

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

Date: 15 February 2006

Subject: **INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2005**

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

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31 DEC 2005 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2004 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO-DATE 31 DEC 2005 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 DEC 2004 RM'000
Revenue	827,676	606,337	2,884,324	2,233,703
Operating expenses	(467,239)	(339,346)	(1,627,066)	(1,257,156)
Depreciation and amortisation	(145,331)	(121,200)	(583,455)	(469,569)
Other operating income	322	742	2,028	2,449
Profit from operations	215,428	146,533	675,831	509,427
Finance costs	(3,738)	(16,688)	(32,440)	(75,451)
Interest income	6,944	4,724	18,159	12,867
Profit before taxation	218,634	134,569	661,550	446,843
Taxation	(62,025)	(39,421)	(190,595)	(129,488)
Profit after taxation	156,609	95,148	470,955	317,355
Minority interest	-	-	-	-
Net Profit for the period	156,609	95,148	470,955	317,355
Earnings per share (sen)				
- Basic	20.9	12.7	62.8	42.3
- 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 9)

Note : NA denotes "Not Applicable"

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CONDENSED CONSOLIDATED BALANCE SHEETS

	AT 31 DECEMBER 2005 RM'000	AT 31 DECEMBER 2004 RM'000
Property, plant and equipment	2,791,060	2,686,956
Intangible asset	35,140	39,081
Deferred expenditure	528	15,213
Current assets		
Inventories	8,197	13,423
Trade and other receivables	214,432	190,690
Cash and cash equivalents	1,182,962	634,719
	<u>1,405,591</u>	<u>838,832</u>
Current liabilities		
Trade and other payables	1,007,281	715,458
Provision for liabilities	74,570	44,575
Deferred revenue	220,772	158,203
Borrowings	-	224,584
	<u>1,302,623</u>	<u>1,142,820</u>
Net current assets/(liabilities)	<u>102,968</u>	<u>(303,988)</u>
	<u>2,929,696</u>	<u>2,437,262</u>
 Financed By :		
Capital and Reserves		
Share capital	750,000	750,000
Reserves	1,498,148	1,027,193
Shareholders' funds	<u>2,248,148</u>	<u>1,777,193</u>
Long term liabilities		
Borrowings	300,000	455,270
Deferred tax liabilities	371,518	196,684
Provision for liabilities	10,030	8,115
	<u>2,929,696</u>	<u>2,437,262</u>
 Net Assets Per Share (RM)	<u>3.00</u>	<u>2.37</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 9)

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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 year	-	-	470,955	470,955
At 31 December 2005	<u>750,000</u>	<u>352,651</u>	<u>1,145,497</u>	<u>2,248,148</u>
At 1 January 2004	750,000	352,651	357,187	1,459,838
Net profit for the year	-	-	317,355	317,355
At 31 December 2004	<u>750,000</u>	<u>352,651</u>	<u>674,542</u>	<u>1,777,193</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 9)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	YEAR ENDED 31 DECEMBER 2005 RM'000	YEAR ENDED 31 DECEMBER 2004 RM'000
Cash flows from operating activities		
Profit before taxation	661,550	446,843
Adjustments for non-cash flow:		
Non-cash items	588,578	469,915
Finance costs	32,440	75,451
Interest income	(18,159)	(12,867)
Operating profit before working capital changes	1,264,409	979,342
Changes in working capital:		
Net change in current assets	(17,798)	10,156
Net change in current liabilities	387,643	69,614
Cash generated from operations	1,634,254	1,059,112
Interest paid	(22,448)	(54,438)
Taxes paid	(14,500)	-
Net cash generated by operating activities	1,597,306	1,004,674
Cash flows from investing activities		
Acquisition of property, plant and equipment	(686,944)	(519,930)
Interest income	17,699	12,613
Proceeds from disposal of property, plant and equipment	36	778
Net cash used in investing activities	(669,209)	(506,539)
Cash flows from financing activities		
Proceeds from bank borrowings	300,000	-
Repayment of bank borrowings	(679,854)	(201,932)
Net cash used in financing activities	(379,854)	(201,932)
Net increase in cash and cash equivalents	548,243	296,203
Cash and cash equivalents at beginning of year	634,719	338,516
Cash and cash equivalents at end of year	1,182,962	634,719

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 9)

**INTERIM FINANCIAL REPORT FOR THE FOURTH 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 FRS 134, 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 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 except for the change in the accounting policies for segment information as disclosed under Note A8 below.

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 ended 31 December 2005 other than as disclosed under Note A5 and B9.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that have a material effect in the current quarter and financial year ended 31 December 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 RM9.0 million and RM75.7 million in the depreciation amount charged to the Condensed Consolidated Income Statements for the current quarter and financial year ended 31 December 2005 respectively.

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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 ended 31 December 2005.

A7. Dividend Paid

No dividend has been paid for the current quarter and financial year ended 31 December 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 ended 31 December 2005 were as follows:

	Mobile RM'000	Wholesale RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	2,695,258	149,998	39,068	-	2,884,324
Inter-segment *	-	-	723	(723)	-
Total Revenue	<u>2,695,258</u>	<u>149,998</u>	<u>39,791</u>	<u>(723)</u>	<u>2,884,324</u>
Segment Result	658,231	51,969	16,397	(30)	726,567
Unallocated expenses					<u>(50,736)</u>
Profit from operations					<u>675,831</u>

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

The Group had changed the previously reportable business segment from 'international' to 'wholesale' in order to better reflect the business strategy and to re-align the Group's products and services with similar risks and returns. The wholesale business segment now includes provision of international gateway facilities which offers cross border interconnection and other wholesale telecommunications services with operators, through its operating unit, DiGi Telecommunications Sdn Bhd. Such changes resulted in reclassification of certain segment information from the previously reported 'international' (now named as wholesale) segment to 'others'. There is no change in the aggregate financial information reported.

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NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

A9. Property, Plant and Equipment

Significant acquisition of the items of property, plant and equipment for the current quarter and financial year ended 31 December 2005 was as follows:

Items of property, plant and equipment	Current year quarter 31 December 2005 RM'000	Current year-to-date 31 December 2005 RM'000
Acquisition - At Cost		
Telecommunications network	289,278	564,321
Computer systems	28,037	80,681

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 31 December 2005 up to the date of this report except as disclosed under Note B8(b).

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 ended 31 December 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 31 December 2005 RM'000
Property, plant and equipment:	
Authorised and contracted for	353,000
Authorised but not contracted for	455,000

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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 financial year:

	Transactions for the financial year ended 31 December 2005 RM'000	Balance due from/(to) at 31 December 2005 RM'000
<i>With fellow subsidiary companies</i>		
- <i>Telenor Global Services AS</i>		(373)
Sales of interconnection services on international traffic	398	
Purchase of interconnection services on international traffic	1,874	
- <i>Telenor Pakistan (Private) Limited</i>		417
Sales of interconnection services on international traffic	1,065	
Purchase of interconnection services on international traffic	784	
- <i>Telenor Consult AS</i>		(109)
Personnel services payable	6,929	
<hr style="border-top: 3px double #000;"/>		
<i>With companies in which Tan Sri Dato' Seri Vincent Tan Chee Yioun (TSVT)* is deemed to have an interest</i>		
- <i>Berjaya General Insurance Bhd.</i>		-
Insurance premiums paid	556	
- <i>Berjaya Registration Services Sdn. Bhd.</i>		(1,243)
Printing and mailing services payable	6,698	
- <i>Convenience Shopping Sdn. Bhd.</i>		9,547
Sales of prepaid cards and reload coupons	87,085	
- <i>Convenience Shopping (Sabah) Sdn. Bhd.</i>		217
Sales of prepaid cards and reload coupons	2,043	

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NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

A14. Related Party Transactions – Cont'd

	Transactions for the financial year ended 31 December 2005 RM'000	Balance due from/(to) at 31 December 2005 RM'000
<i>With companies in which Tan Sri Dato' Seri Vincent Tan Chee Yioun (TSVT)* is deemed to have an interest</i>		
- <i>Cosway (M) Sdn. Bhd.</i> Sales of prepaid cards and reload coupons	4,270	801
- <i>MOL AccessPortal Bhd.</i> Sales of soft pins	2,002	53
- <i>Cosmo's World Theme Park Sdn. Bhd.</i> Sponsorship rights payable	1,000	(250)
	<hr/>	<hr/>

Note:

*TSVT resigned as director on 12 January 2005 and ceased to be a substantial shareholder on 26 October 2005. TSVT is deemed a director and substantial shareholder for the preceding 12 months of the date on which the terms of the transactions were entered upon.

A15. Comparatives

Certain comparatives under the Condensed Consolidated Balance Sheets have been reclassified to conform with the current year's presentation.

**INTERIM FINANCIAL REPORT FOR THE FOURTH 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

Year-to-date (YTD) 31.12.05 versus YTD 31.12.04

The Group achieved higher revenue of RM2.88 billion for the financial year ended 31 December 2005, an increase of 29% from RM2.23 billion recorded in the previous financial year. The higher revenue growth was attributed to the high customer uptake from the mobile segment, which was in turn, partly offset by the reduction in the wholesale revenue as a result of a more competitive market landscape.

Revenue from the mobile segment recorded an annual growth of 38%, with customer base reaching 4.8 million as of end December 2005. Higher mobile revenue contributed to the 35% growth in the voice usage while mobile data revenue grew by 57%, accounting for 17% of mobile revenue against 15% a year ago.

Earnings before interest, tax, depreciation and amortisation ('EBITDA') increased by 29% to RM1.26 billion from RM979.0 million recorded last year, while EBITDA margin held up at 43.7% as a result of prudent cost management.

Profit before taxation ("PBT") rose to RM661.6 million, up 48% due to improved EBITDA performance and lower net finance costs despite the higher depreciation expense incurred as explained under Note A5. Accordingly, profit after taxation ("PAT") registered at RM471.0 million, contributing to higher earnings per share of 62.8 sen against 42.3 sen recorded last year.

Quarter 4-05 versus Quarter 4-04

Revenue increased by 37% to RM827.7 million compared with RM606.3 million achieved in Quarter 4, 2004. Higher revenue was contributed by the 45% growth in the mobile segment as a result of 48% increase in customer base, largely driven by simple and relevant product offerings and promotions. Blended average revenue per user ('ARPU') for the quarter at RM58, was a slight reduction against RM59 recorded last year corresponding quarter. This was contributed by lower incoming revenue attributed to the promotions in encouraging closed group usage.

EBITDA grew by 35% to RM360.8 million while EBITDA margin recorded at 43.6%, 0.6% decreased from last year corresponding quarter mainly due to more aggressive marketing and promotional activities.

PBT however, rose by 62% to RM218.6 million while PAT registered at RM156.6 million, 65% higher than RM95.1 million achieved last year. The positive results and healthy revenue growth demonstrates the success of the Group's targeted approach and its value proposition to customers. Coupled with proactive funding strategies, finance costs reduced substantially despite the acceleration of depreciation during the period.

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

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

PBT for the current quarter increased by 10% to RM218.6 million from RM198.8 million registered in the preceding quarter. Higher PBT was backed by the 11% increase in revenue, amounting to RM827.7 million with 608,000 subscribers added to the customer base for the quarter under review. The strong revenue performance was spurred by higher traffic usage attributed to the various attractive product offerings and promotions during the festive and holiday season. Prepaid segment remains the driving force for the increase in revenue with ARPU improving by RM1 to RM55 while blended ARPU maintained at RM58.

EBITDA increased by 10% to RM360.8 million although EBITDA margin eased at 43.6% due to higher general and administrative expenses. Net finance costs recorded higher mainly as a result of the one-time write-back adjustment on the refund of ancillary borrowing costs as disclosed in the previous quarter financial results announcement.

B3. Prospects For The Next Financial Year Ending 31 December 2006

We expect the Malaysian telecommunications industry to further intensify amidst the already competitive operating environment. However, we are positive the industry subscribers' growth will remain encouraging, and the Group aims to outperform the industry.

We are committed to continuously invest in human resource development and industry development by implementing innovative business models that promote businesses as well as stay focused in providing products and services that are simple, attractive and of clear relevance to customers.

B4. Explanatory Notes for Variance of Actual Profit from Forecast Profit/Profit Guarantee

Not applicable.

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

B5. Taxation

The taxation charge for the Group for the current quarter and financial year ended 31 December 2005 was made up as follows:

	Current year quarter 31 December 2005 RM'000	Current year-to-date 31 December 2005 RM'000
Current tax expense	15,761	15,761
	15,761	15,761
Deferred tax expense		
- current	46,264	174,730
- prior year under provision	-	104
	46,264	174,834
Total	62,025	190,595

The effective tax rate for the current quarter and financial year ended 31 December 2005 of 28.4% and 28.8% respectively were higher than the statutory tax rate of 28.0% as certain expenses 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 2005.

B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial year ended 31 December 2005. There was no investment in quoted shares as at 31 December 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 except for the followings:-

(a) Proposed Issue of Commercial Papers (“CP”) and Medium Term Notes (“MTN”)

On 26 October 2005, the Company announced that DiGi Telecommunications Sdn Bhd (“DTSB”), a wholly-owned subsidiary, proposed to issue CP and MTN with an aggregate nominal value of up to RM700.0 million (“the Proposed Issue”).

The Proposed Issue is an alternative source of financing for DTSB to plan and manage its funding costs and requirements for its capital expenditure and working capital. The Securities Commission has approved the Proposed Issue based on the terms and conditions as contained in the Company announcement on 29 November 2005. The Proposed Issue has yet to be executed.

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

B8. Status of Corporate Proposals – Cont'd

(b) Proposed Capital Repayment

On 26 October 2005, the Company announced that the Company proposed to undertake a capital repayment of RM0.75 for every DiGi Share to be satisfied wholly in cash to its shareholders via a share capital reduction pursuant to Section 64 of the Companies Act, 1965 (“the Proposal”) and to amend the Memorandum and Articles of Association (“M&A”) of the Company to facilitate the Proposal.

The Proposal and the proposed amendment of M&A were approved by the Company’s shareholders at an Extraordinary General Meeting convened on 24 January 2006 and was subsequently filed with the High Court of Malaya on 25 January 2006 for approval.

The Proposal is expected to be completed by second quarter of 2006.

B9. Group Borrowings

Details of Group Borrowings are as follows:

Borrowings	31 December 2005 RM'000
<u>Unsecured</u>	
Long term: Denominated in Ringgit Malaysia	300,000
Total	300,000

On 11 April 2005, a wholly-owned subsidiary of the Company has entered into a new credit facility of fixed rate term loan (“FRTL”) of RM300.0 million to refinance the previous borrowings. This new FRTL facility was fully drawdown in April 2005 to prepay the outstanding borrowings of RM337.8 million as at 31 March 2005 and the remaining of RM37.8 million were settled by utilizing the excess cash from operations. The legal charges on the previous borrowings have been fully 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 31 December 2005.

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

B13. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year ended 31 December 2005 has been calculated based on the net profit attributable to ordinary shareholders of RM156,609,000 and RM470,955,000 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