# DiGi.COM BERHAD

Company no. 425190-X
(Incorporated in Malaysia)

**Date:** **24 October 2011**

**Subject:** **INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

**Table of contents** **Page**

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

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR ENDED | PRECEDING YEAR ENDED |
| | 30 SEPT 2011 RM'000 | 30 SEPT 2010 RM'000 | 30 SEPT 2011 RM'000 | 30 SEPT 2010 RM'000 |
| **Revenue** | **1,519,970** | **1,351,341** | **4,418,531** | **3,976,795** |
| Other income | 4,049 | 1,580 | 15,370 | 9,406 |
| Depreciation and amortisation | (306,080) | (196,692) | (830,309) | (580,056) |
| Other expenses | (815,740) | (759,080) | (2,396,547) | (2,238,125) |
| Finance costs | (9,662) | (12,865) | (55,719) | (35,964) |
| Interest income | 5,969 | 6,160 | 19,616 | 14,883 |
| **Profit before tax** | **398,506** | **390,444** | **1,170,942** | **1,146,939** |
| Taxation | (106,061) | (101,130) | (310,783) | (300,961) |
| **Profit for the period, representing total recognised income and expenses for the period** | **292,445** | **289,314** | **860,159** | **845,978** |
| **Other comprehensive income** | - | - | - | - |
| **Total comprehensive income for the period** | **292,445** | **289,314** | **860,159** | **845,978** |
| Attributable to: | | | | |
| Owner of the parent | **292,445** | **289,314** | **860,159** | **845,978** |
| Earnings per share (sen) | | | | |
| - Basic | 37.6 | 37.2 | 110.6 | 108.8 |
| - Diluted | NA | NA | NA | NA |

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 9)

Note : NA denotes "Not Applicable"

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | AT 30 SEPT 2011 RM'000 | AT 31 DEC 2010 RM'000 |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 2,514,841 | 2,959,894 |
| Intangible assets | 755,790 | 845,957 |
| | 3,270,631 | 3,805,851 |
| **Current assets** | | |
| Inventories | 39,010 | 43,099 |
| Trade and other receivables | 424,560 | 437,099 |
| Cash and cash equivalents | 987,146 | 850,584 |
| | 1,450,716 | 1,330,782 |
| **TOTAL ASSETS** | 4,721,347 | 5,136,633 |
| **Non-current liabilities** | | |
| Loans and borrowings | 556,875 | 1,076,863 |
| Deferred tax liabilities | 241,448 | 424,491 |
| Provision for liabilities | 17,432 | 17,068 |
| | 815,755 | 1,518,422 |
| **Current liabilities** | | |
| Trade and other payables | 1,714,971 | 1,838,378 |
| Derivative financial instruments | - | 1,345 |
| Provision for liabilities | 45,693 | 42,217 |
| Deferred revenue | 422,112 | 343,187 |
| Loans and borrowings | 169,804 | - |
| Taxation | 248,131 | 46,462 |
| | 2,600,711 | 2,271,589 |
| **Total liabilities** | 3,416,466 | 3,790,011 |
| **Equity** | | |
| Share capital | 77,750 | 77,750 |
| Reserves | 1,227,131 | 1,268,872 |
| **Total equity - attributable to owners of the parent** | 1,304,881 | 1,346,622 |
| **TOTAL EQUITY AND LIABILITIES** | 4,721,347 | 5,136,633 |
| **Net assets per share (RM)** | 1.68 | 1.73 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 9)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital RM'000 | Share premium RM'000 | Retained earnings RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 January 2011 | 77,750 | 691,905 | 576,967 | 1,346,622 |
| Total comprehensive income | - | - | 860,159 | 860,159 |
| Transaction with owners: | | | | |
| Dividend for the financial year ended 31 December 2010 | | | | |
| - fourth interim dividend | - | - | (334,325) | (334,325) |
| Dividend for the financial year ending 31 December 2011 | | | | |
| - first interim dividend | - | - | (334,325) | (334,325) |
| - second interim dividend | - | - | (233,250) | (233,250) |
| At 30 September 2011 | 77,750 | 691,905 | 535,226 | 1,304,881 |
| At 1 January 2010 | 77,750 | 691,905 | 751,813 | 1,521,468 |
| Total comprehensive Income | - | - | 845,978 | 845,978 |
| Transaction with owners: | | | | |
| Dividend for the financial year ended 31 December 2009 | | | | |
| - second interim dividend | - | - | (419,850) | (419,850) |
| Dividend for the financial year ended 31 December 2010 | | | | |
| - first interim dividend | - | - | (272,125) | (272,125) |
| - second interim dividend | - | - | (272,125) | (272,125) |
| At 30 September 2010 | 77,750 | 691,905 | 633,691 | 1,403,346 |

(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 9)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | YEAR ENDED 30 SEPT 2011 RM'000 | YEAR ENDED 30 SEPT 2010 RM'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before tax | 1,170,942 | 1,146,939 |
| Adjustments for: | | |
| Non-cash items | 1,022,693 | 766,782 |
| Finance costs | 55,719 | 35,964 |
| Interest income | (19,616) | (14,883) |
| Operating profit before working capital changes | 2,229,738 | 1,934,802 |
| Changes in working capital: | | |
| Net change in current assets | (42,629) | (43,779) |
| Net change in current liabilities | (42,456) | 244,550 |
| **Cash generated from operations** | 2,144,653 | 2,135,573 |
| Interest paid | (64,987) | (38,073) |
| Government grant received | 30,901 | 730 |
| Payments for provisions | (147,263) | (153,400) |
| Taxes paid | (292,157) | (233,768) |
| **Net cash generated by operating activities** | 1,671,147 | 1,711,062 |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment and intangible assets | (297,434) | (412,147) |
| Proceeds on disposal of available-for-sale financial assets | - | 10,649 |
| Interest received | 20,013 | 12,893 |
| Proceeds from disposal of property, plant and equipment | 1,023 | 208 |
| **Net cash used in investing activities** | (276,398) | (388,397) |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | 200,000 | 250,000 |
| Repayment of borrowings | (556,287) | (150,000) |
| Dividend paid | (901,900) | (964,100) |
| **Net cash used in financing activities** | (1,258,187) | (864,100) |
| **Net increase in cash and cash equivalents** | 136,562 | 458,565 |
| **Cash and cash equivalents at beginning of period** | 850,584 | 430,185 |
| **Cash and cash equivalents at end of period** | 987,146 | 888,750 |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 9)

## 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 2010.

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 2010 except for the mandatory adoption of the following new and revised Financial Reporting Standards ("FRSs") and Issues Committee Interpretations ("IC Int.") effective for the financial period beginning on 1 January 2011:

| | |
|---|---|
| FRS 3 | Business Combinations (revised) |
| Amendments to FRS 2 | Share-based Payment |
| Amendments to FRS 2 | Group Cash-settled Share-based Payment Transactions |
| Amendments to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| Amendments to FRS 127 | Consolidated and Separate Financial Statements |
| Amendments to FRS 138 | Intangible Assets |
| Amendments to IC Int. 9 | Reassessment of Embedded Derivatives |
| Amendments to IC Int. 13 | Customer Loyalty Programmes |
| IC Int. 17 | Distributions of Non-cash Assets to Owners |
| IC Int. 4 | Determining Whether an Arrangement contains a Lease |
| Amendments to FRS 132 | Classification of Rights Issues |
| Amendments to FRS 1 | Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters |
| Amendments to FRS 7 | Improving Disclosure about Financial Instruments |
| Amendments to FRSs | Improvements to FRSs (2010) |

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

### A2. Seasonality or Cyclicality of Interim Operations

The operations of the Group were not significantly affected by any seasonal and cyclical factors.

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

### 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 period ended 30 September 2011, other than:

(i) DiGi Telecomunications Sdn Bhd ("DiGi Tel"), a wholly-owned subsidiary of DiGi.Com Berhad ("DiGi") having entered into a Network Collaboration Agreement ("NCA") with Celcom Axiata Berhad ("Celcom") on 18 January 2011, to jointly implement network collaboration in the areas of sites, access transmission (microwave links), aggregation transmission, trunk transmission and site operation;

(ii) DiGi Tel having entered into assets replacement arrangements with no volume commitment, with two separate vendors on 6 April 2011, for the modernisation of its entire telecommunications network equipment in relation to its existing sites over a five-year period;

(iii) DiGi Tel having entered into a Shareholders Agreement with 23 other parties on 25 April 2011, to form a consortium under the name of Konsortium Rangkaian Serantau Sdn Bhd, for the purpose of implementing one of the Entry Points Project entitled "Region Network" in order to lower the costs of IP transit and domestic bandwidth, via the aggregation of capacity of the parties to secure lower prices from suppliers;

(iv) the early-redemption of all the medium-term notes outstanding ("MTNs") as disclosed under Note B9; and

(v) the draw-down of syndicated floating-rate term loan ("SFRTL") as disclosed under Note B9.

### 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 September 2011, other than the accelerated depreciation effects with regard to the future:

(i) de-commissioning of telecommunications site infrastructure, as resulted from the infrastructure sharing arrangement with Celcom as disclosed under Note A3(i); and

(ii) modernisation and replacement of existing telecommunications network equipment as resulted from on-going network modernisation and assets replacement arrangements as disclosed under Note A3(ii).

### 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 September 2011, other than the:

(i) early-redemption of MTNs as disclosed under Note B9; and

(ii) draw-down of SFRTL as disclosed under Note B9.

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

### A6. Dividend Paid

During the financial period ended 30 September 2011:

(i) Fourth interim dividend of 43.0 sen single-tier exempt dividend per ordinary share, amounting to RM334.3 million in respect of the financial year ended 31 December 2010, was paid on 11 March 2011;

(ii) First interim dividend of 43.0 sen single-tier exempt dividend per ordinary share, amounting to RM334.3 million in respect of the financial year ending 31 December 2011, was paid on 7 June 2011; and

(iii) Second interim dividend of 30.0 sen single-tier exempt dividend per ordinary share, amounting to RM233.3 million in respect of the financial year ending 31 December 2011, was paid on 7 September 2011.

### 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 September 2011 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 period ended 30 September 2011 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 2010.

### A11. Capital Commitments

Capital commitments of the Group in respect of property, plant and equipment and intangible assets not provided for as of 30 September 2011 are as follows:

| | **RM'000** |
|---|---|
| Approved and contracted for | 470,000 |
| Approved but not contracted for | 1,027,000 |

## 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:

| | Transactions for the period ended 30 Sept 2011 RM'000 | Balance due from/(to) at 30 Sept 2011 RM'000 |
|---|---|---|
| *With the ultimate holding company and fellow subsidiary companies* | | |
| *- Telenor ASA* | | (33,157) |
| Consultancy services rendered | 21,683 | |
| *- Telenor Consult AS* | | (3,586) |
| Personnel services rendered | 18,440 | |
| *- Telenor Global Services AS* | | (2,023) |
| Sales of interconnection services on international traffic | 103 | |
| Purchases of interconnection services on international traffic | 4,447 | |
| Purchases of IP transit | 526 | |
| *- Telenor LDI Communication (Private) Limited* | | 399 |
| Sales of interconnection services on international traffic | 292 | |
| Purchases of interconnection services on international traffic | 6 | |
| *- Total Access Communication Public Company Limited* | | 1,915 |
| Sales of international roaming services | 286 | |
| Purchases of international roaming services | 3,363 | |

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

### A12 Related Party Transactions - Cont'd

| | Transactions for the period ended 30 Sept 2011 RM'000 | Balance due from/(to) at 30 Sept 2011 RM'000 |
|---|---|---|
| *With the ultimate holding company and fellow subsidiary companies - Cont'd* | | |
| - *DTAC Network Co. Ltd* | | 714 |
| Sales of interconnection services on international traffic | 2,359 | |
| Purchases of interconnection services on international traffic | 20 | |
| - *Telenor Norge AS* | | (856) |
| Sales of international roaming services | 315 | |
| Purchases of international roaming services | 19 | |
| Services rendered on application operations and basic operation for data centre | 2,735 | |

## 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 September 2011 versus financial period ended 30 September 2010***

Total revenue for the period under review rose by 11% to RM4.4 billion. The solid revenue growth was largely a result of higher traffic revenue from a larger subscription base of 9.6 million customers (2010: 8.2 million).

Higher traffic revenue in the current financial period came primarily from higher data revenue. All data revenue streams showed good improvements in the period under review. In particular, contributions from mobile internet and broadband which rose 113% to RM452.2 million (2010: RM212.3 million); reflecting the success of our "*Internet for all*" proposition and attractive handset bundles.

The decline in average revenue per user ("ARPU") to RM50 (2010: RM53) in the financial period ended 30 September 2011, was mainly from lower spending of newly-added customers, competitive price pressure, and lower domestic interconnect revenue in tandem with the reduction in regulated mobile termination rate effected from July 2010.

The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") and EBITDA margin amounted to RM2.0 billion and 46.1% respectively; higher than the RM1.7 billion and 44.0% reported in the same period last year. These improvements stemmed from the strong revenue momentum as previously explained, coupled with prudent cost management as part of the Group's continued efforts in improving operational efficiency ("OE").

The smaller improvement in profit before tax ("PBT") and profit after tax ("PAT") of RM1.2 billion and RM860.2 million respectively (2010: RM1.1 billion and RM846.0 million respectively), were mostly due to accelerated depreciation totalling RM275.0 million reported during the current financial period arising from the Group's on-going telecommunications network modernisation and infrastructure sharing arrangement with Celcom. Nevertheless, earnings per share ("EPS") improved to 110.6 sen for the reported financial period (2010: 108.8 sen).

***3rd Quarter 2011 versus 3rd Quarter 2010***

The Group's total revenue of RM1.5 billion marked an impressive growth of 12% from the same quarter last year; mainly precipitated by the earlier-highlighted increase in data revenue; particularly from the combined 89% growth for both mobile internet and broadband revenues, over-and-above higher revenues from the 1.4 million subscriber net additions and higher take-up of handset bundles. Current quarter ARPU of RM50 (2010: RM53) reflects the year-to-date trend.

EBITDA and EBITDA margin of RM708.3 million and 46.6% respectively improved significantly versus the same quarter in the previous year (2010: RM593.8 million and 43.9% respectively); a flow-through effect from the previously-mentioned solid revenue growth combined with the Group's continued OE focus.

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

**B1. Review of the Performance of the Company and its Principal Subsidiaries - Cont'd**

***3rd Quarter 2011 versus 3rd Quarter 2010 - Cont'd***

The Group's PBT and PAT were marginally higher at RM398.5 million and RM292.4 million respectively, when compared against the RM390.4 million and RM289.3 million respectively as reported in the preceding year's same quarter; largely impacted by the previously-explained accelerated depreciation effects. EPS in the current quarter was relatively stable at 37.6 sen (2010: 37.2 sen).

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

The Group's PBT improved by 23% quarter-on-quarter and closed the current quarter at RM398.5 million, primarily resulting from the above-highlighted strong revenue growth, in addition to a one-off reversal of over-accelerated depreciation pertaining to the infrastructure sharing with Celcom given the reduced number of telecommunications sites being ear-marked for future de-commissioning.

**B3. Prospects For The Remaining Quarter Up To 31 December 2011**

The Group is pleased to report another quarter of strong earnings under-pinned by solid top-line revenue growth with improving EBITDA margin as well as net earnings. As expected, mobile data has been the primary revenue driver. Mobile data revenue accounted for close-to 30% of the Group's revenue base for the first nine months of the current financial year. This predominantly reflects the success of the Group's *"Internet for all"* proposition aimed at making data accessible and affordable to everyone with a mobile device.

In terms of outlook for the remaining quarter of 2011, the Group maintains its target to achieve high single-digit revenue growth. It will also continue to leverage on the success of its on-going cost savings focus to drive further margin improvement.

On network investment, due to the delay in commencement of the physical network swap under the Group's network modernisation program, it is anticipated that our total capex spend will be around RM550 million for 2011, lower than our earlier estimate of around RM650 million. Consequently, the Group's operating cash flow will be higher than our earlier expectations.

Moving to 2012, whilst the Group recognises the uncertain global environment may impact the operational outlook for the year-ahead, the Group is of the opinion that the telecommunications industry has proven to be more resilient than many other industries. There are growth opportunities not only in the traditional segments but also in new mobile data segments and the Group fully intends to exploit these opportunities going-forward.

The Group will continue to upgrade its network capabilities in the areas of coverage, capacity, quality and efficiency to support mobile data growth. Concurrently, it will also continue to explore further industry collaboration with the aim to further reduce operating costs. This would include leveraging on the scale and global initiatives of the Group's ultimate holding company. The Group will also continue keeping tight control on costs and in parallel, working on multiple cost saving initiatives to drive longer-term margin improvements.

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

### B3. Prospects For The Remaining Quarter Up To 31 December 2011 - Cont'd

Therefore, our preliminary expectations for 2012 are:

- mid-to-high single digit revenue growth
- further improvement in cost efficiency
- total capex spend of around RM800 million
- stable operating cash-flow

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

These targets 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.

### B5. Taxation

The taxation charge for the Group for current quarter and financial period ended 30 September 2011 was made up as follows:

| | Current year quarter 30 Sept 2011 RM'000 | Current period ended 30 Sept 2011 RM'000 |
|---|---|---|
| Current tax | 171,836 | 493,826 |
| Deferred tax | (65,775) | (183,043) |
| Total | 106,061 | 310,783 |

The effective tax rates for the current quarter and financial period ended 30 September 2011 of 26.6% and 26.5% 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 September 2011.

### B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial period ended 30 September 2011. There was no investment in quoted shares as at 30 September 2011.

## 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, other than the announcement on 8 September 2011 with regard to the proposed:

(i) capital distribution of approximately RM509 million from DiGi Tel to the Company via the issuance of 100,000 redeemable preference shares ("RPS"). Each RPS will be issued at its par value of RM0.01 and will be redeemed at a redemption price of RM5,090.01. The total cash proceeds will be paid to the Company upon redemption of the RPS; and

(ii) sub-division of every one existing ordinary share of RM0.10 each into ten ordinary shares of RM0.01 in the Company ("Proposed Sub-Division"). On 23 September 2011, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") has via its letter dated 21 September 2011 approved the listing application for the Proposed Sub-Division of shares. The shareholders' approval will be sought at an Extraordinary General Meeting to be held on 9 November 2011. As at the reporting date, the issued and paid-share capital of DiGi.Com Berhad remains at RM77.8 million comprising 777,500,000 ordinary shares of RM0.10 each.

## B9. Group Borrowings

| | 30 Sept 2011 RM'000 |
|---|---|
| **Current** | |
| Fixed-rate term loan ("FRTL") | 149,876 |
| Finance lease obligation | 19,928 |
| | 169,804 |
| **Non-current** | |
| FRTL | 323,932 |
| SFRTL | 197,097 |
| Finance lease obligation | 35,846 |
| | 556,875 |

The above loans and borrowings are denominated in Ringgit Malaysia and unsecured.

The current portion of the FRTL of RM150.0 million is repayable in January 2012. The non-current portion totalling of RM325.0 million is repayable on a bullet basis of RM150.0 million and RM175.0 million in January 2013 and January 2014 respectively.

The MTNs totalling RM550.0 million in nominal value were originally redeemable at RM100.0 million, RM200.0 million and RM250.0 million in July 2012, July 2014 and February 2015 respectively. However, the Group had early-redeemed the MTNs in July 2011 following the approval obtained from the note-holders on 27 June 2011.

In September 2011, the Group had drawn-down the SFRTL amounting RM200.0 million, which is repayable in semi-annual installments commencing from September 2013 up to September 2016.

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

### B10. Financial Instruments

As at 30 September 2011, the Group has no outstanding foreign currency forward contracts for the purpose of hedging certain foreign currency-denominated payables.

**Accounting Policy**

Foreign currency forward contracts are entered into by the Group to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities; in accordance with the Group's foreign currency hedging policy. In line with the Group's foreign currency hedging policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Firm commitments are netted-off against receivables denominated in the same currency, and only the net exposures are hedged so as to maximise the Group's natural hedge position.

Speculative activities are strictly prohibited. We adopt a layered approach to hedging, where a higher percentage of hedging will be executed for closer-dated exposures and with time, increase the hedge as the probability of the underlying exposure increases. The derivatives and their underlying exposures will be monitored on an on-going basis.

The cash requirement for settling of foreign currency forward contracts is solely from the Group's working capital, in view of its relative immateriality.

Derivative financial instruments comprise forward contracts in the foreign exchange market. Derivatives are stated at fair value which is equivalent to the marking of the derivatives to market, using prevailing market rates. Derivatives with positive market values (unrealised gains) are included under current assets and derivatives with negative market values (unrealised losses) are included under current liabilities in the statement of financial position. Any gains or losses arising from derivatives held for trading purposes, or changes in fair value on derivatives during the financial period that do not qualify for hedge accounting and the ineffective portion of an effective hedge, are recognised in profit and loss.

**Credit Risk Management Policy**

Foreign currency forward contracts are executed only with credit-worthy financial institutions in Malaysia which are governed by appropriate policies and procedures.

### B11. Material Litigation

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

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

### B12. Dividends

The Board of Directors has declared a third interim tax exempt (single-tier) dividend of 37.0 sen per ordinary share (2010: 50.0 sen per ordinary share) in respect of the financial year ending 31 December 2011, which will be paid on 8 December 2011. The entitlement date for the third interim dividend is on 18 November 2011.

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 18 November 2011 in respect of transfers; and
b) shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

Total dividend declared during the financial period ended 30 September 2011 was 116.0 sen per ordinary share, excluding the above-mentioned dividend declaration which is subsequent to the current financial reporting period.

### B13. Earnings Per Share

*Basic Earnings Per Share*

The basic earnings per share for the current quarter and financial period ended 30 September 2011 have been calculated based on the net profit for the current quarter and financial period attributable to owner of the parent of RM292,445,000 and RM860,159,000 respectively and the weighted average number of ordinary shares outstanding during the current quarter and financial period ended 30 September 2011 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 2010 were not subject to any qualification.

### B15. Disclosure of Realised and Unrealised Profits/Losses

| | **Current year quarter 30 Sept 2011 RM'000** | **Immediate preceding quarter 30 June 2011 RM'000** |
|---|---|---|
| Total retained profits of DiGi.Com Berhad and its subsidiaries: | | |
| - Realised | 397,731 | 398,651 |
| - Unrealised | 137,495 | 77,380 |
| Total | 535,226 | 476,031 |

c.c. Securities Commission