



# **DIGI.COM BERHAD**

Company no. 199701009694 (425190-X)  
(Incorporated in Malaysia)

**Date: 27 January 2021**

**Subject: INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020**

<b><u>Table of contents</u></b>	<b><u>Page</u></b>
Condensed Consolidated Statement of Comprehensive Income	1 - 2
Condensed Consolidated Statement of Financial Position	3 - 4
Condensed Consolidated Statement of Changes in Equity	5 - 6
Condensed Consolidated Statement of Cash Flows	7 - 8
Notes to the Interim Financial Report	9 - 13
Additional information required by the Bursa Malaysia Securities Listing Requirements ("Bursa Securities LR") (Appendix 9B)	13 -21

**DIGI.COM BERHAD**  
**Company no. 199701009694 (425190-X)**  
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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER			
	QUARTER ENDED	QUARTER ENDED		YEAR ENDED	YEAR ENDED	
	31 DEC 2020 RM'000	31 DEC 2019 RM'000	%	31 DEC 2020 RM'000	31 DEC 2019 RM'000	%
<b>Revenue</b>	<b>1,560,772</b>	<b>1,678,052</b>	<b>-7</b>	<b>6,152,747</b>	<b>6,297,357</b>	<b>-2</b>
Other income	4,193	3,405		19,048	16,305	
Net (loss)/gain on foreign exchange and fair value movement of foreign currency forward contracts	(1,183)	4,190		2,366	2,446	
Depreciation, amortisation and impairment	(275,632)	(290,778)		(1,221,899)	(1,197,352)	
Other expenses	(797,823)	(866,010)		(3,096,923)	(3,006,740)	
Operating model transition costs	-	(8,598)		-	(8,359)	
Fixed assets written-off	(50,665)	-		(50,665)	-	
Finance costs	(69,989)	(67,912)	<b>+3</b>	(212,547)	(237,029)	<b>-10</b>
Interest income	7,251	8,655		29,919	25,693	
<b>Profit before tax</b>	<b>376,924</b>	<b>461,004</b>	<b>-18</b>	<b>1,622,046</b>	<b>1,892,321</b>	<b>-14</b>
Taxation	(96,745)	(118,082)		(401,077)	(459,372)	
<b>Profit for the period/year, representing total comprehensive income for the period/year, net of tax</b>	<b>280,179</b>	<b>342,922</b>	<b>-18</b>	<b>1,220,969</b>	<b>1,432,949</b>	<b>-15</b>
Attributable to: Owners of the parent	<b>280,179</b>	<b>342,922</b>	<b>-18</b>	<b>1,220,969</b>	<b>1,432,949</b>	<b>-15</b>

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---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - CONT'D**

	INDIVIDUAL QUARTER		%	CUMULATIVE QUARTER		%
	QUARTER ENDED	QUARTER ENDED		YEAR ENDED	YEAR ENDED	
	31 DEC 2020	31 DEC 2019		31 DEC 2020	31 DEC 2019	
Earnings per share attributable to owners of the parent (sen per share):						
- Basic	3.60	4.41		15.70	18.43	
- Diluted <sup>1</sup>	NA	NA		NA	NA	

Note:<sup>1</sup> NA denotes "Not Applicable"

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 12)

**DIGI.COM BERHAD**  
**Company no. 199701009694 (425190-X)**  
**(Incorporated in Malaysia)**

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>UNAUDITED AT 31 DEC 2020 RM'000</b>	<b>AUDITED AT 31 DEC 2019 RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	2,883,102	2,852,110
Intangible assets	248,036	305,986
Right-of-use assets	3,031,919	2,595,088
Other investments	78	78
Trade and other receivables	344,539	427,565
Contract costs	57,887	66,170
Contract assets	28,886	26,661
Derivative financial instruments	61,728	18,605
	<u>6,656,175</u>	<u>6,292,263</u>
<b>Current assets</b>		
Inventories	137,207	90,501
Trade and other receivables	971,396	1,220,923
Contract assets	66,437	79,590
Tax recoverable	51,676	8,448
Cash and short-term deposits	302,853	457,716
	<u>1,529,569</u>	<u>1,857,178</u>
<b>TOTAL ASSETS</b>	<u><u>8,185,744</u></u>	<u><u>8,149,441</u></u>
<b>Non-current liabilities</b>		
Loans and borrowings	4,677,523	4,461,043
Deferred tax liabilities	268,927	217,628
Other liabilities	120,255	53,295
	<u>5,066,705</u>	<u>4,731,966</u>
<b>Current liabilities</b>		
Trade and other payables	1,431,996	1,784,308
Contract liabilities	306,283	283,572
Derivative financial instruments	394	419
Other liabilities	-	420
Loans and borrowings	774,510	688,756
Tax payable	-	13
	<u>2,513,183</u>	<u>2,757,488</u>
<b>Total liabilities</b>	<u><u>7,579,888</u></u>	<u><u>7,489,454</u></u>

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---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONT'D**

	UNAUDITED AT 31 DEC 2020 RM'000	AUDITED AT 31 DEC 2019 RM'000
<b>Equity</b>		
Share capital	769,655	769,655
Accumulated losses	(163,799)	(109,668)
<b>Total equity - attributable to owners of the parent</b>	<u>605,856</u>	<u>659,987</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>8,185,744</u>	<u>8,149,441</u>
<b>Net assets per share (RM)</b>	<u>0.08</u>	<u>0.08</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 12)

**DIGI.COM BERHAD**  
**Company no. 199701009694 (425190-X)**  
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---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
<b>At 31 December 2019/ 1 January 2020</b>	769,655	(109,668) <sup>1</sup>	659,987
Total comprehensive income	-	1,220,969	1,220,969
Transaction with owners:			
Dividend for the financial year ended 31 December 2019 - fourth interim dividend	-	(342,100)	(342,100)
Dividend for the financial year ending 31 December 2020 - first interim dividend	-	(326,550)	(326,550)
- second interim dividend	-	(287,675)	(287,675)
- third interim dividend	-	(318,775)	(318,775)
<b>At 31 December 2020</b>	<u>769,655</u>	<u>(163,799)</u>	<u>605,856</u>

Note:<sup>1</sup> The deficit was a result of the Group's capital management initiatives carried out during the financial year ended 31 December 2012. The Company ("Digi.Com Berhad") received dividends from one of its subsidiaries in the form of bonus issue of redeemable preference shares and capital repayment amounting to RM509.0 million and RM495.0 million respectively. The Company had declared part of these as special dividends to its shareholders. The deficit arose from the elimination of these intra-group dividends at Group level.

**DIGI.COM BERHAD**  
**Company no. 199701009694 (425190-X)**  
**(Incorporated in Malaysia)**

---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - CONT'D**

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
<b>At 31 December 2018/ 1 January 2019<sup>2</sup></b>	769,655	(96,467) <sup>1</sup>	673,188
Total comprehensive income	-	1,432,949	1,432,949
Transaction with owners:			
Dividend for the financial year ended 31 December 2018 - fourth interim dividend	-	(373,200)	(373,200)
Dividend for the financial year ended 31 December 2019 - first interim dividend	-	(334,325)	(334,325)
- second interim dividend	-	(388,750)	(388,750)
- third interim dividend	-	(349,875)	(349,875)
<b>At 31 December 2019</b>	<u>769,655</u>	<u>(109,668)</u>	<u>659,987</u>

Note:<sup>2</sup> The Group has adopted MFRS 16 on 1 January 2019. Under the transition method elected, comparatives were not restated. The Group recognised lease liabilities in the statement of financial position based on the remaining payment obligations from existing operating leases which were discounted using the incremental borrowing rate; and opted to measure the right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of the prepaid or accrued lease payments. Accordingly, there's no impact to the accumulated losses of the Group as at 1 January 2019.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 12)

**DIGI.COM BERHAD**  
**Company no. 199701009694 (425190-X)**  
**(Incorporated in Malaysia)**

---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>YEAR ENDED 31 DEC 2020 RM'000</b>	<b>YEAR ENDED 31 DEC 2019 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	1,622,046	1,892,321
Adjustments for:		
Non-cash items	1,357,662	1,209,635
Finance costs	212,547	237,029
Interest income	(29,919)	(25,693)
Operating cash flow before working capital changes	3,162,336	3,313,292
Changes in working capital:		
Net change in current assets	(90,311)	(347,272)
Net change in contract assets	(28,926)	(32,470)
Net change in contract costs	8,283	71,764
Net change in current liabilities	(354,386)	(316,775)
Net change in contract liabilities	62,564	(31,814)
<b>Cash generated from operations</b>	2,759,560	2,656,725
Advanced payment for bandwidth	(10,872)	(57,881)
Interest paid	(247,508)	(228,536)
Government grant received	323,940	278,572
Payments for provisions	(75)	(93)
Taxes paid (net of refund)	(393,020)	(574,899)
<b>Net cash generated from operating activities</b>	2,432,025	2,073,888
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(736,183)	(750,728)
Interest received	11,617	18,448
Proceeds from disposal of property, plant and equipment	110	612
<b>Net cash used in investing activities</b>	(724,456)	(731,668)
<b>Cash flows from financing activities</b>		
Drawdowns of loans and borrowings	150,000	1,000,000
Repayments of loans and borrowings	(738,331)	(871,823)
Dividends paid	(1,275,100)	(1,446,150)
<b>Net cash used in financing activities</b>	(1,863,431)	(1,317,973)



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---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - CONT'D**

	YEAR ENDED 31 DEC 2020 RM'000	YEAR ENDED 31 DEC 2019 RM'000
<b>Net (decrease)/increase in cash and cash equivalents</b>	(155,862)	24,247
Effect of exchange rate changes on cash and cash equivalents	999	351
<b>Cash and cash equivalents at beginning of period</b>	457,716	433,118
<b>Cash and cash equivalents at end of period</b>	<u>302,853</u>	<u>457,716</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 12)

**DIGI.COM BERHAD**  
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---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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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 MFRS 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 2019.

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 2019 except for the newly-issued Malaysian Financial Reporting Standards ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after:

#### **1 January 2020**

MFRS 101 and MFRS 108:	Definition of Material (Amendments to MFRS 101 and MFRS 108)
MFRS 101:	Classification of Liabilities as Current or Non-current - Deferral of Effective Date
MFRS 3:	Definition of a Business (Amendments to MFRS 3)
MFRS 4:	Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)
MFRS 9, MFRS 139 and MFRS 7:	Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)
Conceptual Framework:	Amendments to References to the Conceptual Framework in MFRS Standards

#### **1 June 2020 (earlier application effective 1 January 2020)**

MFRS 16:	Covid-19 - Related Rent Concessions (Amendments to MFRS 16)
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The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

### A2. Seasonality or Cyclicity of Interim Operations

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

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**(Incorporated in Malaysia)**

---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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**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 year ended 31 December 2020, other than as disclosed in Note A5:

- (i) the drawdown and repayment of floating-rate term financing-i ("FRTF-i"); and
- (ii) the repayment of floating-rate term loan ("FRTL").

**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 year ended 31 December 2020.

**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 2020, other than:

**(i) FRTF-i and FRTL**

For the financial year ended 31 December 2020, the Group made:

- (a) repayment of FRTF-i amounting to RM75.0 million in March 2020;
- (b) repayment of FRTL amounting to RM62.5 million in March 2020;
- (c) repayment of FRTL amounting to RM50.0 million in June 2020;
- (d) repayment of FRTF-i amounting to RM75.0 million in September 2020;
- (e) repayment of FRTL amounting to RM62.5 million in September 2020;
- (f) repayment of FRTL amounting to RM50.0 million in December 2020; and
- (g) drawdown of FRTF-i amounting to RM150.0 million in December 2020;

**A6. Dividend Paid**

For the financial year ended 31 December 2020:

- (i) The fourth interim tax exempt (single-tier) dividend of 4.4 sen per ordinary share amounting to RM342.1 million in respect of the financial year ended 31 December 2019 was paid on 27 March 2020.
- (ii) The first interim tax exempt (single-tier) dividend of 4.2 sen per ordinary share amounting to RM326.6 million in respect of the financial year ended 31 December 2020 was paid on 26 June 2020.
- (iii) The second interim tax exempt (single-tier) dividend of 3.7 sen per ordinary share amounting to RM287.7 million in respect of the financial year ended 31 December 2020 was paid on 25 September 2020.
- (iv) The third interim tax exempt (single-tier) dividend of 4.1 sen per ordinary share amounting to RM318.8 million in respect of the financial year ended 31 December 2020 was paid on 17 December 2020.

**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.

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**(Incorporated in Malaysia)**

---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

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

**A8. Material Events Subsequent to the End of the Financial Year**

There are no material events subsequent to the current quarter and financial year ended 31 December 2020 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 2020 including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

**A10. Changes in Contingent Liabilities**

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 2019.

**A11. Capital Commitments**

Capital commitments of the Group in respect of property, plant and equipment and intangible assets not provided for as of 31 December 2020 are as follows:

	<b>RM'000</b>
Approved and contracted for	461,263
Approved but not contracted for	466,296

**A12. Related Party Transactions**

Related party transactions ("RPT") entered into by the Group were carried out in the normal course of business and on agreed commercial terms with the related parties. Listed below are the significant transactions and balances with related parties of the Group during the current financial year:

	<b>Transactions for the year ended 31 DEC 2020 RM'000</b>	<b>Balance due (to)/from at 31 DEC 2020 RM'000</b>
With the ultimate holding company and fellow subsidiaries		
- Telenor ASA		(8,027)
Consultancy services rendered	37,001	
Licenses and trademarks	9,294	
- Telenor Procurement Company Pte Ltd		(5,732)
Managed services rendered	21,780	
- Telenor GO Pte Ltd		(367)
Personnel services rendered	3,468	

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---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

**A12. Related Party Transactions – cont'd**

	<b>Transactions for the year ended 31 DEC 2020 RM'000</b>	<b>Balance due from/(to) at 31 DEC 2020 RM'000</b>
With the ultimate holding company and fellow subsidiaries – cont'd		
- Telenor Global Services AS		(1,773)
Sales of interconnection services on international traffic	11,338	
Purchases of interconnection services on international traffic	8,670	
Purchases of international roaming services	-	
Purchases of IP transit	-	
Purchases of global connectivity	3,449	
Clearing house services rendered for international roaming arrangement	389	
- Total Access Communication Public Company Limited		(116)
- dtac TriNet Co. Ltd		626
Bandwidth leasing income	826	
Sales of interconnection services on international traffic	1,466	
Purchases of interconnection services on international traffic	648	
Sales of international roaming services	184	
Purchases of international roaming services	562	
- Telenor Digital Services AS		(1,506)
Consultancy fees receivable	87	
Services rendered on digital marketing and distribution platform	6,147	
- Telenor Global Shared Services AS		(7,338)
Services rendered on Enterprise Resource Planning ("ERP") and Enterprise applications	10,897	
- Telenor Global Services Singapore Pte Ltd		(547)
Bandwidth leasing income	6,935	
Bandwidth leasing expenses	3,054	
Purchases of IP transit	402	

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**Company no. 199701009694 (425190-X)**  
**(Incorporated in Malaysia)**

---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

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

**A12. Related Party Transactions – cont'd**

	Transactions for the year ended 31 DEC 2020 RM'000	Balance due from/(to) at 31 DEC 2020 RM'000
- Tapad Inc. US Services rendered on digital marketing and distribution platform	755	-
- Telenor Norge AS Sales of international roaming services	40	(4,398)
Purchases of international roaming services	(23)	
Services rendered on Enterprise Resource Planning ("ERP") and Enterprise applications	-	
Business security strategy execution rendered	10,411	

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B)**

**B1. Review of the Performance of the Company and its Principal Subsidiaries**

Analysis of the Group's performance is provided in the "Management Discussion & Analysis" enclosed.

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

Analysis of material changes in the Group's Profit Before Tax for current quarter ("4Q 2020") compared with immediate preceding quarter ("3Q 2020") is provided in the "Management Discussion & Analysis" enclosed.

**B3. Prospects For The Next Financial Year Ending 31 December 2020**

Analysis of the Group's prospects up to 31 December 2020 is provided in the "Management Discussion & Analysis" enclosed.

**B4. Explanatory Notes for Variance of Actual Profit from Forecast Profit/Profit Guarantee**

Not applicable.

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**(Incorporated in Malaysia)**

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

**B5. Revenue**

**Disaggregation of revenue from contracts with customers**

In the following table, revenue is disaggregated by major products or service lines (which also represented our defined performance obligations).

	Note	Year ended 31 DEC 2020 RM'000	Year ended 31 DEC 2019 RM'000
<b>Major products/service lines</b>			
Telecommunication revenue	(a)	5,427,939	5,644,110
Sales of devices	(b)	641,204	566,735
Lease income	(c)	83,604	86,512
		6,152,747	6,297,357

Timing of revenue recognition for respective major products/service lines represented by:

- (a) Services transferred over time
- (b) Products transferred at a point in time
- (c) Income not within the scope of MFRS 15

**B6. Taxation**

The Group's taxation charge for the current quarter and financial year ended 31 December 2020 respectively were made up as follows:

	Individual quarter	Cumulative quarter
	Quarter ended 31 DEC 2020 RM'000	Year ended 31 DEC 2020 RM'000
Income tax:		
- Current tax expense	(23,734)	(355,202)
- Over-provision in prior years	5,376	5,424
Deferred tax:		
- Net origination and reversal of timing differences	(76,209)	(44,959)
- Under-provision of deferred tax liabilities in prior years	(2,178)	(6,340)
<b>Total</b>	<b>(96,745)</b>	<b>(401,077)</b>

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---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

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

**B6. Taxation - cont'd**

The Group's effective tax rate for the current quarter and financial year ended 31 December 2020 of 25.7% and 24.7% are close to the 24.0% statutory tax rate.

**B7. Status of Corporate Proposals**

There are 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:

**Operating model transition costs**

During 4Q 2019, the Group announced to collaborate with a managed service provider in establishing a Common Delivery Centre ("CDC") that takes over the Group's Information Technology ("IT") operation.

During 2Q 2020, the Group's in-house IT operations and development team had been relocated and IT Operations and related support services are externally managed.

The Group made a provision for expected operating model transition costs of RM8.6 million for redeployment of in-house IT operation & development team during and after the transition period, of which RM6.2mil had been paid.

**Fixed assets written off**

In 4Q 2020, the Group initiated an exercise to reconcile between the Fixed Asset Register ("FAR") and assets deployed in the Group's network with the purpose of identifying areas for improvement in business processes and systems and to provide a roadmap to automate network fixed asset management process.

Based on this reconciliation, network assets with net book value of RM50.7mil had been identified to be scrapped as these relate to dismantled, inactive and portable sites which are no longer in use. Accordingly, a write-off of RM50.7mil had been recognised in the consolidated statement of comprehensive income.



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**(Incorporated in Malaysia)**

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

**B8. Group Borrowings**

	Note	As at 31 DEC 2020 RM'000	As at 31 DEC 2019 RM'000
<b>Non-current</b>			
Floating-rate term loans ("FRTL")	(a)	329,859	555,162
Floating-rate term financing-i ("FRTF-i")	(a)	367,776	373,486
Islamic Medium Term Notes ("IMTN")	(b)	1,798,503	1,798,219
Lease liabilities		2,181,385	1,734,176
		<u>4,677,523</u>	<u>4,461,043</u>
<b>Current</b>			
Floating-rate term loans ("FRTL")	(c)	225,000	225,000
Floating-rate term financing-i ("FRTF-i")	(c)	150,000	150,000
Lease liabilities		399,510	313,756
		<u>774,510</u>	<u>688,756</u>
<b>Total loans and borrowings</b>		<u>5,452,033</u>	<u>5,149,799</u>

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

Any difference between proceeds (net of transaction costs) and the settlement or redemption of borrowings and debt securities is recognised in profit and loss over the period of the borrowings and debt securities using the effective interest rate method.

The Group's borrowings and debt securities portfolio of fixed and floating interest/profit rate are as follows:

	As at 31 DEC 2020 RM'000	As at 31 DEC 2019 RM'000
<b>Borrowings and debt securities:</b>		
Floating rate	1,072,635	1,303,648
Fixed rate	4,379,398	3,846,151
	<u>5,452,033</u>	<u>5,149,799</u>

**DIGI.COM BERHAD**  
**Company no. 199701009694 (425190-X)**  
**(Incorporated in Malaysia)**

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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

**B8. Group Borrowings – cont'd**

- (a) Repayments of FRTL and FRTF-i will commence 42 months from first drawdown. Repayments for non-current portion of FRTL and FRTF-i are as disclosed below:

		<b>Outstanding amount as at 31 DEC 2020 RM'000</b>	<b>Month of next repayment</b>
<b>Non-current</b>			
FRTL	i	187,500	March 2022
	ii	150,000	June 2022
<b>Non-current</b>			
FRTF-i	iii	225,000	March 2022
	iv	150,000	June 2024

- (b) The details of the Group's outstanding IMTN as at 31 December 2020 are set out as follow:

<b>IMTN</b>	<b>Nominal value RM' million</b>	<b>Tenure</b>	<b>Profit rate per annum</b>	<b>Maturity date</b>
Tranche 001	300.0	5 years	4.38%	14 April 2022
Tranche 002	300.0	7 years	4.53%	12 April 2024
Tranche 003	300.0	10 years	4.65%	14 April 2027
Tranche 004	450.0	7 years	3.50%	18 September 2026
Tranche 005	450.0	10 years	3.60%	20 September 2029
<b>Total</b>	<b>1,800.0</b>			

The proceeds from IMTN have been partially hedged against interest rate risk using interest rate swaps as disclosed in Note B9.

**DIGI.COM BERHAD**  
**Company no. 199701009694 (425190-X)**  
**(Incorporated in Malaysia)**

---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

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

**B8. Group Borrowings – cont'd**

- (c) The amount of FRTL and FRTF-i classified as current liabilities are due within the next 12 months.

The current portion of FRTL consists of:

- (i) tranches of RM62.5 million each which are repayable in March 2021 and September 2021 respectively.
- (ii) tranches of RM50.0 million each which are repayable in June 2021 and December 2021 respectively; and

The current portion of FRTF-i consists of tranches of RM75.0 million each which are repayable in March 2021 and September 2021 respectively.

**B9. Financial Instruments**

As at 31 December 2020, the Group's outstanding net derivative financial instruments are detailed below:

Type of derivatives	Notional value RM'000	Fair value - (liability)/asset RM'000
Foreign currency forward contracts: - Less than one year	38,639	(394)
Interest rate swaps contracts		
- One year to three years	300,000	8,346
- More than three years	775,000	53,382

**Accounting Policy**

The Group uses derivatives comprising of foreign currency forward contracts and interest rate swaps to manage risk exposures related to changes in foreign currency and interest rates.

**DIGI.COM BERHAD**  
**Company no. 199701009694 (425190-X)**  
**(Incorporated in Malaysia)**

---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

---

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

**B9. Financial Instruments – cont'd**

**Accounting Policy – cont'd**

**(a) Foreign currency risk**

The Group enters into foreign currency forward contracts 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 hedging policy. In line with the Group's 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.

**(b) Interest rate risk**

The Group manages its interest rate risk by having a balanced portfolio of fixed and floating rate financial liabilities that is consistent with the interest rates profiles acceptable to the Group. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, a fixed interest rate for floating rates.

The Group uses interest rate swaps to hedge the fair value risk in relation to the fixed interest rates of IMTN with notional principal amounts of RM1,075 million. The interest rate swaps entitles the Group to receive interest at a fixed rate ranging from 3.50% to 4.65% per annum, and in return, pays interest quarterly at floating rate plus a spread. The swaps mature at varying dates based on the maturity of different tranches of IMTN.

Speculative activities are strictly prohibited. The Group adopts 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.

There were no changes in the cash requirement of the derivatives since the end of the previous financial year ended 31 December 2019.

Derivatives are stated at fair value which is equivalent to the marking of these derivatives to market, using prevailing market rates. Derivatives with positive market values (unrealised gains) are included under assets, whereas derivatives with negative market values (unrealised losses) are included under 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 are recognised in profit and loss.

**Credit Risk Management Policy**

Foreign currency forward contracts and interest rate swap transactions are executed only with credit-worthy financial institutions in Malaysia that are governed by appropriate policies and procedures.

**DIGI.COM BERHAD**  
**Company no. 199701009694 (425190-X)**  
**(Incorporated in Malaysia)**

---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

**B10. Material Litigation**

There are no pending material litigations as at the date of this report.

**B11. Dividends**

The Board of Directors has declared a fourth interim tax exempt (single-tier) dividend of 3.6 sen per ordinary share (4Q 2019: 4.4 sen per ordinary share) in respect of the financial year ending 31 December 2020, which will be paid on 26 March 2021. The entitlement date is on 1 March 2021.

A Depositor shall qualify for the entitlement only in respect of:

- (i) shares transferred to the Depositor's Securities Account before 4:30 p.m. on 1 March 2021 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

Year-to-date ("YTD") dividend for the financial year ended 31 December 2020 is 15.6 sen per ordinary share (YTD 2019: 18.20 sen).

**B12. Earnings Per Share**

*Basic Earnings Per Share*

The basic earnings per share for the current quarter and financial year ended 31 December 2020 have been calculated as per the summary below:

	Individual Quarter		Cumulative Quarter	
	Quarter ended 31 DEC 2020 RM'000	Quarter ended 31 DEC 2019 RM'000	Year ended 31 DEC 2020 RM'000	Year ended 31 DEC 2019 RM'000
<b>Earnings</b>				
Profit for the period, attributable to owners of the parent	280,179	342,922	1,220,969	1,432,949
Weighted average number of ordinary shares ('000)	7,775,000	7,775,000	7,775,000	7,775,000
Basic earnings per share (sen)	3.60	4.41	15.70	18.43

Diluted Earnings Per Share - Not applicable

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**(Incorporated in Malaysia)**

---

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER  
AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

**B13. Auditors' Report on Preceding Annual Financial Statements**

The latest audited financial statements for the financial year ended 31 December 2019 were not subject to any qualification.

**B14. Additional Disclosures**

	Individual Quarter		Cumulative Quarter	
	Quarter ended 31 DEC 2020 RM'000	Quarter ended 31 DEC 2019 RM'000	Year ended 31 DEC 2020 RM'000	Year ended 31 DEC 2019 RM'000
Impairment losses on trade receivables and contract assets (Allowance)/reversal for inventory obsolescence	(18,306)	(27,179)	(81,579)	(71,707)
Loss on write-off of property, plant and equipment	(431)	(3,263)	(212)	(3,104)
Gain on termination of right-of-use assets	(50,793)	(438)	(53,303)	(1,374)
Foreign exchange gain/(loss)	44	5	72	54
Fair value (loss)/gain on foreign currency forward contracts	(781)	4,840	2,342	2,565
Fair value gain on interest rate swaps	(402)	(650)	24	(119)
	(4,116)	(232)	40,679	14,678

Other than the items highlighted above which have been included in the condensed consolidated statement of comprehensive income, there were no profits/(losses) on any other items and sale of quoted securities, investments and properties included in the results for the current quarter and financial year ended 31 December 2020.

c.c. Securities Commission