



## **DiGi.COM BERHAD**

Company no. 425190-X  
(Incorporated in Malaysia)

**Date:** 22 July 2009

**Subject:** INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER  
AND FINANCIAL PERIOD ENDED 30 JUNE 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
	30 JUN 2009 RM'000	30 JUN 2008 RM'000	30 JUN 2009 RM'000	30 JUN 2008 RM'000
<b>Revenue</b>	<b>1,204,832</b>	<b>1,193,716</b>	<b>2,423,187</b>	<b>2,360,170</b>
Other income	1,687	1,720	7,983	3,362
Depreciation and amortisation	(190,916)	(157,600)	(356,046)	(320,994)
Other expenses	(685,036)	(638,201)	(1,366,222)	(1,250,410)
Finance costs	(9,363)	(3,003)	(19,206)	(6,925)
Interest income	2,736	7,338	6,703	14,413
<b>Profit before tax</b>	<b>323,940</b>	<b>403,970</b>	<b>696,399</b>	<b>799,616</b>
Taxation	(89,473)	(105,578)	(186,493)	(211,084)
<b>Profit for the period</b>	<b>234,467</b>	<b>298,392</b>	<b>509,906</b>	<b>588,532</b>
Attributable to: Equity holders of the Company	<b>234,467</b>	<b>298,392</b>	<b>509,906</b>	<b>588,532</b>
Earnings per share (sen)				
- Basic	30.2	38.9	65.6	77.6
- 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 5 to 8)

Note : NA denotes "Not Applicable"

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**CONDENSED CONSOLIDATED BALANCE SHEET**

	<b>AT 30 JUNE 2009 RM'000</b>	<b>AT 31 DECEMBER 2008 RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	2,777,553	2,870,115
Prepaid lease payments	12,165	12,277
Intangible assets	1,010,360	994,019
	3,800,078	3,876,411
<b>Current assets</b>		
Inventories	19,374	17,053
Trade and other receivables	480,179	420,807
Short-term investment	10,394	10,304
Cash and cash equivalents	398,088	331,277
	908,035	779,441
<b>TOTAL ASSETS</b>	4,708,113	4,655,852
<b>Equity</b>		
Share capital	77,750	77,750
Reserves	1,917,253	1,819,422
<b>Total equity – attributable to equity holders of the Company</b>	1,995,003	1,897,172
<b>Non-current liabilities</b>		
Borrowings	471,726	100,000
Deferred tax liabilities	384,940	371,526
Provision for liabilities	20,407	20,031
	877,073	491,557
<b>Current liabilities</b>		
Trade and other payables	1,344,263	1,493,640
Provision for liabilities	66,534	106,027
Deferred revenue	234,216	265,923
Borrowings	100,000	297,821
Derivative financial instruments	1,353	-
Taxation	89,671	103,712
	1,836,037	2,267,123
<b>Total liabilities</b>	2,713,110	2,758,680
<b>TOTAL EQUITY AND LIABILITIES</b>	4,708,113	4,655,852
<b>Net Assets Per Share (RM)</b>	2.57	2.44

(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-----			
	<b>Share capital RM'000</b>	<b>Non- Distributable Share premium RM'000</b>	<b>Distributable Retained earnings RM'000</b>	<b>Total 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	-	-	509,906	509,906
Dividend for the financial year ended 31 December 2008 – final dividend	-	-	(412,075)	(412,075)
At 30 June 2009	77,750	691,905	1,225,348	1,995,003
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

(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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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>PERIOD ENDED 30 JUNE 2009 RM'000</b>	<b>PERIOD ENDED 30 JUNE 2008 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	696,399	799,616
Adjustments for:		
Non-cash items	489,470	463,366
Finance costs	19,206	6,925
Interest income	(6,703)	(14,413)
Operating profit before working capital changes	1,198,372	1,255,494
Changes in working capital:		
Net change in current assets	(88,702)	(10,816)
Net change in current liabilities	(189,928)	(5,881)
<b>Cash generated from operations</b>	919,742	1,238,797
Interest paid	(11,248)	(7,330)
Payments for staff benefits and customer loyalty programmes	(140,877)	(158,527)
Taxes paid	(187,120)	(101,766)
<b>Net cash generated by operating activities</b>	580,497	971,174
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(282,142)	(307,081)
Interest received	6,740	14,305
Proceeds from disposal of property, plant and equipment	2	310
<b>Net cash used in investing activities</b>	(275,400)	(292,466)
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	473,789	-
Repayment of borrowings	(300,000)	(100,000)
Dividend paid	(412,075)	(451,067)
<b>Net cash used in financing activities</b>	(238,286)	(551,067)
<b>Net increase in cash and cash equivalents</b>	66,811	127,641
<b>Cash and cash equivalents at beginning of year</b>	331,277	577,144
<b>Cash and cash equivalents at end of period</b>	398,088	704,785

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

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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 30 June 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 Quarter 1 2009;
- c) repayment of commercial papers as disclosed under note A5; and
- d) partial repayment of existing fixed rate term loan ("FRTL I") 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 30 June 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 30 June 2009, other than the:

- a) draw-down of the FRTL II as disclosed under note B9;
- b) full redemption of the commercial papers of RM200.0 million in March 2009; and
- c) partial repayment of existing FRTL I of RM100.0 million in April 2009.

**A6. Dividends Paid**

A final dividend of 53.0 sen single-tier exempt dividend per ordinary share, amounting to RM412.1 million in respect of the financial year ended 31 December 2008, was paid on 12 June 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 and financial period ended 30 June 2009 up to the date of this report, except for the issuance of medium term notes with a nominal value of RM300.0 million on 17 July 2009.

**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 30 June 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.

**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.

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

**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 2009 are as follows:

	<b>RM'000</b>
Approved and contracted for	181,000
Approved but not contracted for	553,000

**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 period ended 30 June 2009 RM'000</b>	<b>Balance due from/(to) at 30 June 2009 RM'000</b>
<i>With the ultimate holding company and fellow subsidiary companies</i>		
- Telenor ASA Consultancy services rendered	7,623	(8,167)
- Telenor Consult AS Personnel services rendered	8,128	(1,303)
- Telenor Global Services AS Sales of interconnection services on international traffic	289	(300)
Purchases of interconnection services on international traffic	1,991	
- Telenor LDI Communication (Private) Limited Sales of interconnection services on international traffic	603	(1,203)
Purchases of interconnection services on international traffic	4,546	



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

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

	Transactions for the period ended 30 June 2009 RM'000	Balance due from/(to) at 30 June 2009 RM'000
<i>With the ultimate holding company and fellow subsidiary companies-cont'd</i>		
- DTAC Network Co. Ltd		277
Sales of interconnection services on international traffic	386	
Purchases of interconnection services on international traffic	7	
- Total Access Communication Public Company Limited		(557)
Sales of roaming services	224	
Purchases of roaming services	1,813	
	_____	_____
<i>With a company in which Time dotCom Berhad is deemed to have an interest</i>		
- TT dotCom Sdn Bhd		228
Sales of interconnection services on domestic traffic	1,647	
Sales of leasing services on circuit	24	
Port charges on circuit	14	
Purchases of interconnection services on domestic traffic	459	
Purchases of leasing services on circuit	52	
	_____	_____

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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**

***Financial period ended 30 June 2009 versus financial period ended 30 June 2008***

The Group's revenue grew by 3% to RM2.4 billion at the close of the current financial period. Revenue growth was driven by the steady demand for mobile services from our 7.2 million subscriber base as at end-June 2009. Average revenue per user ("ARPU") decreased to RM55 (2008: RM59) as a result of lower usage by the low income segments amidst the current economic slowdown.

Earnings before interest, tax, depreciation and amortisation ("EBITDA") fell by 4% to RM1.1 billion, and EBITDA margin decreased to 43.9% as compared to 47.2% for the same period last year; mainly resulting from an increase in traffic and network operating costs during the current financial period.

The Group's profit before tax ("PBT") stood at RM696.4 million compared to the RM799.6 million registered in the previous financial period. The decline was mainly due to increased finance costs pertaining to the additional borrowings, along with higher depreciation and amortisation resulting mainly from commencement of the 3G spectrum amortisation, and accelerated depreciation on certain end-of-life equipments during the current financial period. Consequently, profit after tax ("PAT") was lower at RM509.9 million (2008: RM588.5 million) with earnings per share ("EPS") of 65.6 sen versus 77.6 sen in the preceding financial period.

***2<sup>nd</sup> Quarter 2009 versus 2<sup>nd</sup> Quarter 2008***

For the current quarter under review, Group revenue grew by 1% to RM1.2 billion. This increase was mainly due to a steady increase in the subscriber base, although ARPU was lower at RM54 (2008: RM59) as a result of lower spend by low income segments.

The current quarter EBITDA of RM521.5 million was 6% lower than the same quarter last year, precipitated mainly by the higher traffic and network operating costs. Consequently, the EBITDA margin for 2<sup>nd</sup> Quarter 2009 declined to 43.3% (2008: 46.7%).

The Group's PBT and PAT were lower at RM323.9 million and RM234.5 million (2008: RM404.0 million and RM298.4 million) respectively mainly due to higher depreciation and amortisation, and finance costs as highlighted above. Correspondingly, EPS for the current quarter was 30.2 sen as compared to 38.9 sen in 2<sup>nd</sup> Quarter 2008.

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

**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 was 13% lower compared to the preceding quarter. The 1% drop in the Group revenue, coupled with the reduction in EBITDA led to the decline in PBT. ARPU was also lower at RM54 (1<sup>st</sup> Quarter 2009: RM56); a result of lower usage in the lower income segments during the current economic slowdown. EBITDA and EBITDA margin came in at RM521.5 million and 43.3% (1<sup>st</sup> Quarter 2009: RM543.5 million and 44.6%) respectively.

**B3. Prospects For The Remaining Quarters Up To 31 December 2009**

The Board of Directors recognises the challenges faced by the Group amidst the current economic slowdown as well as the maturity and dynamics of the mobile business in Malaysia.

On the Group's prospects for the remaining of 2009, the Board expects the challenging macroeconomic environment in Malaysia to continue, and therefore, the Group will continue to see the effect of the economic slowdown on the Group's revenue. Nevertheless, in the medium to the longer term, the Board is cautiously optimistic that the Group can capitalise on the changing market dynamics and grow its existing business as well as tap into new growth opportunities.

The Group is also optimistic that its 3G/HSPA wireless broadband network and offerings will enable the Group to capture additional revenue streams arising from new broadband customers as well as higher data usage going forward.

In addition, our continued cost optimisation focus is expected to further increase the financial strength and competitiveness of the Group in the medium to long term.

The Group will continue to focus strongly on operating cash-flow in 2009 (EBITDA – capex) and therefore maintain our aim 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.

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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 period ended 30 June 2009 was made up as follows:

	<b>Current year quarter 30 June 2009 RM'000</b>	<b>Current period ended 30 June 2009 RM'000</b>
Current tax	86,680	173,079
Deferred tax	2,793	13,414
<b>Total</b>	<b>89,473</b>	<b>186,493</b>

The effective tax rates for the current quarter and financial period ended 30 June 2009 of 27.6% and 26.8% respectively were 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 30 June 2009.

**B7. Quoted Securities**

There was no purchase and disposal of quoted securities for the current quarter and financial period ended 30 June 2009. There was no investment in quoted shares as at 30 June 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.

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

**B9. Group Borrowings**

	<b>30 June 2009 RM'000</b>
<b>Current</b>	
FRTL I	<u>100,000</u>
<b>Non-current</b>	
FRTL II	<u>471,726</u>

The above borrowings are denominated in Ringgit Malaysia and unsecured.

The final tranche of FRTL I of RM100.0 million is repayable on April 2010.

The FRTL II of RM475.0 million 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. As at 30 June 2009, the Group's outstanding foreign currency forward contracts totaled USD19.3 million (Notional amount: RM68.0 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.

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

**B12. Dividends**

The Board of Directors has declared an interim dividend of 49.0 sen single-tier exempt dividend per ordinary share (2008: 57.0 sen single-tier exempt per ordinary share) in respect of the financial year ending 31 December 2009 and will be paid on 18 September 2009. The entitlement date for the dividend payment is on 3 September 2009.

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 3 September 2009 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.

The final dividend amounting to RM412.1 million in respect of financial year ended 31 December 2008, had been approved by the shareholders in the Annual General Meeting of the Group on 7 May 2009. The dividend was paid on 12 June 2009.

**B13. Earnings Per Share**

*Basic Earnings Per Share*

The basic earnings per share for the current quarter and financial period ended 30 June 2009 has been calculated based on the net profit for the period attributable to equity holders of the Company of RM234,467,000 and RM509,906,000 respectively and the weighted average number of ordinary shares outstanding during the current quarter and financial period ended 30 June 2009 of 777,500,000.

*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