



DiGi.COM BERHAD

Company no. 425190-X
(Incorporated in Malaysia)

Date: 20 July 2007

**Subject: INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2007**

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

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30 JUN 2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUN 2006 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO-DATE 30 JUN 2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUN 2006 RM'000
Revenue	1,057,668	903,690	2,072,540	1,764,995
Other income	1,379	2,289	3,778	4,540
Depreciation and amortisation	(162,431)	(135,237)	(323,231)	(273,251)
Other expenses	(557,200)	(496,381)	(1,077,284)	(969,909)
Finance costs	(3,876)	(3,763)	(7,273)	(7,510)
Interest income	8,978	10,012	15,017	19,015
Profit before tax	344,518	280,610	683,547	537,880
Taxation	(94,200)	(80,006)	(187,227)	(152,609)
Profit for the period	250,318	200,604	496,320	385,271
Attributable to: Equity holders of the Company	250,318	200,604	496,320	385,271
Earnings per share (sen)				
- Basic	33.4	26.7	66.2	51.4
- 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

	AT 30 JUNE 2007 RM'000	AT 31 DECEMBER 2006 RM'000
Non-current assets		
Property, plant and equipment	2,582,620	2,680,246
Prepaid lease payments	12,609	12,717
Intangible assets	228,048	254,487
	2,823,277	2,947,450
Current assets		
Inventories	7,522	8,189
Trade and other receivables	262,404	250,959
Cash and cash equivalents	1,008,982	869,549
	1,278,908	1,128,697
TOTAL ASSETS	4,102,185	4,076,147
Equity		
Share capital	75,000	75,000
Reserves	1,858,908	1,677,401
Total equity – attributable to equity holders of the Company	1,933,908	1,752,401
Non-current liabilities		
Borrowings	200,000	300,000
Deferred tax liabilities	361,309	371,707
Provision for liabilities	14,073	13,398
	575,382	685,105
Current liabilities		
Trade and other payables	1,001,862	1,248,444
Provision for liabilities	57,318	75,619
Borrowings	100,000	-
Deferred revenue	256,277	244,769
Taxation	177,438	69,809
	1,592,895	1,638,641
Total liabilities	2,168,277	2,323,746
TOTAL EQUITY AND LIABILITIES	4,102,185	4,076,147
Net Assets Per Share (RM)	2.58	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-----			
	Share capital RM'000	Non- Distributable Share premium RM'000	Distributable Retained earnings RM'000	Total RM'000
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	-	-	496,320	496,320
Dividend for the financial year ended 31 December 2006 - final dividend	-	-	(314,813)	(314,813)
At 30 June 2007	75,000	15,151	1,843,757	1,933,908
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	-	-	385,271	385,271
Capital reduction of RM0.75 per ordinary share	(562,500)	-	-	(562,500)
At 30 June 2006	187,500	352,651	1,530,768	2,070,919

(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

	PERIOD ENDED 30 JUNE 2007 RM'000	PERIOD ENDED 30 JUNE 2006 RM'000
Cash flows from operating activities		
Profit before tax	683,547	537,880
Adjustments for:		
Non-cash items	427,484	365,098
Finance costs	7,273	7,510
Interest income	(15,017)	(19,015)
Operating profit before working capital changes	1,103,287	891,473
Changes in working capital:		
Net change in current assets	(19,742)	(4,032)
Net change in current liabilities	(218,628)	(45,198)
Cash generated from operations	864,917	842,243
Interest paid	(7,330)	(7,330)
Payments for staff benefits and customer loyalty programmes	(129,854)	(119,069)
Taxes paid	(90,030)	(8,217)
Net cash generated by operating activities	637,703	707,627
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(198,649)	(242,048)
Interest received	15,033	17,868
Proceeds from disposal of property, plant and equipment	159	38
Net cash used in investing activities	(183,457)	(224,142)
Cash flows from financing activities		
Dividend paid	(314,813)	-
Capital repayment	-	(562,500)
Net cash used in financing activities	(314,813)	(562,500)
Net increase/(decrease) in cash and cash equivalents	139,433	(79,015)
Cash and cash equivalents at beginning of year	869,549	1,182,962
Cash and cash equivalents at end of period	1,008,982	1,103,947

(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 SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2007**

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 119₂₀₀₄ (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 30 June 2007.

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 June 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 30 June 2007.

A7. Dividend Paid

A final dividend of 57.5 sen per ordinary share, less income tax at 27%, amounting to approximately RM314.8 million in respect of the financial year ended 31 December 2006, was paid on 15 June 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 were no material events subsequent to the current quarter ended 30 June 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 30 June 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 30 June 2007 are as follows:

	RM'000
Approved and contracted for	<u>300,000</u>
Approved but not contracted for	<u>573,000</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 six-month period:

	Transactions for the six months ended 30 June 2007 RM'000	Balance due from/(to) at 30 June 2007 RM'000
<i>With the ultimate holding company and fellow subsidiary companies</i>		
- <i>Telenor ASA</i>		
Consultancy services rendered	4,363	(4,402)
- <i>Telenor Global Services AS</i>		(738)
Sales of interconnection services on international traffic	94	
Purchase of interconnection services on international traffic	1,672	
- <i>Telenor LDI Communication (Private) Limited</i>		12
Sales of interconnection services on international traffic	418	
Purchase of interconnection services on international traffic	874	
- <i>Total Access Communication Public Company Limited</i>		(338)
Sales of roaming services	162	
Purchase of roaming services	1,270	
- <i>Telenor Consult AS</i>		(4,125)
Personnel services rendered	5,310	
	4,363	(4,125)

A15. Comparatives

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

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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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

Year-to-date (YTD) 30.06.07 versus YTD 30.06.06

The Group's revenue grew by 17%, registering at RM2.07 billion for the first six months of this year. The growth was mainly backed by an 11% increase in subscriber base, which stood at 6.0 million as of end June 2007, and overall higher average usage per subscriber.

As a result of higher voice traffic and the encouraging take-up rates on our non-voice services, blended average mobile revenue per user ("ARPU") increased to RM58 from RM54 as recorded in 2006. Non-voice revenue, as a percentage of total mobile revenue, increased by 0.6 percentage points to 19.1% from 18.5% achieved last year.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") was boosted by higher revenue and grew by 25% from RM799.6 million a year ago to RM999.0 million, whilst EBITDA margin strengthened by 2.9 percentage points to 48.2% (2006: 45.3%), impacted by solid revenue growth and increased cost efficiency.

The Group's profit before tax ("PBT") increased by 27% to RM683.5 million, largely as a result of the strong operating results. Accordingly, profit after tax ("PAT") of RM496.3 million was posted, representing a 29% improvement while earnings per share rose to 66.2 sen against 51.4 sen previously.

Quarter 2-07 versus Quarter 2-06

For the current quarter under review, PBT increased by RM63.9 million to RM344.5 million while PAT registered at RM250.3 million, 25% higher than quarter 2, 2006. The better financial performance was achieved through higher mobile revenue driven by an expanded customer base; and further improved by an increase in ARPU to RM58, compared to RM54 in Q2, 2006. The EBITDA margin also improved as a result of the strong growth in revenue and lower material costs.

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

The Group's PBT posted at RM344.5 million, improved by 2% from RM339.0 million as recorded in the preceding quarter. Higher PBT was largely due to the 4% increased in revenue and partly offset by higher spending in sales and marketing. Consequently, EBITDA was reported at RM501.8 million against RM497.2 million achieved in Q1 whilst the EBITDA margin decreased to 47.4% from 49.0% in Q1 2007.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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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 but 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 six months of 2007, we are maintaining our 2007 guidance (issued in conjunction with our Quarter 1 2007 results) on these key financial parameters:

- mid-teens revenue growth vis-à-vis strong revenue development for the first six months of 2007 and continuous rational competition;
- EBITDA margins at mid-40's as we anticipate increasing competition and price pressure in the second half of 2007;
- to account for higher traffic growth, increased network quality improvements and data/voice innovation, capex spending is expected to range between RM800 million - RM900 million; and
- mid-teens PAT growth

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.

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 30 June 2007 was made up as follows:

	Current year quarter 30 June 2007 RM'000	Current year-to-date 30 June 2007 RM'000
Current tax	95,174	197,626
Deferred tax	(974)	(10,399)
Total	94,200	187,227

The effective tax rate for the current quarter and financial year-to-date ended 30 June 2007 of 27.3% and 27.4% respectively were 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 30 June 2007.

B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date ended 30 June 2007. There was no investment in quoted shares as at 30 June 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 30 June 2007 represent the fixed rate term loan which is denominated in Ringgit Malaysia and unsecured. The loan is repayable on a bullet basis of RM100.0 million each repayment in April 2008, April 2009 and April 2010 respectively.

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.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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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

The Board of Directors have declared an interim dividend of 68.5 sen per ordinary share (2006: 53.5 sen) less 27% income tax in respect of the financial year ending 31 December 2007 and will be paid on 28 August 2007. The entitlement date for the dividend payment is on 8 August 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 8 August 2007 in respect of transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad ("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 and financial year-to-date ended 30 June 2007 has been calculated based on the net profit for the period attributable to equity holders of the Company of RM250,318,000 and RM496,320,000 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