

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

**Date: 26 October 2004**

**Subject: INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
AND NINE MONTHS ENDED 30 SEPTEMBER 2004**

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
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**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	<b>INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30 SEP 2004 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING QUARTER 30 SEP 2003 RM'000</b>	<b>CUMULATIVE QUARTER CURRENT YEAR TO-DATE 30 SEP 2004 RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 30 SEP 2003 RM'000</b>
<b>Revenue</b>	<b>576,860</b>	<b>434,198</b>	<b>1,627,365</b>	<b>1,227,203</b>
Operating expenses	(327,647)	(267,238)	(917,809)	(742,251)
Depreciation and amortisation	(117,624)	(108,576)	(348,369)	(317,731)
Other operating income	461	502	1,707	1,471
<b>Profit from operations</b>	<b>132,050</b>	<b>58,886</b>	<b>362,894</b>	<b>168,692</b>
Finance costs	(21,531)	(17,801)	(58,763)	(53,910)
Interest income	3,359	1,926	8,143	5,323
<b>Profit before taxation</b>	<b>113,878</b>	<b>43,011</b>	<b>312,274</b>	<b>120,105</b>
Taxation	(31,358)	(9,811)	(90,067)	(33,946)
<b>Profit after taxation</b>	<b>82,520</b>	<b>33,200</b>	<b>222,207</b>	<b>86,159</b>
Minority interest	-	-	-	-
<b>Net Profit for the period</b>	<b>82,520</b>	<b>33,200</b>	<b>222,207</b>	<b>86,159</b>
Earnings per share (sen)				
- Basic	11.0	4.4	29.6	11.5
- 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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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	AT 30 SEPTEMBER 2004 RM'000	AT 31 DECEMBER 2003 (AUDITED) RM'000
<b>Property, plant and equipment</b>	2,558,873	2,629,501
<b>Intangible asset</b>	40,067	43,022
<b>Deferred expenditure</b>	18,348	35,674
<b>Current assets</b>		
Inventories	13,870	14,066
Trade and other receivables	194,188	186,653
Cash and cash equivalents	513,994	338,516
	722,052	539,235
<b>Current liabilities</b>		
Trade and other payables	602,073	712,015
Deferred revenue	146,348	123,611
Borrowings	222,584	201,933
	971,005	1,037,559
<b>Net current liabilities</b>	(248,953)	(498,324)
	2,368,335	2,209,873
<b>Financed By :</b>		
<b>Capital and Reserves</b>		
Share capital	750,000	750,000
Reserves	932,045	709,838
<b>Shareholders' funds</b>	1,682,045	1,459,838
<b>Long term liabilities</b>		
Borrowings	525,527	679,853
Deferred tax liability	157,263	67,196
Retirement benefits	3,500	2,986
	2,368,335	2,209,873
<b>Net Tangible Assets Per Share (RM)</b>	2.16	1.84

(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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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2004**

	<b>Share Capital RM'000</b>	<b>Non- Distributable Share Premium RM'000</b>	<b>Distributable Retained Profits RM'000</b>	<b>Total RM'000</b>
At 1 January 2004	750,000	352,651	357,187	1,459,838
Net profit for the period	-	-	222,207	222,207
At 30 September 2004	<u>750,000</u>	<u>352,651</u>	<u>579,394</u>	<u>1,682,045</u>
At 1 January 2003	750,000	352,651	214,964	1,317,615
Net profit for the period	-	-	86,159	86,159
At 30 September 2003	<u>750,000</u>	<u>352,651</u>	<u>301,123</u>	<u>1,403,774</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 THIRD QUARTER  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2004**

	<b>PERIOD ENDED 30 SEPTEMBER 2004 RM'000</b>	<b>PERIOD ENDED 30 SEPTEMBER 2003 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	312,274	120,105
Adjustments for non-cash flow:		
Non-cash items	348,594	319,579
Finance costs	58,763	53,910
Interest income	(8,143)	(5,323)
Operating profit before working capital changes	711,488	488,271
Changes in working capital:		
Net change in current assets	(8,350)	(7,853)
Net change in current liabilities	(96,023)	(119,053)
<b>Cash generated from operations</b>	607,115	361,365
Finance costs	(34,947)	(67,835)
Tax paid	-	(17)
<b>Net cash generated by operating activities</b>	572,168	293,513
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(271,987)	(274,406)
Interest income	8,502	5,619
Proceeds from disposal of property, plant and equipment	470	148
<b>Net cash used in investing activities</b>	(263,015)	(268,639)
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	-	90,231
Repayment of bank borrowings	(133,675)	(79,070)
<b>Net cash (used in)/generated by financing activities</b>	(133,675)	11,161
<b>Net increase in cash and cash equivalents</b>	175,478	36,035
<b>Cash and cash equivalents at beginning of year</b>	338,516	245,672
<b>Cash and cash equivalents at end of period</b>	513,994	281,707

(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 THIRD QUARTER  
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**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. Auditors' Report on Preceding Annual Financial Statements**

The latest audited financial statements for the financial year ended 31 December 2003 were not subject to any qualification.

**A3. Seasonality or Cyclicity of Interim Operations**

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

**A4. 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 September 2004.

**A5. 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 September 2004.

**A6. 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 September 2004.

**A7. Dividend Paid**

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

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**NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D**

**A8. 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 September 2004 were as follows:

	<b>Mobile RM'000</b>	<b>International RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External	1,406,589	211,149	9,627	-	1,627,365
Inter-segment *	-	-	2,026	(2,026)	-
<b>Total Revenue</b>	<u>1,406,589</u>	<u>211,149</u>	<u>11,653</u>	<u>(2,026)</u>	<u>1,627,365</u>
<b>Segment Result</b>	331,144	57,806	68	(23)	388,995
Unallocated expenses					(26,101)
<b>Profit from operations</b>					<u>362,894</u>

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

**A9. 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 September 2004 is as follows:

<b>Items of property, plant and equipment</b>	<b>Current year quarter 30 September 2004 RM'000</b>	<b>Current year-to-date 30 September 2004 RM'000</b>
Acquisition - At Cost		
Telecommunications network	103,395	223,595
Computer systems	20,605	44,031

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.

**A10. Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the current quarter ended 30 September 2004 up to the date of this report.

**A11. 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 September 2004 including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

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**NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D**

**A12. 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.

**A13. Capital Commitments**

	<b>Group 30 September 2004 RM'000</b>
<b>Property, plant and equipment:</b>	
Authorised and contracted for	<u>169,000</u>
Authorised but not contracted for	<u>130,000</u>

**A14. 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 nine months period:

	<b>Transactions for the nine months ended 30 September 2004 RM'000</b>	<b>Balance due from/(to) at 30 September 2004 RM'000</b>
<i>With fellow subsidiary companies</i>		
<i>- Telenor Global Services AS</i>		
Sales of interconnection services on international traffic	1,070	(133)
Purchase of interconnection services on international traffic	1,011	
<i>- Telenor Consult AS</i>		
Personnel services rendered	4,385	(415)



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**NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D**

**A14. Related Party Transactions – cont'd**

	Transactions for the nine months ended 30 September 2004 RM'000	Balance due from/(to) at 30 September 2004 RM'000
<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	5,224	(12)
- <i>Berjaya Registration Services Sdn. Bhd.</i> Printing and mailing services rendered	3,315	(387)
- <i>Convenience Shopping Sdn. Bhd.</i> Sales of prepaid cards and reload coupons	23,889	3,052
- <i>Cosway (M) Sdn. Bhd.</i> Sales of prepaid cards and reload coupons	4,262	1,070
- <i>MOL AccessPortal Bhd.</i> Sales of prepaid cards and soft pins	1,925	179
- <i>Pentagon Engineering Sdn. Bhd.</i> Construction costs for transmission towers and sites	6,161	(1,056)
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**INTERIM FINANCIAL REPORT FOR THE THIRD 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 nine months ended 30 September 2004 of RM312.3 million was RM192.2 million or 160.0% higher than the RM120.1 million recorded in the previous corresponding period. Higher profit before taxation was largely attributed to the 32.6% increase in revenue to RM1.63 billion from RM1.23 billion 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 2.81 million, and the international segment revenue. The better operational performance was also reflected by the 46.2% increase in the earnings before interest, tax, depreciation and amortisation ('EBITDA') to RM711.3 million from RM486.4 million recorded in the previous corresponding period. EBITDA margin surged to 43.7% from 39.6% previously.

Consequently, the Group's profit after taxation of RM222.2 million was RM136.0 million or 157.9% higher than the RM86.2 million recorded in the previous corresponding period while earnings per share improved to 29.6 sen as compared with 11.5 sen previously.

For the current quarter under review, revenue was 32.9% higher at RM576.9 million as compared with the RM434.2 million achieved in the previous corresponding quarter while EBITDA margin improved to 43.3% from 38.6%. The Group's profit after taxation of RM82.5 million was 148.6% higher than the RM33.2 million reported in previous corresponding quarter. Earnings per share improved to 11.0 sen from 4.4 sen previously. The strong performance for the current quarter was 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**

Profit before taxation for the current quarter increased by RM18.9 million or 19.9% to RM113.9 million from RM95.0 million registered in the preceding quarter. This was mainly contributed by the 8.1% increase in revenue to RM576.9 million from RM533.4 million recorded in the preceding quarter as a result of the expanded mobile customer base.

**B3. Prospects For The Remaining Quarter 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 is well-positioned for further growth. The Group will continue to focus on delivering simple, attractive and easy to use high quality mobile products and services that are of clear relevance to customers.

The Group will be actively pursuing with its plan to optimise and expand its 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 THIRD QUARTER  
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**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 September 2004 is made up as follows:

	<b>Current year quarter 30 September 2004 RM'000</b>	<b>Current year-to-date 30 September 2004 RM'000</b>
Current tax expense	-	-
Deferred tax expense		
- current	33,401	92,110
- prior year overprovision	(2,043)	(2,043)
	31,358	90,067
<b>Total</b>	<b>31,358</b>	<b>90,067</b>

There was no current tax expense for the current quarter and financial year-to-date ended 30 September 2004 due to utilisation of unabsorbed capital allowances and business tax losses brought forward.

The effective tax rate, excluding the impact of the prior year overprovision of deferred tax, for the current quarter and financial year-to-date ended 30 September 2004 of 29.3% and 29.5% 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 September 2004.

**B7. Quoted Securities**

There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date ended 30 September 2004. There was no investment in quoted shares as at 30 September 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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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR – CONT'D**

**B9. Group Borrowings**

Details of Group Borrowings are as follows:

<b>Borrowings</b>	<b>30 September 2004 RM'000</b>
<u>Secured</u>	
Short term : Denominated in Ringgit Malaysia	173,184
Short term : Denominated in US Dollar	49,400
	222,584
<u>Secured</u>	
Long term : Denominated in Ringgit Malaysia	500,827
Long term : Denominated in US Dollar	24,700
	525,527
Total	748,111

**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 September 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 September 2004 has been calculated based on the net profit attributable to ordinary shareholders of RM82,520,000 and RM222,207,000 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