



## **DiGi.COM BERHAD**

Company no. 425190-X  
(Incorporated in Malaysia)

**Date: 3 May 2007**

**Subject: INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 MARCH 2007**

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**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31 MAR 2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAR 2006 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO-DATE 31 MAR 2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 MAR 2006 RM'000
<b>Revenue</b>	<b>1,014,872</b>	<b>861,305</b>	<b>1,014,872</b>	<b>861,305</b>
Other income	2,398	2,251	2,398	2,251
Depreciation and amortisation	(160,800)	(138,014)	(160,800)	(138,014)
Other expenses	(520,084)	(473,528)	(520,084)	(473,528)
Finance costs	(3,397)	(3,747)	(3,397)	(3,747)
Interest income	6,040	9,003	6,040	9,003
<b>Profit before tax</b>	<b>339,029</b>	<b>257,270</b>	<b>339,029</b>	<b>257,270</b>
Taxation	(93,027)	(72,603)	(93,027)	(72,603)
<b>Profit for the period</b>	<b>246,002</b>	<b>184,667</b>	<b>246,002</b>	<b>184,667</b>
Attributable to: Equity holders of the Company	<b>246,002</b>	<b>184,667</b>	<b>246,002</b>	<b>184,667</b>
Earnings per share (sen)				
- Basic	32.8	24.6	32.8	24.6
- 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 7)

Note : NA denotes "Not Applicable"

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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>AT</b> <b>31 MARCH 2007</b> <b>RM'000</b>	<b>AT</b> <b>31 DECEMBER 2006</b> <b>RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	2,635,255	2,680,246
Prepaid lease payments	12,662	12,717
Intangible assets	239,749	254,487
	2,887,666	2,947,450
<b>Current assets</b>		
Inventories	5,089	8,189
Trade and other receivables	276,257	250,959
Cash and cash equivalents	937,898	869,549
	1,219,244	1,128,697
<b>TOTAL ASSETS</b>	4,106,910	4,076,147
<b>Equity</b>		
Share capital	75,000	75,000
Reserves	1,923,403	1,677,401
<b>Total equity – attributable to equity holders of the Company</b>	1,998,403	1,752,401
<b>Non-current liabilities</b>		
Borrowings	300,000	300,000
Deferred tax liabilities	362,282	371,707
Provision for liabilities	13,767	13,398
	676,049	685,105
<b>Current liabilities</b>		
Trade and other payables	979,281	1,248,444
Provision for liabilities	65,620	75,619
Deferred revenue	245,307	244,769
Taxation	142,250	69,809
	1,432,458	1,638,641
<b>Total liabilities</b>	2,108,507	2,323,746
<b>TOTAL EQUITY AND LIABILITIES</b>	4,106,910	4,076,147
<b>Net Assets Per Share (RM)</b>	2.66	2.34

(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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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	----- Attributable to equity holders of the Company-----			
	<b>Share capital</b>	<b>Non- Distributable Share premium</b>	<b>Distributable Retained earnings</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2007	75,000	15,151	1,662,250	1,752,401
Profit for the period, representing total recognised income and expenses for the period	-	-	246,002	246,002
At 31 March 2007	75,000	15,151	1,908,252	1,998,403
At 1 January 2006	750,000	352,651	1,145,497	2,248,148
Profit for the period, representing total recognised income and expenses for the period	-	-	184,667	184,667
At 31 March 2006	750,000	352,651	1,330,164	2,432,815

(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)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS**

	<b>PERIOD ENDED 31 MARCH 2007 RM'000</b>	<b>PERIOD ENDED 31 MARCH 2006 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	339,029	257,270
Adjustments for:		
Non-cash items	219,268	193,590
Finance costs	3,397	3,747
Interest income	(6,040)	(9,003)
Operating profit before working capital changes	555,654	445,604
Changes in working capital:		
Net change in current assets	(27,238)	(3,578)
Net change in current liabilities	(269,037)	(31,171)
<b>Cash generated from operations</b>	259,379	410,855
Payments for staff benefits and customer loyalty programmes	(67,055)	(59,225)
Taxes paid	(30,011)	(5,136)
<b>Net cash generated by operating activities</b>	162,313	346,494
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(100,284)	(125,582)
Interest received	6,163	9,036
Proceeds from disposal of property, plant and equipment	157	-
<b>Net cash used in investing activities</b>	(93,964)	(116,546)
<b>Net increase in cash and cash equivalents</b>	68,349	229,948
<b>Cash and cash equivalents at beginning of year</b>	869,549	1,182,962
<b>Cash and cash equivalents at end of period</b>	937,898	1,412,910

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

**INTERIM FINANCIAL REPORT FOR THE FIRST 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 2006.

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 2006 except for the following revised Financial Reporting Standards ("FRS") effective for the financial period beginning on 1 January 2007:

FRS 119 <sub>2004</sub> (Revised)	Employee Benefits
FRS 124	Related Party Disclosures

The adoption of the above FRSs does not have any significant financial impact to the Group.

**A2. Auditors' Report on Preceding Annual Financial Statements**

The latest audited financial statements for the financial year ended 31 December 2006 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 31 March 2007.

**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 2007.

**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 2007.

**A7. Dividend Paid**

No dividend has been paid for the current quarter and financial year-to-date ended 31 March 2007.

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

**A8. Segment Information**

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products in Malaysia.

**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 was no material events subsequent to the current quarter ended 31 March 2007 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 31 March 2007 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 2006.

**A13. Capital Commitments**

Capital commitments for the Group in respect of property, plant and equipment and intangible assets not provided for as of 31 March 2007 are as follows:

	<b>RM'000</b>
Approved and contracted for	<u>225,000</u>
Approved but not contracted for	<u>724,000</u>

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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. Listed below are the significant transactions and balances with related parties of the Group during the current quarter:

	<b>Transactions for the quarter ended 31 March 2007 RM'000</b>	<b>Balance due from/(to) at 31 March 2007 RM'000</b>
<i>With the ultimate holding company and fellow subsidiary companies</i>		
- <i>Telenor ASA</i>		
Consultancy services rendered	2,144	(2,160)
- <i>Telenor Global Services AS</i>		(943)
Sales of interconnection services on international traffic	53	
Purchase of interconnection services on international traffic	893	
- <i>Telenor LDI Communication (Private) Limited</i>		(184)
Sales of interconnection services on international traffic	201	
Purchase of interconnection services on international traffic	342	
- <i>Total Access Communication Public Company Limited</i>		(375)
Sales of roaming services	85	
Purchase of roaming services	661	
- <i>Telenor Consult AS</i>		(1,249)
Personnel services rendered	1,005	
	2,144	(4,327)

**A15. Comparatives**

The following comparatives have been reclassified to conform with the current year's presentation:

	<b>As reclassified RM'000</b>	<b>Previously stated RM'000</b>
<b>Balance Sheets</b>		
<b>Non-current assets</b>		
Intangible assets	254,487	254,019
Deferred expenditure	-	468
	254,487	254,487



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**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 achieved 18% revenue growth, posting total revenue of RM1.015 billion as compared to the preceding year corresponding quarter of RM861.3 million. The strong revenue growth was backed by an increased subscriber base, which stood at 5.8 million as of end March 2007, as well as increased average usage per subscriber.

Blended average mobile revenue per user ("ARPU") increased to RM59 from RM54 recorded in 2006, due to a general increase in customer take-up and usage of our services and products offerings. Non-voice revenue maintained at 19% of total mobile revenue.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") was augmented by the higher revenue and grew from RM390.0 million a year ago to RM497.2 million, with EBITDA margin strengthened by 3.7 percentage points to 49.0% as compared to 45.3% in Quarter 1 last year. Higher margin was mainly a result of strong revenue growth, lower costs of materials and increasing traffic within own network.

The Group's profit before taxation ("PBT") was up by 32% to RM339.0 million, a result of the improved EBITDA performance. Accordingly, profit after taxation ("PAT") increased by 33% and reached RM246.0 million while earnings per share rose to 32.8 sen against 24.6 sen previously, a 33% improvement.

**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 under review increased by 15% to RM339.0 million from RM294.0 million recorded in the preceding quarter. Higher PBT was the result of a 5% revenue growth coupled by lower sales and marketing expenses, and lower cost of materials. Hence, EBITDA was recorded at RM497.2 million against RM475.8 million achieved previously while EBITDA margin remained high at 49.0%. The high margin can be attributed mainly to lower marketing costs when compared to the normalized Q4-06 EBITDA margin of 46.6%, after accounting for the one-off downward adjustment on regulatory fees. In addition, depreciation and amortisation expenses were also lower due to the one-time accelerated depreciation of RM41.9 million taken up in Quarter 4, 2006.

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

**B3. Prospects For The Remaining Quarters Up To 31 December 2007**

The telecommunications industry is expected to continue to enjoy continuous growth for the remaining quarters of 2007, and competition is expected to further intensify. The group will continue to leverage on its strong innovative stance and ability to address and respond swiftly to changing customer needs.

Barring any unforeseen circumstances and taking into account these new developments in the market place as well as our financial performance in the first quarter of 2007, we have revised our 2007 guidance (issued in conjunction with our Q406 results) on several key financial parameters and now have the following updates:

- Expecting mid-teens revenue growth vis-à-vis previous guidance on strong revenue development for the first three months of 2007 and continuous rational competition;
- Maintain EBITDA margins at mid-40's as we anticipate increasing competition and price pressure from the second half of 2007;
- To account for higher minutes growth, increased network quality improvements and data/voice innovation, capex spending is expected to increase to between RM800 million - RM900 million from our initial estimate of around RM750 million; and
- Maintain PAT guidance at mid-teens growth level.

The Board of Directors is of the opinion that these internal targets are achievable based on current market conditions and currently available information. These targets will be reviewed periodically by the Board of Directors and any subsequent changes will be conveyed to the market in accordance with Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The above are internal management targets and are not estimates, forecasts or projections. In addition, these internal targets have not been reviewed by our external auditors.

**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 (APPENDIX 9B) -  
CONT'D**

**B5. Taxation**

The taxation charge for the Group for current quarter and financial year-to-date ended 31 March 2007 was made up as follows:

	<b>Current year quarter and year-to-date 31 March 2007 RM'000</b>
Current tax	102,452
Deferred tax	(9,425)
<b>Total</b>	<b>93,027</b>

The effective tax rate for the current quarter and financial year-to-date ended 31 March 2007 of 27.4% was higher than the statutory tax rate of 27.0% 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 2007.

**B7. Quoted Securities**

There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date ended 31 March 2007. There was no investment in quoted shares as at 31 March 2007.

**B8. Status of Corporate Proposals**

There was no corporate proposal announced but not completed in the interval from the date of the last report and the date of this announcement except for the Commercial Papers and Medium Term Notes with an aggregate nominal value of up to RM700 million which has yet to be executed.

**B9. Group Borrowings**

The borrowings of the Group as at 31 March 2007 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.

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

**B11. Material Litigation**

There was no pending material litigation as at the date of this report.

**B12. Dividends**

Subject to the approval of the shareholders at the forthcoming Annual General Meeting on 8 May 2007, a final dividend of 57.5 sen per ordinary share less 27% income tax in respect of the financial year ended 31 December 2006 will be paid on 15 June 2007. The entitlement date for the dividend payment is on 31 May 2007.

A Depositor shall qualify for the entitlement only in respect of:

- a) Shares transferred to the Depositor's Securities Account before 4:00 p.m. on 31 May 2007 in respect of transfers; and
- b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

**B13. Earnings Per Share**

*Basic Earnings Per Share*

The basic earnings per share for the current quarter ended 31 March 2007 has been calculated based on the net profit for the period attributable to equity holders of the Company of RM246,002,000 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