



DiGi.COM BERHAD

Company no. 425190-X
(Incorporated in Malaysia)

Date: 24 October 2008

**Subject: INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND NINE MONTHS ENDED 30 SEPTEMBER 2008**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEP 2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEP 2007 RM'000	CURRENT YEAR TO-DATE 30 SEP 2008 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEP 2007 RM'000
Revenue	1,222,620	1,113,425	3,582,790	3,185,965
Other income	6,872	1,910	9,409	5,688
Depreciation and amortisation	(158,568)	(156,491)	(479,562)	(479,722)
Other expenses	(707,780)	(589,115)	(1,957,365)	(1,666,399)
Finance costs	(2,372)	(3,871)	(9,297)	(11,144)
Interest income	4,691	9,311	19,104	24,328
Profit before tax	365,463	375,169	1,165,079	1,058,716
Taxation	(95,521)	(101,890)	(306,605)	(289,117)
Profit for the period	269,942	273,279	858,474	769,599
Attributable to: Equity holders of the Company	269,942	273,279	858,474	769,599
Earnings per share (sen)				
- Basic	34.7	36.4	112.3	102.6
- 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 6 to 9)

Note : NA denotes "Not Applicable"

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CONDENSED CONSOLIDATED BALANCE SHEET

	AT 30 SEPTEMBER 2008 RM'000	AT 31 DECEMBER 2007 RM'000
Non-current assets		
Property, plant and equipment	2,697,791	2,676,555
Prepaid lease payments	12,332	12,500
Intangible assets	931,389	251,010
	<u>3,641,512</u>	<u>2,940,065</u>
Current assets		
Inventories	12,590	8,659
Trade and other receivables	359,980	351,623
Cash and cash equivalents	512,335	577,144
	<u>884,905</u>	<u>937,426</u>
TOTAL ASSETS	<u>4,526,417</u>	<u>3,877,491</u>
Equity		
Share capital	77,750	75,000
Reserves	2,143,601	1,502,645
Total equity – attributable to equity holders of the Company	<u>2,221,351</u>	<u>1,577,645</u>
Non-current liabilities		
Borrowings	100,000	200,000
Deferred tax liabilities	370,314	355,521
Provision for liabilities	19,465	18,270
	<u>489,779</u>	<u>573,791</u>
Current liabilities		
Trade and other payables	1,220,238	1,180,105
Provision for liabilities	47,638	102,731
Borrowings	100,000	100,000
Deferred revenue	311,004	227,001
Taxation	136,407	116,218
	<u>1,815,287</u>	<u>1,726,055</u>
Total liabilities	<u>2,305,066</u>	<u>2,299,846</u>
TOTAL EQUITY AND LIABILITIES	<u>4,526,417</u>	<u>3,877,491</u>
Net Assets Per Share (RM)	<u>2.86</u>	<u>2.10</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Notes to the Interim Financial Report on pages 6 to 9)

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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	-	-	858,474	858,474
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	-	(5,276)	-	(5,276)
Dividend for the financial year ended 31 December 2007 - final	-	-	(451,067)	(451,067)
Dividend for the financial year ending 31 December 2008 - interim	-	-	(443,175)	(443,175)
At 30 September 2008	77,750	691,875	1,451,726	2,221,351

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONT'D

	----- Attributable to equity holders of the Company-----			
	<i>Share capital</i>	<i>Non-Distributable Share premium</i>	<i>Distributable Retained earnings</i>	<i>Total</i>
	RM'000	RM'000	RM'000	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 ended 31 December 2007 - interim	-	-	(375,038)	(375,038)
At 30 September 2007	75,000	15,151	1,741,998	1,832,149

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Report on pages 6 to 9)

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

	NINE MONTHS ENDED 30 SEP 2008 RM'000	NINE MONTHS ENDED 30 SEP 2007 RM'000
Cash flows from operating activities		
Profit before tax	1,165,079	1,058,716
Adjustments for:		
Non-cash items	703,201	670,138
Finance costs	9,297	11,144
Interest income	(19,104)	(24,328)
Operating profit before working capital changes	1,858,473	1,715,670
Changes in working capital:		
Net change in current assets	(34,936)	(34,393)
Net change in current liabilities	103,440	(150,933)
Cash generated from operations	1,926,977	1,530,344
Interest paid	(7,330)	(7,330)
Payments for staff benefits and customer loyalty programmes	(236,190)	(212,683)
Taxes paid	(271,594)	(227,051)
Net cash generated by operating activities	1,411,863	1,083,280
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(501,626)	(357,193)
Interest received	18,861	24,315
Proceeds from disposal of property, plant and equipment	335	575
Net cash used in investing activities	(482,430)	(332,303)
Cash flows from financing activities		
Repayment of borrowings	(100,000)	-
Dividends paid	(894,242)	(689,851)
Net cash used in financing activities	(994,242)	(689,851)
Net (decrease)/increase in cash and cash equivalents	(64,809)	61,126
Cash and cash equivalents at beginning of year	577,144	869,549
Cash and cash equivalents at end of period	512,335	930,675

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Notes to the Interim Financial Report on pages 6 to 9)

**INTERIM FINANCIAL REPORT FOR THE THIRD 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 ("FRSs") and Issues Committee Interpretations ("IC Interpretations") 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.

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 September 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 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 2008.

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

A5. Debts and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities for the current quarter and financial year-to-date ended 30 September 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. Dividends Paid

An interim dividend of 57.0 sen single-tier exempt dividend per ordinary share, amounting to RM443.2 million in respect of the financial year ending 31 December 2008, was paid on 28 August 2008.

For the financial year ended 31 December 2007, 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 RM451.1 million, 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 balance sheet date.

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

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 September 2008 are as follows:

	RM'000
Approved and contracted for	<u>490,000</u>
Approved but not contracted for	<u>635,000</u>

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

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 nine-month period:

	Transactions for the nine months ended 30 September 2008 RM'000	Balance due from/(to) at 30 September 2008 RM'000
<i>With the ultimate holding company and fellow subsidiary companies</i>		
- <i>Telenor ASA</i>		
Consultancy services rendered	9,590	(6,106)
- <i>Telenor Global Services AS</i>		(1,841)
Sales of interconnection services on international traffic	206	
Purchases of interconnection services on international traffic	3,934	
- <i>Telenor LDI Communication (Private) Limited</i>		(3,402)
Sales of interconnection services on international traffic	619	
Purchases of interconnection services on international traffic	3,849	
- <i>Total Access Communication Public Company Limited</i>		(220)
Sales of roaming services	380	
Purchases of roaming services	2,459	
- <i>Telenor Consult AS</i>		
Personnel services rendered	11,372	(2,915)

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A12. Related Party Transactions – Cont'd

	Transactions for the nine months ended 30 September 2008 RM'000	Balance due from/(to) at 30 September 2008 RM'000
<i>With company in which Time dotCom Berhad ("TdC")* is deemed to have an interest</i>		
- <i>TT dotCom Sdn Bhd</i>		421
Sales of interconnection services on domestic traffic	1,650	
Sales of leasing services	117	
Purchases of interconnection services on domestic traffic	334	
Purchases of leasing services	184	
	_____	_____

* 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 THIRD 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”) 30.09.08 versus YTD 30.09.07

The Group recorded RM3.58 billion in revenue for the first nine months of 2008 which represented a 12% growth over the prior year’s corresponding period. The increase was driven by steady demand for mobile services and a larger subscriber base. As of 30 September 2008, the Group’s subscriber base reached 6.8 million, with average revenue per user (“ARPU”) sustaining at RM59.

In line with the higher revenue, the Group’s earnings before interest, tax, depreciation and amortisation (“EBITDA”) increased by 7% to RM1.63 billion (2007: RM1.53 billion). In terms of EBITDA margin, higher traffic and network operating costs resulted in a lower margin of 45.6% against 47.9% for the same period in 2007.

Year-on-year, profit before tax (“PBT”) grew by 10% to RM1.17 billion (2007: RM1.06 billion), primarily attributable to higher EBITDA. The group’s profit after tax (“PAT”) grew by 12% year-on-year to RM858 million; partially boosted by the one percentage point reduction in the statutory tax rate for the current fiscal year. Consequently, earnings per share increased to 112.3 sen against 102.6 sen previously.

Quarter 3-08 versus Quarter 3-07

For the current quarter, revenue grew 10% to RM1.22 billion on the back of an increased subscriber base and a stable ARPU. EBITDA of RM522 million was 1% lower than the corresponding quarter in 2007, mainly arising from higher traffic costs and an increase in advertising and promotional activities related to new product launches. As a result, the group’s EBITDA margin decreased to 42.7% (2007: 47.3%) in Q308.

Consequently, the Group recorded lower PBT and PAT of RM365 million and RM270 million respectively this quarter.

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 RM365 million represented a 10% decrease from the RM404 million reported in the preceding quarter. The decrease was mainly caused by a 6% decline in EBITDA. The EBITDA decreased due to higher traffic costs, and higher advertising and marketing expenses related to new product launches.

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

B3. Prospects

For The Remaining Quarter Up To 31 December 2008

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

In the third quarter, the Group introduced new value propositions for both the prepaid and postpaid segments. The responses to both product offerings have been positive and we hope to capitalise on this momentum to attract more subscribers to our network. Going forward, whilst we expect increased price competition to exert pressure on core tariffs and margins, the Board believes that over time, higher voice and advanced data usage (ADS) will lead to continued revenue growth. The launch of 3G and mobile broadband offerings in the first quarter of 2009 is expected to generate further revenues in the medium to long term.

After evaluating all relevant factors and the current operating environment, the Board has retained the Group's key targets for 2008. The Board continues to expect 2008 revenue growth of around 10%, EBITDA margin of mid-40's and PAT growth of around 10%.

Capital expenditure for 2008 is now anticipated at around RM850 million, due to better visibility of completion timing for some core network upgrades as well as procurement savings. Capital expenditure for 2008 was earlier estimated to be between RM850 million – RM950 million.

For The Financial Year Ending 31 December 2009

For 2009, as a high level outlook, the Board is of the opinion that the Group can continue its steady growth momentum and have these internal growth targets:

- revenue growth at high single digit
- EBITDA margins at low to mid-40's
- capital expenditure of RM1.1 billion – RM1.3 billion

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.

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 September 2008 was made up as follows:

	Current year quarter 30 September 2008 RM'000	Current year-to-date 30 September 2008 RM'000
Current tax		
- current	94,964	299,128
- prior year overprovision	(7,316)	(7,316)
	87,648	291,812
Deferred tax		
- current	1,337	8,257
- prior year underprovision	6,536	6,536
	7,873	14,793
Total	95,521	306,605

The effective tax rate for the current quarter and financial year-to-date ended 30 September 2008 of 26.4% respectively was 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 September 2008.

B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial year-to-date ended 30 September 2008. There was no investment in quoted shares as at 30 September 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 September 2008 RM'000
Fixed rate term loan	
- short term	100,000
- long term	100,000
	200,000

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 a special dividend of 78.0 sen single-tier exempt dividend per ordinary share (2007: RM1.00 per ordinary share less 27% income tax) in respect of the financial year ending 31 December 2008. The payment date for the dividend will be determined later.

B13. Earnings Per Share

Basic Earnings Per Share

		Current year quarter 30 September 2008	Current year-to-date 30 September 2008
Net profit attributable to equity holders of the Company	(RM'000)	269,942	858,474
Weighted average number of ordinary shares	('000)	777,500	764,754
Basic earnings per share	(sen)	34.7	112.3

Diluted Earnings Per Share – Not applicable

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

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