

DiGi.COM BERHAD
Company no. 425190-X
(Incorporated in Malaysia)

22 July 2003

KUALA LUMPUR STOCK EXCHANGE
 9th Floor Exchange Square
 Bukit Kewangan
 50200 Kuala Lumpur

DiGi.COM BERHAD
INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2003

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 1 APR 2003 TO 30 JUN 2003 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 1 APR 2002 TO 30 JUN 2002 RM'000	CURRENT YEAR TO-DATE 1 JAN 2003 TO 30 JUN 2003 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 1 JAN 2002 TO 30 JUN 2002 RM'000
Revenue	398,495	309,634	793,005	597,406
Operating expenses	(244,411)	(200,671)	(475,013)	(383,498)
Depreciation and amortisation	(105,253)	(43,573)	(209,155)	(85,877)
Other operating income	481	528	969	3,176
Profit from operations	49,312	65,918	109,806	131,207
Finance costs	(17,701)	(16,204)	(36,109)	(32,000)
Interest income	1,906	1,033	3,397	1,862
Profit before taxation	33,517	50,747	77,094	101,069
Taxation	(10,465)	(15,000)	(24,135)	(29,000)
Profit after taxation	23,052	35,747	52,959	72,069
Minority interest	-	-	-	-
Net Profit for the period	23,052	35,747	52,959	72,069
Earnings per share (sen)				
- Basic	3.1	4.8	7.1	9.6
- Diluted	NA	NA	NA	NA

(The Condensed Consolidated Income Statements should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 8)

Note : NA denotes "Not Applicable"

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2003

CONDENSED CONSOLIDATED BALANCE SHEETS

	AT 30 JUNE 2003 RM'000	AT 31 DECEMBER 2002 (AUDITED) RM'000
Property, plant and equipment	2,434,555	2,494,506
Intangible asset	44,993	46,963
Deferred expenditure	44,052	43,265
Current assets		
Inventories	10,542	11,101
Trade and other receivables	157,517	167,010
Cash and cash equivalents	285,950	245,672
	454,009	423,783
Current liabilities		
Trade and other payables	491,335	664,606
Deferred revenue	118,701	104,443
Borrowings	120,024	106,138
	730,060	875,187
Net current liabilities	(276,051)	(451,404)
	2,247,549	2,133,330
Financed By :		
Capital and Reserves		
Share capital	750,000	750,000
Reserves	620,574	567,615
Shareholders' funds	1,370,574	1,317,615
Long term liabilities		
Borrowings	842,251	805,441
Deferred tax liability	32,035	7,900
Retirement benefits	2,689	2,374
	2,247,549	2,133,330
Net Tangible Assets Per Share (RM)	1.71	1.64

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 8)

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2003

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2003

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2003	750,000	352,651	214,964	1,317,615
Net profit for the period	-	-	52,959	52,959
At 30 June 2003	<u>750,000</u>	<u>352,651</u>	<u>267,923</u>	<u>1,370,574</u>
At 1 January 2002	750,000	352,651	114,094	1,216,745
Net profit for the period	-	-	72,069	72,069
At 30 June 2002	<u>750,000</u>	<u>352,651</u>	<u>186,163</u>	<u>1,288,814</u>

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 8)

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INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2003

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2003

	RM'000
Cash flows from operating activities	
Profit before taxation	77,094
Adjustments for non-cash flow:	
Non-cash items	210,951
Finance costs	36,109
Interest income	(3,397)
Operating profit before working capital changes	<u>320,757</u>
Changes in working capital:	
Net change in current assets	8,610
Net change in current liabilities	(157,789)
Cash generated from operations	<u>171,578</u>
Finance costs	(38,406)
Net cash generated by operating activities	<u>133,172</u>
Cash flows from investing activities	
Acquisition of property, plant and equipment	(147,258)
Interest income	3,668
Net cash used in investing activities	<u>(143,590)</u>
Cash flows from financing activities	
Proceeds from bank borrowings	90,231
Repayment of bank borrowings	(39,535)
Net cash generated by financing activities	<u>50,696</u>
Net increase in cash and cash equivalents	40,278
Cash and cash equivalents at beginning of year	245,672
Cash and cash equivalents at end of period	<u><u>285,950</u></u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 8)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2003**

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2002.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2002 except for the adoption of a new applicable approved accounting standard, MASB 29 Employee Benefits. The adoption of this new accounting standard does not have any material impact on the financial statements.

A2. Seasonality or Cyclicity of Interim Operations

The operations of the Group were not significantly affected by any seasonal and cyclical factors.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence for the current quarter and financial year-to-date ended 30 June 2003.

A4. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim period of current financial year or in prior financial years that have a material effect in the current quarter and financial year-to-date ended 30 June 2003.

A5. Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year-to-date ended 30 June 2003.

A6. Dividend Paid

No dividend has been paid for the current quarter and financial year-to-date ended 30 June 2003.

A7. Segment Information

Segment information is presented in respect of the Group's business segment. The segment revenue and segment result by business segment for the financial year-to-date ended 30 June 2003 were as follows:

	Mobile RM'000	International RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	679,762	107,108	6,135	-	793,005
Inter-segment *			2,924	(2,924)	-
Total Revenue	<u>679,762</u>	<u>107,108</u>	<u>9,059</u>	<u>(2,924)</u>	<u>793,005</u>
Segment Result	123,786	9,039	(8,379)	-	124,446
Unallocated expenses					(14,640)
Profit from operations					<u>109,806</u>

* Inter-segment pricing carried out in the Group are based on an arms-length basis.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2003**

NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

A8. Property, Plant and Equipment

Significant acquisition of the items of property, plant and equipment for the current quarter and financial year-to-date ended 30 June 2003 is as follows:

Items of property, plant and equipment	Current quarter ended 30 June 2003 RM'000	Current financial year-to-date ended 30 June 2003 RM'000
Telecommunications network: Acquisition - At Cost	57,611	121,861

There is no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

A9. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the current quarter ended 30 June 2003 up to the date of this report.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date ended 30 June 2003 including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

A11. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2002.

A12. Capital Commitments

	Group 30 June 2003 RM'000
Property, plant and equipment:	
Authorised and contracted for	276,000
	<hr style="border-top: 1px solid black;"/>
Authorised but not contracted for	369,000
	<hr style="border-top: 1px solid black;"/>

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2003**

NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

A13. Related Party Transactions

The related party transactions of the Group have been entered into in the normal course of business and have been established under the terms that are no less favorable than those arranged with independent third parties. Other than those inter-company transactions, listed below are those significant transactions and balances with related parties of the Group during the current six months period:

	Transactions for the six months ended 30 June 2003 RM'000	Balance due from/(to) at 30 June 2003 RM'000
<i>With the intermediate holding company</i>		
<i>- Telenor Mobile Communications AS</i>		
Professional and personnel services rendered	3,973	(1,022)
	<hr/>	<hr/>
<i>With a fellow subsidiary company</i>		
<i>- Telenor Global Services AS</i>		
Sales of interconnection services on international traffic	1,271	302
Purchase of interconnection services on international traffic	748	(318)
	<hr/>	<hr/>
<i>With companies in which a Director of the company, Tan Sri Dato' Seri Vincent Tan Chee Yioun is deemed to have an interest</i>		
Berjaya General Insurance Bhd.		
Insurance premiums paid/payable	5,035	(29)
Berjaya Registration Services Sdn. Bhd.		
Printing and mailing services rendered	2,370	(574)
Convenience Shopping Sdn. Bhd.		
Sales of simpack and reload coupons	6,744	781
Cosway (M) Sdn. Bhd.		
Sales of simpack and reload coupons	3,020	532
	<hr/>	<hr/>

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2003**

NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

A14. Comparatives

The following comparatives have been reclassified to conform with the current quarter's and financial year-to-date's presentation:

Condensed Consolidated Income Statements	Preceding year corresponding quarter 1 Apr 2002 to 30 Jun 2002	
	As restated RM'000	As previously reported RM'000
Depreciation and amortisation	43,573	47,166
Finance Costs	16,204	15,986
	<u> </u>	<u> </u>

	Preceding year corresponding period 1 Jan 2002 to 30 Jun 2002	
	As restated RM'000	As previously reported RM'000
Finance Costs	32,000	31,910
	<u> </u>	<u> </u>

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2003**

ADDITIONAL INFORMATION REQUIRED BY THE KLSE'S LISTING REQUIREMENTS

B1. Review of the Performance of the Company and its Principal Subsidiaries

The Group achieved higher revenue of RM793.0 million for the first half year ended 30 June 2003, an increased of 32.7% from RM597.4 million recorded in the previous corresponding period. The higher revenue achieved was mainly contributed by the mobile segment, which was driven by the strong growth in its mobile customer base and the international segment revenue. The better operational performance was reflected by the 46.9% increase in the earnings before interest, tax, depreciation and amortisation ('EBITDA') to RM319.0 million from RM217.1 million recorded in the previous corresponding period. The EBITDA margin improved to 40.2% from 36.3% previously.

The financial results were however impacted by the higher depreciation and amortisation expense arising from the increase in depreciation rates for the affected classes of property, plant and equipment effective since 1 July 2002 in the last financial year. Consequently, the Group's profit before taxation of RM77.1 million for the first half year ended 30 June 2003 was 23.7% lower than the RM101.1 million registered in the previous corresponding period. Accordingly, the Group's profit after taxation of RM53.0 million was 26.5% lower than RM72.1 million recorded in the previous corresponding period while earnings per share was 7.1 sen as compared with 9.6 sen previously.

For the current quarter under review, revenue was 28.7% higher at RM398.5 million as compared with the RM309.6 million achieved in the previous corresponding quarter while EBITDA margin improved to 38.8% from 35.4%. However, as a result of the higher depreciation and amortization expenses as explained above, the Group's profit before taxation fell to RM33.5 million, 34.0% lower than the RM50.7 million achieved in the previous corresponding quarter. The Group's profit after taxation of RM23.1 million was consequently 35.5% lower than the RM35.7 million recorded in the previous corresponding quarter.

B2. Explanatory Comments on Any Material Change in the Profit Before Taxation for the Quarter Reported on as Compared with the Immediate Preceding Quarter

Profit before taxation for the current quarter decreased by 23.1% to RM33.5 million from RM43.6 million registered in the preceding quarter. Lower profit before taxation was mainly attributed to higher sales and marketing expenses arising from aggressive marketing and promotional activities even though revenue is marginally higher at RM398.5 million as compared with the RM394.5 million recorded in the preceding quarter.

B3. Prospects For The Remaining Quarters Up To 31 December 2003

Although the current economic environment appears to be improving, greater challenges are anticipated with more intense competition in the market, especially for the prepaid mobile segment.

Nevertheless, the Group will continue to focus on increasing its customer base and the revenue by leveraging on its improved network quality, capacity and coverage and delivering value added services. Barring any unforeseen circumstances, the Directors expect the results of the Group for the remaining quarters up to 31 December 2003 to be good.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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**ADDITIONAL INFORMATION REQUIRED BY THE KLSE'S LISTING REQUIREMENTS –
CONT'D**

B4. Explanatory Notes for Variance of Actual Profit from Forecast Profit/ Profit Guarantee
Not applicable.

B5. Taxation
The taxation charge for the current quarter and financial year-to-date ended 30 June 2003 is made up as follows:

	Current quarter ended 30 June 2003 RM'000	Current financial year-to-date ended 30 June 2003 RM'000
Current tax expense	-	-
Deferred tax expense	10,465	24,135
Total	10,465	24,135

There was no current tax expense for the current quarter and financial year-to-date ended 30 June 2003 as the taxable income was absorbed by brought forward capital allowances.

The effective tax rate for the current quarter and financial year-to-date ended 30 June 2003 of 31.2% and 31.3% respectively were higher than the statutory tax rate of 28.0% as certain expenses and provisions were not deductible for tax purposes.

B6. Profits/(Losses) on Sale of Unquoted Investments and/or Properties
There were no profits/(losses) on sale of investments and properties included in the results for the current quarter and financial year-to-date ended 30 June 2003.

B7. Quoted Securities
There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date ended 30 June 2003. There was no investment in quoted shares as at 30 June 2003.

B8. Status of Corporate Proposals
There was no corporate proposal announced but not completed in the interval from the date of the last quarterly report and the date of this announcement.

B9. Group Borrowings
Details of Group Borrowings are as follows:

Borrowings	30 June 2003 RM'000
<u>Secured</u>	
Short term : Denominated in Ringgit Malaysia	70,624
Short term : Denominated in US Dollar	49,400
	120,024
<u>Secured</u>	
Long term : Denominated in Ringgit Malaysia	743,451
Long term : Denominated in US Dollar	98,800
	842,251
Total	962,275

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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**ADDITIONAL INFORMATION REQUIRED BY THE KLSE'S LISTING REQUIREMENTS –
CONT'D**

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments entered into by the Group as at the date of this report.

B11. Material Litigation

There was no pending material litigation as at the date of this report.

B12. Dividends

No interim dividend has been recommended for the current quarter ended 30 June 2003.

B13. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year-to-date ended 30 June 2003 has been calculated based on the net profit attributable to ordinary shareholders of RM23,052,000 and RM52,959,000 respectively and the weighted average number of ordinary shares outstanding during the quarter and financial year-to-date of 750,000,000.

Diluted Earnings Per Share

Not applicable.

c.c Securities Commission