



DiGi.COM BERHAD

Company no. 425190-X
(Incorporated in Malaysia)

Date: 03 February 2010

**Subject: INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 31 DECEMBER 2009**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR ENDED	PRECEDING YEAR ENDED
	31 DEC 2009 RM'000	31 DEC 2008 RM'000	31 DEC 2009 RM'000	31 DEC 2008 RM'000
Revenue	1,247,612	1,231,685	4,909,565	4,814,475
Other income	605	3,052	9,466	12,461
Depreciation and amortisation	(186,779)	(156,424)	(731,121)	(635,986)
Other expenses	(716,987)	(698,448)	(2,794,474)	(2,655,813)
Finance costs	(11,255)	(3,064)	(40,590)	(12,361)
Interest income	3,679	5,016	13,609	24,120
Profit before tax	336,875	381,817	1,366,455	1,546,896
Taxation	(90,395)	(99,576)	(365,984)	(406,181)
Profit for the period	246,480	282,241	1,000,471	1,140,715
Attributable to: Equity holders of the Company	246,480	282,241	1,000,471	1,140,715
Earnings per share (sen)				
- Basic	31.7	36.3	128.7	148.5
- 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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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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CONDENSED CONSOLIDATED BALANCE SHEET

	AT 31 DEC 2009 RM'000	AT 31 DEC 2008 RM'000
Non-current assets		
Property, plant and equipment	2,896,120	2,870,115
Prepaid lease payments	12,054	12,277
Intangible assets	950,174	994,019
	3,858,348	3,876,411
Current assets		
Inventories	13,061	17,053
Trade and other receivables	420,336	420,807
Short-term investment	10,514	10,304
Cash and cash equivalents	430,185	331,277
	874,096	779,441
TOTAL ASSETS	4,732,444	4,655,852
Equity		
Share capital	77,750	77,750
Reserves	1,443,718	1,819,422
Total equity – attributable to equity holders of the Company	1,521,468	1,897,172
Non-current liabilities		
Borrowings	772,010	100,000
Deferred tax liabilities	391,463	371,526
Provision for liabilities	21,717	20,031
	1,185,190	491,557
Current liabilities		
Trade and other payables	1,428,948	1,493,640
Provision for liabilities	71,057	106,027
Deferred revenue	272,986	265,923
Borrowings	149,829	297,821
Taxation	102,966	103,712
	2,025,786	2,267,123
Total liabilities	3,210,976	2,758,680
TOTAL EQUITY AND LIABILITIES	4,732,444	4,655,852
Net Assets Per Share (RM)	1.96	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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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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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 2009	77,750	691,905	1,127,517	1,897,172
Profit for the year, representing total recognised income and expenses for the year	-	-	1,000,471	1,000,471
Dividend for the financial year ended 31 December 2008 – final dividend	-	-	(412,075)	(412,075)
Dividend for the financial year ended 31 December 2009 – interim	-	-	(380,975)	(380,975)
– special	-	-	(583,125)	(583,125)
At 31 December 2009	77,750	691,905	751,813	1,521,468
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 dividend	-	-	(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

(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)

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND FINANCIAL YEAR ENDED 31 DECEMBER 2009**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	YEAR ENDED 31 DEC 2009 RM'000	YEAR ENDED 31 DEC 2008 RM'000
Cash flows from operating activities		
Profit before tax	1,366,455	1,546,896
Adjustments for:		
Non-cash items	1,017,456	901,331
Finance costs	40,590	12,361
Interest income	(13,609)	(24,120)
Operating profit before working capital changes	2,410,892	2,436,468
Changes in working capital:		
Net change in current assets	(66,444)	(110,600)
Net change in current liabilities	(71,186)	354,345
Cash generated from operations	2,273,262	2,680,213
Interest paid	(26,164)	(12,918)
Payments for staff benefits and customer loyalty programmes	(245,125)	(234,159)
Taxes paid	(346,793)	(402,552)
Net cash generated by operating activities	1,655,180	2,030,584
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(717,405)	(887,979)
Purchase of short-term investment	-	(10,000)
Interest received	13,649	23,866
Proceeds from disposal of property, plant and equipment	170	376
Net cash used in investing activities	(703,586)	(873,737)
Cash flows from financing activities		
Proceeds from borrowings	823,489	197,978
Repayment of borrowings	(300,000)	(100,000)
Dividends paid	(1,376,175)	(1,500,692)
Net cash used in financing activities	(852,686)	(1,402,714)
Net increase/(decrease) in cash and cash equivalents	98,908	(245,867)
Cash and cash equivalents at beginning of year	331,277	577,144
Cash and cash equivalents at end of year	430,185	331,277

(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 FOURTH QUARTER
AND FINANCIAL YEAR ENDED 31 DECEMBER 2009**

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 were unusual because of their nature, size or incidence for the current quarter and financial year ended 31 December 2009, other than the commencement of 3G spectrum amortisation in line with the commercial launch of broadband services during Quarter 1 2009, and those items as disclosed under note A5.

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 2009.

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 2009, other than the:

- a) draw-down of the new fixed-rate term loan ("FRTL II") as disclosed under note B9;
- b) full redemption of the commercial papers of RM200.0 million in March 2009;
- c) partial repayment of existing fixed-rate term loan ("FRTL I") of RM100.0 million in April 2009;
- d) issuance of medium-term notes ("MTN") in July 2009 as disclosed under note B9; and
- e) 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

A6. Dividends Paid

For the financial year ended 31 December 2009:

- a) a special dividend of 75.0 sen single-tier exempt dividend per ordinary share, amounting to RM583.1 million in respect of the financial year ended 31 December 2009, was paid on 18 December 2009;
- b) a first interim dividend of 49.0 sen single-tier exempt dividend per ordinary share, amounting to RM381.0 million in respect of the financial year ended 31 December 2009, was paid on 18 September 2009; and
- c) 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 year ended 31 December 2009 up to the date of this report.

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 year ended 31 December 2009, except for the following:

- a) incorporation of a wholly-owned subsidiary known as Pay By Mobile Sdn Bhd under the Companies Act, 1965. Its intended principal activities include the provision of financial services related to remittance of money and provision of services and products which use electronic payment as its mode of payment; and
- b) in December 2009, the Company subscribed for approximately 357.1 million new ordinary shares of RM1.00 per share issued by DiGi Telecommunications Sdn Bhd, a wholly-owned subsidiary, at approximately RM1.95 per share amounted to RM697.1 million, by way of capitalisation of the amount owing to the Company. DiGi Telecommunications Sdn Bhd remains a wholly-owned subsidiary of the Company.

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.

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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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 31 December 2009 are as follows:

	RM'000
Approved and contracted for	128,000
Approved but not contracted for	721,000

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 year:

	Transactions for the year ended 31 Dec 2009 RM'000	Balance due from/(to) at 31 Dec 2009 RM'000
<i>With the ultimate holding company and fellow subsidiary companies</i>		
- <i>Telenor ASA</i> Consultancy services rendered	17,346	(9,723)
- <i>Telenor Consult AS</i> Personnel services rendered	16,090	(1,361)
- <i>Telenor Global Services AS</i> Sales of interconnection services on international traffic	590	(686)
Purchases of interconnection services on international traffic	3,667	
Purchases of IP transit	306	
- <i>Telenor LDI Communication (Private) Limited</i> Sales of interconnection services on international traffic	972	(346)
Purchases of interconnection services on international traffic	6,476	

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

A12. Related Party Transactions - Cont'd

	Transactions for the year ended 31 Dec 2009 RM'000	Balance due from/(to) at 31 Dec 2009 RM'000
<i>With the ultimate holding company and fellow subsidiary companies - Cont'd</i>		
<i>- Total Access Communication Public Company Limited</i>		
Sales of roaming services	364	(752)
Purchases of roaming services	4,011	
<i>- DTAC Network Co. Ltd</i>		
Sales of interconnection services on international traffic	1,553	431
Purchases of interconnection services on international traffic	17	
	4,374	(321)

* Beginning in the 3rd Quarter 2009, the related party transactions with Time dotcom Berhad ("TdC") are no longer disclosed because TdC had ceased to be a major shareholder since 15 January 2009. Under paragraph 10.02 (f) of the Bursa Securities LR, a major shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon.

**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 December 2009 versus YTD 31 December 2008

Group revenue grew by 2% to RM4.9 billion for the current financial year; on the back of steady demand for mobile services from its 7.7 million subscriber base (2008: 7.1 million). The average revenue per user (“ARPU”) decreased to RM55 compared to RM59 in the previous financial year; primarily as a result of reduced spending by low income segments affected by the economic slowdown during the year as well as competitive market conditions.

Consequently, earnings before interest, tax, depreciation and amortisation (“EBITDA”) contracted slightly to RM2.1 billion (2008: RM2.2 billion) for the current financial year, while margin declined to 43.3% compared to 45.1% in the previous financial year. Increased traffic and network operating costs, as well as mobile internet expansion costs and higher allowance for doubtful debts contributed to the margin decline in the current year although these increases were partially off-set by increased efficiency in sales and marketing expenses.

The Group’s profit before tax (“PBT”) for the current financial year was RM1.4 billion (2008: RM1.5 billion), mainly due to the increased amortisation charges related to the 3G spectrum and higher finance costs pertaining to additional borrowings taken up during the current financial year. Profit after tax (“PAT”) stood at RM1.0 billion (2008: RM1.1 billion) for the current financial year. Consequently, earnings per share (“EPS”) was 128.7 sen compared to 148.5 sen in the previous financial year.

4th Quarter 2009 versus 4th Quarter 2008

Current quarter revenue improved by 1% to RM1.2 billion, vis-à-vis the same quarter in the previous financial year; driven mainly by higher net addition of new customers, particularly mobile internet customers. However, ARPU was lower at RM54 (2008: RM58) as overall usage although showing signs of stabilising, is still not back to the pre-economic recession levels.

The Group’s EBITDA and EBITDA margin of RM531.2 million and 42.6% respectively for the current quarter, were lower than the RM536.3 million and 43.5% achieved in the preceding financial year’s same quarter. The reductions were attributed to increased traffic and network operating costs, and higher allowance for doubtful debts; off-set by lower sales and marketing expenses.

PBT during the current quarter was RM336.9 million (2008: RM381.8 million) while PAT was RM246.5 million (2008: RM282.2 million). EPS for the quarter was 31.7 sen versus 36.3 sen in the same quarter of the previous financial year.

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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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

Comparing to the immediate preceding quarter, the Group's PBT grew by 1% to RM336.9 million. This positive increase was mainly precipitated by the 1% increase in revenue from higher net addition of new customers, lower allowance for doubtful debts and more efficient sales and marketing expenses in the current quarter.

B3. Prospects For The Next Financial Year Ending 31 December 2010

On the Group's prospects for 2010, the Board is of the opinion that whilst the economy has shown improvement towards the latter part of 2009, this improved sentiment has yet to translate into full services usage recovery, particularly in the low income segments. Nevertheless, overall usage trend is stable and in the medium to the longer term, the Board is optimistic that the Group can continue to grow its business, especially since the Group is well positioned to capitalise on the growth opportunities in the mobile internet market which covers both mobile broadband and mobile internet access on handsets. A substantial portion of the industry growth in 2009 was driven by higher uptake of mobile internet services, a trend which the Board believes will continue.

The Group's mobile internet offerings, based on a state of the art 14.4 Mbps 3G/HSPA wireless network, have been well received by the market since its launch in the earlier part of 2009. The Group had also launched an array of mobile internet offerings for smart phone users towards the latter part of 2009. As of today, the Group has more than 500,000 cumulative mobile internet customers.

As for the financial target, the Group is confident that we can achieve an operating cash flow higher than that of 2009. Whilst the industry will remain competitive and there will be further tariff and margin pressure, the Group also aims to improve its margin with further cost savings on top of those savings achieved in 2009. In terms of CAPEX, the Group will continue to invest in network expansion particularly in expanding the footprint of its mobile internet network.

From financial year 2010, the Group's dividend policy stipulates to distribute minimum 80% of its annual net profit to shareholders to be paid quarterly. This dividend policy was communicated to the market last quarter. This dividend policy will be maintained subject to ongoing assessment depending on the availability of distributable reserves as well as the Group's future cash flow requirements and market conditions.

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 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 year ended 31 December 2009 was made up as follows:

	Current year quarter 31 Dec 2009 RM'000	Current year ended 31 Dec 2009 RM'000
Current tax	85,943	346,047
Deferred tax	4,452	19,937
Total	90,395	365,984

The effective tax rates for the current quarter and financial year ended 31 December 2009 were 26.8% respectively, which 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 year ended 31 December 2009.

B7. Quoted Securities

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

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) -
CONT'D**

B9. Group Borrowings

	31 Dec 2009
	RM'000
Current	
FRTL I	100,000
Commercial papers	49,829
	<u>149,829</u>
Non-current	
FRTL II	472,167
MTN	299,843
	<u>772,010</u>

The above borrowings are denominated in Ringgit Malaysia and unsecured.

FRTL I of RM100.0 million is repayable in 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.

The MTN with a nominal value of RM300.0 million comprises of 2 tranches, which are redeemable at RM100.0 million and RM200.0 million, in July 2012 and July 2014 respectively.

The commercial papers with a nominal value of RM50.0 million are redeemable in February 2010.

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this report. As at 31 December 2009, the Group's outstanding foreign currency forward contracts totaled USD10.3 million (Notional amount: RM35.5 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.

**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) -
CONT'D**

B12. Dividends

The Board of Directors has declared a second interim dividend of 54.0 sen single-tier exempt dividend per ordinary share in respect of the financial year ended 31 December 2009, which will be paid on 26 March 2010. The entitlement date for the second interim dividend is on 8 March 2010.

Total dividends, per ordinary share, for the current financial year ended 31 December 2009 (including those declared) include:

- (i) first interim dividend of 49.0 sen single-tier exempt dividend, amounting to RM381.0 million, was paid on 18 September 2009;
- (ii) special dividend of 75.0 sen single-tier exempt dividend, amounting to RM583.1 million, was paid on 18 December 2009; and
- (iii) second interim dividend of 54.0 sen single-tier exempt dividend, which will be paid on 26 March 2010.

Total dividends, per ordinary share, for the previous financial year ended 31 December 2008 include:

- (i) interim dividend of 57.0 sen single-tier exempt dividend, amounting to RM443.2 million, was paid on 28 August 2008;
- (ii) special dividend of 78.0 sen single-tier exempt dividend, amounting to RM606.5 million, was paid on 30 December 2008; and
- (iii) final dividend of 53.0 sen single-tier exempt dividend, amounting to RM412.1 million, 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 year ended 31 December 2009 has been calculated based on the net profit for the year attributable to equity holders of the Company of RM246,480,000 and RM1,000,471,000 respectively and the weighted average number of ordinary shares outstanding during the current quarter and financial year ended 31 December 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