



DiGi.COM BERHAD

Company no. 425190-X
(Incorporated in Malaysia)

Date: 6 February 2009

Subject: INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 31 DECEMBER 2008

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DEC 2008 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2007 RM'000	CURRENT YEAR ENDED 31 DEC 2008 RM'000	PRECEDING YEAR ENDED 31 DEC 2007 RM'000
Revenue	1,231,685	1,176,670	4,814,475	4,362,635
Other income	3,052	6,922	12,461	12,610
Depreciation and amortisation	(156,424)	(201,501)	(635,986)	(681,223)
Other expenses	(698,448)	(598,863)	(2,655,813)	(2,265,262)
Finance costs	(3,064)	(4,082)	(12,361)	(15,226)
Interest income	5,016	7,452	24,120	31,780
Profit before tax	381,817	386,598	1,546,896	1,445,314
Taxation	(99,576)	(93,602)	(406,181)	(382,719)
Profit for the period	282,241	292,996	1,140,715	1,062,595
Attributable to: Equity holders of the Company	282,241	292,996	1,140,715	1,062,595
Earnings per share (sen)				
- Basic	36.3	39.1	148.5	141.7
- 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 10)

Note : NA denotes "Not Applicable"

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CONDENSED CONSOLIDATED BALANCE SHEET

	AT 31 DECEMBER 2008 RM'000	AT 31 DECEMBER 2007 RM'000
Non-current assets		
Property, plant and equipment	2,870,115	2,676,555
Prepaid lease payments	12,277	12,500
Intangible assets	994,019	251,010
	<u>3,876,411</u>	<u>2,940,065</u>
Current assets		
Inventories	17,053	8,659
Trade and other receivables	420,807	351,623
Short-term investment	10,304	-
Cash and cash equivalents	331,277	577,144
	<u>779,441</u>	<u>937,426</u>
TOTAL ASSETS	<u>4,655,852</u>	<u>3,877,491</u>
Equity		
Share capital	77,750	75,000
Reserves	1,819,422	1,502,645
Total equity – attributable to equity holders of the Company	<u>1,897,172</u>	<u>1,577,645</u>
Non-current liabilities		
Borrowings	100,000	200,000
Deferred tax liabilities	371,526	355,521
Provision for liabilities	20,031	18,270
	<u>491,557</u>	<u>573,791</u>
Current liabilities		
Trade and other payables	1,493,640	1,180,105
Provision for liabilities	106,027	102,731
Borrowings	297,821	100,000
Deferred revenue	265,923	227,001
Taxation	103,712	116,218
	<u>2,267,123</u>	<u>1,726,055</u>
Total liabilities	<u>2,758,680</u>	<u>2,299,846</u>
TOTAL EQUITY AND LIABILITIES	<u>4,655,852</u>	<u>3,877,491</u>
Net Assets Per Share (RM)	<u>2.44</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 10)

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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 year, representing total recognised income and expenses for the year	-	-	1,140,715	1,140,715
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	-	(5,246)	-	(5,246)
Dividend for the financial year ended 31 December 2007 - final	-	-	(451,067)	(451,067)
Dividend for the financial year ended 31 December 2008 - interim	-	-	(443,175)	(443,175)
- special	-	-	(606,450)	(606,450)
At 31 December 2008	77,750	691,905	1,127,517	1,897,172

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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 year, representing total recognised income and expenses for the year	-	-	1,062,595	1,062,595
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)
- special	-	-	(547,500)	(547,500)
At 31 December 2007	75,000	15,151	1,487,494	1,577,645

(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 10)

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

	YEAR ENDED 31 DEC 2008 RM'000	YEAR ENDED 31 DEC 2007 RM'000
Cash flows from operating activities		
Profit before tax	1,546,896	1,445,314
Adjustments for:		
Non-cash items	901,331	945,503
Finance costs	12,361	15,226
Interest income	(24,120)	(31,780)
Operating profit before working capital changes	2,436,468	2,374,263
Changes in working capital:		
Net change in current assets	(110,600)	(76,876)
Net change in current liabilities	354,345	(127,624)
Cash generated from operations	2,680,213	2,169,763
Interest paid	(12,918)	(14,700)
Payments for staff benefits and customer loyalty programmes	(234,159)	(212,961)
Taxes paid	(402,552)	(352,527)
Net cash generated by operating activities	2,030,584	1,589,575
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(887,979)	(678,137)
Purchase of short-term investment	(10,000)	-
Interest received	23,866	32,898
Proceeds from disposal of property, plant and equipment	376	610
Net cash used in investing activities	(873,737)	(644,629)
Cash flows from financing activities		
Repayment of borrowings	(100,000)	-
Proceeds from issuance of commercial papers	197,978	-
Dividends paid	(1,500,692)	(1,237,351)
Net cash used in financing activities	(1,402,714)	(1,237,351)
Net decrease in cash and cash equivalents	(245,867)	(292,405)
Cash and cash equivalents at beginning of year	577,144	869,549
Cash and cash equivalents at end of year	331,277	577,144

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Notes to the Interim Financial Report on pages 6 to 10)

**INTERIM FINANCIAL REPORT FOR THE FOURTH 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 year 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 ended 31 December 2008, other than the:

- a) capitalisation of 3G spectrum and its related costs as an intangible asset for a total consideration of approximately RM695 million; and
- b) issuance of commercial papers as disclosed under Note B9.

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

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 ended 31 December 2008.

A5. Debts and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities for the current quarter and financial year ended 31 December 2008, other than the:

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

A6. Dividends Paid

For the financial year ended 31 December 2008:

- a) a special dividend of 78.0 sen single-tier exempt dividend per ordinary share, amounting to RM606.5 million in respect of the financial year ended 31 December 2008, was paid on 30 December 2008; and
- b) 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 ended 31 December 2008, was paid on 28 August 2008.
- c) 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 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.

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

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

There were no material events subsequent to the balance sheet date, except for the drawdown of an unsecured fixed rate term loan ("FRTL") amounting to RM475.0 million in Jan 2009.

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 ended 31 December 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 31 December 2008 are as follows:

	RM'000
Approved and contracted for	<u>309,000</u>
Approved but not contracted for	<u>844,000</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 financial year:

	Transactions for the financial year ended 31 December 2008 RM'000	Balance due from/(to) at 31 December 2008 RM'000
<i>With the ultimate holding company and fellow subsidiary companies</i>		
- <i>Telenor ASA</i>		
Consultancy services rendered	13,683	(5,880)
- <i>Telenor Global Services AS</i>		(2,128)
Sales of interconnection services on international traffic	288	
Purchases of interconnection services on international traffic	6,796	
- <i>Telenor LDI Communication (Private) Limited</i>		(1,456)
Sales of interconnection services on international traffic	941	
Purchases of interconnection services on international traffic	5,627	
- <i>Total Access Communication Public Company Limited</i>		(486)
Sales of roaming services	495	
Purchases of roaming services	3,165	
- <i>Telenor Consult AS</i>		
Personnel services rendered	17,848	(4,593)
	17,848	(4,593)

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A12. Related Party Transactions – Cont'd

	Transactions for the financial year ended 31 December 2008 RM'000	Balance due from/(to) at 31 December 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>		589
Sales of interconnection services		
on domestic traffic	2,883	
Sales of leasing services on circuit	61	
Port charges on circuit	77	
Purchases of interconnection services		
on domestic traffic	562	
Purchases of leasing services on circuit	218	
	_____	_____

* 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 FOURTH 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”) 31.12.08 versus YTD 31.12.07

Year-on-Year, the Group posted revenue growth of 10% to RM4.8 billion, driven by steady demand for mobile services and an increased subscriber base, reaching 7.1 million at year end 2008. Average revenue per user (“ARPU”) stayed firm at RM59 despite pressure on tariffs and challenging economic conditions particularly towards the second-half of 2008.

The Group’s earnings before interest, tax, depreciation and amortisation (“EBITDA”) for the current financial year came in higher at RM2.2 billion compared to previous financial year. However, EBITDA margin was lower at 45.1% (2007: 48.4%) mainly due to competitive price pressure, higher traffic and network operating costs as well as higher sales and marketing expenses.

Current year’s profit before tax (“PBT”) came in at RM1.5 billion, up 7% from the RM1.4 billion recorded in the previous year, mainly on increased revenue and EBITDA. Profit after tax (“PAT”) rose by 7% to RM1.1 billion. Consequently, earnings per share rose from 141.7 sen in 2007 to 148.5 sen in the current year.

Quarter 4-08 versus Quarter 4-07

For the quarter under review, the Group’s revenue grew by 5%. ARPU came in marginally lower at RM58, due to lower average price per minute (“APPM”) compared to previous corresponding quarter. The Group recorded EBITDA of RM536.3 million, with a lower margin of 43.5%, as a result of higher traffic costs and slightly lower ARPU in the quarter under review.

Correspondingly, the Group’s PBT and PAT for the current quarter stood at RM381.8 million and RM282.2 million respectively.

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 rose by 4.5% compared to the previous quarter’s RM365.5 million, on higher EBITDA resulting from lower advertising and promotion spend.

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

B3. Prospects

For The Next Financial Year Ending 31 December 2009

The Board of Directors is overall pleased with the Group's performance in 2008, noting that the Group met its financial guidance for the year. During 2008, we saw a continued competitive market, combined with a more challenging macro-economic environment towards the second half of the year.

On the Group's prospects for 2009, after evaluating all relevant factors and the current operating environment including the risk of a global recession that is likely to impact the pace of economic growth in Malaysia, the Board is of the opinion that the telecommunication industry will continue to offer good growth prospects in the longer term and that the industry will be relatively resilient to a slowdown in the local economy.

In this respect, the Group has taken and will continue to adopt relevant measures to grow its business and market share further. Further, the Group's impending launch of mobile broadband and 3G services will give the Group access to new revenue streams from 2009. In addition, our continued cost optimization focus is expected to increase the financial strength and competitiveness of the Group.

The Board has decided not to provide the same set of financial guidance to the market on how the Group is expected to perform for the year ahead, as have been done in the past. This is due to the difficulty of giving guidance within an acceptable level of accuracy, in view of the challenging and uncertain economic development.

The Group will focus strongly on operating cash-flow in 2009 (EBITDA – capex) and the Group aims to achieve an operating cash-flow similar to or better than that of 2008.

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

The cash-flow target is an internal management target and is not an estimate, forecast or projection. In addition, this internal target has 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 ended 31 December 2008 was made up as follows:

	Current year quarter 31 December 2008 RM'000	Current year-to-date 31 December 2008 RM'000
Current tax		
- current	98,364	397,492
- prior year overprovision	-	(7,316)
	98,364	390,176
Deferred tax		
- current	1,212	9,469
- prior year underprovision	-	6,536
	1,212	16,005
Total	99,576	406,181

The effective tax rates for the current quarter and financial year ended 31 December 2008 of 26.1% and 26.3% respectively were higher than the statutory tax rate of 26.0%, mainly resulting from certain expenses not being 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 ended 31 December 2008.

B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial year ended 31 December 2008. There was no investment in quoted shares as at 31 December 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.

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

B9. Group Borrowings

	31 December 2008
	RM'000
Current	
FRTL	100,000
Commercial papers	197,821
	<hr/>
	297,821
	<hr/>
Non-current	
FRTL	100,000
	<hr/>

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 FRTL 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.

In December 2008, the Group issued RM200.0 million commercial papers in nominal value, to be redeemed in 90 days, for the Group's working capital requirements.

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 resolved to recommend a final dividend of 53.0 sen single-tier exempt dividend per ordinary share (2007: 4.75 sen per ordinary share less 26% income tax, and 54.5 sen single-tier exempt dividend per ordinary share) in respect of the financial year ended 31 December 2008 and will be paid on a date to be determined, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

Total dividends, per ordinary share, for the current financial year ended 31 December 2008 (including those recommended) include:

- (i) interim dividend of 57.0 sen single-tier exempt dividend, paid on 28 August 2008;
- (ii) special dividend of 78.0 sen single-tier exempt dividend, paid on 30 December 2008; and
- (iii) final dividend of 53.0 sen single-tier exempt dividend, to be paid on a date to be determined.

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

B12. Dividends – Cont'd

Total dividends, per ordinary share, for the previous financial year ended 31 December 2007 include:

- (i) interim dividend of 68.5 sen, less 27% tax, paid on 28 August 2007;
- (ii) special dividend of RM1.00, less 27% tax, paid on 28 November 2007; and
- (iii) final dividend of 4.75 sen, less 26% tax, and 54.5 sen single-tier exempt dividend, paid on 30 May 2008.

B13. Earnings Per Share

Basic Earnings Per Share

		Current year quarter 31 December 2008	Current year-to-date 31 December 2008
Net profit attributable to equity holders of the Company	(RM'000)	<u>282,241</u>	<u>1,140,715</u>
Weighted average number of ordinary shares	('000)	<u>777,500</u>	<u>767,958</u>
Basic earnings per share	(sen)	<u>36.3</u>	<u>148.5</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