



DiGi.COM BERHAD

Company no. 425190-X
(Incorporated in Malaysia)

Date: 19 October 2007

**Subject: INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

<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 – 7
Additional information required by the Bursa Malaysia Securities Listing Requirements ("Bursa Securities LR")	8 - 11

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30 SEP 2007 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEP 2006 RM'000	CUMULATIVE QUARTER CURRENT YEAR TO-DATE 30 SEP 2007 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEP 2006 RM'000
Revenue	1,113,425	920,772	3,185,965	2,685,767
Other income	1,910	448	5,688	4,988
Depreciation and amortisation	(156,491)	(170,073)	(479,722)	(443,324)
Other expenses	(589,115)	(501,924)	(1,666,399)	(1,471,833)
Finance costs	(3,871)	(3,874)	(11,144)	(11,384)
Interest income	9,311	9,955	24,328	28,970
Profit before tax	375,169	255,304	1,058,716	793,184
Taxation	(101,890)	(74,477)	(289,117)	(227,086)
Profit for the period	273,279	180,827	769,599	566,098
Attributable to: Equity holders of the Company	273,279	180,827	769,599	566,098
Earnings per share (sen)				
- Basic	36.4	24.1	102.6	75.5
- 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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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

CONDENSED CONSOLIDATED BALANCE SHEETS

	AT 30 SEPTEMBER 2007 RM'000	AT 31 DECEMBER 2006 RM'000
Non-current assets		
Property, plant and equipment	2,595,906	2,680,246
Prepaid lease payments	12,554	12,717
Intangible assets	216,405	254,487
	2,824,865	2,947,450
Current assets		
Inventories	9,504	8,189
Trade and other receivables	268,559	250,959
Cash and cash equivalents	930,675	869,549
	1,208,738	1,128,697
TOTAL ASSETS	4,033,603	4,076,147
Equity		
Share capital	75,000	75,000
Reserves	1,757,149	1,677,401
Total equity – attributable to equity holders of the Company	1,832,149	1,752,401
Non-current liabilities		
Borrowings	200,000	300,000
Deferred tax liabilities	379,056	371,707
Provision for liabilities	14,385	13,398
	593,441	685,105
Current liabilities		
Trade and other payables	1,073,897	1,248,444
Provision for liabilities	41,930	75,619
Borrowings	100,000	-
Deferred revenue	267,628	244,769
Taxation	124,558	69,809
	1,608,013	1,638,641
Total liabilities	2,201,454	2,323,746
TOTAL EQUITY AND LIABILITIES	4,033,603	4,076,147
Net Assets Per Share (RM)	2.44	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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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	----- Attributable to equity holders of the Company -----			
	Share capital RM'000	<i>Non- Distributable</i> Share premium RM'000	<i>Distributable</i> 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	-	-	769,599	769,599
Dividend for the financial year ended 31 December 2006 - final	-	-	(314,813)	(314,813)
Dividend for the financial year ending 31 December 2007 - interim	-	-	(375,038)	(375,038)
At 30 September 2007	75,000	15,151	1,741,998	1,832,149
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	-	-	566,098	566,098
Capital reduction of RM0.75 per ordinary share	(562,500)	-	-	(562,500)
Dividend for the financial year ended 31 December 2006 - interim	-	-	(288,900)	(288,900)
At 30 September 2006	187,500	352,651	1,422,695	1,962,846

(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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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	NINE MONTHS ENDED 30 SEP 2007 RM'000	NINE MONTHS ENDED 30 SEP 2006 RM'000
Cash flows from operating activities		
Profit before tax	1,058,716	793,184
Adjustments for:		
Non-cash items	670,138	589,384
Finance costs	11,144	11,384
Interest income	(24,328)	(28,970)
Operating profit before working capital changes	<u>1,715,670</u>	<u>1,364,982</u>
Changes in working capital:		
Net change in current assets	(34,393)	(35,169)
Net change in current liabilities	(150,933)	141,361
Cash generated from operations	<u>1,530,344</u>	<u>1,471,174</u>
Interest paid	(7,330)	(7,330)
Payments for staff benefits and customer loyalty programmes	(212,683)	(168,022)
Taxes paid	(227,051)	(60,152)
Net cash generated by operating activities	<u>1,083,280</u>	<u>1,235,670</u>
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(357,193)	(456,230)
Interest received	24,315	27,719
Proceeds from disposal of property, plant and equipment	575	48
Net cash used in investing activities	<u>(332,303)</u>	<u>(428,463)</u>
Cash flows from financing activities		
Dividends paid	(689,851)	(288,900)
Capital repayment	-	(562,500)
Net cash used in financing activities	<u>(689,851)</u>	<u>(851,400)</u>
Net increase/(decrease) in cash and cash equivalents	61,126	(44,193)
Cash and cash equivalents at beginning of year	869,549	1,182,962
Cash and cash equivalents at end of period	<u>930,675</u>	<u>1,138,769</u>

(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 THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 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 119 ₂₀₀₄ (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 September 2007.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods 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 September 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 September 2007.

A7. Dividend Paid

An interim dividend of 68.5 sen per ordinary share, less income tax at 27%, amounting to approximately RM375.0 million in respect of the financial year ending 31 December 2007, was paid on 28 August 2007.

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A7. Dividend Paid – Cont'd

For the financial year ended 31 December 2006, a final dividend of 57.5 sen per ordinary share, less income tax at 27%, amounting to RM314.8 million, was paid on 15 June 2007.

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 September 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 September 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 September 2007 are as follows:

	RM'000
Approved and contracted for	<u>333,000</u>
Approved but not contracted for	<u>532,000</u>

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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

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 nine-month period:

	Transactions for the nine months ended 30 Sep 2007 RM'000	Balance due from/(to) at 30 Sep 2007 RM'000
<i>With the ultimate holding company and fellow subsidiary companies</i>		
- <i>Telenor ASA</i>		
Consultancy services rendered	5,919	(6,538)
- <i>Telenor Global Services AS</i>		(475)
Sales of interconnection services on international traffic	164	
Purchase of interconnection services on international traffic	2,477	
- <i>Telenor LDI Communication (Private) Limited</i>		106
Sales of interconnection services on international traffic	760	
Purchase of interconnection services on international traffic	1,351	
- <i>Total Access Communication Public Company Limited</i>		(289)
Sales of roaming services	270	
Purchase of roaming services	1,835	
- <i>Telenor Consult AS</i>		(1,093)
Personnel services rendered	9,386	
	5,919	(6,538)

A15. Comparatives

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

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

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) 30.09.07 versus YTD 30.09.06

The Group continued its revenue growth momentum, driving total revenue to RM3.2 billion for the nine-month period of 2007. The growth was fueled by higher usage volume and increased average revenue per subscriber ("ARPU"), which was driven by attractive market offerings and strong brand equity. As of end September 2007, the mobile subscriber base had reached 6.1 million, a 9% year-on-year increase.

While revenue grew by 19%, earnings before interest, tax, depreciation and amortisation ("EBITDA") leapt by 25% from RM1.2 billion to RM1.5 billion. Other than the robust revenue growth, higher EBITDA was largely a result of efficient spending and improved economies of scale. As such, the Group's EBITDA margin strengthened by a 2.5 percentage points to 47.9% for the year-to-date ended 30 September 2007.

Following the strong operating results, profit before tax ("PBT") increased by 33% to RM1.1 billion, while profit after tax ("PAT") increased by 36% due to lower corporate tax rate as compared to last year. Accordingly, earnings per share rose to 102.6 sen against 75.5 sen previously.

Quarter 3-07 versus Quarter 3-06

For the current quarter under review, the 21% revenue growth was backed by a higher subscriber base and a higher blended ARPU of RM59, compared to RM53 recorded in Q3-06. The improved revenue and ARPU was largely attributable to targeted marketing activities and attractive product offerings, as well as the filtering of non-active subscribers conducted during last year's mandatory prepaid registration implementation. The success of a continuous cost optimization focus as well as scale effects led to the 26% EBITDA increase, and resulted the EBITDA margin improved by 1.8 percentage points to 47.3%. Consequently, PBT increased to RM375.2 million while PAT registered at RM273.3 million, 51% higher than Quarter 3, 2006.

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 of RM375.2 million achieved for the current quarter under review represented a 9% increase from the RM344.5 million recorded in the preceding quarter. The higher PBT was the result of the 5% growth in revenue and a corresponding increase in EBITDA. The growth in revenue was due to higher usage for the current quarter, with blended ARPU increasing to RM59 for the current quarter. Depreciation and amortisation were lower due to write-back of depreciation charges resulting from adjustment on invoice-price variance for prior years' capital expenditure.

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

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

B3. Prospects

For The Remaining Quarter Up To 31 December 2007

Amid intensifying competition during third Quarter 2007, the company was able to leverage on its strong innovative stance and ability to address and respond swiftly to changing customer needs. The market was also responsive to the company's new plans and offerings.

Hence, we are raising our estimates on revenue and PAT growth as well as EBITDA margin. Our estimated capex spend is now lower as some of the planned capex for 2007 will spill-over to 2008.

We now have the following estimates for 2007:

- revenue growth at high teens
- EBITDA margins at around 47% - 48%
- PAT growth at high 20's
- capex of RM600 million - RM700 million

For The Financial Year Ending 31 December 2008

For 2008, these are the current estimates for the same financial parameters:

- revenue growth at high single digit
- EBITDA margins at mid-40's
- PAT growth at high single digit
- capex of RM700 million - RM900 million

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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**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

**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 September 2007 was made up as follows:

	Current year quarter 30 Sep 2007 RM'000	Current year-to-date 30 Sep 2007 RM'000
Current tax		
- current	88,749	286,375
- prior year overprovision	(4,607)	(4,607)
	84,142	281,768
Deferred tax		
- current	13,699	3,300
- prior year underprovision	4,049	4,049
	17,748	7,349
Total	101,890	289,117

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

B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date ended 30 September 2007. There was no investment in quoted shares as at 30 September 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.

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2007**

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

B9. Group Borrowings

	30 Sep 2007 RM'000
Fixed rate term loan	
- short term	100,000
- long term	200,000
	<u>300,000</u>

The above borrowings of the Group as at 30 September 2007 are 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.

B11. Material Litigation

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

B12. Dividends

The Board of Directors has declared a special dividend of RM1.00 per ordinary share, less 27% income tax, in respect of the financial year ending 31 December 2007. The payment date for the dividend will be determined later.

B13. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year-to-date ended 30 September 2007 has been calculated based on the profit for the period attributable to equity holders of the Company of RM273,279,000 and RM769,599,000 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