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

Date: **3 May 2006**

Subject: **INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006**

Table of contents **Page**

DiGi.COM BERHAD
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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 MAR 2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAR 2005 RM'000	CURRENT YEAR TO-DATE 31 MAR 2006 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 MAR 2005 RM'000
Revenue	**861,305**	**625,895**	**861,305**	**625,895**
Other income	318	385	318	385
Depreciation and amortisation	(138,014)	(173,579)	(138,014)	(173,579)
Other expenses	(471,595)	(351,169)	(471,595)	(351,169)
Finance costs	(3,747)	(19,007)	(3,747)	(19,007)
Interest Income	9,003	2,259	9,003	2,259
Profit before taxation	**257,270**	**84,784**	**257,270**	**84,784**
Taxation	(72,603)	(26,824)	(72,603)	(26,824)
Profit for the period	**184,667**	**57,960**	**184,667**	**57,960**
Attributable to:				
Equity holders of the parent Company	**184,667**	**57,960**	**184,667**	**57,960**
Earnings per share (sen)				
- Basic	24.6	7.7	24.6	7.7
- 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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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2006

CONDENSED CONSOLIDATED BALANCE SHEETS

	AT 31 MARCH 2006 RM'000	AT 31 DECEMBER 2005 RM'000
Non-Current assets		
Property, plant and equipment	2,690,760	2,701,435
Prepaid lease payments	12,884	12,940
Intangible assets	110,138	111,825
Deferred expenditure	513	528
	2,814,295	2,826,728
Current assets		
Inventories	10,438	8,197
Trade and other receivables	215,748	214,432
Cash and cash equivalents	1,412,910	1,182,962
	1,639,096	1,405,591
TOTAL ASSETS	4,453,391	4,232,319
Capital and Reserves		
Share capital	750,000	750,000
Reserves	1,682,815	1,498,148
Total equity – attributable to equity holders of parent Company	2,432,815	2,248,148
Non-Current liabilities		
Borrowings	300,000	300,000
Deferred tax liabilities	367,609	371,518
Provision for liabilities	9,988	10,030
	677,597	681,548
Current liabilities		
Trade and other payables	979,234	1,007,281
Provision for liabilities	70,465	73,309
Deferred revenue	220,643	220,772
Current tax payable	72,637	1,261
	1,342,979	1,302,623
Total liabilities	2,020,576	1,984,171
TOTAL EQUITY AND LIABILITIES	4,453,391	4,232,319
Net Assets Per Share (RM)	3.24	3.00

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	-------- Attributable to equity holders of the parent Company--------			
	Share Capital RM'000	**Non-Distributable Share Premium RM'000**	**Distributable Retained Profits RM'000**	**Total RM'000**
At 1 January 2006	750,000	352,651	1,145,497	2,248,148
Profit for the period representing total recognised income and expense for the period	-	-	184,667	184,667
At 31 March 2006	750,000	352,651	1,330,164	2,432,815
At 1 January 2005	750,000	352,651	674,542	1,777,193
Profit for the period representing total recognised income and expense for the period	-	-	57,960	57,960
At 31 March 2005	750,000	352,651	732,502	1,835,153

(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)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	PERIOD ENDED 31 MARCH 2006 RM'000	PERIOD ENDED 31 MARCH 2005 RM'000
Cash flows from operating activities		
Profit before taxation	257,270	84,784
Adjustments for :		
Non-cash items	194,925	204,053
Finance costs	3,747	19,007
Interest income	(9,003)	(2,259)
Operating profit before working capital changes	446,939	305,585
Changes in working capital:		
Net change in current assets	(3,578)	7,912
Net change in current liabilities	(33,719)	(69,140)
Cash generated from operations	409,643	244,357
Interest paid	-	(11,976)
Payments for provision for liabilities	(58,013)	(32,807)
Taxes paid	(5,136)	-
Net cash generated by operating activities	346,494	199,574
Cash flows from investing activities		
Acquisition of property, plant and equipment	(118,726)	(65,743)
Acquisition of intangible assets	(6,856)	(315)
Interest income	9,036	3,061
Proceeds from disposal of property, plant and equipment	-	5
Net cash used in investing activities	(116,546)	(62,992)
Cash flows from financing activities		
Repayment of bank borrowings	-	(342,035)
Net cash used in financing activities	-	(342,035)
Net increase/(decrease) in cash and cash equivalents	229,948	(205,453)
Cash and cash equivalents at beginning of year	1,182,962	634,719
Cash and cash equivalents at end of period	1,412,910	429,266

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

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 2005.

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 2005 except for the adoption of the following new or revised Financial Reporting Standards ("FRS") effective for the financial period beginning on 1 January 2006:

FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

In addition to the above, the Group has also taken the option of early adoption of the following revised FRS for the financial period beginning on 1 January 2006:

FRS 117	Leases

The adoption of FRS 102, 108, 110, 116, 121, 127, 132, 133 and 136 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new or revised FRSs are summarized as below:

(a) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of the condensed consolidated income statements, balance sheets and statements of changes in equity with additional disclosure on the amount attributable to equity holders of the parent Company, and statements of changes in equity also showing the total recognised income and expense for the period.

The current period's presentation of the Group's financial statements is based on the requirements of the revised FRS 101, with the comparatives restated to conform with the current period's presentation.

NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A1. Basis of Preparation – cont'd

(b) FRS 117 : Leases
The adoption of the revised FRS 117 has resulted in retrospective change in the accounting policy relating to the classification of leasehold land. Prior to 1 January 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation. Upon the adoption of the revised FRS 117 at 1 January 2006, the unamortised carrying amount of RM12.9 million is reclassified from property, plant and equipment to prepaid lease payments as allowed by the transitional provisions of FRS 117. The comparative amount as at 31 December 2005 has been restated.

(c) FRS 138 : Intangible Assets
With the adoption of the new FRS 138, the Group changed the classification of computer software costs as intangible assets, where the software is not an integral part of the related hardware. The reclassification from property, plant and equipment to intangible assets was based on the carrying amounts of the computer software costs of RM76.7 million as at 1 January 2006. The comparative figures had been reclassified to conform with the current period's presentation.

A2. Auditors' Report on Preceding Annual Financial Statements
The latest audited financial statements for the financial year ended 31 December 2005 were not subject to any qualification.

A3. Seasonality or Cyclicality 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 31 March 2006.

A5. Material Changes in Estimates
There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter and financial year-to-date ended 31 March 2006.

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 31 March 2006.

A7. Dividend Paid
No dividend has been paid for the current quarter and financial year-to-date ended 31 March 2006.

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 31 March 2006 were as follows:

	Mobile RM'000	Wholesale RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	817,021	36,927	7,357	-	861,305
Inter-segment *			36	(36)	-
Total Revenue	817,021	36,927	7,393	(36)	861,305
Segment Result	248,345	15,815	3,032	(8)	267,184
Unallocated expenses					(9,914)
Profit before taxation					257,270

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

A9. Property, Plant and Equipment

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 March 2006 up to the date of this report except as disclosed under Note B8 below.

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 31 March 2006 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 2005.

A13. Capital Commitments

	Group 31 March 2006 RM'000
Property, plant and equipment:	
Authorised and contracted for	289,000
Authorised but not contracted for	540,000

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 quarter:

	Transactions for the quarter ended 31 March 2006 RM'000	Balance due from/(to) at 31 March 2006 RM'000
With fellow subsidiary companies		
- *Telenor Global Services AS*		(169)
Sales of interconnection services on international traffic	43	
Purchase of interconnection services on international traffic	617	
- *Telenor Pakistan (Private) Limited*		513
Sales of interconnection services on international traffic	540	
Purchase of interconnection services on international traffic	350	
- *Telenor Consult AS*		
Personnel services payable	2,127	(870)
- *Telenor ASA*		
Professional fees payable	2,373	-
With companies in which Tan Sri Dato' Seri Vincent Tan Chee Yioun (TSVT) is deemed to have an interest*		
- *Berjaya General Insurance Bhd.*		
Insurance premiums paid	1,009	-
- *Berjaya Registration Services Sdn. Bhd.*		
Printing and mailing services payable	1,906	(1,906)

NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A14. Related Party Transactions – Cont'd

	Transactions for the quarter ended 31 March 2006 RM'000	Balance due from/(to) at 31 March 2006 RM'000
With companies in which Tan Sri Dato' Seri Vincent Tan Chee Yioun (TSVT) is deemed to have an interest – cont'd*		
- *Convenience Shopping Sdn. Bhd.*		
Sales of prepaid cards and reload coupons	32,989	16,820
- *Convenience Shopping (Sabah) Sdn. Bhd.*		
Sales of prepaid cards and reload coupons	788	245
- *Cosway (M) Sdn. Bhd.*		
Sales of prepaid cards and reload coupons	533	267
- *MOL AccessPortal Bhd.*		
Sales of soft pins	620	-
- *Cosmo's World Theme Park Sdn. Bhd.*		
Sponsorship rights payable	250	-

*TSVT ceased to be a substantial shareholder on 20 October 2005. However, pursuant to the Listing Requirements, he is a substantial shareholder for the preceding 12 months of the date on which the terms of the transactions were entered upon.

A15. Comparatives

The following comparatives have been restated due to the adoption of revised FRS or have been reclassified to conform with the current year's presentation:

		Group	
	Note A1	As restated/ reclassified RM'000	Previously stated RM'000
Balance sheets			
Non-current assets			
Property, plant and equipments	(b),(c)	2,701,435	2,791,060
Prepaid lease payments	(b)	12,940	-
Intangible assets	(c)	111,825	35,140

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B)

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

For the current quarter under review, the Group registered higher profit before taxation (‘PBT’) of RM257.3 million, a 203% up from last year corresponding quarter. Higher PBT was largely attributed to the 38% increase in revenue, improved margin on earnings before interest, tax, depreciation and amortisation (‘EBITDA’) and lower depreciation expenses.

Higher revenue achieved was mainly contributed by the 43% growth in mobile revenue, spurred by the strong growth in its mobile customer base to 5.1 million with blended average revenue per user (ARPU) held up at RM54. Although a large portion of the mobile revenue came from voice, data revenue has grew by 57%; accounted for 18% of the total mobile revenue against 17% a year ago. The strong growth in the mobile data revenue was predominantly driven by the increase in the volume of short messaging services usage.

The operational performance posted 42% increase in EBITDA to RM390.0 million with its margin strengthened to 45.3% compared with 44.0% last year. The 1.3% higher EBITDA margin was mainly attributed to lower sales and marketing expenses. Depreciation and amortisation expenses were lower despite a larger capitalized assets base due to capturing of additional RM45.4 million accelerated depreciation in the first quarter of 2005 resulting from the revision in the estimated useful life for certain categories of property, plant and equipment last year.

Accordingly, profit after taxation recorded 219% increase to reach RM184.7 million for the first quarter of 2006, contributing to higher earnings per share of 24.6 sen against 7.7 sen achieved last year.

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 18% to RM257.3 million from RM218.6 million registered in the preceding quarter. Higher PBT was backed by the 4% increase in revenue, mainly from mobile business segment with 291,500 customers added to the base. As expected, blended ARPU reduced by RM4 to RM54, mainly affected by the lower usage and lower incoming rates resulting from the implementation of the Access Pricing Determination as mandated by Malaysian Communications and Multimedia Commission with effect 15 February 2006.

EBITDA however, increased by 8% to RM390.0 million with better margin due to lower sales and marketing expenses after the festive and holiday season in the preceding quarter. The reduction in depreciation expenses was largely attributed to the one-time accelerated depreciation effect of RM 9.0 million recorded in quarter four of 2005 as a result of the revision in the estimated useful life for certain categories of property, plant and equipment last year.

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) – CONT'D

B3. Prospects For The Remaining Quarters Up To 31 December 2006

We expect the Malaysian telecommunications industry to further intensify with more new entrants amidst the already competitive operating environment. However, we are positive that the industry growth will continue, and the Group aims to outperform the industry.

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

Barring any unforeseen circumstances, the Directors expect the results of the Group for the remaining quarters up to 31 December 2006 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 Group for the current quarter and financial year-to-date ended 31 March 2006 was made up as follows:

Particulars	Current year quarter and year-to-date 31 March 2006 RM'000
Current tax	76,512
Deferred tax	(3,909)
Total	72,603

The effective tax rate for the current quarter and financial year-to-date ended 31 March 2006 of 28.2% 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-to-date ended 31 March 2006.

B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date ended 31 March 2006. There was no investment in quoted shares as at 31 March 2006.

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) – CONT'D

B8. Status of Corporate Proposals

(a) The corporate proposals on the capital repayment ("Capital Repayment 1") as disclosed in our earlier announcement and referred to under Notes 26(b) and 27 to the last audited financial statements for the financial year ended 31 December 2005 has been approved by the High Court of Malaya on 19 April 2006. It is now in the process of execution and expected to be completed by second quarter of 2006.

(b) The corporate proposal on the Commercial Papers and Medium Term Notes has yet to be executed.

(c) New corporate proposal announced but not completed in the interval from the date of the last quarterly report to the date of this announcement is as follows:-

Proposed Capital Repayment 2

On 5 April 2006, the Company announced that the Company proposed a further capital repayment of RM0.60 per ordinary share of RM0.25 each to be satisfied wholly in cash to its shareholder via a reduction of share capital and share premium account of the Company pursuant to Section 60 and 64 of the Companies Act, 1965 ("Proposed Capital Repayment 2"). Upon completion of the Proposed Capital Repayment 2, the par value of the ordinary shares in the Company will be reduced from RM0.25 each (after the completion of the Capital Repayment 1) to RM0.10 each.

The Memorandum and Articles of Association ("M&A") of the Company was also proposed for further amendment to facilitate the implementation of the Proposal Capital Repayment 2.

The Proposal Capital Repayment 2 and the proposed amendment of M&A are pending approval from Company's shareholders and High Court of Malaya and are expected to be completed by the fourth quarter of 2006.

B9. Group Borrowings

The borrowings of the Group as at 31 March 2006 are denominated in Ringgit Malaysia, unsecured and are not expected to be repaid within the next 12 months.

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.

ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) – CONT'D

B12. Dividends

No interim dividend has been recommended for the current quarter ended 31 March 2006.

B13. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter ended 31 March 2006 has been calculated based on the profit for the period attributable to ordinary shareholders of RM184,667,000 and the weighted average number of ordinary shares outstanding during the quarter of 750,000,000.

Diluted Earnings Per Share - Not applicable.

c.c Securities Commission