

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

Date: 21 July 2005

**Subject: INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2005**

<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 - 8
Additional information required by the Bursa Malaysia Securities Listing Requirements ("Bursa Securities LR")	9 - 11

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2005**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUNE 2005	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2004	CURRENT YEAR TO-DATE 30 JUNE 2005	PRECEDING YEAR CORRESPONDING PERIOD 30 JUNE 2004
	RM'000	RM'000	RM'000	RM'000
Revenue	685,886	533,447	1,311,781	1,050,505
Operating expenses	(389,755)	(306,628)	(740,923)	(590,162)
Depreciation and amortisation	(132,427)	(115,140)	(306,006)	(230,745)
Other operating income	508	513	893	1,246
Profit from operations	164,212	112,192	265,745	230,844
Finance costs	(8,559)	(20,025)	(27,566)	(37,232)
Interest income	3,659	2,846	5,918	4,784
Profit before taxation	159,312	95,013	244,097	198,396
Taxation	(45,816)	(28,666)	(72,640)	(58,709)
Profit after taxation	113,496	66,347	171,457	139,687
Minority interest	-	-	-	-
Net Profit for the period	113,496	66,347	171,457	139,687
Earnings per share (sen)				
- Basic	15.1	8.8	22.9	18.6
- 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"

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2005**

CONDENSED CONSOLIDATED BALANCE SHEETS

	AT 30 JUNE 2005 RM'000	AT 31 DECEMBER 2004 (AUDITED) RM'000
Property, plant and equipment	2,552,810	2,686,956
Intangible asset	37,111	39,081
Deferred expenditure	556	15,213
Current assets		
Inventories	7,173	13,423
Trade and other receivables	195,451	176,955
Cash and cash equivalents	635,964	634,719
	<u>838,588</u>	<u>825,097</u>
Current liabilities		
Trade and other payables	740,113	750,821
Deferred revenue	167,079	158,203
Borrowings	-	224,584
	<u>907,192</u>	<u>1,133,608</u>
Net current liabilities	<u>(68,604)</u>	<u>(308,511)</u>
	<u>2,521,873</u>	<u>2,432,739</u>
 Financed By :		
Capital and Reserves		
Share capital	750,000	750,000
Reserves	1,198,650	1,027,193
Shareholders' funds	<u>1,948,650</u>	<u>1,777,193</u>
Long term liabilities		
Borrowings	300,000	455,270
Deferred tax liabilities	269,324	196,684
Employee benefits	3,899	3,592
	<u>2,521,873</u>	<u>2,432,739</u>
 Net Tangible Assets Per Share (RM)	<u>2.55</u>	<u>2.30</u>

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

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2005**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2005	750,000	352,651	674,542	1,777,193
Net profit for the period	-	-	171,457	171,457
At 30 June 2005	<u>750,000</u>	<u>352,651</u>	<u>845,999</u>	<u>1,948,650</u>
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>

(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)

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2005**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	SIX MONTHS ENDED 30 JUNE 2005 RM'000	SIX MONTHS ENDED 30 JUNE 2004 RM'000
Cash flows from operating activities		
Profit before taxation	244,097	198,396
Adjustments for non-cash flow:		
Non-cash items	309,016	231,174
Finance costs	27,566	37,232
Interest income	(5,918)	(4,784)
Operating profit before working capital changes	574,761	462,018
Changes in working capital:		
Net change in current assets	(12,808)	8,547
Net change in current liabilities	2,674	(79,322)
Cash generated from operations	564,627	391,243
Finance costs	(17,656)	(28,106)
Net cash generated by operating activities	546,971	363,137
Cash flows from investing activities		
Acquisition of property, plant and equipment	(172,051)	(146,065)
Interest income	6,174	5,116
Proceeds from disposal of property, plant and equipment	5	97
Net cash used in investing activities	(165,872)	(140,852)
Cash flows from financing activities		
Proceeds from bank borrowings	300,000	-
Repayment of bank borrowings	(679,854)	(94,141)
Net cash used in financing activities	(379,854)	(94,141)
Net increase in cash and cash equivalents	1,245	128,144
Cash and cash equivalents at beginning of year	634,719	338,516
Cash and cash equivalents at end of period	635,964	466,660

(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 2005**

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134, Interim Financial Reporting (formerly known as MASB 26).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2004.

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 2004.

A2. Auditors' Report on Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 31 December 2004 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 June 2005 other than as disclosed under Note A5 and B9 below.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim period of the current financial year or in the prior financial years that have a material effect in the current quarter and financial year-to-date ended 30 June 2005 except for the change in the depreciation rates for the affected classes of property, plant and equipment based on our periodic review of the estimated useful lives of these assets and to be more in line with the depreciation rates set by the ultimate holding company, Telenor ASA.

The changes in the principal annual rates with effect from 1 January 2005 onwards are as follows:

	<u>Previous rates</u>	<u>New rates</u>
Furniture and fittings	10.0%	20.0%
Computer systems	20.0%	20.0% - 33.3%
Telecommunications network	10.0%	3.3% - 33.3%

The financial impact of the change in depreciation rates was an increase of RM11.3 million and RM56.7 million in the depreciation amount charged to the Condensed Consolidated Income Statements for the current quarter and financial year-to-date ended 30 June 2005 respectively.

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2005**

NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

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 June 2005.

A7. Dividend Paid

No dividend has been paid for the current quarter and financial year-to-date ended 30 June 2005.

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 June 2005 were as follows:

	Mobile RM'000	International RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	1,211,060	95,241	5,480	-	1,311,781
Inter-segment *	-	-	1,229	(1,229)	-
Total Revenue	<u>1,211,060</u>	<u>95,241</u>	<u>6,709</u>	<u>(1,229)</u>	<u>1,311,781</u>
Segment Result	257,700	32,252	1,275	(15)	291,212
Unallocated expenses					(25,467)
Profit from operations					<u>265,745</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 June 2005 was as follows:

Items of property, plant and equipment	Current year quarter 30 June 2005 RM'000	Current year-to-date 30 June 2005 RM'000
Acquisition - At Cost		
Telecommunications network	81,486	130,483
Computer systems	12,200	22,607

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.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2005**

NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

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

There was no material events subsequent to the current quarter ended 30 June 2005 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 June 2005 including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

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 2004.

A13. Capital Commitments

	Group 30 June 2005 RM'000
Property, plant and equipment:	
Authorised and contracted for	<u>325,000</u>
Authorised but not contracted for	<u>282,000</u>

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2005**

NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

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 six months period:

	Transactions for the six months ended 30 June 2005 RM'000	Balance due from/(to) at 30 June 2005 RM'000
<i>With fellow subsidiary companies</i>		
- <i>Telenor Global Services AS</i>		(224)
Sales of interconnection services on international traffic	319	
Purchase of interconnection services on international traffic	614	
- <i>Telenor Consult AS</i>		(1,817)
Personnel services payable	3,916	
<i>With companies in which Tan Sri Dato' Seri Vincent Tan Chee Yioun (a former Director and substantial shareholder of the company) is deemed to have an interest</i>		
- <i>Berjaya General Insurance Bhd.</i>		-
Insurance premiums paid/payable	532	
- <i>Berjaya Registration Services Sdn. Bhd.</i>		(1,430)
Printing and mailing services	2,957	
- <i>Convenience Shopping Sdn. Bhd.</i>		6,997
Sales of prepaid cards and reload coupons	34,398	
- <i>Cosway (M) Sdn. Bhd.</i>		801
Sales of prepaid cards and reload coupons	2,135	
- <i>MOL AccessPortal Bhd.</i>		51
Sales of soft pins	825	
- <i>Cosmo's World Theme Park Sdn. Bhd.</i>		(250)
Purchase of sponsorship rights	500	

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2005**

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

The Group achieved higher revenue of RM1.31 billion for the first half year ended 30 June 2005, an increase of 25% from RM1.05 billion recorded in the first six months of last year. The higher revenue achieved was mainly contributed by the mobile segment, which was driven by 46% growth in its mobile customer base to 3.77 million, attributed to the encouraging take-up rate for the new products and services launches. Non voice mobile revenue surged by 57%, accounted for 16% of the mobile revenue against 14% a year ago. Earnings before interest, tax, depreciation and amortisation ('EBITDA') continued to grow by 24% to RM571.8 million whilst EBITDA margin recorded slightly lower at 43.6% compared with previous year of 43.9%, mainly contributed by higher sales and marketing expenses.

This better operational performance has contributed to an increase of 23% in profit before taxation for the first six months of 2005. Accordingly, the Group registered profit before taxation of RM244.1 million against RM198.4 million despite impacted by the higher depreciation expense arising from the change in depreciation rates for the affected classes of property, plant and equipment effective since 1 January 2005 as explained under Note A5 above. Profit after taxation for the first half year of RM171.5 million, was RM31.8 million higher than the RM139.7 million recorded in the previous year corresponding period while earnings per share rose to 22.9 sen compared with 18.6 sen previously.

For the second quarter, revenue increased by 29% at RM685.9 million due to larger customer base with stable blended average revenue per user of RM59, as compared with RM533.4 million achieved in the previous year corresponding quarter. EBITDA margin recorded slightly higher at 43.2% mainly driven by higher revenue but partially offset by higher sales and marketing expenses. Although profit before taxation for the current quarter continued to be affected by the higher depreciation expenses as disclosed under Note A5 above, it however achieved an improvement of 68% to RM159.3 million compared with previous year due to better EBITDA performance and reduction in finance costs. Accordingly, the Group's profit after taxation increased by RM47.2 million to RM113.5 million compared with RM66.3 million recorded in previous year 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

For the current quarter under review, revenue grew by 10% to RM685.9 million from RM625.9 million achieved previously. The growth in revenue was mainly contributed by the mobile segment with 304,000 new subscribers added to the customer base. Other than the improved revenue performance, the higher profit before taxation of RM159.3 million was largely due to the lower impact on the acceleration of depreciation charges of RM11.3 million for the current quarter against RM45.4 million recorded in previous quarter. Finance costs decreased by RM10.4 million due to fully amortization of the ancillary costs of borrowing for the previous loan facilities which were fully repaid during the current quarter.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2005**

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

B3. Prospects For The Remaining Quarters Up To 31 December 2005

We are positive that the mobile sector of the telecommunications industry will continue to grow with increasing demand for more sophisticated mobile offerings amidst the intensive competition amongst the operators. While actively pursuing with the optimization of its investment program to deliver high service quality and coverage expansion, the Group expects the operational performance to remain positive as the Group aspires to bring to the market simple, attractive and ever-innovative products and services that are of clear relevance to customers.

While the Directors are aware of the effect on the accelerated depreciation due to the change in depreciation rates, they expect the results of the Group for the remaining quarters up to 31 December 2005 to be satisfactory.

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 2005 was made up as follows:

	Current year quarter 30 June 2005 RM'000	Current year-to-date 30 June 2005 RM'000
Current tax expense	-	-
Deferred tax expense	45,816	72,640
Total	45,816	72,640

There was no current tax expense for the current quarter and financial year-to-date ended 30 June 2005 due to utilisation of unabsorbed capital allowances and business tax losses brought forward.

The effective tax rate for the current quarter and financial year-to-date ended 30 June 2005 of 28.8% and 29.8% 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 2005.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2005**

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

B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date ended 30 June 2005. There was no investment in quoted shares as at 30 June 2005.

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 2005 RM'000
<u>Unsecured</u>	
Long term: Denominated in Ringgit Malaysia	300,000
Total	300,000

A subsidiary of the Company has entered into a new credit facility of fixed rate term loan ("FRTL") of RM300.0 million on 11 April 2005 to refinance the existing borrowings with an expected lower borrowing cost and improved terms. This new FRTL facility was subsequently fully drawdown during the quarter to prepay the existing outstanding borrowings of RM337.8 million as at 31 March 2005 and the remaining outstanding borrowings of RM37.8 million were settled by utilizing the excess cash from operations. With this prepayment, all existing legal charge is expected to be discharged.

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 2005.

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 2005 has been calculated based on the net profit attributable to ordinary shareholders of RM113,496,000 and RM171,457,000 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.