

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

12 February 2004

MALAYSIA SECURITIES EXCHANGE BERHAD
 9th Floor Exchange Square
 Bukit Kewangan
 50200 Kuala Lumpur

DiGi.COM BERHAD
INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|----------------------------------|----------------------------------|--|----------------------------------|---|
| | CURRENT YEAR QUARTER 31 DEC 2003 | PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2002 | CURRENT YEAR TO-DATE 31 DEC 2003 | PRECEDING YEAR CORRESPONDING PERIOD 31 DEC 2002 (AUDITED) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 486,326 | 369,724 | 1,713,529 | 1,289,564 |
| Operating expenses | (274,294) | (211,533) | (1,016,545) | (808,528) |
| Depreciation and amortisation | (112,775) | (109,832) | (430,506) | (281,008) |
| Other operating income | 448 | 517 | 1,919 | 4,428 |
| Profit from operations | 99,705 | 48,876 | 268,397 | 204,456 |
| Finance costs | (20,597) | (16,125) | (74,507) | (62,937) |
| Interest income | 2,323 | 1,413 | 7,646 | 4,251 |
| Profit before taxation | 81,431 | 34,164 | 201,536 | 145,770 |
| Taxation | (25,367) | (11,300) | (59,313) | (44,900) |
| Profit after taxation | 56,064 | 22,864 | 142,223 | 100,870 |
| Minority interest | - | - | - | - |
| Net Profit for the period | 56,064 | 22,864 | 142,223 | 100,870 |
| Earnings per share (sen) | | | | |
| - Basic | 7.5 | 3.0 | 19.0 | 13.4 |
| - 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 FOURTH QUARTER
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CONDENSED CONSOLIDATED BALANCE SHEETS

| | AT 31 DECEMBER 2003 | AT 31 DECEMBER 2002 (AUDITED) |
|---|------------------------|-------------------------------------|
| | RM'000 | RM'000 |
| Property, plant and equipment | 2,629,501 | 2,494,506 |
| Intangible asset | 43,022 | 46,963 |
| Deferred expenditure | 35,674 | 43,265 |
| Current assets | | |
| Inventories | 14,066 | 11,101 |
| Trade and other receivables | 186,653 | 167,010 |
| Cash and cash equivalents | 338,516 | 245,672 |
| | <u>539,235</u> | <u>423,783</u> |
| Current liabilities | | |
| Trade and other payables | 712,015 | 664,606 |
| Deferred revenue | 123,611 | 104,443 |
| Borrowings | 201,933 | 106,138 |
| | <u>1,037,559</u> | <u>875,187</u> |
| Net current liabilities | <u>(498,324)</u> | <u>(451,404)</u> |
| | <u>2,209,873</u> | <u>2,133,330</u> |
| Financed By : | | |
| Capital and Reserves | | |
| Share capital | 750,000 | 750,000 |
| Reserves | 709,838 | 567,615 |
| Shareholders' funds | <u>1,459,838</u> | <u>1,317,615</u> |
| Long term liabilities | | |
| Borrowings | 679,853 | 805,441 |
| Deferred tax liability | 67,196 | 7,900 |
| Retirement benefits | 2,986 | 2,374 |
| | <u>2,209,873</u> | <u>2,133,330</u> |
| Net Tangible Assets Per Share (RM) | <u>1.84</u> | <u>1.64</u> |

(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 FOURTH QUARTER
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year | - | - | 142,223 | 142,223 |
| At 31 December 2003 | <u>750,000</u> | <u>352,651</u> | <u>357,187</u> | <u>1,459,838</u> |
| At 1 January 2002 | 750,000 | 352,651 | 114,094 | 1,216,745 |
| Net profit for the year | - | - | 100,870 | 100,870 |
| At 31 December 2002 | <u>750,000</u> | <u>352,651</u> | <u>214,964</u> | <u>1,317,615</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 FOURTH QUARTER
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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

| | 31 DECEMBER 2003 | 31 DECEMBER 2002 |
|---|-------------------------|-----------------------------|
| | RM'000 | (AUDITED) RM'000 |
| Cash flows from operating activities | | |
| Profit before taxation | 201,536 | 145,770 |
| Adjustments for non-cash flow: | | |
| Non-cash items | 433,941 | 283,917 |
| Finance costs | 74,507 | 62,937 |
| Interest income | (7,646) | (4,251) |
| Operating profit before working capital changes | 702,338 | 488,373 |
| Changes in working capital: | | |
| Net change in current assets | (25,249) | (34,644) |
| Net change in current liabilities | 77,294 | 359,930 |
| Cash generated from operations | 754,383 | 813,659 |
| Finance costs | (77,952) | (79,297) |
| Tax paid | (17) | - |
| Net cash generated by operating activities | 676,414 | 734,362 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (562,814) | (794,506) |
| Interest income | 7,687 | 4,189 |
| Proceed from disposal of property, plant and equipment | 1,350 | 741 |
| Net cash used in investing activities | (553,777) | (789,576) |
| Cash flows from financing activities | | |
| Proceeds from bank borrowings | 90,231 | 192,623 |
| Repayment of bank borrowings | (120,024) | (49,400) |
| Net cash (used in)/generated by financing activities | (29,793) | 143,223 |
| Net increase in cash and cash equivalents | 92,844 | 88,009 |
| Cash and cash equivalents at beginning of year | 245,672 | 157,663 |
| Cash and cash equivalents at end of year | 338,516 | 245,672 |

(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 FOURTH QUARTER
AND THE FINANCIAL YEAR ENDED 31 DECEMBER 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 ended 31 December 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 ended 31 December 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 ended 31 December 2003.

A6. Dividend Paid

No dividend has been paid for the current quarter and financial year ended 31 December 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 ended 31 December 2003 were as follows:

| | Mobile RM'000 | International RM'000 | Others RM'000 | Elimination RM'000 | Consolidated RM'000 |
|-------------------------------|------------------|-------------------------|------------------|-----------------------|------------------------|
| Revenue | | | | | |
| External | 1,464,953 | 235,942 | 12,634 | - | 1,713,529 |
| Inter-segment * | | | 5,784 | (5,784) | - |
| Total Revenue | 1,464,953 | 235,942 | 18,418 | (5,784) | 1,713,529 |
| Segment Result | 283,254 | 25,895 | (8,732) | - | 300,417 |
| Unallocated expenses | | | | | (32,020) |
| Profit from operations | | | | | 268,397 |

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

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND THE FINANCIAL YEAR ENDED 31 DECEMBER 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 ended 31 December 2003 is as follows:

| Items of property, plant and equipment | Current year quarter 31 December 2003 RM'000 | Current year to-date 31 December 2003 RM'000 |
|--|--|--|
| Telecommunications network: Acquisition - At Cost | 281,407 | 505,846 |

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 31 December 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 ended 31 December 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 31 December 2003 RM'000 |
|---------------------------------------|--|
| Property, plant and equipment: | |
| Authorised and contracted for | 109,000 |
| Authorised but not contracted for | 183,000 |

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND THE FINANCIAL YEAR ENDED 31 DECEMBER 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 financial year:

| | Transactions for the financial year ended 31 December 2003 RM'000 | Balance due from/(to) at 31 December 2003 RM'000 |
|---|--|---|
| <i>With the intermediate holding company</i> | | |
| <i>- Telenor Mobile Communications AS</i> | | |
| Professional and personnel services rendered | 4,534 | (324) |
| | <u> </u> | <u> </u> |
| <i>With fellow subsidiary companies</i> | | |
| <i>- Telenor Global Services AS</i> | | |
| Sales of interconnection services on international traffic | 2,620 | 249 |
| Purchase of interconnection services on international traffic | 1,172 | - |
| <i>- Telenor Consult AS</i> | | |
| Personnel services rendered | 3,601 | (666) |
| | <u> </u> | <u> </u> |
| <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 | 6,160 | (52) |
| Berjaya Registration Services Sdn. Bhd. | | |
| Printing and mailing services rendered | 3,494 | (583) |
| Convenience Shopping Sdn. Bhd. | | |
| Sales of prepaid cards and reload coupons | 16,668 | 2,837 |
| Cosway (M) Sdn. Bhd. | | |
| Sales of prepaid cards and reload coupons | 6,492 | 1,068 |
| MOL AccessPortal Bhd. | | |
| Sales of prepaid cards and soft pins | 3,260 | 201 |
| Pentagon Engineering Sdn. Bhd. | | |
| Construction of transmission towers and sites | 5,639 | (2,914) |

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NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

A13. Related Party Transactions – cont'd

| | Transactions for the financial year ended 31 December 2003 RM'000 | Balance due from/(to) at 31 December 2003 RM'000 |
|---|--|---|
| Roda Indah Motors Sdn. Bhd. Purchase of motor vehicles | <u>1,648</u> | <u>(639)</u> |

A14. Comparatives

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

| | Preceding year corresponding quarter 31 December 2002 | |
|---|--|-------------------------------------|
| Condensed Consolidated Income Statements | As restated RM'000 | As previously reported RM'000 |
| Operating expenses | 211,533 | 212,941 |
| Finance costs | 16,125 | 14,717 |
| | <u> </u> | <u> </u> |

| | Preceding year corresponding period 31 December 2002 | |
|--------------------|---|-------------------------------------|
| | As restated RM'000 | As previously reported RM'000 |
| Operating expenses | 808,528 | 810,871 |
| Finance costs | 62,937 | 60,594 |
| | <u> </u> | <u> </u> |

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2003**

ADDITIONAL INFORMATION REQUIRED BY THE MSEB LISTING REQUIREMENTS

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

The Group achieved profit before taxation of RM201.5 million for the financial year ended 31 December 2003, representing an improvement of 38.3% over the RM145.8 million recorded in the previous year. Higher profit before taxation was largely attributed to the 32.9% increase in revenue to RM1,713.5 million from RM1,289.6 million recorded previously.

Consequently, the Group registered a 41.0% increase in profit after taxation to RM142.2 million from the RM100.9 million recorded in the previous year while earnings per share improved to 19.0 sen as compared with 13.4 sen previously.

Higher revenue was mainly contributed by the mobile and international segments. Higher mobile revenue was spurred by the 36.6% growth in its mobile customer base to 2.21 million and higher interconnect revenue. The higher revenue was partially offset by higher operating expenses (in particular, direct costs and sales and marketing expenses) as well as higher depreciation and amortisation expense arising mainly 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.

For the current quarter under review, profit before taxation increased to RM81.4 million from RM34.2 million recorded in the previous corresponding quarter. This was mainly attributed to the 31.5% increase in revenue to RM486.3 million compared with RM369.7 million recorded previously while earnings before interest, tax, depreciation and amortisation (EBITDA) margin improved slightly to 43.7% from 42.9%. The improved performance was also partly attributed to the new interconnection rates which were finalised in the current quarter with retrospective effect from 1 July 2003. After deducting a tax charge of RM25.4 million, the Group achieved profit after taxation of RM56.1 million as compared with RM22.9 million registered previously.

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 increased by 89.3% to RM81.4 million from RM43.0 million registered in the preceding quarter. This was mainly contributed by the 12.0% increase in revenue to RM486.3 million from RM434.2 million recorded in the preceding quarter while partially offset by higher operating expenses (in particular sales and marketing expenses) as well as higher depreciation and amortisation.

The increased revenue for the current quarter was mainly boosted by the 7.4% increase in its mobile customer base to 2.21 million and partly attributed to the new interconnection rates as explained in Note B1 above.

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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**ADDITIONAL INFORMATION REQUIRED BY THE MSEB LISTING REQUIREMENTS –
CONT'D**

B3. Prospects For The Next Financial Year Ending 31 December 2004

The penetration rate for the mobile sector in the telecommunication industry is projected to increase further in 2004 as demand for such services is expected to drive the growth. The prospect is expected to be positive as the Group will further strengthen its competitive position with continued focus on delivering simple, attractive and easy to use mobile products and services.

The Group will also continue with its ongoing cost efficient investment program for service quality improvement and coverage expansion. Barring any unforeseen circumstances, the Directors expect the results of the Group for 2004 to further improve.

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 ended 31 December 2003 is made up as follows:

| | Current year quarter 31 December 2003 RM'000 | Current year to-date 31 December 2003 RM'000 |
|-----------------------------|---|---|
| Current tax expense | | |
| - current | - | - |
| - prior year underprovision | - | 17 |
| | - | 17 |
| Deferred tax expense | | |
| - current | 25,367 | 62,796 |
| - prior year overprovision | - | (3,500) |
| | 25,367 | 59,296 |
| Total | 25,367 | 59,313 |

There was no current tax expense for the current quarter and financial year ended 31 December 2003 as the taxable income was absorbed by brought forward capital allowances.

The effective tax rate of 31.2% for both the current quarter and financial year ended 31 December 2003 was 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 ended 31 December 2003.

B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial year ended 31 December 2003. There was no investment in quoted shares as at 31 December 2003.

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**ADDITIONAL INFORMATION REQUIRED BY THE MSEB LISTING REQUIREMENTS –
CONT'D**

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 | 31 December 2003 RM'000 |
|--|------------------------------------|
| <u>Secured</u> | |
| Short term : Denominated in Ringgit Malaysia | 152,533 |
| Short term : Denominated in US Dollar | 49,400 |
| | 201,933 |
| <u>Secured</u> | |
| Long term : Denominated in Ringgit Malaysia | 605,753 |
| Long term : Denominated in US Dollar | 74,100 |
| | 679,853 |
| Total | 881,786 |

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 31 December 2003.

B13. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year ended 31 December 2003 has been calculated based on the net profit attributable to ordinary shareholders of RM56,064,000 and RM142,223,000 respectively and the weighted average number of ordinary shares outstanding during the quarter and financial year of 750,000,000.

Diluted Earnings Per Share

Not applicable.

c.c Securities Commission