



## **DiGi.COM BERHAD**

Company no. 425190-X  
(Incorporated in Malaysia)

**Date: 25 April 2014**

**Subject: INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
AND FINANCIAL PERIOD ENDED 31 MARCH 2014**

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR ENDED	PRECEDING YEAR ENDED
	31 MAR 2014 RM'000	31 MAR 2013 RM'000	31 MAR 2014 RM'000	31 MAR 2013 RM'000
<b>Revenue</b>	<b>1,717,548</b>	<b>1,647,092</b>	<b>1,717,548</b>	<b>1,647,092</b>
Other income	10,165	9,462	10,165	9,462
Depreciation and amortisation	(118,126)	(288,487)	(118,126)	(288,487)
Other expenses	(949,290)	(936,464)	(949,290)	(936,464)
Finance costs	(9,351)	(12,293)	(9,351)	(12,293)
Interest income	3,591	4,708	3,591	4,708
<b>Profit before tax</b>	<b>654,537</b>	<b>424,018</b>	<b>654,537</b>	<b>424,018</b>
Taxation	(169,378)	(95,373)	(169,378)	(95,373)
<b>Profit for the period, representing total recognised income and expenses for the period</b>	<b>485,159</b>	<b>328,645</b>	<b>485,159</b>	<b>328,645</b>
<b>Other comprehensive income</b>	-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>	<b>485,159</b>	<b>328,645</b>	<b>485,159</b>	<b>328,645</b>
Attributable to: Owners of the parent	<b>485,159</b>	<b>328,645</b>	<b>485,159</b>	<b>328,645</b>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Interim Financial Report on pages 6 to 9)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR ENDED	PRECEDING YEAR ENDED
	31 MAR 2014	31 MAR 2013	31 MAR 2014	31 MAR 2013
Earnings per share attributable to owners of the parent (sen per share):				
- Basic	<u>6.24</u>	<u>4.23</u>	<u>6.24</u>	<u>4.23</u>
- Diluted <sup>1</sup>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

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 6 to 9)

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AT 31 MAR 2014 RM'000</b>	<b>AT 31 MAR 2013 RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	2,050,131	1,929,958
Intangible assets	506,340	582,596
	2,556,471	2,512,554
<b>Current assets</b>		
Inventories	56,696	84,099
Trade and other receivables	643,369	620,471
Current tax recoverable	38,558	13,592
Cash and cash equivalents	372,342	578,577
	1,110,965	1,296,739
<b>TOTAL ASSETS</b>	3,667,436	3,809,293
<b>Non-current liabilities</b>		
Loans and borrowings	349,096	549,539
Deferred tax liabilities	166,624	55,991
Provision for liabilities	21,616	20,532
	537,336	626,062
<b>Current liabilities</b>		
Trade and other payables	1,637,324	1,977,790
Derivative financial instruments	679	304
Provision for liabilities	25,604	39,536
Deferred revenue	361,151	391,204
Loans and borrowings	503,434	378,806
	2,528,192	2,787,640
<b>Total liabilities</b>	3,065,528	3,413,702
<b>Equity</b>		
Share capital	77,750	77,750
Reserves	524,158	317,841
<b>Total equity - attributable to owners of the parent</b>	601,908	395,591
<b>TOTAL EQUITY AND LIABILITIES</b>	3,667,436	3,809,293
<b>Net assets per share (RM)</b>	0.08	0.05

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Interim Financial Report on pages 6 to 9)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital RM'000	Share premium RM'000	Retained earnings/ (deficit) RM'000	Total RM'000
At 1 January 2014	77,750	691,905	(108,656)	660,999
Total comprehensive income	-	-	485,159	485,159
Transaction with owners: Dividend for the financial year ended 31 December 2013 - fourth interim dividend	-	-	(544,250)	(544,250)
At 31 March 2014	<u>77,750</u>	<u>691,905</u>	<u>(167,747)</u>	<u>601,908</u>
At 1 January 2013	77,750	691,905	(508,334) <sup>1</sup>	261,321
Total comprehensive Income	-	-	328,645	328,645
Transaction with owners: Dividend for the financial year ended 31 December 2012 - fourth interim dividend	-	-	(194,375)	(194,375)
At 31 March 2013	<u>77,750</u>	<u>691,905</u>	<u>(374,064)</u>	<u>395,591</u>

Note: <sup>1</sup> The deficit was due to 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 dividend to its shareholders. The deficit arose from the elimination of these intra-group dividends at Group level.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Report on pages 6 to 10)

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>PERIOD ENDED 31 MAR 2014 RM'000</b>	<b>PERIOD ENDED 31 MAR 2013 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	654,537	428,018
Adjustments for:		
Non-cash items	123,174	333,572
Finance costs	9,351	12,293
Interest income	(3,591)	(4,708)
Operating profit before working capital changes	783,471	765,175
Changes in working capital:		
Net change in current assets	32,927	(23,746)
Net change in current liabilities	(101,284)	(117,853)
<b>Cash generated from operations</b>	715,114	623,576
Interest paid	(12,342)	(18,155)
Government grant received	17,024	5,357
Payments for provisions	(3,205)	(45,515)
Taxes paid	(119,685)	(163,460)
<b>Net cash generated from operating activities</b>	596,906	401,803
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(201,321)	(191,080)
Interest received	3,568	5,110
Proceeds from disposal of property, plant and equipment	5,496	311
<b>Net cash used in investing activities</b>	(192,257)	(185,659)
<b>Cash flows from financing activities</b>		
Draw-down of revolving credit facility	300,000	-
Repayment of loan and borrowings	(199,136)	(152,048)
Dividend paid	(544,250)	(194,375)
<b>Net cash used in financing activities</b>	(443,386)	(346,423)
<b>Net decrease in cash and cash equivalents</b>	(38,737)	(130,279)
<b>Cash and cash equivalents at beginning of period</b>	411,079	708,856
<b>Cash and cash equivalents at end of period</b>	372,342	578,577

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Interim Financial Report on pages 6 to 9)

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**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
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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 2013.

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 2013 except for the newly-issued Malaysian Accounting Standards Board approved accounting framework - Malaysian Financial Reporting Standards ("MFRS"), Amendments to standards and IC Interpretations ("IC Int.") to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2014:

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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.

**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 31 March 2014, other than the draw-down of revolving credit ("RC") facility as disclosed in Note A5 (iii).

**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 31 March 2014.

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

**A5. Debts and Equity Securities**

There were no issuance, repurchase and repayment of debt and equity securities for the current quarter and financial period ended 31 March 2014, other than:

- (i) the final repayment of RC facility which was drawn down on 25 September 2013, amounting to RM100.0 million on 27 January 2014;
- (ii) the final repayment of Fixed Rate Term loan ("FRTL") amounting to RM98.0 million on 31 March 2014; and
- (iii) the draw-down of RC facility on 4 March 2014 amounting to RM300.0 million.

**A6. Dividend Paid**

The fourth interim tax exempt (single-tier) dividend of 7.0 sen per ordinary share amounting to RM544.3 million in respect of the financial year ended 31 December 2013 was paid on 7 March 2014.

**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 31 March 2014 up to the date of this report, other than the partial repayment of RC facility amounting to RM150.0 million on 4 April 2014 as disclosed in Note B7.

**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 31 March 2014 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 2013, other than the executions of bank guarantees to the Public Works Department ("PWD") in the current quarter amounting to RM5.3 million, as security deposits for public infrastructure works undertaken.



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

**A11. Capital Commitments**

Capital commitments of the Group in respect of property, plant and equipment and intangible assets not provided for as of 31 March 2014 are as follows:

	<b>RM'000</b>
Approved and contracted for	853,000
Approved but not contracted for	1,233,000

**A12. Related Party Transactions**

The related party transactions of the Group have been entered into in the normal course of business. Listed below are the significant transactions and balances with related parties of the Group during the current financial period:

	<b>Transactions for the period ended 31 Mar 2014 RM'000</b>	<b>Balance due from/(to) at 31 Mar 2014 RM'000</b>
<i>With the ultimate holding company and fellow subsidiaries</i>		
- Telenor ASA		(32,856)
Consultancy services rendered	5,743	
- Telenor Consult AS		(3,863)
Personnel services rendered	3,687	
- Telenor Global Services AS		(2,060)
Sales of interconnection services on international traffic	85	
Purchases of interconnection services on international traffic	1,369	
Purchases of IP transit	131	
Purchases of global connectivity	220	
- Total Access Communication Public Company Limited		9,661
Sales of international roaming services	93	
Purchases of international roaming services	467	

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

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

*With the ultimate holding company and  
fellow subsidiaries- cont'd*

- <i>DTAC Network Co. Ltd</i>			(8,053)
Sales of interconnection services on international traffic	218		
Purchases of interconnection services on international traffic	519		
- <i>Telenor Norge AS</i>			56
Sales of international roaming services	131		
Purchases of international roaming services	6		
- <i>Telenor Shared Services - Pakistan (Private) Limited</i>			(564)
Purchases of customer centre off- shoring services	376		
- <i>Telenor IT Asia Sdn Bhd</i>			4,427
Services rendered on Asian Infrastructure Shared Services Centre	132		
	132		(8,053)

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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**  
We have provided a full analysis of the Group's performance 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**  
Compared to the immediate preceding quarter, the Group's profit before tax in the current quarter was 4.2% lower at RM654.5 million. This was mainly attributed to higher subsidies given in tandem with higher handset sales as well as higher licensing cost in line with increased sites rollout.
- B3. Prospects For The Next Financial Year Ending 31 December 2014**  
We have provided a full analysis of the Group's prospects up to 31 December 2014 in the "Management Discussion & Analysis" enclosed.
- B4. Explanatory Notes for Variance of Actual Profit from Forecast Profit/Profit Guarantee**  
Not applicable.
- B5. Taxation**  
The Group's taxation charge for the current quarter and period ended 31 March 2014 respectively were made up as follows:

	<b>Current year quarter ended 31 Mar 2014 RM'000</b>
Current tax	192,763
Deferred tax	(23,385)
<b>Total</b>	<b>169,378</b>

The Group's effective tax rate of 25.9% for the current quarter and financial period ended 31 March 2014 is higher than the statutory rate of 25.0% mainly due to certain expenses not deductible for tax purposes.

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

**B6. 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.

**B7. Group Borrowings**

	<b>31 March 2014 RM'000</b>
<b>Current</b>	
RC	300,000
SFRTL	195,895
Finance lease obligation	7,539
	503,434
 <b>Non-current</b>	
SFRTL	306,383
Finance lease obligation	42,713
	349,096

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

The RC of RM300.0 million will be repaid by instalments in April 2014 and May 2014. On 4 April 2014, partial repayment amounting to RM150.0 million was made.

The current portion of the syndicated floating rate term loan (“SFRTL”) is repayable in September 2014 and March 2015 in equal amounts of RM98.0 million each. The non-current portion of the SFRTL is repayable in semi-annual instalments commencing from September 2015 up to September 2016.

**B8. Financial Instruments**

As at 31 March 2014, the Group’s outstanding foreign currency forward contracts for the purpose of hedging certain foreign currency-denominated payables, are as detailed below:

Type of derivative	Contract value in foreign currency (USD'000)	Notional value (RM'000)	Fair value (RM'000)	Losses arising from fair value changes (RM'000)
Foreign currency forward contracts - Less than one year	29,000	95,653	94,974	(679)

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

**B8. Financial Instruments - Cont'd**

**Accounting Policy**

The above foreign currency forward contracts were 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.

**B9. Material Litigation**

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

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

**B10. Dividends**

The Board of Directors has declared a first interim tax exempt (single-tier) dividend of 6.2 sen per ordinary share (2013: 3.8 sen per ordinary share) in respect of the financial year ending 31 December 2014, which will be paid on 6 June 2014. The entitlement date is on 14 May 2014.

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

- (i) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 14 May 2014 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.

Total dividend declared during the financial year ending 31 December 2014 was 7.0 sen per ordinary share, excluding the above-mentioned dividend declarations which are subsequent to the current financial year.

**B11. Earnings Per Share**

*Basic Earnings Per Share*

The basic earnings per share for the current quarter and financial period ended 31 March 2014 have been calculated as per the summary below:

	<b>Current year quarter and period ended 31 Mar 2014 RM'000</b>	<b>Previous year quarter and period ended 31 Mar 2013 RM'000</b>
<b>Earnings</b>		
Profit for the period Amount attributable to owners of the parent	485,159	328,645
Weighted average number of ordinary shares ('000)	7,775,000	7,775,000
Basic earnings per share (sen)	6.24	4.23

*Diluted Earnings Per Share* - Not applicable

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

**B12. Auditors' Report on Preceding Annual Financial Statements**

The latest audited financial statements for the financial year ended 31 December 2013 were not subject to any qualification.

**B13. Disclosure of Realised and Unrealised Profits/(Losses)**

	<b>Current year quarter and period ended 31 Mar 2014 RM'000</b>	<b>Previous year quarter and period ended 31 Mar 2013 RM'000</b>
Total (deficit)/ retained profits of DiGi.Com Berhad and its subsidiaries:		
- Realised	(188,260)	(410,290)
- Unrealised	20,513	36,226
<b>Total</b>	<b>(167,747)</b>	<b>(374,064)</b>

**B14. Additional Disclosures**

	<b>Current year quarter and period ended 31 Mar 2014 RM'000</b>	<b>Previous year quarter and period ended 31 Mar 2013 RM'000</b>
Impairment losses on trade receivables	7,857	6,289
Allowance/(reversal) for inventory obsolescence	358	(45)
Foreign exchange loss/(gain)	(4567)	(6,115)
Loss on derivatives	1,490	153

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 period ended 31 March 2014.

c.c. Securities Commission