



## **DiGi.COM BERHAD**

Company no. 425190-X  
(Incorporated in Malaysia)

**Date: 30 April 2009**

**Subject: INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 MARCH 2009**

<b><u>Table of contents</u></b>	<b><u>Page</u></b>
Condensed Consolidated Income Statements	1
Condensed Consolidated Balance Sheet	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Cash Flow Statement	4
Notes to the Interim Financial Report	5 - 8
Additional information required by the Bursa Malaysia Securities Listing Requirements ("Bursa Securities LR") (Appendix 9B)	9 - 13

**DiGi.COM BERHAD**  
**Company no. 425190-X**  
**(Incorporated in Malaysia)**

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR ENDED	PRECEDING YEAR ENDED
	31 MAR 2009 RM'000	31 MAR 2008 RM'000	31 MAR 2009 RM'000	31 MAR 2008 RM'000
<b>Revenue</b>	<b>1,218,355</b>	<b>1,166,454</b>	<b>1,218,355</b>	<b>1,166,454</b>
Other income	6,296	4,859	6,296	4,859
Depreciation and amortisation	(165,130)	(163,394)	(165,130)	(163,394)
Other expenses	(681,186)	(615,426)	(681,186)	(615,426)
Finance costs	(9,843)	(3,922)	(9,843)	(3,922)
Interest income	3,967	7,075	3,967	7,075
<b>Profit before tax</b>	<b>372,459</b>	<b>395,646</b>	<b>372,459</b>	<b>395,646</b>
Taxation	(97,020)	(105,506)	(97,020)	(105,506)
<b>Profit for the period</b>	<b>275,439</b>	<b>290,140</b>	<b>275,439</b>	<b>290,140</b>
Attributable to: Equity holders of the Company	<b>275,439</b>	<b>290,140</b>	<b>275,439</b>	<b>290,140</b>
Earnings per share (sen)				
- Basic	35.4	38.7	35.4	38.7
- 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 5 to 8)

Note : NA denotes "Not Applicable"

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**(Incorporated in Malaysia)**

---

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>AT</b> <b>31 MARCH 2009</b> <b>RM'000</b>	<b>AT</b> <b>31 DECEMBER 2008</b> <b>RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	2,845,679	2,870,115
Prepaid lease payments	12,221	12,277
Intangible assets	998,805	994,019
	3,856,705	3,876,411
<b>Current assets</b>		
Inventories	22,738	17,053
Trade and other receivables	494,148	420,807
Short-term investment	10,299	10,304
Cash and cash equivalents	593,762	331,277
	1,120,947	779,441
<b>TOTAL ASSETS</b>	<b>4,977,652</b>	<b>4,655,852</b>
<b>Equity</b>		
Share capital	77,750	77,750
Reserves	2,094,861	1,819,422
<b>Total equity – attributable to equity holders of the Company</b>	<b>2,172,611</b>	<b>1,897,172</b>
<b>Non-current liabilities</b>		
Borrowings	571,508	100,000
Deferred tax liabilities	382,147	371,526
Provision for liabilities	20,384	20,031
	974,039	491,557
<b>Current liabilities</b>		
Trade and other payables	1,285,319	1,493,640
Provision for liabilities	86,317	106,027
Deferred revenue	259,989	265,923
Borrowings	100,000	297,821
Derivative financial instruments	751	-
Taxation	98,626	103,712
	1,831,002	2,267,123
<b>Total liabilities</b>	<b>2,805,041</b>	<b>2,758,680</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,977,652</b>	<b>4,655,852</b>
<b>Net Assets Per Share (RM)</b>	<b>2.79</b>	<b>2.44</b>

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

**DiGi.COM BERHAD**  
**Company no. 425190-X**  
**(Incorporated in Malaysia)**

---

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	----- Attributable to equity holders of the Company-----			
	<b>Share capital</b>	<b>Non-Distributable Share premium</b>	<b>Distributable Retained earnings</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2009	77,750	691,905	1,127,517	1,897,172
Profit for the period, representing total recognised income and expenses for the period	-	-	275,439	275,439
At 31 March 2009	77,750	691,905	1,402,956	2,172,611
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	-	-	290,140	290,140
At 31 March 2008	75,000	15,151	1,777,634	1,867,785

(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)

**DiGi.COM BERHAD**  
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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>PERIOD ENDED</b> <b>31 MAR 2009</b> <b>RM'000</b>	<b>PERIOD ENDED</b> <b>31 MAR 2008</b> <b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	372,459	395,646
Adjustments for:		
Non-cash items	232,293	232,439
Finance costs	9,843	3,922
Interest income	(3,967)	(7,075)
Operating profit before working capital changes	610,628	624,932
Changes in working capital:		
Net change in current assets	(89,518)	(15,028)
Net change in current liabilities	(224,585)	(60,631)
<b>Cash generated from operations</b>	296,525	549,273
Payments for staff benefits and customer loyalty programmes	(74,075)	(82,353)
Taxes paid	(91,485)	(40,707)
<b>Net cash generated by operating activities</b>	130,965	426,213
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(146,014)	(126,273)
Interest received	3,743	6,547
Proceeds from disposal of property, plant and equipment	2	53
<b>Net cash used in investing activities</b>	(142,269)	(119,673)
<b>Cash flows from financing activities</b>		
Proceed from borrowings	473,789	-
Redemption of commercial papers	(200,000)	-
<b>Net cash generated by financing activities</b>	273,789	-
<b>Net increase in cash and cash equivalents</b>	262,485	306,540
<b>Cash and cash equivalents at beginning of year</b>	331,277	577,144
<b>Cash and cash equivalents at end of period</b>	593,762	883,684

(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 FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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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 2008.

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 2008.

**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 period ended 31 March 2009, other than the:

- a) draw-down of an unsecured fixed rate term loan ("FRTL II") as disclosed under note B9;
- b) commencement of 3G spectrum amortisation in line with the commercial launch of broadband services during the quarter; and
- c) repayment of commercial papers as disclosed under note A5.

**A4. Material Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter and financial period ended 31 March 2009.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 MARCH 2009**

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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 period ended 31 March 2009, other than the:

- a) draw-down of the FRTL II as disclosed under note B9; and
- b) full redemption of the commercial papers of RM200.0 million in March 2009.

**A6. Dividends Paid**

No dividend has been paid for the current quarter and financial period ended 31 March 2009.

**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 31 March 2009 up to the date of this report, except for the partial repayment of existing fixed rate term loan ("FRTL I") of RM100.0 million in April 2009, in accordance with its repayment schedule.

**A9. Changes in the Composition of the Group**

There were no material changes in the composition of the Group for the current quarter and financial period ended 31 March 2009, other than the incorporation of a wholly-owned subsidiary known as Pay By Mobile Sdn Bhd under the Companies Act, 1965. Its intended principal activities include provision of financial services related to remittance of money and provision of services and products which use electronic payment as its mode of payment.

**DiGi.COM BERHAD**  
**Company no. 425190-X**  
**(Incorporated in Malaysia)**

---

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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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 2008.

**A11. Capital Commitments**

Capital commitments for the Group in respect of property, plant and equipment and intangible assets not provided for as of 31 March 2009 are as follows:

	<b>RM'000</b>
Approved and contracted for	339,000
Approved but not contracted for	498,000

**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 financial period:

	<b>Transactions for the quarter ended 31 March 2009 RM'000</b>	<b>Balance due from/(to) at 31 March 2009 RM'000</b>
<i>With the ultimate holding company and fellow subsidiary companies</i>		
- Telenor ASA		(4,620)
Consultancy services rendered	4,131	
- Telenor Global Services AS		(1,615)
Sales of interconnection services on international traffic	123	
Purchases of interconnection services on international traffic	962	



**DiGi.COM BERHAD**  
**Company no. 425190-X**  
**(Incorporated in Malaysia)**

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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**NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D**

**A12. Related Party Transactions - Cont'd**

	<b>Transactions for the quarter ended 31 March 2009 RM'000</b>	<b>Balance due from/(to) at 31 March 2009 RM'000</b>
<i>With the ultimate holding company and fellow subsidiary companies - Cont'd</i>		
- <i>Telenor LDI Communication (Private) Limited</i>		(1,251)
Sales of interconnection services on international traffic	364	
Purchases of interconnection services on international traffic	2,190	
- <i>Total Access Communication Public Company Limited</i>		(454)
Sales of roaming services	143	
Purchases of roaming services	855	
- <i>Telenor Consult AS</i>		(2,641)
Personnel services rendered	4,690	
	<hr/>	<hr/>
<i>With a company in which Time dotCom Berhad is deemed to have an interest</i>		
- <i>TT dotCom Sdn Bhd</i>		493
Sales of interconnection services on domestic traffic	1,058	
Sales of leasing services on circuit	12	
Port charges on circuit	7	
Purchases of interconnection services on domestic traffic	308	
Purchases of leasing services on circuit	38	
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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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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**

The Group recorded a 4% growth in revenue from the same quarter in the preceding year, closing the quarter with revenue of RM1.2 billion. This increase was due to a steady demand for mobile services and an increased subscriber base reaching 7.2 million at the end of the current quarter. Average price per minute was relatively stable for the period but the average revenue per user ("ARPU") contracted to RM56 (2008: RM58). Overall, the Company noted lower spend by the low income segments as a result of the current economic slowdown.

Operationally, the Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") and EBITDA margin of RM543.5 million and 44.6% (2008: RM555.9 million and 47.7%) respectively were lower than the previous year's same quarter. The drop in both the EBITDA and EBITDA margin was mainly caused by higher traffic and network operating costs.

Profit before tax ("PBT") was RM372.5 million for the quarter, down 6% from the same quarter last year, mainly due to the reduced EBITDA, commencement of 3G spectrum amortisation and increased finance costs from the additional borrowings. As a result, the Group's profit after tax ("PAT") declined by 5% to RM275.4 million, although the Company recorded a lower effective tax rate. Earnings per share came in lower at 35.4 sen for the current quarter as compared to 38.7 sen in Quarter 1 2008.

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

For the quarter under review, the Group's revenue declined by 1%. ARPU came in marginally lower at RM56 due to lower spend by the low income segments. The Group recorded EBITDA of RM543.5 million, with a higher margin of 44.6%, as a result of lower sales and marketing expenses as well as lower traffic costs.

PBT for the current quarter, of RM372.5 million, was 2% lower compared to previous quarter. This was mainly due to the revenue decline, higher depreciation and amortisation charges resulting from the commencement of 3G spectrum amortisation, as well as increased finance costs as mentioned above.

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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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 2009**

The Board of Directors is overall pleased with the Group's performance in the first quarter of 2009 after taking into account the more challenging macro-economic environment, and the competitive situation.

On the Group's prospects for the remaining of 2009, the Board expects the challenging macroeconomic environment in Malaysia to continue, whilst the communications industry is expected to be relatively more resilient than other industries. The effect of the economic slowdown on low income segments (including foreign workers), is expected to have a continued effect on the Group's revenue. However, the Board is cautiously optimistic that the Group will be able to capture additional revenue growth opportunities going forward.

In March this year, the Group became the latest wireless broadband player in Malaysia, with the launch of its 3G/HSPA wireless broadband network and offerings in the Klang Valley. With household broadband penetration of only 21.1% as of end 2008 the Group sees good prospects of capturing additional revenue streams. In addition, our continued cost optimisation focus is expected to further increase the financial strength and competitiveness of the Group the next 2 years.

The Group will continue to 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.

**DiGi.COM BERHAD**  
**Company no. 425190-X**  
**(Incorporated in Malaysia)**

---

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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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 period ended 31 March 2009 was made up as follows:

	<b>Current year quarter and period ended 31 March 2009 RM'000</b>
Current tax	86,399
Deferred tax	10,621
<b>Total</b>	<b>97,020</b>

The effective tax rates for the current quarter and financial period ended 31 March 2009 of 26.0% was higher than the statutory tax rate of 25.0%, mainly due to 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 period ended 31 March 2009.

**B7. Quoted Securities**

There was no purchase and disposal of quoted securities for the current quarter and financial period ended 31 March 2009. There was no investment in quoted shares as at 31 March 2009.

**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.

**DiGi.COM BERHAD**  
**Company no. 425190-X**  
**(Incorporated in Malaysia)**

---

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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

**B9. Group Borrowings**

	<b>31 March 2009</b>
	<b>RM'000</b>
<b>Current</b>	
FRTL I	<u>100,000</u>
<b>Non-current</b>	
FRTL I	100,000
FRTL II	<u>471,508</u>
	<u>571,508</u>

The above borrowings are denominated in Ringgit Malaysia and unsecured.

The FRTL I is repayable on a bullet basis of RM100.0 million each repayment in April 2009 and April 2010 respectively.

In January 2009, the Group had drawn down the FRTL II of RM475.0 million which is repayable on a bullet basis of RM150.0 million each repayment in January 2012 and January 2013, and the final repayment of RM175.0 million in January 2014.

**B10. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of this report. In March 2009, the Group had entered into foreign currency forward contracts totaling USD22.5 million (Notional amount: RM82.0 million). The changes in the fair values of these derivative financial instruments have been included in the income statement and balance sheet respectively.

**B11. Material Litigation**

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

**DiGi.COM BERHAD**  
**Company no. 425190-X**  
**(Incorporated in Malaysia)**

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2009**

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

**B12. Dividends**

A final dividend, which was recommended by the Board of Directors in the previous quarter, 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 will be paid on a date yet to be determined, and its is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

**B13. Earnings Per Share**

*Basic Earnings Per Share*

		<b>Current year quarter and period ended 31 March 2009</b>
Net profit attributable to equity holders of the Company	(RM'000)	<u>275,439</u>
Weighted average number of ordinary shares	('000)	<u>777,500</u>
Basic earnings per share	(sen)	<u><u>35.4</u></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 2008 were not subject to any qualification.

c.c Securities Commission