



DiGi.COM BERHAD

Company no. 425190-X
(Incorporated in Malaysia)

Date: 22 July 2008

**Subject: INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2008**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUN 2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUN 2007 RM'000	CURRENT YEAR TO-DATE 30 JUN 2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUN 2007 RM'000
Revenue	1,193,716	1,057,668	2,360,170	2,072,540
Other income	1,720	1,379	3,362	3,778
Depreciation and amortisation	(157,600)	(162,431)	(320,994)	(323,231)
Other expenses	(638,201)	(557,200)	(1,250,410)	(1,077,284)
Finance costs	(3,003)	(3,876)	(6,925)	(7,273)
Interest income	7,338	8,978	14,413	15,017
Profit before tax	403,970	344,518	799,616	683,547
Taxation	(105,578)	(94,200)	(211,084)	(187,227)
Profit for the period	298,392	250,318	588,532	496,320
Attributable to: Equity holders of the Company	298,392	250,318	588,532	496,320
Earnings per share (sen)				
- Basic	38.9	33.4	77.6	66.2
- 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 8)

Note : NA denotes "Not Applicable"

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CONDENSED CONSOLIDATED BALANCE SHEET

	AT 30 JUNE 2008 RM'000	AT 31 DECEMBER 2007 RM'000
Non-current assets		
Property, plant and equipment	2,682,534	2,676,555
Prepaid lease payments	12,389	12,500
Intangible assets	910,566	251,010
	3,605,489	2,940,065
Current assets		
Inventories	5,483	8,659
Trade and other receivables	351,536	351,623
Cash and cash equivalents	704,785	577,144
	1,061,804	937,426
TOTAL ASSETS	4,667,293	3,877,491
Equity		
Share capital	77,750	75,000
Reserves	2,316,838	1,502,645
Total equity – attributable to equity holders of the Company	2,394,588	1,577,645
Non-current liabilities		
Borrowings	100,000	200,000
Deferred tax liabilities	362,441	355,521
Provision for liabilities	19,103	18,270
	481,544	573,791
Current liabilities		
Trade and other payables	1,164,374	1,180,105
Provision for liabilities	64,962	102,731
Borrowings	100,000	100,000
Deferred revenue	243,186	227,001
Taxation	218,639	116,218
	1,791,161	1,726,055
Total liabilities	2,272,705	2,299,846
TOTAL EQUITY AND LIABILITIES	4,667,293	3,877,491
Net Assets Per Share (RM)	3.08	2.10

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 8)

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CONDENSED CONSOLIDATED STATEMENT 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 2008	75,000	15,151	1,487,494	1,577,645
Profit for the period, representing total recognised income and expenses for the period	-	-	588,532	588,532
Issue of 27,500,000 new ordinary shares pursuant to the transfer of 3G spectrum	2,750	682,000	-	684,750
Share issuance and listing expenses	-	(5,272)	-	(5,272)
Dividend for the financial year ended 31 December 2007 - final dividend	-	-	(451,067)	(451,067)
At 30 June 2008	77,750	691,879	1,624,959	2,394,588
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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 8)

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	SIX MONTHS ENDED 30 JUNE 2008 RM'000	SIX MONTHS ENDED 30 JUNE 2007 RM'000
Cash flows from operating activities		
Profit before tax	799,616	683,547
Adjustments for:		
Non-cash items	463,366	427,484
Finance costs	6,925	7,273
Interest income	(14,413)	(15,017)
Operating profit before working capital changes	1,255,494	1,103,287
Changes in working capital:		
Net change in current assets	(10,816)	(19,742)
Net change in current liabilities	(5,881)	(218,628)
Cash generated from operations	1,238,797	864,917
Interest paid	(7,330)	(7,330)
Payments for staff benefits and customer loyalty programmes	(158,527)	(129,854)
Taxes paid	(101,766)	(90,030)
Net cash generated by operating activities	971,174	637,703
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(307,081)	(198,649)
Interest received	14,305	15,033
Proceeds from disposal of property, plant and equipment	310	159
Net cash used in investing activities	(292,466)	(183,457)
Cash flows from financing activities		
Repayment of borrowings	(100,000)	-
Dividend paid	(451,067)	(314,813)
Net cash used in financing activities	(551,067)	(314,813)
Net increase in cash and cash equivalents	127,641	139,433
Cash and cash equivalents at beginning of year	577,144	869,549
Cash and cash equivalents at end of period	704,785	1,008,982

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 8)

**INTERIM FINANCIAL REPORT FOR THE SECOND 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 2007.

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 2007 except for the mandatory adoption of the following revised Financial Reporting Standards ("FRS") and Issues Committee Interpretations ("IC Interpretation") effective for the financial period beginning on 1 January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 8	Scope of FRS 2

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

A2. Seasonality or Cyclicity of Interim Operations

The operations of the Group were not significantly affected by any seasonal and cyclical factors.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A3. 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 2008, other than the capitalisation of 3G spectrum and its related costs as an intangible asset for a total consideration of approximately RM695 million.

A4. 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 2008.

A5. 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 2008, other than:

- a) the issuance of 27,500,000 new ordinary shares pursuant to the transfer of the 3G spectrum; and
- b) the repayment of fixed rate term loan of RM100.0 million as disclosed under Note B9.

A6. Dividend Paid

A final dividend of 4.75 sen per ordinary share less 26% income tax, and 54.5 sen single-tier exempt dividend per ordinary share, amounting to approximately RM451.1 million in respect of the financial year ended 31 December 2007, was paid on 30 May 2008.

A7. 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.

A8. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the current quarter ended 30 June 2008 up to the date of this report.

A9. 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 2008 including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A10. Changes in Contingent Liabilities or Contingent Assets

There were no material changes in contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2007, other than the additional RM50.0 million irrevocable bank guarantee (unsecured) given to Suruhanjaya Komunikasi dan Multimedia Malaysia for the 3G spectrum assignment.

A11. Capital Commitments

Capital commitments for the Group in respect of property, plant and equipment and intangible assets not provided for as of 30 June 2008 are as follows:

	RM'000
Approved and contracted for	476,000
Approved but not contracted for	565,000

A12. 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 2008 RM'000	Balance due from/(to) at 30 June 2008 RM'000
<i>With the ultimate holding company and its fellow subsidiary companies</i>		
- Telenor ASA		
Consultancy services rendered	6,876	(3,840)
- Telenor Global Services AS		(1,345)
Sales of interconnection services on international traffic	176	
Purchases of interconnection services on international traffic	2,064	
- Telenor LDI Communication (Private) Limited		(1,540)
Sales of interconnection services on international traffic	396	
Purchases of interconnection services on international traffic	1,766	

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A12. Related Party Transactions – Cont'd

	Transactions for the six months ended 30 June 2008 RM'000	Balance due from/(to) at 30 June 2008 RM'000
<i>With the ultimate holding company and its fellow subsidiary companies – cont'd</i>		
- Total Access Communication Public Company Limited		(536)
Sales of roaming services	244	
Purchases of roaming services	1,871	
- Telenor Consult AS		
Personnel services rendered	6,758	(1,587)
<i>With company in which Time dotCom Berhad ("TdC")* is deemed to have an interest</i>		
- TT dotCom Sdn Bhd		1,342
Sales of interconnection services on domestic traffic	888	
Purchases of interconnection services on domestic traffic	171	

* Pursuant to the Bursa Securities LR, TdC became a major shareholder of the Company on 7 May 2008. Therefore, related party transactions with companies in which TdC is deemed to have an interest are disclosed accordingly.

**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”) 30.06.08 versus YTD 30.06.07

For the six-month under review, the Group achieved a 14% growth in revenue from RM2.07 billion to RM2.36 billion this year. The growth was attributed to higher traffic arising from the introduction of innovative services and offerings to the market, which increased the customer base and strengthened average revenue per user (“ARPU”) to RM59 (2007: RM58). As of 30 June 2008, the Group had a total subscriber base of 6.6 million.

The Group’s earnings before interest, tax, depreciation and amortisation (“EBITDA”) was RM1.11 billion (2007: RM999 million), an increase of 11% over last year that was mainly driven by higher revenue. However, EBITDA was pressured by higher traffic charges, resulting in a one percentage point margin reduction to 47.2% compared to the same period in 2007.

Profit before tax (“PBT”) was RM800 million (2007: RM684 million), an increase of 17% due to lower depreciation and amortisation expense for the period, while profit after tax (“PAT”) was RM589 million, a growth of 19% from last year due to the good operational performance and a one percentage point reduction in the statutory tax rate. Accordingly, earnings per share increased to 77.6 sen against 66.2 sen previously.

Quarter 2-08 versus Quarter 2-07

Spurred by a larger subscriber base and higher ARPU, the Group’s revenue grew by 13% to reach RM1.19 billion. EBITDA of RM557 million was 11% higher than last year’s RM502 million, on the back of higher revenue. However, the EBITDA margin decreased to 46.7% (2007: 47.4%), resulting from higher traffic charges.

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 RM404 million was 2% higher than RM396 million reported in the preceding quarter. Higher PBT was primarily a result of a 2% increase in revenue with slightly lower depreciation and amortisation expense attributable to a larger fully-depreciated asset base.

**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 2008

Overall, the Board of Directors is pleased with the Group's performance for the first half of the current financial year and remains positive on the growth prospects of the telecommunications industry for the remaining quarters of this year.

Although mobile services are becoming commodities and increased price competition will exert pressure on core tariffs and margins going forward, the Board believes that over time, higher data usage will ensure operators continue to grow revenue further beyond the voice market.

In this respect, the Board is pleased to report that the Group has completed the transfer of the 3G spectrum in May 2008 and the Group will commence 3G/mobile broadband roll-out in the third quarter of 2008. This would give the Group the required network abilities and efficiencies to offer 3G and broadband services in the near future. Nevertheless, any substantial revenues attributable to the 3G related-services are only expected to be generated in the medium to longer term.

After evaluating all relevant factors and the current operating environment, the Board has revised the internal revenue growth target to around 10% whilst EBITDA margin is retained at mid-40's. Internal PAT growth target is now around 10% vis-à-vis the earlier growth target of around 5% to account for the change in the commencement of the amortisation of 3G spectrum cost, which will now be accounted for upon commercial launch of our 3G related services.

Capital expenditure for 2008 is now anticipated at around RM850 million to RM950 million compared to the earlier estimate of RM850 million to RM1.1 billion, due to increased visibility of the 3G and mobile broadband investments for the year.

These are the revised Group's growth targets for 2008:

- revenue growth at around 10%
- EBITDA margins at mid-40's
- PAT growth at around 10%
- capex of RM850 million to RM950 million

These targets will be reviewed periodically by the Board and any subsequent changes will be conveyed to the market in accordance with Bursa Securities LR.

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.

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

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

Not applicable.

B5. Taxation

The taxation charge for the Group for current quarter and financial year-to-date ended 30 June 2008 was made up as follows:

	Current year quarter 30 June 2008 RM'000	Current year-to-date 30 June 2008 RM'000
Current tax	101,908	204,164
Deferred tax	3,670	6,920
Total	105,578	211,084

The effective tax rate for the current quarter and financial year-to-date ended 30 June 2008 of 26.1% and 26.4% respectively were higher than the statutory tax rate of 26.0% 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 2008.

B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date ended 30 June 2008. There was no investment in quoted shares as at 30 June 2008.

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.

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

B9. Group Borrowings

	30 June 2008
	RM'000
Fixed rate term loan	
- short term	100,000
- long term	100,000
	<u>200,000</u>

The above borrowings are denominated in Ringgit Malaysia and unsecured.

In April 2008, the Group repaid RM100.0 million under the repayment schedule of the fixed rate term loan facility. The balance of the borrowings is repayable on a bullet basis of RM100.0 million each repayment in 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 an interim dividend of 57.0 sen single-tier exempt dividend per ordinary share (2007: 68.5 sen per ordinary share less 27% income tax) in respect of the financial year ending 31 December 2008 and will be paid on 28 August 2008. The entitlement date for the dividend payment is on 12 August 2008.

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 12 August 2008 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.

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

B13. Earnings Per Share

Basic Earnings Per Share

		Current year quarter 30 June 2008	Current year-to-date 30 June 2008
Net profit attributable to equity holders of the Company	(RM'000)	<u>298,392</u>	<u>588,532</u>
Weighted average number of ordinary shares	('000)	<u>766,621</u>	<u>758,310</u>
Basic earnings per share	(sen)	<u>38.9</u>	<u>77.6</u>

Diluted Earnings Per Share – Not applicable

B14. Auditors' Report on Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 31 December 2007 were not subject to any qualification.

c.c Securities Commission