No interest was charged by this creditor during the current financial year.

At 31 December 2003, the Group's trade and other payables balances include exposure to foreign currency denominated in US Dollars amounting to USD9.4 million (2002 - USD17.5 million).

**11. Borrowings**

	Group	
	2003 RM'000	2002 RM'000
Current:		
Syndicated term loan	122,863	40,954
Term loan (USD65 million)	49,400	49,400
Senior secured credit facilities	29,670	15,784
	<u>201,933</u>	<u>106,138</u>
Non-current:		
Syndicated term loan	382,239	505,102
Term loan (USD65 million)	74,100	123,500
Senior secured credit facilities	223,514	176,839
	<u>679,853</u>	<u>805,441</u>

The syndicated term loan outstanding was part of a syndicated term loan facility of up to RM551.21 million secured by a subsidiary company during the financial year ended 30 April 2001 to refinance outstanding borrowings and to finance capital expenditure. This is repayable in eight half yearly unequal instalments over a period of four years which commenced on 31 October 2003 and bears interest of between 7.5% to 7.9% (2002 - 7.9% to 8.4%) per annum.

## Notes to the Financial Statements 31 December 2003

**11. Borrowings** (continued)

A term loan facility of USD65 million (approximately RM247 million) was obtained during the financial period ended 31 December 2001 by the said subsidiary to finance capital expenditure. The loan is subject to interest of between 2.4% to 3.1% (2002 - 3.1% to 5.0%) per annum and repayable in 10 half yearly instalments of USD6.5 million (approximately RM24.7 million) which commenced on 31 July 2001.

During the previous financial year ended 31 December 2002, the said subsidiary company had secured additional syndicated term loan facilities ("senior secured credit facilities") amounting to approximately RM1.0 billion to finance capital expenditure. Of this, total amount of approximately RM253.2 million has been drawn down (net of repayments made) as at the end of the current financial year. These loans are subject to interest of between 4.0% to 7.9% (2002 - 4.0% to 7.9%) per annum and are repayable in ten to thirteen half yearly instalments, some of which require unequal instalment payments, and with their repayment dates commencing between March 2003 to April 2005.

All the above loans are secured by:

- i) A fixed and floating charge over all the assets of a subsidiary company;
- ii) Corporate guarantee issued by the Company;
- iii) Pledgement of all the shares of a subsidiary company; and
- iv) Negative pledge over all the assets of a subsidiary company.

The borrowings of the Group are repayable as follows:

	<i>Total</i>	<i>Current</i>	<i>1 to 2</i>	<i>3 to 5</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>years</i>	<i>years</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Syndicated term loan	505,102	122,863	300,330	81,909
Term loan (USD65 million)	123,500	49,400	74,100	-
Senior secured credit facilities	253,184	29,670	90,840	132,674
	<u>881,786</u>	<u>201,933</u>	<u>465,270</u>	<u>214,583</u>

**12. Share capital**

	<b>Group and Company</b>	
	<i>2003</i>	<i>2002</i>
	<i>RM'000</i>	<i>RM'000</i>
Ordinary shares of RM1 each		
Authorised	1,000,000	1,000,000
Issued and fully paid	<u>750,000</u>	<u>750,000</u>

## Notes to the Financial Statements 31 December 2003

**13. Deferred tax liabilities**

The amounts, determined after appropriate offsetting, are as follows:

	<b>Group</b>	
	2003	2002
	RM'000	RM'000
Deferred tax liabilities	312,105	276,402
Deferred tax assets	(244,909)	(268,502)
	<u>67,196</u>	<u>7,900</u>
	<u><u>67,196</u></u>	<u><u>7,900</u></u>

Deferred tax liabilities and assets above are offset as there is a legally enforceable right to set off current tax assets against current tax liabilities and that the deferred taxes relate to the same taxation authority.

The components of recognised deferred tax assets and liabilities (before offsetting) are as follows:

	<b>Group</b>	
	2003	2002
	RM'000	RM'000
Property, plant and equipment		
- capital allowances	309,609	273,650
Unabsorbed capital allowances	(177,791)	(188,182)
Unutilised tax losses	(67,118)	(80,320)
Others	2,496	2,752
	<u>67,196</u>	<u>7,900</u>
	<u><u>67,196</u></u>	<u><u>7,900</u></u>

**14. Employee benefits**

The defined benefit obligations recognised in the balance sheet are as follow:

	<b>Group</b>	
	2003	2002
	RM'000	RM'000
Present value of unfunded obligations	2,986	2,374
	<u><u>2,986</u></u>	<u><u>2,374</u></u>

## Notes to the Financial Statements 31 December 2003

**14. Employee benefits** (continued)

## Liability for defined benefit obligations

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

The principal assumptions used in the actuarial valuation are:

- a) discount rate of 7% per annum; and
- b) salary increases of 6% per annum for year ended 31 December 2003 and 8% per annum thereafter.

## Movements in the net liability recognised in the balance sheets

	<b>Group</b>	
	2003 RM'000	2002 RM'000
Net liability at 1 January	2,374	-
Benefits paid	(28)	(38)
Expense recognised in the income statements	640	2,412
Net liability at 31 December	2,986	2,374

## Expense recognised in the income statements

	<b>Group</b>	
	2003 RM'000	2002 RM'000
Current service cost	477	446
Interest on obligations	163	127
Transition amount expensed off	-	1,839
Amount included under "staff costs"	640	2,412

## Notes to the Financial Statements 31 December 2003

**15. Operating profit/(loss)**

	<b>Group</b>		<b>Company</b>	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Operating profit/(loss) is arrived at after charging:				
Allowance for doubtful debts	9,568	21,284	-	-
Amortisation expense of				
- intangible asset	3,941	3,941	-	-
- license fees	75	75	-	-
Auditors' remuneration	79	79	11	11
Directors' emoluments	308	334	72	76
Employee benefits				
- defined contribution plans	8,389	7,210	-	-
- defined benefit plans	640	2,412	-	-
Impairment losses on property, plant and equipment	9,500	-	-	-
Lease of transmission facilities	52,969	51,034	-	-
Loss on disposal of property, plant and equipment	-	271	-	-
Property, plant and equipment written off	-	45	-	-
Realised loss on foreign exchange	469	309	-	-
Rental of equipment	1,235	1,052	-	-
Rental of land and buildings	48,225	35,209	-	-
Unrealised loss on foreign exchange	1,639	304	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
and crediting:				
Bad debts recovered	1,618	1,701	-	-
Gain on disposal of property, plant and equipment	21	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The number of employees of the Group and of the Company at the end of the year was 1,450 (2002 - 1,443) and Nil (2002 - Nil), respectively.

**16. Financing costs**

	<b>Group</b>	
	2003 RM'000	2002 RM'000
Interest expense	54,695	54,731
Ancillary costs of borrowings (Note 4)	13,940	6,633
Others	5,872	1,573
	<u>          </u>	<u>          </u>
	<u>74,507</u>	<u>62,937</u>

## Notes to the Financial Statements 31 December 2003

## 17. Tax expense

	<b>Group</b>	
	2003 RM'000	2002 RM'000
Current tax expense		
- prior year underprovision	17	-
Deferred tax expense		
- current	62,796	44,900
- prior year overprovision	(3,500)	-
	59,313	44,900
	59,313	44,900

## Reconciliation of effective tax rate/tax expense

<b>Group</b>	2003		2002	
	%	RM'000	%	RM'000
Profit before taxation		201,536		145,770
		201,536		145,770
Income tax using Malaysian tax rates	28.0	56,430	28.0	40,816
Non-deductible expenses	3.3	6,743	2.8	4,150
Other items	(0.2)	(377)	-	(66)
	31.1	62,796	30.8	44,900
Underprovision of tax expense in prior year	-	17	-	-
Over provision of deferred tax expense in prior year	(1.7)	(3,500)	-	-
	29.4	59,313	30.8	44,900
Effective tax rate/Tax expense	29.4	59,313	30.8	44,900

There is no income tax charge for the Group in the current and previous financial year due to tax savings of approximately RM185 million (2002 - RM130 million) arising from the utilisation of unabsorbed capital allowances and utilisation of business tax loss by its subsidiary.

<b>Company</b>	2003		2002	
	%	RM'000	%	RM'000
Loss before taxation		(390)		(369)
		(390)		(369)
Income tax using Malaysian tax rates	(28.0)	(109)	(28.0)	(103)
Non-deductible expenses	28.0	109	28.0	103
	-	-	-	-
Effective tax rate/Tax expense	-	-	-	-

## Notes to the Financial Statements 31 December 2003

### 18. Earnings per ordinary share - Group

The calculation of earnings per share is based on the Group's net profit attributable to ordinary shareholders of RM142.2 million (2002 - RM100.8 million) and the weighted average number of ordinary shares outstanding during the year of 750.0 million (2002 -750.0 million).

### 19. Holding company

The ultimate holding company is Telenor ASA, a company incorporated in Norway and listed on the Oslo Stock Exchange, Norway and NASDAQ, United States of America.

### 20. Segmental information

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

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

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

#### Business segments

The Group comprises the following main business segments:

Mobile	Provision of mobile communication services to businesses, individuals and other operators through its operating unit, DiGi Telecommunications Sdn Bhd.
International	Provision of international gateway network which offers cross border interconnection and related services, through its operating unit, DiGi Telecommunications Sdn Bhd.

#### Geographical segments

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

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

## Notes to the Financial Statements 31 December 2003

**20. Segmental information** (continued)

<b>Group</b>	<i>Mobile</i>		<i>International</i>	
	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>
<b>Business segments</b>				
Revenue from external customers	1,464,953	1,081,853	235,942	193,464
Inter-segment revenue	-	-	-	-
Total revenue	<u>1,464,953</u>	<u>1,081,853</u>	<u>235,942</u>	<u>193,464</u>
<b>Segment results</b>	<b>283,254</b>	<b>222,932</b>	<b>25,895</b>	<b>13,931</b>
Unallocated expenses				
Operating profit				
Financing costs				
Interest income				
Profit before taxation				
Tax expense				
<b>Net profit for the year</b>				

	<i>Others</i>		<i>Eliminations</i>		<i>Consolidated</i>	
<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>	
12,634	14,247	-	-	1,713,529	1,289,564	
5,784	6,100	(5,784)	(6,100)	-	-	
<u>18,418</u>	<u>20,347</u>	<u>(5,784)</u>	<u>(6,100)</u>	<u>1,713,529</u>	<u>1,289,564</u>	
<b><u>(8,732)</u></b>	<b><u>(4,321)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>300,417</u></b> <u>(32,020)</u>	<b><u>232,542</u></b> <u>(28,086)</u>	
				<u>268,397</u> <u>(74,507)</u> <u>7,646</u>	<u>204,456</u> <u>(62,937)</u> <u>4,251</u>	
				<u>201,536</u> <u>(59,313)</u>	<u>145,770</u> <u>(44,900)</u>	
				<b><u>142,223</u></b>	<b><u>100,870</u></b>	

## Notes to the Financial Statements 31 December 2003

**20. Segmental information** (continued)

<b>Group</b>	<i>Mobile</i>		<i>International</i>	
	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>
<b>Segment assets</b>	2,701,532	2,543,215	148,863	146,430
Unallocated assets				
<b>Total assets</b>				
<b>Segment liabilities</b>	752,152	666,746	59,119	72,216
Unallocated liabilities				
<b>Total liabilities</b>				
Capital expenditure	553,283	779,812	8,228	10,268
Depreciation, amortisation and impairment losses	397,231	261,077	19,753	15,817
Non-cash expenses other than depreciation, amortisation and impairment losses	2,142	2,810	111	196

**Geographical segments**

Revenue from external customers  
by location of customers

Segment assets  
by location of assets

Capital expenditure by  
location of assets

+Others comprise customers which are mostly located in Asia region

	<i>Others</i>		<i>Eliminations</i>		<i>Consolidated</i>	
<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>	
21,112	28,749	-	-	2,871,507 375,925	2,718,394 290,123	
				<u>3,247,432</u>	<u>3,008,517</u>	
3,627	4,458	-	-	814,898 972,696	743,420 947,482	
				<u>1,787,594</u>	<u>1,690,902</u>	
1,303	4,426	-	-	562,814	794,506	
13,522	4,114	-	-	430,506	281,008	
5	26	-	-	2,258	3,032	
	<i>Malaysia</i>		<i>Others<sup>+</sup></i>		<i>Consolidated</i>	
<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>	<i>2003</i> <i>RM'000</i>	<i>2002</i> <i>RM'000</i>	
1,557,894	1,131,695	155,635	157,869	1,713,529	1,289,564	
3,225,502	2,985,798	21,930	22,719	3,247,432	3,008,517	
562,779	793,994	35	512	562,814	794,506	

## Notes to the Financial Statements 31 December 2003

**21. Contingent liabilities - secured**

	<b>Company</b>	
	2003	2002
	<i>RM'000</i>	<i>RM'000</i>
Guarantees given by the Company to financial institutions for credit facilities granted to its subsidiary	1,411,786	1,738,956

**22. Operating leases**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>Group</b>	
	2003	2002
	<i>RM'000</i>	<i>RM'000</i>
Less than one year	19,325	21,056
Between one and five years	1,161	10,514
	<u>20,486</u>	<u>31,570</u>

Significant operating lease arrangements of the Group include leases for transmission facilities and land and buildings to support its telecommunications operations. The tenure of these leases range between one to nine years, with options to renew. None of the leases include contingent rentals.

**23. Commitments**

	<b>Group</b>	
	2003	2002
	<i>RM'000</i>	<i>RM'000</i>
Capital expenditure commitments:		
Property, plant and equipment		
Authorised and contracted for	109,000	139,000
Authorised but not contracted for	<u>183,000</u>	<u>302,000</u>

## Notes to the Financial Statements 31 December 2003

**24. Related parties**

Controlling related party relationships are as follows:

- i) The ultimate holding company as disclosed in note 19.
- ii) Its subsidiaries as disclosed in note 5.

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

	<i>Transactions</i>		<i>Balance due from/(to) at</i>	
	<i>2003 RM'000</i>	<i>2002 RM'000</i>	<i>2003 RM'000</i>	<i>2002 RM'000</i>
<i>With the intermediate holding company</i>				
- <i>Telenor Mobile Communications AS</i> Professional and personnel services rendered	4,534	19,798	(324)	(5,712)
<i>With fellow subsidiary companies</i>				
- <i>Telenor Global Services AS</i> Sales of interconnection services on international traffic	2,620	5,715	249	1,197
Purchase of interconnection services on international traffic	1,172	1,089	-	-
- <i>Telenor Consult AS</i> Personnel services rendered	3,601	-	(666)	-
<i>With companies in which a Director of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun has an interest</i>				
- <i>Cosway (M) Sdn. Bhd.</i> Sales of reload coupons	6,492	5,869	1,068	1,068
- <i>Convenience Shopping Sdn. Bhd.</i> Sales of reload coupons	16,668	6,438	2,837	813

## Notes to the Financial Statements 31 December 2003

**24. Related parties** (continued)

	Transactions		Balance due from/(to) at	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<i>With companies in which a Director of the Company, Tan Sri Dato' Seri Vincent Tan Chee Yioun has an interest</i>				
- <i>Berjaya General Insurance Bhd.</i> Insurance premiums	6,160	1,725	(52)	-
- <i>Berjaya Registration Services Sdn. Bhd.</i> Printing and mailing services	3,494	2,788	(583)	(848)
- <i>Pentagon Engineering Sdn. Bhd.</i> Construction of transmission towers and sites	5,639	-	(2,914)	-
- <i>MOL AccessPortal Bhd.</i> Sales of reload soft pins	3,260	-	201	-
- <i>Roda Indah Motors Sdn. Bhd.</i> Purchase of motor vehicles	1,648	-	(639)	-

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

## Notes to the Financial Statements 31 December 2003

### 25. Financial instruments

#### Financial Risk Management Objectives and Policies

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

#### Credit risk

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

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

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

#### Foreign currency risk

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

#### Liquidity risk

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

#### Interest rate risk

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

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available and by using a mix of fixed and floating rate debts.

## Notes to the Financial Statements 31 December 2003

**25. Financial instruments** (continued)

The effective interest rates and maturity terms of the financial assets and liabilities are as follows:

<b>Group</b>	<i>Effective interest rate %</i>	<i>Total RM'000</i>	<i>Within 1 year RM'000</i>	<i>1 - 5 years RM'000</i>	<i>After 5 years RM'000</i>
2003					
<b>Financial assets</b>					
Deposits placed with licensed banks and financial institutions	2.8	329,769	329,769	-	-
<b>Financial liabilities</b>					
Syndicated term loan	7.5	505,102	122,863	382,239	-
Term loan (USD65 million)	2.4	123,500	49,400	74,100	-
Senior secured credit facilities	5.8	253,184	29,670	223,514	-
2002					
<b>Financial assets</b>					
Deposits placed with licensed banks and financial institutions	2.8	241,568	241,568	-	-
<b>Financial liabilities</b>					
Other payables	8.5	103,034	103,034	-	-
Syndicated term loan	7.9	564,056	40,954	505,102	-
Term loan (USD65 million)	3.1	172,900	49,400	123,500	-
Senior secured credit facilities	6.1	192,623	15,784	119,386	57,453

**Fair value**

The following methods and assumptions are used to determine the fair value of each of the financial assets or liabilities for which it is practicable to estimate their values:

## i) Cash and cash equivalents, other receivables and payables

The carrying values of these amounts approximate their fair values due to their short term nature.

## ii) Trade receivables and payables

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

## Notes to the Financial Statements 31 December 2003

**25. Financial instruments** (continued)

## iii) Amount due from a subsidiary

No disclosure of fair value is made for amount due from a subsidiary as it is not practicable to determine its fair value with sufficient reliability given this balance have no fixed terms of repayment.

## iv) Borrowings

The fair values of the borrowings carried at the balance sheet date are as below:

	<b>Group</b>			
	<i>2003 Carrying amount RM'000</i>	<i>2003 Fair value RM'000</i>	<i>2002 Carrying amount RM'000</i>	<i>2002 Fair value RM'000</i>
Syndicated term loan	505,102	505,102	546,056	546,056
Term loan (USD65 million)	123,500	123,500	172,900	172,900
Senior secured credit facilities				
- fixed rates	40,000	39,625	40,000	38,800
- floating rates	213,184	213,184	152,623	152,623
	<u>881,786</u>	<u>881,411</u>	<u>911,579</u>	<u>910,379</u>

The fair value of the senior secured credit facilities, a portion of which was obtained on a fixed rate has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date. Apart from this fixed rate loan, the fair values of all the other loans are their carrying amounts as their interest rates are on floating rate basis.

## List of Properties *as at 31 December 2003*

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

Notes: The Group does not adapt a revaluation policy on landed properties.  
N/A denotes "Not Applicable"

<i>Description/ Existing Use</i>	<i>Date of Acquisition</i>	<i>AREA</i>	<i>Age Of Building (Years)</i>	<i>Net Book Value As At 31.12.2003 RM'000</i>
Land with a building / Telecommunications Centre	29.12.1997	22,529 sq ft	6	810
Apartment/ Housing base transceiver equipment	26.01.1995	802 sq ft	8	112
Apartment/ Housing base transceiver equipment	04.02.1995	2,429 sq ft	10	595
Apartment/ Housing base transceiver equipment	25.01.1995	1,249 sq ft	9	223
Apartment/ Housing base transceiver equipment	29.03.1995	1,319 sq ft	8	85
Apartment/ Housing base transceiver equipment	07.02.1995	1,115 sq ft	8	174
Land with a building/ Telecommunications Centre	12.05.1995	1.58 acres	9	1,300
Land with a building / Telecommunications Centre	23.03.1995	1 acre	29	2,123
Land with a building/ Telecommunications Centre	12.06.1995	0.938 acre	23	2,353
Land with a building / Telecommunications Centre	15.08.1995	4,124 sq ft	8	1,993
Land with a building / Telecommunications Centre	07.07.1995	4 acres	21	2,296
Apartment/ Housing base transceiver equipment	08.02.1995	1,400 sq ft	15	195
Apartment/ Housing base transceiver equipment	22.03.1995	1,100 sq ft	12	101
Land with a building / Earth Station Complex	07.08.1996	7.5 acres	9	6,218
Land with Fixed Line switch and base transceiver station	14.11.1997	25,521 sq ft	6	406
Land with trunk station	17.08.1999	40,000 sq ft	4	118
Land with a building / Telecommunications Centre	15.07.1999	5,942 sq ft	4	218
Land with a building / Telecommunications Centre	23.05.2000	18,050 sq ft	14	1,907
Land with a building / Telecommunications Centre	29.09.2000	4,937 sq ft	N/A	1,138
Land	19.07.2001	284,485 sq ft	N/A	14,244
Land with a building / Telecommunications Centre	21.08.2002	17,847 sq ft	7	2,781

## Statement of Directors' Shareholdings *as at 2 March 2004*

The Company	No. of Ordinary Shares of RM1.00 each			
	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Vincent Tan Chee Yioun	53,804,237	7.17	82,582,587	11.01

Ultimate Holding Company TELENOR ASA	No. of Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Arve Johansen	24,791	0.0014	-	-
Ole Bjorn Sjulstad	1,001	0.0000	-	-
Per Olav Fosse	3,771	0.0002	-	-
Gunnar Johan Bertelsen	170	0.0000	-	-
Thor Absjorn Halvorsen	1,886	0.0001	-	-

	No. of Options over Ordinary Shares of NOK6 each			
	Direct Interest	%	Deemed Interest	%
Arve Johansen	200,000	0.0110	-	-
Ole Bjorn Sjulstad	10,000	0.0005	-	-
Per Olav Fosse	10,000	0.0005	-	-
Thor Absjorn Halvorsen	85,000	0.0047	-	-

By virtue of his interests in the shares of the Company shown above, Tan Sri Dato' Seri Vincent Tan Chee Yioun is deemed to be interested in the shares of the subsidiaries (as set out in Note 5 to the financial statements) to the extent the Company has an interest.

Save as disclosed, none of the other Directors in office have any interest in the shares of the Company and its related corporations as at 2 March 2004.

## Statistics on Shareholdings *as at 2 March 2004*

### Analysis of shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
less than 100	181	4.88	2,567	0.00
100 - 1,000	1,594	42.96	1,420,497	0.19
1,001 - 10,000	1,571	42.35	5,455,131	0.73
10,001 - 100,000	243	6.55	7,992,996	1.06
100,001 - 37,499,999	118	3.18	277,629,179	37.02
37,500,000 * and above	3	0.08	457,499,630	61.00
<b>Total</b>	<b>3,710</b>	<b>100.00</b>	<b>750,000,000</b>	<b>100.00</b>

- notes:** 1. There is only one class of shares in the paid-up capital of the Company. Each share entitles the holder to one vote.  
2. \* Denotes 5% of the issued and paid-up capital of the Company.

## List of Thirty (30) Largest Shareholders *as at 2 March 2004*

<i>Name of shareholders</i>	<i>No. of shares</i>	<i>%</i>
1 Citicorp Nominees (Asing) Sdn Bhd Telenor Asia Pte Lte	247,000,000	32.93
2 Citicorp Nominees (Asing) Sdn Bhd Telenor Asia Pte Lte (Digi)	105,499,630	14.07
3 Citicorp Nominees (Asing) Sdn Bhd Telenor Asia Pte Lte (Digi / Moratorium)	105,000,000	14.00
4 Employees Provident Fund Board	36,521,720	4.87
5 AMMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya VTCY Sdn Bhd (Bk 6/166-0)	24,609,274	3.28
6 CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya VTCY Sdn Bhd	21,046,570	2.81
7 Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Urus Sdn Bhd For Tan Sri Dato' Seri Vincent Tan Chee Yioun	20,411,014	2.72
8 Amsec Nominees (Tempatan) Sdn Bhd Amfinance Berhad For Tan Seri Dato' Seri Vincent Tan Chee Yioun	19,811,043	2.64
9 Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Prime Credit Leasing Sdn Bhd For Alam Nusantara Sdn Bhd	14,551,523	1.94
10 Cimsec Nominees (Tempatan) Sdn Bhd Danaharta Urus Sdn Bhd For Berjaya VTCY Sdn Bhd (Vtcy)	11,288,811	1.51
11 Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Sri Dato' Seri Vincent Tan Chee Yioun	10,079,966	1.34
12 Scotia Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya VTCY Sdn Bhd	7,132,271	0.95
13 AM Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (A/C 1)	6,866,200	0.92
14 Dato Ahmad Sebi Bin Bakar	6,580,196	0.88
15 Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	5,900,594	0.79
16 Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Malpac Securities Sdn Bhd (3349 Sban)	5,380,481	0.72
17 Southern Finance Berhad Pledged Securities Account For Tan Sri Dato' Seri Vincent Tan Chee Yioun	4,591,889	0.61
18 Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Berjaya VTCY Sdn Bhd	3,569,820	0.48
19 PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd For Ahmad Sebi Bin Bakar	3,091,371	0.41

## List of Thirty (30) Largest Shareholders *as at 2 March 2004*

(continued)

<i>Name of shareholders</i>	<i>No. of shares</i>	<i>%</i>
20 AM Nominees (Tempatan) Sdn Bhd Pertubuhan Keselamatan Sosial	2,911,900	0.39
21 Tan Sri Dato' Tan Chee Sing	2,705,000	0.36
22 Berjaya General Insurance Berhad	2,398,522	0.32
23 Tengku Adnan Bin Tengku Mansor	2,257,763	0.30
24 Eng Securities Sdn Bhd Ivt A01	2,108,423	0.28
25 Universal Trustee (Malaysia) Berhad SBB Premium Capital Fund	2,071,000	0.28
26 Kamarudin Bin Jaffar	2,000,000	0.27
27 Bumiputra-Commerce Trustee Berhad RHB Mudharabah Fund	1,970,000	0.26
28 HDM Nominees (Asing) Sdn Bhd DBS Vickers Securities (Singapore) Pte Ltd For Capital Intelligence Limited	1,941,800	0.26
29 Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Prime Credit Leasing Sdn Bhd For Ahmad Fizal Bin Othman	1,924,229	0.25
30 HSBC Nominees (Asing) Sdn Bhd HPBS SG For Kingswood Overseas Investments Limited	1,922,000	0.25
	683,143,010	91.09

## Substantial shareholders *as at 17 March 2004*

	← <b>No. Of Shares</b> →			
	<i>Direct Interest</i>	<i>%</i>	<i>Deemed Interest</i>	<i>%</i>
1. Berjaya VTCY Sdn Bhd	71,827,825	9.58	-	-
2. Tan Sri Dato' Seri Vincent Tan Chee Yioun	53,804,237	7.17	82,582,587 (a)	11.01
3. Telenor Asia Pte Ltd	457,499,630	61.00	-	-
4. Telenor Mobile Communications AS	-	-	457,499,630 (b)	61.00
5. Telenor Mobile Holding AS	-	-	457,499,630 (c)	61.00
6. Telenor ASA	-	-	457,499,630 (d)	61.00
7. Employees Provident Fund Board	45,336,009	6.04	-	-

**Notes:** (a) Deemed interested by virtue of his interest in Berjaya VTCY Sdn Bhd and deemed interest in Inter-Pacific Securities Sdn Bhd, Eng Securities Sdn Bhd, Inter-Pacific Capital Sdn Bhd, Berjaya General Insurance Berhad, Prime Credit Leasing Sdn Bhd, Indah Corporation Berhad and Immediate Capital Sdn Bhd.  
(b) Deemed interested by virtue of its 100% interest in Telenor Asia Pte Ltd.  
(c) Deemed interested by virtue of its 100% interest in Telenor Mobile Communications AS.  
(d) Deemed interested by virtue of its 100% interest in Telenor Mobile Holding AS.

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Seventh Annual General Meeting of DiGi.Com Berhad will be held at Bronx V West Tower, Level 13A Berjaya Times Square Hotel & Convention Center, 1 Jalan Imbi, 55100 Kuala Lumpur on Wednesday, 28 April 2004 at 9.30 a.m. for the following purposes:-

### Agenda

1. To receive and adopt the audited financial statements of the Company for the year ended 31 December 2003 and the Directors' and Auditors' Reports thereon. Resolution 1
2. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:
  - a) Ole Bjorn Sjulstad Resolution 2
  - b) Dato' Ab. Halim Bin Mohyiddin Resolution 3
  - c) Gunnar Johan Bertelsen Resolution 4
3. To re-appoint Tun Dato' Seri Dr Lim Chong Eu as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965. Resolution 5
4. To re-appoint Messrs KPMG as Auditors and to authorise the Directors to fix their remuneration. Resolution 6
5. As special business:-
  - (a) To consider and, if thought fit, pass the following ordinary resolutions:-
    - i) Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 7

**ii) Proposed Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature**

"That, subject to the provisions of the Listing Requirements of Malaysia Securities Exchange Berhad, approval be and is hereby given for the Company and its subsidiaries, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular to Shareholders dated 6 April 2004 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:-

- (a) 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;
- (b) 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
- (c) revoked or varied by resolution passed by the shareholders at a general meeting;

whichever is earlier;

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

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

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

Resolution 8

(b) To consider and, if thought fit, pass the following special resolution:-

**Proposed Amendment to the Company's Articles of Association**

"That Article 89 of the Company's Articles of Association be amended by deleting in its entirety and substituting with the following new Article 89:

**89** (A) The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit, and determine the quorum necessary for the transaction of the business. Unless otherwise determined, two shall be a quorum. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman, Deputy Chairman or any other director so appointed pursuant to Article 91 shall not have a second or casting vote.

(B) The conduct of a meeting of Directors or a committee of the Directors may include a participation thereat by any Director via telephone conferencing and/or video conferencing or any other interactive means of audio or audio-visual communications whereby all participating persons are able to hear each other or be heard during the meeting. A Director's participation in the manner as aforesaid shall be deemed to be present at the meeting and be counted for the purpose of a quorum. He shall also be entitled to vote thereat. Any meeting held in such manner shall be deemed to be or have been held at such time and place as set out in the notice of meeting."

Resolution 9

By Order of the Board  
**SU SWEE HONG**  
 Secretary

Kuala Lumpur  
 6 April 2004

**NOTES:-**

**(A) APPOINTMENT OF PROXY**

- i) A member entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) proxy only to attend and vote in his stead. A proxy may but need not be a member of the Company.
- ii) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint one (1) proxy in respect of each securities account.

- iii) The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.
- iv) The instrument appointing a proxy must be deposited at the Company's Registered Office, 11th Floor Menara Berjaya, KL Plaza, 179 Jalan Bukit Bintang, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

## **(B) RESOLUTIONS 2, 3, 4 AND 5:-**

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

	<i>Name of Director</i>	<i>Directors' Profile</i>	<i>Directors' Shareholdings</i>
1	Ole Bjorn Sjulstad	Page 12	Page 148
2	Dato' Ab. Halim Bin Mohyiddin	Page 14	Page 148
3	Gunnar Johan Bertelsen	Page 13	Page 148
4	Tun Dato' Seri Dr Lim Chong Eu	Page 12	Page 148

The details of Directors' attendance at Board Meetings are set out on Page 18 of the Annual Report.

## **(C) SPECIAL BUSINESS**

1. Resolution 7 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will give the Directors of the Company, from the date of the above annual general meeting, authority to issue and allot shares from the unissued share capital of the Company for such purposes as the Directors may deem fit and in the interest of the Company. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.
2. Resolution 8 if passed will approve the Shareholders' Mandates on Recurrent Related Party Transactions and to allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with paragraph 10.09 of the Listing Requirements of the Malaysia Securities Exchange Berhad. The explanatory notes on Resolution 8 is set out in the Circular to Shareholders dated 6 April 2004 attached to the Annual Report.
3. Resolution 9 for the proposed amendment of the Articles of Association of the Company will be passed as a Special Resolution and if approved, will allow not only the Board of Directors but also the various committees of the Board, if any, to conduct their respective meetings via telephone conferencing and/or video conferencing or any other interactive means of audio or audio-visual communications.

# Form of Proxy

**DiGi.COM BERHAD**  
(Company No: 425190-X)  
(Incorporated in Malaysia)

I/We \_\_\_\_\_  
(Name in full)

I.C. or Company No. \_\_\_\_\_ CDS Account No. \_\_\_\_\_

of \_\_\_\_\_  
(Address)

being a member of DiGi.COM BERHAD hereby appoint:

\_\_\_\_\_ I.C. No. \_\_\_\_\_  
(Name in full) (New and Old I.C. Nos.)

of \_\_\_\_\_

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf, at the Seventh Annual General Meeting of the Company to be held at Bronx V West Tower, Level 13A Berjaya Times Square Hotel & Convention Center, 1 Jalan Imbi, 55100 Kuala Lumpur on Wednesday, 28 April 2004 at 9.30 a.m. or any adjournment thereof.

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

	<i>FOR</i>	<i>AGAINST</i>
<b>RESOLUTION 1</b> - To receive and adopt the Audited Financial Statements		
<b>RESOLUTION 2</b> - To re-elect Ole Bjorn Sjulstad as Director		
<b>RESOLUTION 3</b> - To re-elect Dato' Ab. Halim Bin Mohyiddin as Director		
<b>RESOLUTION 4</b> - To re-elect Gunnar Johan Bertelsen as Director		
<b>RESOLUTION 5</b> - To re-appoint Tun Dato' Seri Dr Lim Chong Eu as Director		
<b>RESOLUTION 6</b> - To re-appoint Auditors		
<b>RESOLUTION 7</b> - To approve authority to allot and issue shares		
<b>RESOLUTION 8</b> - To approve Shareholders' Mandate for Recurrent Related Party Transactions		
<b>RESOLUTION 9</b> - To amend the Company's Articles of Association		

No. of Shares

\_\_\_\_\_  
**Signature of Shareholder(s)**

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

**NOTES:**

1. A member entitled to attend and vote at a meeting of the Company is entitled to appoint one (1) proxy only to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint one (1) proxy in respect of each securities account.
3. The instrument appointing a proxy, shall be in writing under the hand of the appointer or his attorney duly authorised in writing, and in the case of a corporation, either under seal or under hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office, 11th Floor Menara Berjaya, KL Plaza, 179 Jalan Bukit Bintang, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

**Fold this flap for sealing**

*Affix stamp*

The Secretary

**DiGi.Com Berhad**  
11th Floor, Menara Berjaya  
KL Plaza  
179, Jalan Bukit Bintang  
55100 Kuala Lumpur

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**1st fold here**



# Corporate Directory

## List of Operating Offices

### Principal Place of Business/Head Office

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

### Central Operating Offices

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

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

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

### Regional Operating Offices

#### Northern Region

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

#### Southern Region

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

#### Eastern Region

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

#### Sabah Region

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

#### Sarawak Region

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

#### DiGi Centres

##### Selangor

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

*SS2*  
24, Jalan SS2/66  
47300 Petaling Jaya, Selangor

*Selayang Baru*  
57, Jalan 2/3A,  
Pasar Borong Selayang  
Off Jalan Ipoh  
68100 Batu Caves, Selangor

*Klang*  
90, Batu 1-1/2, Jalan Meru  
41050 Klang, Selangor

##### Kuala Lumpur

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

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

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

##### Pahang

*Kuantan*  
3, Jalan Tun Ismail  
25000 Kuantan, Pahang

#### Penang

*Pulau Tikus*  
368-1-02, Jalan Burmah  
10350 Pulau Tikus  
Pulau Pinang

*Seberang Jaya*  
8, Ground Floor  
Jalan Todak Dua  
Pusat Bandar  
Bandar Seberang Jaya  
13700 Prai, Pulau Pinang

*Bukit Jambul*  
6B-C-D, Jalan Tun Dr.Awang  
Bukit Jambul Shop House  
11900 Pulau Pinang

#### Melaka

*Melaka*  
523, Taman Melaka Raya  
75000 Melaka

#### Johor

*Johor Bahru*  
8, Jalan Molek 1/12  
Taman Molek  
81100 Johor Bahru, Johor

*Jalan Tun Abdul Razak*  
64, Ground Floor  
Jalan Tun Abdul Razak Susur 1  
80000 Johor Bahru, Johor

*Batu Pahat*  
18, Jalan Kundang  
Taman Bukit Pasir  
83100 Batu Pahat, Johor

#### Perak

*Ipoh*  
40, Medan Istana  
Bandar Ipoh Raya  
30000 Ipoh, Perak

#### Negeri Sembilan

*Seremban*  
301, Taman AST  
70200 Seremban  
Negeri Sembilan

#### Sabah

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

#### Sarawak

*Kuching*  
Lot 2087, Block 10  
Bangunan Kueh Boon Teck  
Jalan Tun Ahmad Zaidi Adruce  
93150 Kuching, Sarawak

*Miri*  
Lot 938, Ground & 1st Floors  
Jalan Asmara, 98000 Miri  
Sarawak

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

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

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

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



[www.digi.com.my](http://www.digi.com.my)

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Subang Hi-Tech Industrial Park  
40000 Shah Alam  
Selangor Darul Ehsan, Malaysia

**T** (603) 5721 1800  
**F** (603) 5721 1857  
**E** [corpcom@digi.com.my](mailto:corpcom@digi.com.my)