

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

Date: 22 July 2004

**Subject: INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2004**

<u>Table of contents</u>	<u>Page</u>
Condensed Consolidated Income Statements	1
Condensed Consolidated Balance Sheets	2
Condensed Consolidated Statements of Changes in Equity	3
Condensed Consolidated Cash Flow Statements	4
Notes to the Interim Financial Report	5 - 7
Additional information required by the Bursa Malaysia Securities Listing Requirements ("Bursa Securities LR")	8 - 10

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2004**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUN 2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUN 2003 RM'000	CURRENT YEAR TO-DATE 30 JUN 2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUN 2003 RM'000
Revenue	533,447	398,495	1,050,505	793,005
Operating expenses	(306,628)	(244,411)	(590,162)	(475,013)
Depreciation and amortisation	(115,140)	(105,253)	(230,745)	(209,155)
Other operating income	513	481	1,246	969
Profit from operations	112,192	49,312	230,844	109,806
Finance costs	(20,025)	(17,701)	(37,232)	(36,109)
Interest income	2,846	1,906	4,784	3,397
Profit before taxation	95,013	33,517	198,396	77,094
Taxation	(28,666)	(10,465)	(58,709)	(24,135)
Profit after taxation	66,347	23,052	139,687	52,959
Minority interest	-	-	-	-
Net Profit for the period	66,347	23,052	139,687	52,959
Earnings per share (sen)				
- Basic	8.8	3.1	18.6	7.1
- 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 7)

Note : NA denotes "Not Applicable"

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2004**

CONDENSED CONSOLIDATED BALANCE SHEETS

	AT 30 JUNE 2004 RM'000	AT 31 DECEMBER 2003 (AUDITED) RM'000
Property, plant and equipment	2,546,584	2,629,501
Intangible asset	41,052	43,022
Deferred expenditure	26,604	35,674
Current assets		
Inventories	11,047	14,066
Trade and other receivables	180,294	186,653
Cash and cash equivalents	466,660	338,516
	<u>658,001</u>	<u>539,235</u>
Current liabilities		
Trade and other payables	614,815	712,015
Deferred revenue	141,023	123,611
Borrowings	220,084	201,933
	<u>975,922</u>	<u>1,037,559</u>
Net current liabilities	<u>(317,921)</u>	<u>(498,324)</u>
	<u>2,296,319</u>	<u>2,209,873</u>
Financed By :		
Capital and Reserves		
Share capital	750,000	750,000
Reserves	849,525	709,838
Shareholders' funds	<u>1,599,525</u>	<u>1,459,838</u>
Long term liabilities		
Borrowings	567,562	679,853
Deferred tax liability	125,905	67,196
Retirement benefits	3,327	2,986
	<u>2,296,319</u>	<u>2,209,873</u>
Net Tangible Assets Per Share (RM)	<u>2.04</u>	<u>1.84</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 7)

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2004**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2004**

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2004	750,000	352,651	357,187	1,459,838
Net profit for the period	-	-	139,687	139,687
At 30 June 2004	<u>750,000</u>	<u>352,651</u>	<u>496,874</u>	<u>1,599,525</u>
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>

(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 7)

DiGi.COM BERHAD
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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2004**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2004**

	PERIOD ENDED 30 JUNE 2004 RM'000	PERIOD ENDED 30 JUNE 2003 RM'000
Cash flows from operating activities		
Profit before taxation	198,396	77,094
Adjustments for non-cash flow:		
Non-cash items	231,174	210,951
Finance costs	37,232	36,109
Interest income	(4,784)	(3,397)
Operating profit before working capital changes	<u>462,018</u>	<u>320,757</u>
Changes in working capital:		
Net change in current assets	8,547	8,610
Net change in current liabilities	(79,322)	(157,789)
Cash generated from operations	<u>391,243</u>	<u>171,578</u>
Finance costs	(28,106)	(38,406)
Net cash generated by operating activities	<u>363,137</u>	<u>133,172</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(146,065)	(147,258)
Interest income	5,116	3,668
Proceeds from disposal of property, plant and equipment	97	-
Net cash used in investing activities	<u>(140,852)</u>	<u>(143,590)</u>
Cash flows from financing activities		
Proceeds from bank borrowings	-	90,231
Repayment of bank borrowings	(94,141)	(39,535)
Net cash (used in)/generated by financing activities	<u>(94,141)</u>	<u>50,696</u>
Net increase in cash and cash equivalents	128,144	40,278
Cash and cash equivalents at beginning of year	338,516	245,672
Cash and cash equivalents at end of period	<u>466,660</u>	<u>285,950</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 7)

DiGi.COM BERHAD
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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2004**

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 2003.

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 2003.

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 2004.

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 2004.

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 2004.

A6. Dividend Paid

No dividend has been paid for the current quarter and financial year-to-date ended 30 June 2004.

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 2004 were as follows:

	Mobile RM'000	International RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	902,264	141,739	6,502	-	1,050,505
Inter-segment *	-	-	1,267	(1,267)	-
Total Revenue	<u>902,264</u>	<u>141,739</u>	<u>7,769</u>	<u>(1,267)</u>	<u>1,050,505</u>
Segment Result	210,495	36,182	551	-	247,228
Unallocated expenses					(16,384)
Profit from operations					<u>230,844</u>

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

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2004**

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 2004 is as follows:

Items of property, plant and equipment	Current year quarter 30 June 2004 RM'000	Current year-to-date 30 June 2004 RM'000
Acquisition - At Cost		
Telecommunications network	75,051	119,773
Computer systems	13,211	23,426

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 2004 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 2004 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 2003.

A12. Capital Commitments

	Group 30 June 2004 RM'000
Property, plant and equipment:	
Authorised and contracted for	201,000
	<hr style="border-top: 3px double black;"/>
Authorised but not contracted for	185,000
	<hr style="border-top: 3px double black;"/>

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2004**

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 2004 RM'000	Balance due from/(to) at 30 June 2004 RM'000
<i>With fellow subsidiary companies</i>		
- <i>Telenor Global Services AS</i>		(105)
Sales of interconnection services on international traffic	817	
Purchase of interconnection services on international traffic	628	
- <i>Telenor Consult AS</i>		
Personnel services rendered	3,310	(448)
	_____	_____
<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>		
- <i>Berjaya General Insurance Bhd.</i>		
Insurance premiums paid/payable	5,196	(50)
- <i>Berjaya Registration Services Sdn. Bhd.</i>		
Printing and mailing services rendered	2,032	(779)
- <i>Convenience Shopping Sdn. Bhd.</i>		
Sales of prepaid cards and reload coupons	15,418	1,623
- <i>Cosway (M) Sdn. Bhd.</i>		
Sales of prepaid cards and reload coupons	2,925	1,068
- <i>MOL AccessPortal Bhd.</i>		
Sales of prepaid cards and soft pins	1,152	414
- <i>Pentagon Engineering Sdn. Bhd.</i>		
Construction costs for transmission towers and sites	5,762	(2,855)
	_____	_____

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

The Group's profit before taxation for the first half year ended 30 June 2004 of RM198.4 million was RM121.3 million or 157.3% higher than the RM77.1 million recorded in the previous corresponding period. Higher profit before taxation was largely attributed to the 32.5% increase in revenue to RM1.05 billion from RM793.0 million recorded previously. The higher revenue achieved was mainly contributed by the mobile segment, which was driven by the strong growth in its mobile customer base to 2.59 million, and the international segment revenue. The better operational performance was also reflected by the 44.7% increase in the earnings before interest, tax, depreciation and amortisation ('EBITDA') to RM461.6 million from RM319.0 million recorded in the previous corresponding period. The EBITDA margin improved to 43.9% from 40.2% previously.

Consequently, the Group's profit after taxation of RM139.7 million was RM86.7 million or 163.8% higher than the RM53.0 million recorded in the previous corresponding period while earnings per share improved to 18.6 sen as compared with 7.1 sen previously.

For the current quarter under review, revenue was 33.9% higher at RM533.4 million as compared with the RM398.5 million achieved in the previous corresponding quarter while EBITDA margin improved to 42.6% from 38.8%. The Group's profit after taxation of RM66.3 million was 187.8% higher than the RM23.0 million reported in previous corresponding quarter. Earnings per share improved to 8.8 sen from 3.1 sen previously. The strong performance for the current quarter was also mainly contributed by the overall growth in its mobile and international segments.

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

Although revenue for the current quarter increased by 3.2% to RM533.4 million as compared with RM517.1 million recorded in the preceding quarter, the Group's profit before taxation for the current quarter declined by RM8.4 million or 8.1% to RM95.0 million from RM103.4 million in the preceding quarter. The lower profit before taxation was attributed mainly to: i) higher sales and marketing costs arising from aggressive marketing activities, higher prepaid sales and higher growth in mobile postpaid customers; and ii) higher network operation and maintenance costs.

B3. Prospects For The Remaining Quarters Up To 31 December 2004

Further growth in mobile sector of the telecommunications industry is expected to be driven by the intensifying competition amongst the mobile operators. The prospect is expected to remain positive as the Group will continue to focus on delivering simple, attractive and easy to use high quality mobile products and services.

The Group will also focus on its ongoing cost efficient investment program to continue delivering high service quality and coverage expansion. Barring any unforeseen circumstances, the Directors expect the results of the Group to be good for the rest of 2004.

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2004**

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR – 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 2004 is made up as follows:

	Current year quarter 30 June 2004 RM'000	Current year-to-date 30 June 2004 RM'000
Current tax expense	-	-
Deferred tax expense	28,666	58,709
Total	28,666	58,709

There was no current tax expense for the current quarter and financial year-to-date ended 30 June 2004 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 2004 of 30.2% and 29.6% 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 2004.

B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date ended 30 June 2004. There was no investment in quoted shares as at 30 June 2004.

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.

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2004**

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR – CONT'D

B9. Group Borrowings

Details of Group Borrowings are as follows:

Borrowings	30 June 2004 RM'000
<u>Secured</u>	
Short term : Denominated in Ringgit Malaysia	170,684
Short term : Denominated in US Dollar	49,400
	220,084
<u>Secured</u>	
Long term : Denominated in Ringgit Malaysia	518,162
Long term : Denominated in US Dollar	49,400
	567,562
Total	787,646

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 2004.

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 2004 has been calculated based on the net profit attributable to ordinary shareholders of RM66,347,000 and RM139,687,000 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