

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

Date: 14 February 2005

**Subject: INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2004**

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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2004**

CONDENSED CONSOLIDATED INCOME STATEMENTS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DEC 2004	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2003	CURRENT YEAR TO-DATE 31 DEC 2004	PRECEDING YEAR CORRESPONDING PERIOD 31 DEC 2003 (AUDITED)
	RM'000	RM'000	RM'000	RM'000
Revenue	606,337	486,326	2,233,703	1,713,529
Operating expenses	(339,346)	(274,294)	(1,257,156)	(1,016,545)
Depreciation and amortisation	(121,200)	(112,775)	(469,569)	(430,506)
Other operating income	742	448	2,449	1,919
Profit from operations	146,533	99,705	509,427	268,397
Finance costs	(16,688)	(20,597)	(75,451)	(74,507)
Interest income	4,724	2,323	12,867	7,646
Profit before taxation	134,569	81,431	446,843	201,536
Taxation	(39,421)	(25,367)	(129,488)	(59,313)
Profit after taxation	95,148	56,064	317,355	142,223
Minority interest	-	-	-	-
Net Profit for the period	95,148	56,064	317,355	142,223
Earnings per share (sen)				
- Basic	12.7	7.5	42.3	19.0
- 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 SHEETS

	AT 31 DECEMBER 2004 RM'000	AT 31 DECEMBER 2003 (AUDITED) RM'000
Property, plant and equipment	2,686,956	2,629,501
Intangible asset	39,081	43,022
Deferred expenditure	15,213	35,674
Current assets		
Inventories	13,423	14,066
Trade and other receivables	176,955	186,653
Cash and cash equivalents	634,719	338,516
	825,097	539,235
Current liabilities		
Trade and other payables	750,821	712,015
Deferred revenue	158,203	123,611
Borrowings	224,584	201,933
	1,133,608	1,037,559
Net current liabilities	(308,511)	(498,324)
	2,432,739	2,209,873
Financed By :		
Capital and Reserves		
Share capital	750,000	750,000
Reserves	1,027,193	709,838
Shareholders' funds	1,777,193	1,459,838
Long term liabilities		
Borrowings	455,270	679,853
Deferred tax liability	196,684	67,196
Retirement benefits	3,592	2,986
	2,432,739	2,209,873
Net Tangible Assets Per Share (RM)	2.30	1.84

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

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004**

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
At 1 January 2004	750,000	352,651	357,187	1,459,838
Net profit for the year	-	-	317,355	317,355
At 31 December 2004	<u>750,000</u>	<u>352,651</u>	<u>674,542</u>	<u>1,777,193</u>
At 1 January 2003	750,000	352,651	214,964	1,317,615
Net profit for the year	-	-	142,223	142,223
At 31 December 2003	<u>750,000</u>	<u>352,651</u>	<u>357,187</u>	<u>1,459,838</u>

(The Condensed Consolidated Statements 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 STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004**

	31 DECEMBER 2004	31 DECEMBER 2003
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	446,843	201,536
Adjustments for non-cash flow:		
Non-cash items	469,915	433,941
Finance costs	75,451	74,507
Interest income	(12,867)	(7,646)
Operating profit before working capital changes	979,342	702,338
Changes in working capital:		
Net change in current assets	10,156	(25,249)
Net change in current liabilities	69,614	77,294
Cash generated from operations	1,059,112	754,383
Finance costs	(54,438)	(77,952)
Tax paid	-	(17)
Net cash generated by operating activities	1,004,674	676,414
Cash flows from investing activities		
Acquisition of property, plant and equipment	(519,930)	(562,814)
Interest income	12,613	7,687
Proceeds from disposal of property, plant and equipment	778	1,350
Net cash used in investing activities	(506,539)	(553,777)
Cash flows from financing activities		
Proceeds from bank borrowings	-	90,231
Repayment of bank borrowings	(201,932)	(120,024)
Net cash used in financing activities	(201,932)	(29,793)
Net increase in cash and cash equivalents	296,203	92,844
Cash and cash equivalents at beginning of year	338,516	245,672
Cash and cash equivalents at end of year	634,719	338,516

(The Condensed Consolidated Cash Flow Statements 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 THE FINANCIAL YEAR ENDED 31 DECEMBER 2004**

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MASB 26, 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 2003.

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 2003.

A2. Auditors' Report on Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 31 December 2003 were not subject to any qualification.

A3. Seasonality or Cyclicity of Interim Operations

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

A4. 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 year ended 31 December 2004.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim period of current financial year or in prior financial years that have a material effect in the current quarter and financial year ended 31 December 2004.

A6. Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial year ended 31 December 2004.

A7. Dividend Paid

No dividend has been paid for the current quarter and financial year ended 31 December 2004.

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NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

A8. Segment Information

Segment information is presented in respect of the Group's business segment. The segment revenue and segment result by business segment for the financial year ended 31 December 2004 were as follows:

	Mobile RM'000	International RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External	1,947,081	273,933	12,689	-	2,233,703
Inter-segment *	-	-	2,703	(2,703)	-
Total Revenue	<u>1,947,081</u>	<u>273,933</u>	<u>15,392</u>	<u>(2,703)</u>	<u>2,233,703</u>
Segment Result	467,877	78,551	1,999	(30)	548,397
Unallocated expenses					(38,970)
Profit from operations					<u>509,427</u>

* Inter-segment pricing carried out in the Group are based on an arms-length basis.

A9. Property, Plant and Equipment

Significant acquisition of the items of property, plant and equipment for the current quarter and financial year ended 31 December 2004 was as follows:

Items of property, plant and equipment	Current year quarter 31 December 2004 RM'000	Current year-to-date 31 December 2004 RM'000
Acquisition - At Cost		
Telecommunications network	209,679	433,274
Computer systems	30,822	74,853

There is no revaluation of property, plant and equipment brought forward from the previous audited financial statements as the Group does not adopt a revaluation policy on its property, plant and equipment.

A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the current quarter ended 31 December 2004 up to the date of this report except that the Group has made a partial prepayment of RM300.0 million on its existing borrowings out of its excess cash available.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year ended 31 December 2004 including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinuing operations.

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NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

A12. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2003.

A13. Capital Commitments

	Group 31 December 2004 RM'000
Property, plant and equipment:	
Authorised and contracted for	<u>250,000</u>
Authorised but not contracted for	<u>146,000</u>

A14. Related Party Transactions

The related party transactions of the Group have been entered into in the normal course of business and have been established under the terms that are no less favorable than those arranged with independent third parties. Other than those inter-company transactions, listed below are those significant transactions and balances with related parties of the Group during the current financial year:

	Transactions for the financial year ended 31 December 2004 RM'000	Balance due from/(to) at 31 December 2004 RM'000
<i>With fellow subsidiary companies</i>		
<i>- Telenor Global Services AS</i>		
Sales of interconnection services on international traffic	1,145	(291)
Purchase of interconnection services on international traffic	1,337	
<i>- Telenor Consult AS</i>		
Personnel services rendered	6,171	(1,682)
	<u> </u>	<u> </u>

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NOTES TO THE INTERIM FINANCIAL REPORT – CONT'D

A14. Related Party Transactions – cont'd

	Transactions for the financial year ended 31 December 2004 RM'000	Balance due from/(to) at 31 December 2004 RM'000
<i>With companies in which a Director of the company, Tan Sri Dato' Seri Vincent Tan Chee Yioun (resigned as Director on 12.01.05) is deemed to have an interest</i>		
- <i>Berjaya General Insurance Bhd.</i> Insurance premiums paid/payable	5,242	(6)
- <i>Berjaya Registration Services Sdn. Bhd.</i> Printing and mailing services rendered	4,638	(783)
- <i>Convenience Shopping Sdn. Bhd.</i> Sales of prepaid cards and reload coupons	34,562	3,785
- <i>Cosway (M) Sdn. Bhd.</i> Sales of prepaid cards and reload coupons	5,326	798
- <i>MOL AccessPortal Bhd.</i> Sales of prepaid cards and soft pins	2,746	232
- <i>Pentagon Engineering Sdn. Bhd.</i> Construction costs for transmission towers and sites	6,160	-
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**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

The Group's profit before taxation for the financial year ended 31 December 2004 of RM446.8 million was RM245.3 million or 122% higher than the RM201.5 million recorded in the previous financial year. Higher profit before taxation was largely attributed to the 30% increase in revenue to RM2.23 billion from RM1.71 billion recorded previously. The higher revenue achieved was mainly contributed by the mobile segment, which was driven by the 47% growth in its mobile customer base to 3.24 million with healthy blended average revenue per user of RM59. International segment also experienced revenue growth of 16% against last year. The better operational performance was also reflected by the 40% increase in the earnings before interest, tax, depreciation and amortisation ('EBITDA') to RM979.0 million from RM698.9 million recorded in previous year. EBITDA margin surged to 43.8% from 40.8% previously.

Consequently, the Group's profit after taxation of RM317.4 million was RM175.2 million or 123% higher than the RM142.2 million recorded in previous financial year while earnings per share improved to 42.3 sen as compared with 19.0 sen previously.

For the current quarter under review, revenue was 25% higher at RM606.3 million as compared with the RM486.3 million achieved in the previous year corresponding quarter while EBITDA margin improved to 44.2% from 43.7%. The Group's profit after taxation of RM95.1 million was 70% higher than the RM56.1 million reported in previous year corresponding quarter. Earnings per share improved to 12.7 sen from 7.5 sen recorded previously. The strong performance for the current quarter was mainly contributed by the continuous growth in the mobile segment.

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

Profit before taxation for the current quarter increased by RM20.7 million or 18% to RM134.6 million from RM113.9 million registered in the preceding quarter. Higher profit before taxation was mainly contributed by the 5% growth in revenue, in particular, from mobile segment with 436,000 new subscribers added to the customer base while partially offset by higher sales and marketing costs arising from more aggressive marketing and promotional activities.

B3. Prospects For The Next Financial Year Ending 31 December 2005

Further growth in mobile sector of the telecommunications industry is expected to be driven by the intensifying competition amongst the mobile operators. The prospect is expected to remain positive as the Group is well-positioned for further growth. The Group will continue to focus on delivering simple, attractive and easy to use high quality mobile products and services that are of clear relevance to customers.

The Group will be actively pursuing with its plan to optimise and expand its investment program to continue delivering high service quality and coverage expansion. Barring any unforeseen circumstances, the Directors expect the results of the Group to be good for the year 2005.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR – CONT'D

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

Not applicable.

B5. Taxation

The taxation charge for the current quarter and financial year ended 31 December 2004 was made up as follows:

	Current year quarter 31 December 2004 RM'000	Current year-to-date 31 December 2004 RM'000
Current tax expense	-	-
Deferred tax expense		
- current	39,421	131,531
- prior year overprovision	-	(2,043)
	39,421	129,488
Total	39,421	129,488

There was no current tax expense for the current quarter and financial year ended 31 December 2004 due to utilisation of unabsorbed capital allowances and business tax losses brought forward.

The effective tax rate, excluding the impact of prior year overprovision of deferred tax, for the current quarter and financial year ended 31 December 2004 of 29.3% and 29.4% respectively were higher than the statutory tax rate of 28.0% as certain expenses and provisions were not 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 2004.

B7. Quoted Securities

There was no purchase and disposal of quoted securities for the current quarter and financial year ended 31 December 2004. There was no investment in quoted shares as at 31 December 2004.

B8. Status of Corporate Proposals

There was no corporate proposal announced but not completed in the interval from the date of the last quarterly report and the date of this announcement.

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR – CONT'D

B9. Group Borrowings

Details of Group Borrowings are as follows:

Borrowings	31 December 2004 RM'000
<u>Secured</u>	
Short term : Denominated in Ringgit Malaysia	175,184
Short term : Denominated in US Dollar	49,400
	224,584
<u>Secured</u>	
Long term : Denominated in Ringgit Malaysia	430,570
Long term : Denominated in US Dollar	24,700
	455,270
Total	679,854

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments entered into by the Group as at the date of this report.

B11. Material Litigation

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

B12. Dividends

No interim dividend has been recommended for the current quarter ended 31 December 2004.

B13. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year ended 31 December 2004 has been calculated based on the net profit attributable to ordinary shareholders of RM95,148,000 and RM317,355,000 respectively and the weighted average number of ordinary shares outstanding during the quarter and financial year of 750,000,000.

Diluted Earnings Per Share

Not applicable.

c.c Securities Commission