

Corporate Info

DiGi.Com Berhad is listed on Bursa Malaysia Securities Berhad and is part of the global telecommunications provider, Telenor Group. Its mobile service operations are undertaken by its wholly-owned subsidiary, DiGi Telecommunications Sdn Bhd.

DiGi commenced operations in May 1995 when it launched its fully digital GSM1800 services, the first digital mobile communications service in Malaysia.

In the last five years, DiGi's revenue has grown to RM6.7 billion from RM4.9 billion with a subscriber base of 11.0 million. DiGi focuses on making it easy, keeping it relevant and providing the best deals to ensure excellent customer experience in mobile and internet services.

DiGi has now expanded its HSPA+ enabled 3G network to 83% population coverage and increased its own and jointly built fibre network to more than 4,400 kilometres nationwide, building the vital backhaul connectivity needed to support always-on, high-speed data experience. With the completion of modernized network in 2013, DiGi will continue its focus on delivering higher quality network experience, stronger internet usage and positive overall customer satisfaction.

DiGi's presence as a leader in prepaid services has spearheaded in a number of industry benchmarks for simplicity and innovation. In addition, DiGi has also revitalised its postpaid services under DiGi Postpaid and DiGi Business to deliver quality voice and mobile internet services to individuals and corporate customers.

Through its corporate initiative, Deep Green, DiGi is committed to a sustainable business that is financially and ecologically responsible to all stakeholders.

Corporate Address	Registered Office
Lot 10, Jalan Delima 1/1, Subang Hi-Tech Industrial Park 40000 Shah Alam, Selangor Darul Ehsan, Malaysia Tel: +603-5721 1800 (General Line) www.digi.com.my	Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan Tel: +603-7720 1188 Fax: +603-7720 1111
Share Registrar	Auditors
Tricor Investor Services Sdn Bhd Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur Tel: +603-2264 3883 Fax: +603-2282 1886	Messrs Ernst & Young Chartered Accountants, Level 23A Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara 50490 Kuala Lumpur
Bankers	
<ul style="list-style-type: none"> • Standard Chartered Bank Malaysia Berhad • AmBank (M) Berhad • CIMB Bank Berhad • Malayan Banking Berhad • 	<ul style="list-style-type: none"> • OCBC Bank (Malaysia) Berhad • Hong Leong Bank Berhad • UOB Bank Berhad • Sumitomo Mitsui Banking Corporation Malaysia Berhad

Background

DiGi is the third largest mobile operator in Malaysia.

DiGi.Com Berhad (DiGi) commenced operations in Malaysia in May 1995 when it launched its fully digital GSM 1800 MHz services, the first digital mobile communications service offering in Malaysia. DiGi offers mobile voice, roaming and value-added services on both prepaid and contract bases. DiGi is currently one of the leading operators in the prepaid segment, which is the largest consumer segment in the Malaysian mobile market. On 7 May 2008, DiGi obtained a 3G spectrum licence with all of its rights and benefits via a transfer from TIME dotCom (TdC) for a consideration of 27.5 million new shares. In March 2009 DiGi launched 3G broadband services for PCs, while 3G voice and data services for mobile phones were introduced in October 2009.

In 2001, when Telenor increased its shareholding in DiGi from 32.9% to 61.0% through a voluntary partial take-over offer, the transaction was approved by the Foreign Investment Committee and the Ministry of Energy, Communication and Multimedia on the following conditions:

- Telenor's equity interest in DiGi must be reduced to 49% within five years; and
- DiGi must have at least 30% Bumiputra (indigenous Malays) equity shareholding before 31 December 2006.

The deadline to comply was later extended to 30 June 2008. As a result of the 3G spectrum transfer in May 2008 and an earlier placement exercise, TdC's shareholding in DiGi at that point in time increased to 10%, which later has been reduced to 3.5%. At the same time, Telenor's ownership interest in DiGi was reduced to 49%. As a result, DiGi is now in compliance with the 49% foreign equity condition and has been exempted from the need to comply with the 30% Bumiputra equity condition imposed by the Foreign Investment Committee. In the Economic Transformation Programme update on 16 November 2012, the Prime Minister of Malaysia announced that up to 70% foreign equity would be allowed for individual class Network Facilities Provider (NFP) and Network Service Provider (NSP) licences.

As at 31 December 2013, DiGi had 11.0 million mobile subscriptions and the estimated mobile penetration (SIM cards) and number of inhabitants in Malaysia were 144% and 30 million, respectively.

Network and licences

DiGi currently holds a NFP licence and a NSP licence, both of which are valid until January 2015, and an Application Service Provider (ASP) licence, which is renewed every year. These licences are effectively technology and service neutral. A licensee may apply for the renewal of its individual licence prior to expiry.

DiGi operates a 2G network, utilising spectrum in the 1800 MHz band and also limited spectrum in the GSM 900 MHz band. DiGi has been assigned spectrum in the 2100 MHz spectrum band, expiring April 2018, which is the basis for its 3G network. The Malaysian Minister of Information, Communications and Culture, on recommendation by the Malaysian Communications and Multimedia Commission (SKMM), has the power to approve the renewal of individual licences. In December 2012, 2x10 MHz of the 2600 MHz spectrum was allocated to DiGi for the provision of LTE-related services. The 2600 MHz spectrum allocation is valid from 1 January 2013 to 31 December 2017. In order to deliver LTE services in the most cost effective manner, DiGi aims to free-up and re-farm its existing 1800 MHz spectrum for wider LTE coverage whilst relying on 2600 Mhz spectrum for LTE capacity in densely populated areas. DiGi's LTE

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services has been launched in July 2013 with initial coverage in key market areas in Klang Valley, Johor Baru, Kota Kinabalu and progressively expand to more locations nationwide.

Spectrum Holding	Bandwith (Mhz)	Expiry
900 MHz	2×2	2015
1,800 MHz	2×25	2015
2,100 MHz	2×15 + 1×5	2018
2,600 MHz	2×10	2017

Competition

There are two other GSM network operators in Malaysia: Celcom (a subsidiary of Axiata) and Maxis. Both Celcom and Maxis have licences to operate GSM 900 MHz and GSM 1800 MHz networks. There are four 3G service providers, with U Mobile being the fourth licensee in addition to DiGi, Celcom and Maxis. Under the terms of the spectrum assignments, 3G licence holders are required to offer access to their 3G networks to MVNOs. At present, Celcom is providing 3G/2G access to several MVNOs through roaming agreements and Maxis has a 2G and 3G roaming agreement with U Mobile. Both Maxis and Telekom Malaysia launched their 3G services in the first half of 2005. U Mobile launched its 3G service in the second half of 2008. In December 2012, the Malaysian Communications and Multimedia Commission announced the allocation of the 2600 MHz spectrum band for the telecommunication industry. A total of eight companies were given access to the band for the provision of LTE related services. These companies include Celcom, DiGi, Maxis, Packet One Networks, Puncak Semangat, REDtone Marketing, U Mobile and YTL Communications.

In February 2013, Maxis secured access to 3×20 MHz of contiguous 2600 Mhz spectrum on the back of LTE spectrum sharing collaborations with U Mobile and REDtone.

As of April 2013, both Maxis and Celcom have commercially launched its LTE services in selected locations.

Regulatory matters

DiGi currently annually contributes 6% of “weighted net revenue” to the Universal Service Provision Fund (the USP Fund). All licensed operators are able to bid for SKMM issued tenders utilising this USP Fund to build and operate specific types of services in underserved areas and communities. DiGi has won various bids to provide mobile and broadband services on this basis, including building 14 community broadband centres.

SKMM has implement lower termination rates as at 1 January 2013 with gradual reduction in these rates in 2014 and 2015 respectively.

Chairman's Statement



Dear Shareholders,

On behalf of the Board of Directors, I am proud to share that DiGi continued to perform strongly in 2012, and made significant steps towards delivering on its Internet For All mission. Growth was driven by a larger subscriber base and a steady increase in mobile data revenues, which now accounts for a growing portion of the company's overall service revenues.

These achievements were accomplished against a backdrop of intense competition, increasingly challenging market conditions, and while the company shifted into full-scale implementation of a holistic business transformation programme. All these factors further underscore DiGi's resilience and ability to deliver long-term value in a vibrant Malaysian market.

Increasing demand for mobile internet will fuel data revenue growth

The mobile industry is in a phase of intense change. Devices, networks, content and services, and competition from traditional and new players are all evolving at a high pace, as the global economy and consumer behaviour become increasingly digital. In 2012, demand for smartphones grew by 50% in volume over the previous year, while sales of tablets doubled across the Southeast Asia region. Mobile internet services and new digital applications continue to drive internet usage in Malaysia, with smartphone ownership around 27% of the population.

I believe that these trends represent a significant opportunity for our business, and that mobile internet adoption in Malaysia will sharply increase in the coming years. Two years ago, DiGi crystallised its mission to deliver Internet For All, enabling access to mobile internet services for all Malaysians through the right combination of devices, new digital services and applications, value pricing, and the best usage experience. In 2012, the company shifted into full-scale implementation of its business transformation programme, which includes modernising its network and information technology landscape, putting in place next-generation go-to-market structures and processes, and significantly enhancing its human resource capabilities.

I am pleased with the steady progress made in 2012, and I am confident that this transformation – one of the biggest periods of change in DiGi's history - will strengthen the company's long-term position as a leading mobile internet operator in Malaysia.

Continued commitment to responsible business practices

DiGi's corporate responsibility focus is built around extending the benefits of mobile internet and communications to Malaysians in all parts of the country, providing a safe experience of our products and services, minimising our impact on the environment, and creating a wholesome work culture and environment for our people. DiGi, together with Telenor Group is a member of the United Nations Global Compact (UNGC), and adheres to the UNGC principles for corporate responsibility within human and labour rights, environmental protection, and anti-corruption.

DiGi's corporate responsibility efforts are also focused on ensuring exemplary business practices in all aspects of its operations. The company actively engages employees and business partners around its

Code of Conduct and Agreement for Business Conduct respectively, with mandatory compliance to all principles.

Rewarding our shareholders

During the year, DiGi was also listed as a Forbes Asia Fab 50 company, the only Malaysian organisation selected from over 1,000 publicly-traded companies in Asia Pacific. The list takes into account companies with exceptional track records for revenue, results, return on capital (ROC), share price, and outlook, among others.

On this note, I am pleased to report that our shareholders were rewarded with net dividend per share of 26.3 sen or total dividend of RM2.0 billion for the financial year 2012. The dividend pay-out ratio of 170% exceeds our dividend policy of distributing a minimum 80% of our net profits. We are committed to maintaining our long-term dividend policy, and will continuously review it based on the availability of distributable reserves as well as the Group's future cash-flow requirements.

Farewell and welcome

On behalf of the Board of Directors, I would like to take this opportunity to thank and say farewell to my colleagues Lars Erik Tellmann and Morten Tengs for their contribution to the Board in 2012, and wish them the very best in their future undertakings with Telenor Group.

I would also like to welcome to the Board, Tore Johnsen, who was DiGi's Chief Executive Officer from 2000 to 2004, and Morten Karslen Sørby, who has served in various senior executive positions in Telenor Group. We look forward to leveraging their wealth of experience in this industry in the years to come.

Thank you

Our success in 2012 was made possible through the tireless effort of our dedicated employees, the sound leadership and perseverance of the management team, and the good cooperation of our business partners. My deepest thanks to everyone involved for their commitment and contribution during the year.

The Board would also like to extend our appreciation to the government of Malaysia, and to the various agencies we continue to work with in creating a world-class ICT ecosystem for Malaysians.

Finally, I would like to express our sincere appreciation to all our shareholders for your commitment towards DiGi. We look forward to your continued support in 2013.

Sigve Brekke

Chairman

Board of Directors



Sigve Brekke

Chairman
(Non-Independent Non-Executive Director and Chairman of the Remuneration Committee)
53 years of age, Norwegian



Tore Johnsen

(Non-Independent Non-Executive Director, and member of the Audit & Risk Committee and Remuneration Committee)
65 years of age, Norwegian



Dato' Ab. Halim Bin Mohyiddin

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



Dato' Saw Choo Boon

(Independent Non-Executive Director and Chairman of the Audit & Risk Committee)
66 years of age, Malaysian



Hakon Bruaset Kjol

(Non-Independent Non-Executive Director and member of the Nomination Committee and Remuneration Committee)
41 years of age, Norwegian



Morten Karlsen Sørby

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



Yasmin Binti Aladad Khan

(Independent Non-Executive Director and Member of the Nomination Committee)
55 years of age, Malaysian

Senior Management Team



Lars-Ake Norling
Chief Executive Officer (CEO)



Karl Erik Brøten
Chief Financial Officer



Albern Murty
Chief Operating Officer



Christian Thrane
Chief Marketing Officer



Haroon Bhatti
Chief Human Resource Officer



Loh Keh Jiat
Chief Sales Officer



Eugene Teh
Chief Corporate Affairs Officer

Shareholding

Domicile Stock Exchange	Main Market of Bursa Malaysia Securities Berhad
Share Capital	Share Capital - RM1,000,000,000.00 divided into 100,000,000,000 ordinary shares of RM0.01 each Outstanding Shares- RM77,750,000.00 divided into 7,775,000,000 ordinary shares of RM0.01 each
Stock Short Name	DiGi (6947), DiGi:MK, DSOM:KL:

Top 20 Shareholders as at 31 October 2014

Shareholdings	No. of Shares	%
1. CITIGROUP NOMINEES (ASING) SDN BHD TELENOR ASIA PTE LTD (DIGI)	3,809,750,300	49.00
2. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	872,470,450	11.22
3. AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	369,067,500	4.75
4. KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	127,256,100	1.64
5. TIME DOTCOM BERHAD	100,127,045	1.29
6. CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	98,869,600	1.27
7. AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	91,996,800	1.18
8. AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	85,917,500	1.11
9. HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	69,943,750	0.90
10. CARTABAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EASTSPRING INVESTMENTS BERHAD	67,463,000	0.87
11. AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT- CIMB-DALI)	60,228,200	0.77
12. DATO AHMAD SEBI BIN BAKAR	58,629,330	0.75
13. CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	45,023,400	0.58
14. AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK	43,701,300	0.56

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15. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	41,514,624	0.53
16. AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	38,787,900	0.50
17. CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY FUNDS SOUTH EAST ASIA	37,157,100	0.48
18. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	35,553,863	0.46
19. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	33,618,290	0.43
20. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	32,289,900	0.42
TOTAL	6,119,365,952	78.70%

Corporate Governance

DiGi.Com Berhad's ("DiGi" or the "Company") Group objective is to create long-term shareholder value through providing innovative, easy-to-use and best-value telecommunications services in the Malaysian Market.

In pursuing this corporate objective, the Board of Directors ("Board") of DiGi is committed to high standards of corporate governance which it believes is critical to business integrity and performance as there is a link between high-quality governance and creation of shareholders' value.

The Board is committed to strengthen the Company's governance practices to safeguard the best interests of its shareholders and other stakeholders. In its commitment to sustainable business practice, the Board has endorsed its strategy where sustainability and corporate responsibility forms part of DiGi's business fundamentals. DiGi's sustainability strategy comprises three key focus areas, namely on empowerment through connectivity, ethical and responsible business standards and addressing climate change.

DiGi continues to refine and improve its corporate governance systems. The Board evaluates, and where appropriate, implements relevant proposals with the aim of ensuring that it continues to demonstrate its commitment to good corporate governance, having regard to developments in market practice expectations and regulation.

This Statement explains how the Company has applied the key principles and the extent of its compliance with the best practices set out in the Malaysian Code on Corporate Governance (Revised 2007) (the "Code") for the financial year ended 31 December 2011.

[\(A\) Establish Clear Roles and Responsibilities of the Board and Management](#)

[\(B\) Strengthen Composition of the Board](#)

[\(C\) Reinforce Independence](#)

[\(D\) Foster Commitment](#)

[\(E\) Uphold Integrity In Financial Reporting](#)

[\(F\) Recognise and Manage Risks](#)

[\(G\) Ensure Timely and High Quality Disclosure](#)

[\(H\) Strengthened relationship between Company and shareholders](#)

[\(I\) Board Diversity Policy](#)

(J) Terms of Reference

- [Board](#)
- [Audit & Risk Committee](#)
- [Nomination Committee](#)
- [Remuneration Committee](#)

Key Financial Summary - Quarter

Financial Highlights		2012		2013				2014		
		3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
REVENUE	RM'mln	1,583	1,629	1,647	1,653	1,700	1,733	1,718	1,746	1,756
Service Revenue	RM'mln	1,470	1,492	1,476	1,526	1,553	1,577	1,554	1,568	1,584
Others	RM'mln	112	137	171	127	147	157	164	178	172
EBITDA	RM'mln	715	725	720	747	766	810	778	795	789
EBITDA Margin	%	45%	44%	44%	45%	45%	47%	45%	46%	45%
PBT	RM'mln	406	360	424	494	539	683	654	674	657
Taxation	RM'mln	91	114	95	114	90	135	169	175	170
PAT	RM'mln	315	246	329	380	449	548	485	499	487
TOTAL EQUITY	RM'mln	949	261	396	480	556	661	602	619	608
TOTAL ASSETS	RM'mln	4,708	4,014	3,809	3,923	3,788	3,752	3,629	3,759	3,785
EARNINGS PER SHARE (Basic)	Sen	4.1	3.2	4.2	4.9	5.8	7.1	6.2	6.4	6.3
GROSS DIVIDEND PER SHARE	Sen	12	2.5	3.8	4.8	5.7	7	6.2	6.4	6.2
NET ASSETS PER SHARE	Sen	12	3	5	6	7	9	8	8	8
RETURN ON ASSETS	%	29%	27%	27%	29%	33%	44%	50%	52%	53%
SHARE PRICE										
High	RM	5.35	5.57	5.33	4.85	5.05	5.07	5.43	5.79	5.88
Low	RM	4.19	4.51	4.38	4.45	4.58	4.72	4.56	5.18	5.55
Close	RM	5.28	5.29	4.63	4.76	4.86	4.96	5.39	5.73	5.85

Key Financial Summary - Annual

Financial Highlights		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
REVENUE	RM'mln	4,814	4,910	5,406	5,964	6,361	6,733
EBITDA	RM'mln	2,171	2,125	2,401	2,765	2,929	3,043
EBITDA Margin	%	45%	43%	44%	46%	46%	45%
EBIT	RM'mln	1,535	1,393	1,628	1,597	1,599	2,165
Interest cost	RM'mln	12	41	52	66	52	43
PBT	RM'mln	1,547	1,366	1,597	1,560	1,591	2,140
PAT	RM'mln	1,141	1,000	1,178	1,254	1,206	1,706
CAPEX[1]	RM'mln	1,588	718	720	610	700	741
OPS CASH-FLOW	RM'mln	583	1,406	1,681	2,155	2,229	2,302
TOTAL ASSETS	RM'mln	4,656	4,732	5,137	4,863	4,014	3,752
NON CURRENT LIABILITIES	RM'mln	492	1,185	1,518	859	1,030	657
TOTAL BORROWINGS	RM'mln	398	922	1,077	728	1,080	749
TOTAL EQUITY	RM'mln	1,897	1,521	1,347	1,411	261	661
RETURN ON EQUITY		60.1%	65.7%	87.5%	88.9%	462.1%	258.1%
RETURN ON TOTAL ASSET		24.5%	21.1%	22.9%	25.8%	30.0%	45.5%
EARNINGS PER SHARE[2]	Sen	14.9	12.9	15.2	16.1	15.5	21.9
DIVIDEND PER SHARE[2]	Sen	18.8	17.8	16.3	17.5	26.3	21.3
NET ASSETS PER SHARE[2]	Sen	24.4	19.6	17.3	18.0	3.4	8.5
Gearing ratio (debts/share equity)	(x)	0.2	0.6	0.8	0.5	4.1	1.1
Interest cover	(x)	127.9	34.0	31.3	24.2	30.8	50.3

[1] 2008 capex and ops cash-flow included cost of spectrum

[2] Adjusted for share split