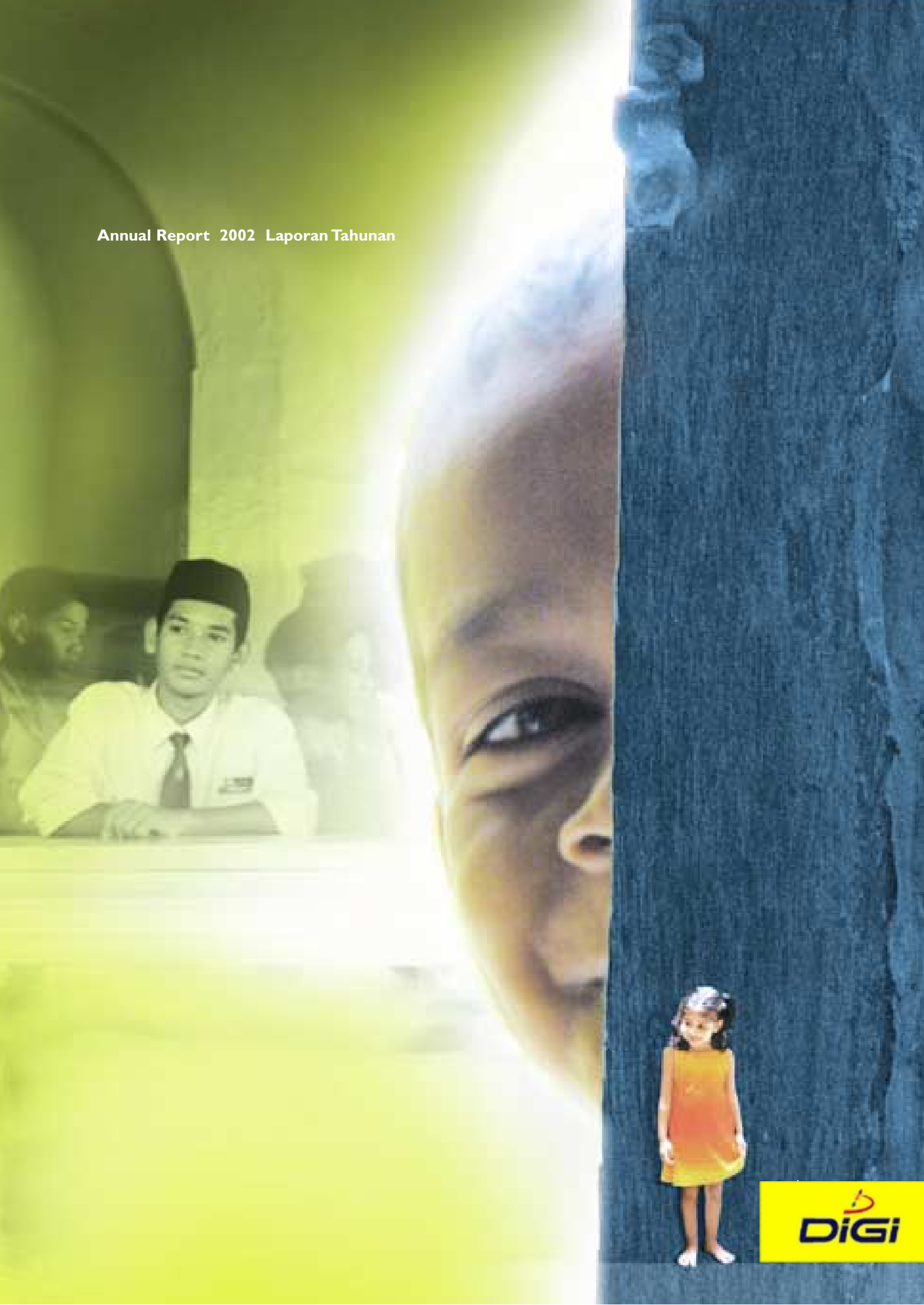


Annual Report 2002 Laporan Tahunan



millions of fresh-thinking, energetic youth, armed with powerful communications tools to help improve the quality of life for all Malaysians. Nobody should be left out. Let's work together to make it happen.

03	Vision and mission
04	Corporate milestones
08	Corporate information
10	Profiles of directors
18	Statement on corporate governance
25	Statement on internal control
28	Other compliance information
29	Audit committee report
33	Profile of chief operating officer
34	Management group
38	Group financial summary
46	Chairman's statement
58	Operations review
90	Corporate social responsibility
96	Financial statements
136	List of properties
138	Statistics on shareholdings
140	Statement of directors' shareholdings
141	Notice of annual general meeting
143	Form of proxy
145	Corporate directory



“As a corporation, DiGi has felt compelled to look at towns, cities and communities around us as not just places where we roll-out our products and services, but opportunities where we are able to exchange goodwill.

We want to be able to weave strands of our individual lives into the fabric of mutual care and support.

And our DiGi Yellow Mobile project is one such initiative.”

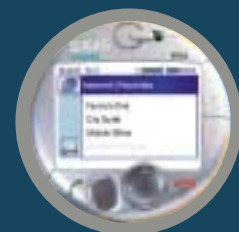
>our vision

Enhancing communications to improve customers' quality of life...at home, work and play.

>our mission

Provide customers with specific solutions to meet individual needs for communications, connectivity, access to information and security. Provide an environment where our employees can grow and be fulfilled. Provide superior returns to shareholders. Contribute to improving life in Malaysia

> DiGi is determined to give people what they need and want, so we will build new communications services around the demands of key target users who want as much independence and mobility as possible.



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

06 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



First operator in Malaysia to launch



1998

01 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

01 February

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

09 September

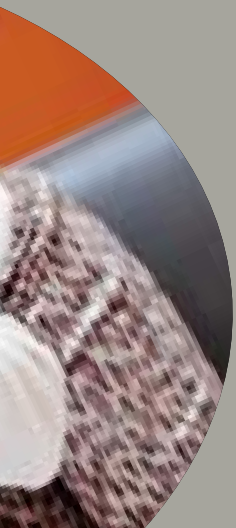
First prepaid service provider to introduce the new generation prepaid services which include Quickmail services, Voicemail and International Roaming

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

07 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



the highly popular prepaid mobile phone service, DiGi Prepaid



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

08 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

04 September

DiGi Telecommunications Sdn Bhd (DiGi) entered into an agreement with Yahoo! Asia (Yahoo) 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

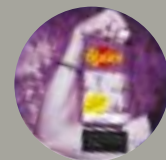
An RM800 million contract was signed with Ericsson (M) Sdn Bhd (Ericsson) for the expansion of DiGi's existing GSM 1800 network, to boost both coverage and quality of service. The contract also includes the supply and implementation of GPRS technology

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



Known as DiGi Mobile One, this latest roll-out promises

2001

Early March

DiGi reaches its one million mobile subscriber 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 subscribers 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 Berhad to 61%

01 October

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

2002

04 June

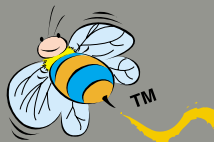
First telco in Malaysia to offer Automatic International Roaming and General Packet Radio Services (GPRS) to its prepaid mobile subscribers nationwide, and simultaneously launch an exclusive Loyalty Programme to reward its prepaid subscribers. DiGi today becomes the first operator in the Asian region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



substantial savings for all mobile customers



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
Per Olav Fosse
Sigve Brekke
Ole Bjorn Sjulstad
Dato' Ab. Halim Bin Mohyiddin
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*)
Gunnar Johan Bertelsen (*Alternate Director to Sigve Brekke and Ole Bjorn Sjulstad*)

Audit committee

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*)

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 CI-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. (formerly IntesaBci 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
 Kuala Lumpur Stock Exchange

Stock short name

DIGI (6947)

Profiles of directors



Overall, DiGi's
of choice by de

Tan Sri Dato' Seri Vincent Tan Chee Yioun

Chairman

(Non-Independent/Non-Executive Director)

51 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, hospitality and Internet-related businesses, utilities, media and insurance through various public and private companies namely, the Berjaya Group Berhad group of companies, Berjaya Sports Toto Berhad, Nexnews Berhad, MOL.com Berhad, 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 and the CEO of Berjaya Sports Toto Berhad. He is also the Chairman of MOL.com Berhad and Nexnews Berhad. He also holds directorships in Berjaya Vacation Club Berhad and Bukit Tinggi Resort Berhad as well as several other private limited companies including DiGi Telecommunications Sdn Bhd, a 100% owned subsidiary of the Company.

Profiles of directors

goal is to become the mobile communications service provider
 delivering to our customers the levels and standards of quality...

Arve Johansen

Deputy Chairman

(Non-Independent/Non-Executive Director)

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

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.



Profiles of directors

Tun Dato' Seri Dr Lim Chong Eu

(Independent /Non-Executive Director)

83 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.

Per Olav Fosse

(Non-Independent/Non-Executive Director)

48 years of age, Norwegian



...and service they have a right anticipated from being at the

He was appointed to the Board on 20 February 2003. He holds a Masters Degree in Business Administration from the Norwegian School of Management and a 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 Candidate 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.

Profiles of directors

Sigve Brekke

(Non-Independent/Non-Executive Director)
43 years of age, Norwegian



Ole Bjorn Sjulstad

(Non-Independent/Non-Executive Director)
41 years of age, Norwegian



to expect, and to our shareholders the long-term value that is
frontline of the mobile communications revolution.

He was appointed to the Board on 2 October 2000. He holds a Masters Degree in Public Administration from Harvard University, John F Kennedy School of Government.

Prior to joining Telenor Asia Pte Ltd in 1999, he served as an Associate Research Fellow at the Center for Science and International Affairs, Harvard University, John F Kennedy School of Government, USA. From 1993 to 1996, he served as the Deputy Minister of Defence in the Norwegian Ministry of Defence. He has held several positions in the Norwegian Labor Party and Norwegian Confederation of Trade Unions.

Currently, he is co-Chief Executive Officer of Total Access Communication Public Company Limited and sits on the Boards of DiGi Telecommunications Sdn Bhd, Total Access Communication Public Company Limited and Telenor Asia Pte Ltd. He is also a member of the Board of GrameenPhone Ltd.

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 held several top management positions in FMC Kongsberg Subsea, Norway during the period from 1991 to 2000.

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.

Profiles of directors

Dato' Ab. Halim Bin Mohyiddin

(Independent/Non-Executive Director)

57 years of age, Malaysian



Chan Kien Sing

(Alternate Director)

46 years of age, Malaysian



Going forward, we are confident that the market for mob

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

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

He is currently the 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 and several private limited companies.

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 specialising in corporate finance until 1989 when he joined Berjaya Group Berhad as General Manager, Investments.

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. He also holds directorships in several other private limited companies in the Berjaya Group of Companies and DiGi Telecommunications Sdn Bhd.

Profiles of directors

Thor Asbjorn Halvorsen

(Alternate Director)

49 years of age, Norwegian



Gunnar Johan Bertelsen

(Alternate Director)

46 years of age, Norwegian



ile communications lifestyle solutions will grow steadily.

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.

He was appointed as an Alternate Director on 7 November 2000. He graduated with a Diploma in Advanced Management from University College Dublin, Ireland. He also holds a Masters Degree in Business Administration from University College Dublin, Ireland.

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

Save as disclosed, none of the Directors have any:

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

Art Attack

“...art is not just for those who are gifted. Every child must be given an opportunity to express himself or herself. Whether in the end we decide to become farmers, bakers, doctors, engineers, salespeople or mechanics, I am sure our lives will be happier and richer and we would be better people

if we learn how to express ourselves with brushes, pencils and crayons.”

DiGi Yellow Mobile Art Attack, Kuala Lumpur



Powerful mobile information devices are beginning to make their appearance as evident in this smart video phone with built-in web browser, camera and organiser.



COMMUNICATIONS SDN BHD

s you the DiGi Yellow mobile

ART ATTACK

