



DiGi has committed a significant amount into our Corporate Social Responsibility project, *DiGi's Amazing Malaysians*, because we feel it is our responsibility to contribute to Malaysian society in a meaningful way.



## Directors' Report for the year ended 31 December 2004

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 2004.

### 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>	<b>COMPANY</b>
	RM'000	RM'000
Net profit/(loss) for the year	<u>317,355</u>	<u>(664)</u>

### 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:

Arve Johansen

Tun Dato' Seri Dr Lim Chong Eu

Dato' Ab. Halim Bin Mohyiddin

Gunnar Johan Bertelsen

Christian Storm (appointed as Director on 10.11.2004 and Alternate Director to Arve Johansen on 23.02.2005)

Ragnar Holmen Korsæth (appointed on 10.11.2004)

Thor Asbjorn Halvorsen (ceased as Alternate Director to Arve Johansen on 23.02.2005 and ceased as Alternate Director to Per Olav Fosse on 10.11.2004)

Tan Sri Dato' Seri Vincent Tan Chee Yioun (resigned on 12.01.2005)

Ole Bjorn Sjulstad (resigned on 10.11.2004)

Per Olav Fosse (resigned on 10.11.2004)

Chan Kien Sing (ceased as Alternate Director to Tan Sri Dato' Seri Vincent Tan Chee Yioun on 12.01.2005)

## 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 1.1.2004	Acquired	Disposed	At 31.12.2004
The Company				
Direct interests				
Tan Sri Dato' Seri Vincent Tan Chee Yioun	53,804,237	-	(33,285,805)	20,518,432
Indirect interests				
Tan Sri Dato' Seri Vincent Tan Chee Yioun	83,799,087	1,600,038	(55,230,695)	30,168,430

	Number of Ordinary Shares of NOK6 each			
	At 1.1.2004/ *Date of appointment	Acquired	Disposed	At 31.12.2004
Ultimate holding company				
Telenor ASA				
Direct interests				
Arve Johansen	24,791	20,186	-	44,977
Thor Asbjorn Halvorsen	1,886	186	-	2,072
Ragnar Holmen Korsaeath	2,375*	1,140	-	3,515
Gunnar Johan Bertelsen	175*	175	-	350
Christian Storm	1,557*	25	-	1,582

	Number of options over Ordinary Shares of NOK6 each			
	At 1.1.2004/ *Date of appointment	Acquired	Disposed	At 31.12.2004
Ultimate holding company				
Telenor ASA				
Arve Johansen	200,000	-	-	200,000
Thor Asbjorn Halvorsen	85,000	-	-	85,000
Ragnar Holmen Korsaeath	43,333*	-	-	43,333

None of the other Directors holding office at 31 December 2004 had any interest in the shares of the Company and its related corporations during the year.



## Directors' Report for the year ended 31 December 2004 (continued)

### 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.

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 2004 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 not indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

Arve Johansen

Director

Christian Storm

Director

Date: 25 March 2005

## 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 70 to 101 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 2004 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:

Arve Johansen

Director

Christian Storm

Director

Date: 25 March 2005

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

I, Johan Eric Dannelind, 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 70 to 101 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 25 March 2005.

Johan Eric Dannelind

Before me:

Commissioner for Oaths

**S. Barathan**

Licence No. W202

Kuala Lumpur



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

We have audited the financial statements set out on pages 70 to 101. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with 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 2004 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: 2229/04/06(J)

Kuala Lumpur,  
Date: 25 March 2005



## Balance Sheets at 31 December 2004

	Note	GROUP		COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Property, plant and equipment</b>	2	2,686,956	2,629,501	-	-
<b>Intangible asset</b>	3	39,081	43,022	-	-
<b>Deferred expenditure</b>	4	15,213	35,674	-	-
<b>Investments in subsidiaries</b>	5	-	-	526,501	526,501
<b>Amount due from a subsidiary</b>	6	-	-	573,439	574,091
		<u>2,741,250</u>	<u>2,708,197</u>	<u>1,099,940</u>	<u>1,100,592</u>
<b>Current assets</b>					
Inventories	7	13,423	14,066	-	-
Trade and other receivables	8	176,955	186,653	5	5
Cash and cash equivalents	9	634,719	338,516	-	-
		<u>825,097</u>	<u>539,235</u>	<u>5</u>	<u>5</u>
<b>Current liabilities</b>					
Trade and other payables	10	750,821	712,015	198	186
Deferred revenue		158,203	123,611	-	-
Borrowings	11	224,584	201,933	-	-
		<u>1,133,608</u>	<u>1,037,559</u>	<u>198</u>	<u>186</u>
<b>Net current liabilities</b>		<u>(308,511)</u>	<u>(498,324)</u>	<u>(193)</u>	<u>(181)</u>
		<u>2,432,739</u>	<u>2,209,873</u>	<u>1,099,747</u>	<u>1,100,411</u>
<b>Financed by:-</b>					
<b>Capital and reserves</b>					
Share capital	12	750,000	750,000	750,000	750,000
Reserves		1,027,193	709,838	349,747	350,411
<b>Shareholders' funds</b>		<u>1,777,193</u>	<u>1,459,838</u>	<u>1,099,747</u>	<u>1,100,411</u>
<b>Long term liabilities</b>					
Borrowings	11	455,270	679,853	-	-
Deferred tax liabilities	13	196,684	67,196	-	-
Employee benefits	14	3,592	2,986	-	-
		<u>2,432,739</u>	<u>2,209,873</u>	<u>1,099,747</u>	<u>1,100,411</u>

The financial statements were approved and authorised for issue by the Board of Directors on 25 March 2005.

The notes set out on pages 75 to 101 form an integral part of, and should be read in conjunction with, these financial statements.

## Income Statements for the year ended 31 December 2004

	Note	GROUP		COMPANY	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Revenue</b>		2,233,703	1,713,529	-	-
Other operating income		2,449	1,919	-	-
Cost of materials and traffic expenses		(512,234)	(453,597)	-	-
Sales and marketing expenses		(275,216)	(204,357)	-	-
Operations and maintenance		(80,428)	(74,634)	-	-
Rental expenses		(66,272)	(52,622)	-	-
Staff expenses		(114,161)	(96,452)	-	-
Depreciation expense and impairment losses	2	(465,553)	(426,490)	-	-
Amortisation expense		(4,016)	(4,016)	-	-
Other operating expenses		(208,845)	(134,883)	(664)	(390)
<b>Operating profit/(loss)</b>	15	509,427	268,397	(664)	(390)
Financing costs	16	(75,451)	(74,507)	-	-
Interest income		12,867	7,646	-	-
<b>Profit/(Loss) before taxation</b>		446,843	201,536	(664)	(390)
Tax expense	17	(129,488)	(59,313)	-	-
<b>Net profit/(loss) for the year</b>		317,355	142,223	(664)	(390)
Earnings per ordinary share (sen)	18	42.3	19.0		
Dividend per ordinary share (sen)		-	-		

The notes set out on pages 75 to 101 form an integral part of, and should be read in conjunction with, these financial statements.



## Cash Flow Statements for the year ended 31 December 2004

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before taxation	446,843	201,536	(664)	(390)
Adjustments for:				
Depreciation expense	465,553	416,990	-	-
Impairment losses on property, plant and equipment	-	9,500	-	-
Amortisation of intangible asset	3,941	3,941	-	-
Amortisation of deferred expenditure	20,461	14,015	-	-
Interest expense	48,673	54,695	-	-
Interest income	(12,867)	(7,646)	-	-
Gain on disposal of property, plant and equipment	(148)	(21)	-	-
Unrealised foreign exchange (gain)/loss	(160)	1,639	-	-
Employee benefits expense	655	640	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	972,951	695,289	(664)	(390)
Changes in working capital:				
Inventories	643	(2,965)	-	-
Trade and other receivables	9,513	(21,323)	-	-
Trade and other payables	41,462	64,242	12	(14)
Deferred revenue	34,592	19,168	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Cash generated from/(used in) operations	1,059,161	754,411	(652)	(404)
Interest paid	(54,438)	(71,528)	-	-
Increase in deferred expenditure	-	(6,424)	-	-
Employee benefits paid	(49)	(28)	-	-
Taxation paid	-	(17)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>	<b>1,004,674</b>	<b>676,414</b>	<b>(652)</b>	<b>(404)</b>
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## Cash Flow Statements for the year ended 31 December 2004

(continued)

	GROUP		COMPANY	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(519,930)	(562,814)	-	-
Amount due from a subsidiary	-	-	652	404
Interest income received	12,613	7,687	-	-
Proceeds from disposal of property, plant and equipment	778	1,350	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash (used in)/generated from investing activities</b>	(506,539)	(553,777)	652	404
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowings	-	90,231	-	-
Repayment of bank borrowings	(201,932)	(120,024)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	(201,932)	(29,793)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	296,203	92,844	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at beginning of year</b>	338,516	245,672	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b> (Note 9)	634,719	338,516	-	-
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The notes set out on pages 75 to 101 form an integral part of, and should be read in conjunction with, these financial statements.