DIGI.COM BERHAD

Company no. 425190-X
(Incorporated in Malaysia)

Date: **27 April 2015**

Subject: **INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2015**

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2015

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 2015 RM'000	**31 MAR 2014 RM'000**	**31 MAR 2015 RM'000**	**31 MAR 2014 RM'000**
Revenue	**1,791,162**	**1,717,548**	**1,791,162**	**1,717,548**
Other income	3,619	7,087	3,619	7,087
Foreign exchange and derivatives gains/(losses)	(6,090)	3,078	(6,090)	3,078
Depreciation and amortisation	(139,416)	(118,126)	(139,416)	(118,126)
Other expenses	(1,013,993)	(949,290)	(1,013,993)	(949,290)
Finance costs	(12,073)	(9,351)	(12,073)	(9,351)
Interest income	2,798	3,591	2,798	3,591
Profit before tax	**626,007**	**654,537**	**626,007**	**654,537**
Taxation	(146,789)	(169,378)	(146,789)	(169,378)
Profit for the period, representing total recognised income and expenses for the period	**479,218**	**485,159**	**479,218**	**485,159**
Other comprehensive income	-	-	-	-
Total comprehensive income for the period, net of tax	**479,218**	**485,159**	**479,218**	**485,159**
Attributable to:				
Owners of the parent	**479,218**	**485,159**	**479,218**	**485,159**

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 2015	31 MAR 2014	31 MAR 2015	31 MAR 2014
Earnings per share attributable to owners of the parent (sen per share):				
- Basic	6.16	6.24	6.16	6.24
- Diluted[1]	NA	NA	NA	NA

Note:[1]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)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AT 31 MAR 2015 RM'000	AT 31 MAR 2014 RM'000
Non-current assets		
Property, plant and equipment	2,405,725	2,050,131
Intangible assets	531,477	506,340
	2,937,202	2,556,471
Current assets		
Inventories	52,350	56,696
Trade and other receivables	699,491	643,369
Derivative financial instruments	1,930	-
Tax recoverable	94,904	38,558
Cash and cash equivalents	357,299	372,342
	1,205,974	1,110,965
TOTAL ASSETS	4,143,176	3,667,436
Non-current liabilities		
Loans and borrowings	142,027	349,096
Deferred tax liabilities	214,853	166,624
Provision for liabilities	27,249	21,616
	384,129	537,336
Current liabilities		
Trade and other payables	1,703,772	1,637,324
Derivative financial instruments	-	679
Provision for liabilities	18,916	25,604
Deferred revenue	517,552	361,151
Loans and borrowings	905,807	503,434
Taxation	7,446	-
	3,153,493	2,528,192
Total liabilities	3,537,622	3,065,528
Equity		
Share capital	77,750	77,750
Reserves	527,804	524,158
Total equity - attributable to owners of the parent	605,554	601,908
TOTAL EQUITY AND LIABILITIES	4,143,176	3,667,436
Net assets per share (RM)	0.08	0.08

(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)

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 2015	77,750	691,905	(83,519)[1]	686,136
Total comprehensive income	-	-	479,218	479,218
Transaction with owners: Dividend for the financial year ended 31 December 2014 - fourth interim dividend	-	-	(559,800)	(559,800)
At 31 March 2015	77,750	691,905	(164,101)	605,554
At 1 January 2014	77,750	691,905	(108,656)[1]	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	77,750	691,905	(167,747)	601,908

Note:[1] 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.

(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 9)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	PERIOD ENDED 31 MAR 2015 RM'000	PERIOD ENDED 31 MAR 2014 RM'000
Cash flows from operating activities		
Profit before tax	626,007	654,537
Adjustments for:		
Non-cash items	165,087	123,174
Finance costs	12,073	9,351
Interest income	(2,798)	(3,591)
Operating profit before working capital changes	800,369	783,471
Changes in working capital:		
Net change in current assets	39,116	32,927
Net change in current liabilities	(10,582)	(101,284)
Cash generated from operations	828,903	715,114
Interest paid	(16,305)	(12,342)
Government grant received	-	17,024
Payments for provisions	(22,349)	(3,205)
Taxes paid	(210,866)	(119,685)
Net cash generated from operating activities	579,383	596,906
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(192,287)	(201,321)
Interest received	2,951	3,568
Proceeds from disposal of property, plant and equipment	-	5,496
Net cash used in investing activities	(189,336)	(192,257)
Cash flows from financing activities		
Draw-down of revolving credit facilities	300,000	300,000
Repayment of loan and borrowings	(300,720)	(199,136)
Dividend paid	(559,800)	(544,250)
Net cash used in financing activities	(560,520)	(443,386)
Net decrease in cash and cash equivalents	(170,473)	(38,737)
Effect of exchange rate changes on cash and cash equivalents	1,494	-
Cash and cash equivalents at beginning of period	526,278	411,079
Cash and cash equivalents at end of period	357,299	372,342

(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)

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 2014.

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 2014 except for the newly-issued 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 July 2014:

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs	2010-2012 Cycle
Annual Improvements to MFRSs	2011-2013 Cycle

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.

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 2015, other than the drawdown of revolving credit ("RC") facilities, the subsequent repayments of these RC facilities, and the repayments of the floating-rate term loan ("FRTL") as disclosed in A5.

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 2015.

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 2015, other than:

(i) the repayments of RM100.0 million each made on 5 January 2015 and 4 February 2015 for the RC facility drawn on 5 November 2014;

(ii) the drawdown of RC facility amounting to RM300.0 million on 10 March 2015; and

(iii) the repayment of RM98.0 million made on 30 March 2015 in respect of the FRTL.

NOTES TO THE INTERIM FINANCIAL REPORT- CONT'D

A6. Dividend Paid

The fourth interim tax exempt (single-tier) dividend of 7.2 sen per ordinary share amounting to RM559.8 million in respect of the financial year ended 31 December 2014 was paid on 13 March 2015.

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 are no material events subsequent to the current quarter and financial period ended 31 March 2015 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 31 March 2015 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 2014.

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 2015 are as follows:

	RM'000
Approved and contracted for	613,000
Approved but not contracted for	1,446,000

NOTES TO THE INTERIM FINANCIAL REPORT- CONT'D

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 31 Mar 2015 RM'000	Balance due from/(to) at 31 Mar 2015 RM'000
With the ultimate holding company and fellow subsidiaries		
- Telenor ASA		(32,962)
Consultancy services rendered	5,410	
- Telenor Consult AS		(4,637)
Personnel services rendered	4,364	
- Telenor Global Services AS		(5,879)
Sales of interconnection services on international traffic	75	
Purchases of interconnection services on international traffic	8,846	
Purchases of global connectivity	265	
- Total Access Communication Public Company Limited		5,687
Sales of international roaming services	53	
Purchases of international roaming services	1,573	
- DTAC Network Co. Ltd		(1,137)
Sales of interconnection services on international traffic	74	
Purchases of interconnection services on international traffic	527	
Sales of international roaming services	88	
Purchases of international roaming services	164	
- Telenor Norge AS		48
Sales of international roaming services	62	
Purchases of international roaming services	3	
- Telenor Shared Services - Pakistan (Private) Limited		(1,122)
Purchases of customer centre off-shoring services	657	

NOTES TO THE INTERIM FINANCIAL REPORT- CONT'D

A12. Related Party Transactions – cont'd

	Transactions for the period ended 31 Mar 2015 RM'000	Balance due from/(to) at 31 Mar 2015 RM'000
With the ultimate holding company and fellow subsidiaries – cont'd		
- Telenor IT Asia Sdn Bhd		4,829
Services rendered for Asian Infrastructure Shared Services Centre	159	
- Telenor Global Shared Services AS		(3,389)
Services rendered on Enterprise Resource Planning ("ERP") and Enterprise applications	1,063	
Services rendered on Asian Infrastructure Shared Services Centre	182	
- Telenor Eiendom Holding AS		(424)
Consultancy fees	-	
- Telenor Digital AS		(477)
Consultancy fees	-	
- Telenor Myanmar Ltd		(19)
Sales of international roaming services	8	
Purchases of international roaming services	19	

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

The Group registered relatively higher handset related cost to capture service revenue growth opportunity into the following quarters. Consequently, profit before tax moderated to RM626.0 million or 5.2% lower than previous quarter.

B3. Prospects For Remaining Quarters Up to The End of Financial Year 31 December 2015

We have provided a full analysis of the Group's prospects up to 31 December 2015 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 2015 respectively were made up as follows:

	Current year quarter and period ended 31 Mar 2015 RM'000
Current tax	198,550
Deferred tax	(51,761)
Total	146,789

The Group's effective tax rate of 23.4% for the current quarter and financial period ended 31 March 2015 is lower than the statutory tax rate of 25.0% as a result of factoring into the computation of deferred taxation the reduction in statutory tax rate to 24% which come into effect in Year of Assessment ("YA") 2016.

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

B6. 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.

B7. Group Borrowings

	31 Mar 2015 RM'000
Current	
RC	700,000
FRTL	196,000
Finance lease obligation	9,807
	905,807
Non-current	
FRTL	112,000
Finance lease obligation	30,027
	142,027

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

The current portion of the FRTL is repayable in semi-annual installments of RM98.0 million each. The non-current portion and the final repayment of FRTL amounting to RM112.0 million will be due in September 2016.

B8. Financial Instruments

As at 31 March 2015, 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)	Gain arising from fair value changes (RM'000)
Foreign currency forward contracts - Less than one year	35,000	128,219	130,149	1,930

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.

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 6.1 sen per ordinary share (2014: 6.2 sen per ordinary share) in respect of the financial year ending 31 December 2015, which will be paid on 5 June 2015. The entitlement date is on 15 May 2015.

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 15 May 2015 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 dividend for the financial year ended 31 December 2015 is 6.1 sen per ordinary share (2014: 6.2 sen).

B11. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter and financial period ended 31 March 2015 have been calculated as per the summary below:

	Current year quarter and period ended 31 Mar 2015 RM'000	**Previous year quarter and period ended 31 Mar 2014 RM'000**
Earnings Profit for the period Amount attributable to owners of the parent	479,218	485,159
Weighted average number of ordinary shares ('000)	7,775,000	7,775,000
Basic earnings per share (sen)	6.16	6.24

Diluted Earnings Per Share - Not applicable

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 2014 were not subject to any qualification.

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

	Current year quarter as at 31 Mar 2015 RM'000	**Previous year quarter as at 31 Mar 2014 RM'000**
Total (deficit)/ retained profits of Digi.Com Berhad and its subsidiaries:		
- Realised	(207,172)	(188,260)
- Unrealised	43,071	20,513
Total	(164,101)	(167,747)

B14. Additional Disclosures

	Current year quarter and period ended 31 Mar 2015 RM'000	**Previous year quarter and period ended 31 Mar 2014 RM'000**
Impairment losses on trade receivables	8,260	7,857
(Reversal)/allowance for inventory obsolescence	(61)	358
Foreign exchange loss/(gain)	7,754	(4,568)
(Gain)/loss on derivatives	(1,664)	1,490

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 2015.

c.c. Securities Commission

Continuous year-on-year revenue growth amid increased competition

Digi delivered revenue growth of 4.2% supported by strong demand for smartphone bundles from both postpaid and prepaid. The higher smartphone sales that came with service revenue opportunity moderated EBITDA margin to 43%, although service revenue EBITDA margin remained strong at 49%.

EXECUTIVE SUMMARY

Digi continued to drive solid operational momentum into FY 2015 with strong focus on *Internet For All* although challenged by intensified competition in the prepaid market.

The strong take-up on internet enabled affordable smartphone bundles and relevant internet packages contributed to positive top line year-on-year revenue and service revenue growth.

Digi successfully retained its strong subscriber base and added another 270K new subscribers, with a total of 6.6 million internet subscribers driving internet revenue growth of 35.0%.

EBITDA margin moderated to 43% to capture service revenue opportunities from higher smartphone bundles.

Profit after tax (PAT) remained resilient at RM479 million in the absence of prior year tax benefits and higher underlying depreciation.

As planned, Digi continued to strengthen its 3G and LTE network coverage and capacity with capex of RM193 million while Ops Cash-Flow (Ops CF) margin remained healthy at 32%.

RM million	1Q15	4Q14	Q-o-Q	Y-o-Y
Revenue	1,791	1,799	-0.4%	4.2%
EBITDA	775	801	-3.2%	-0.4%
EBITDA margin	43%	45%	-1.3pp	-2.0pp
PAT	479	560	-14.5%	-1.2%
Capex	193	233	-17.2%	-4.5%
Ops CF	582	568	2.5%	1.0%
Cash-Flow margin	32%	32%	0.9pp	-1.0pp
EPS (sen)	6.2	7.2	-13.9%	0.0%
DPS (sen)	6.1	7.2	-15.3%	-1.6%

Strategically tapped on internet growth opportunities

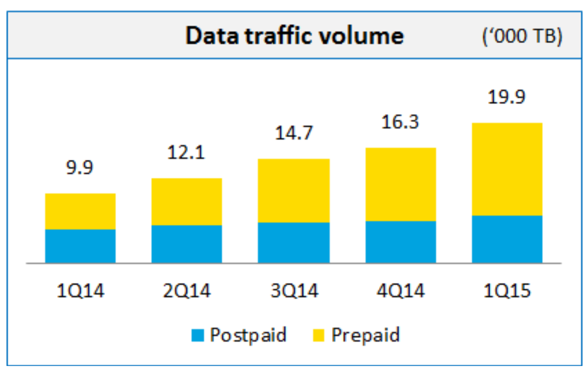
Digi consistently find new ways of engaging with the subscribers to drive internet growth and enable more subscribers on its *Best For Internet* network.

The strong sales and distribution support together with the solid demand for smartphone bundles and innovative internet packages continued to drive positive operational momentum for Digi.

As part of its focus on *Internet For All,* Digi continued to drive increased data usage and data monetisation opportunity from existing as well as new internet subscribers.

Data traffic volume continued to grow steadily with 92% of the total data traffic volume generated from 3G network.

With LTE network coverage rapidly expanding to more than 33% of population, there will be increased data growth opportunity especially when LTE network is now made available to prepaid subscribers.



Leverage on smartphone as a strategic enabler

Digi continued to leverage on the multiple smartphone brands, diversified models, as well as low average price, with lowest below RM200 to drive stronger smartphone and internet adoption.

The consistent focus on smartphone bundles as a strategic enabler contributed to increased smartphone users to 53.2% of the subscriber base, up 3.9 pp from 4Q 2014.

Out of the total smartphone users, a total of 19.4% are on LTE enabled devices.

During the quarter, the smartphone bundles sold comprised of higher mix from the affluent/upper price range. This enabled Digi to tactically secure service revenue commitments and data monetisation opportunity into the following quarters.

Digi's relentless focus to deliver consistent high-speed internet experience and affordable relevant internet packages to its subscribers continued to drive higher internet penetration to 56.7% over a larger subscriber base of 11.7 million.

Forefront in offering digital service innovations

Digi continued to bring innovative products offerings to the market such as attractive entry level pricing of RM0.50 per day for access to popular social networking platform, Facebook.

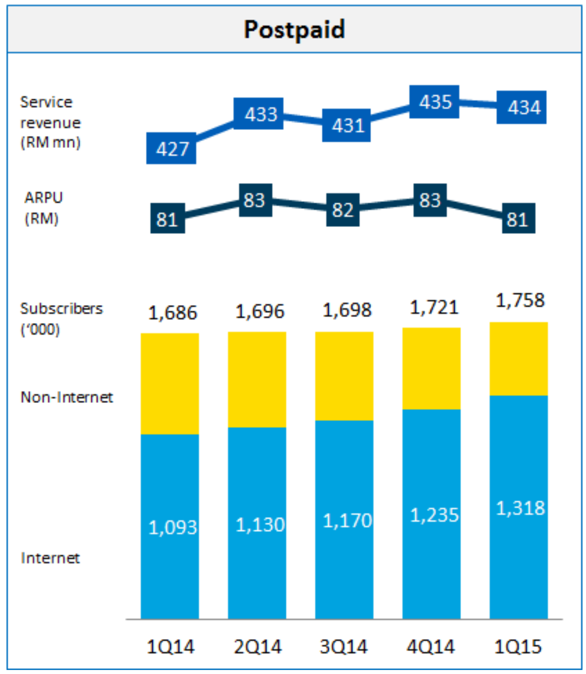
In addition, Digi also launched its Music Freedom pass in partnership with some of the world's top music services in an effort to bring unlimited, inspiring mobile entertainment content to its subscribers. The subscribers can enjoy music with the freedom of being able to listen to it anytime and anywhere on their smartphones.

These unique offers enable subscribers to access Facebook or top music services without eating into their data quota while enjoying the rich media content that inspires them.

Digi Music Freedom will enable a new way of data monetisation opportunity through worry-free access subscription fees rather than conventional quota based pricing.

Such innovative services are part of *Digi Live* brand proposition to bring the newest and most inspiring entertainment content along with the latest digital service innovations from global partners with data monetisation opportunity.

Best postpaid net adds momentum in three years



Digi recorded strong postpaid subscriber growth with 37K net adds supported by marked improvement in high-speed data network performance and coverage, coupled with easy access to a wide range of affordable smartphone bundles.

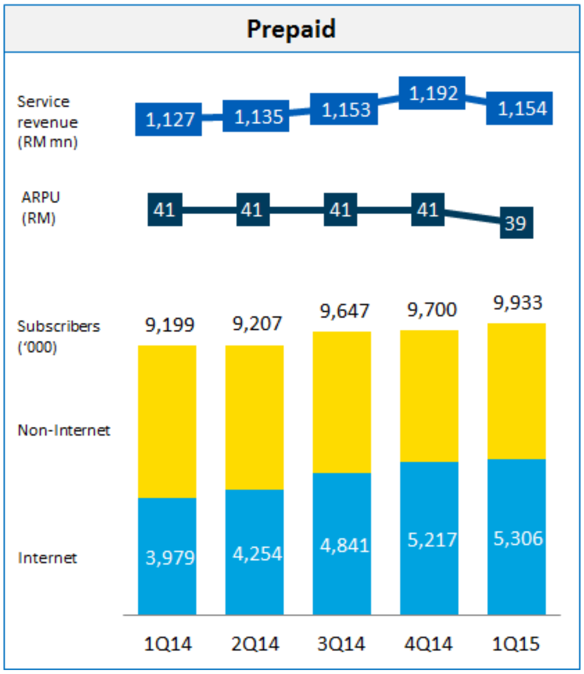
Postpaid internet subscribers rose steadily to 74.9% of total postpaid subscribers from 64.8%, a year ago.

Meanwhile, postpaid ARPU remained resilient at RM81 over a larger subscriber base and well-supported by solid demand for mobile internet.

Postpaid service revenue grew 1.6%, led by 14.6% growth on internet revenue on the back of leveling traditional voice and messaging revenue.

Prepaid growth slowed by intensified competition

Digi fortified its prepaid stronghold and added another 233K new prepaid subscribers to its base although challenged by high marketing spent and price competition in the market.



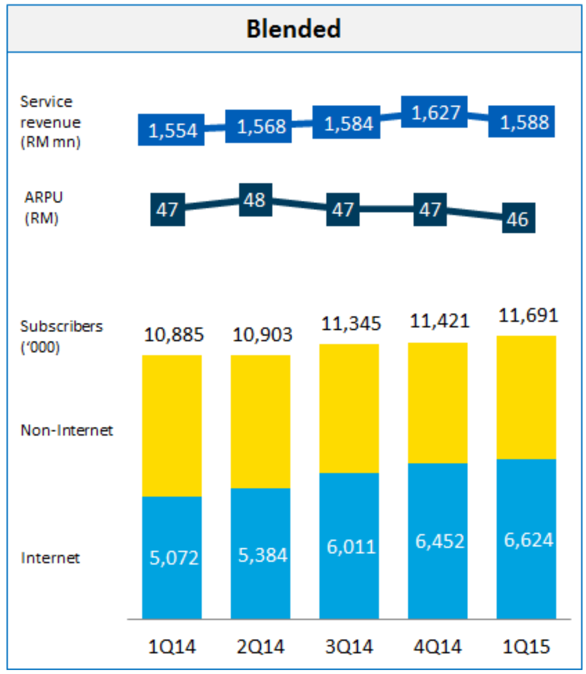
Both prepaid service revenue growth and ARPU moderated although usage and subscriber base increased.

Prepaid service revenue rose by 2.4% amid steeper decline on voice revenue at 6.8% from increased competition and price adjustments. Impact from seasonally shorter quarter and mobile termination rate revision sequentially lowered prepaid service revenue by 3.2%.

Continuous year-on-year revenue growth backed by stronger subscriber base

Overall, Digi successfully registered solid subscriber growth with encouraging net adds from both prepaid and postpaid to strengthen its market position to 11.7 million subscribers.

Internet subscribers continued to grow to more than 6.6 million, with 44% of them using data above 500MB a month. This continued to pave a strong foundation for underlying internet revenue growth.



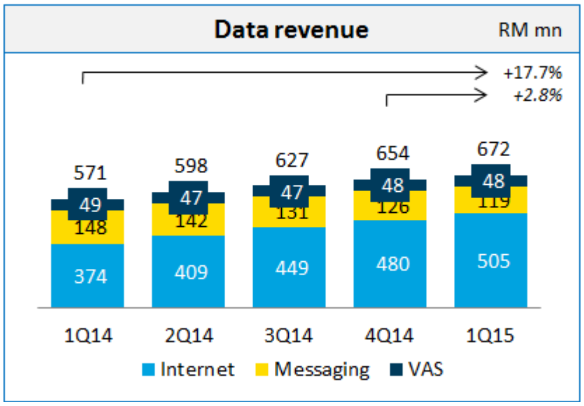
The blended ARPU moderated to RM46 over an increasing subscriber base but internet ARPU progressively strengthened and now formed 32.6% of the blended ARPU.

Digi continued to deliver revenue growth with 4.2% higher revenue and 2.2% higher service revenue compared to same quarter last year.

Service revenue growth for the quarter was undermined by competition and price adjustments although well-supported by higher usage from internet alongside with larger subscriber base.

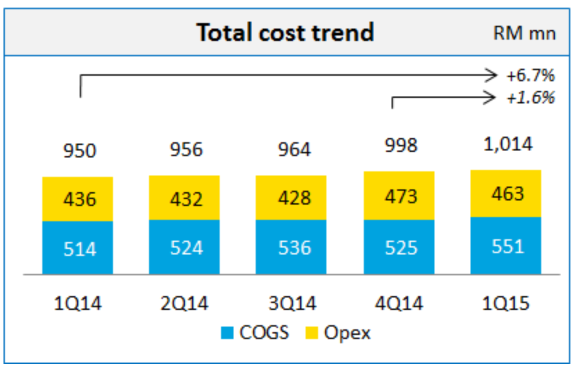
Service revenue would be at same level as seasonally high 4Q 2014 if normalised for the shorter quarter and impact from mobile termination rates revision.

Data revenue continued to advance 17.7% year-on-year whilst internet revenue surged 35.0% to RM505 million. This was underpinned by higher internet usage over a larger subscriber base and stronger high-speed data network.



Device and others revenue for the quarter grew 23.8% year-on-year to RM203 million (1Q 2014: RM164 million; 4Q 2014: RM172 million), mainly to tap on strong demand for smartphone bundles.

Higher COGS fuelled by increased smartphone bundles



Cost of Goods Sold (COGS) climbed 7.2% led by increased demand for smartphone bundles, compounded with effects from weaker MYR.

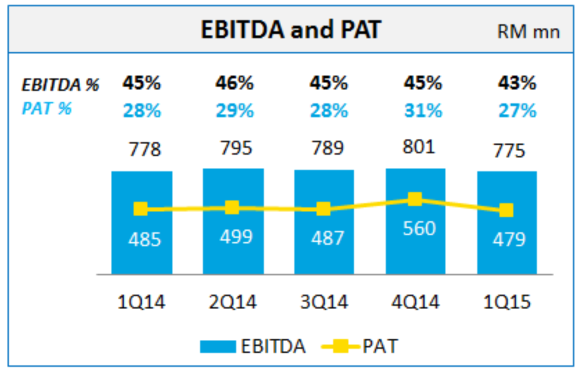
Opex surged 6.2% year-on-year although sequentially lower by 2.1%. Opex to Revenue ratio remained fairly resilient at 25.9% on the back of increasingly competitive market and rapid expansion of data network footprint.

Digi will continue to pursue operational efficiencies opportunities to deliver reliable and affordable services to its customers.

Sustained absolute EBITDA at 1Q 2014 level although margin moderated to 43%

Digi maintained its absolute EBITDA similar to 1Q 2014 level, or 0.8% higher if normalised against forex loss for the quarter. The higher device sales and weaker MYR lowered EBITDA margin to 43%, although service revenue EBITDA margin remained strong at 49%.

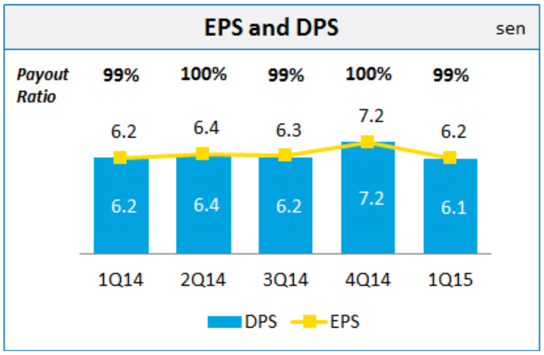
PAT margin resumed back to normalised trend in the absence of tax incentives relating to prior year.



Capex spent for the quarter of RM193 million was within planned network and infrastructure expansion to deliver 3G and LTE coverage to 86.4% and 33.3%, respectively.

Ops CF trended stronger by 1.0% to RM582 million (1Q 2014: RM576 million), with Ops CF margin remained healthy at 32%.

Healthy EPS development at 6.2 sen



Earnings per share (EPS) remained healthy amid increased competition.

The Board of Directors declared its 1st interim dividend of 6.1 sen per share (net) equivalent to RM474 million or 99% payout, payable to shareholders on 5 June 2015.

Balance sheet (RM mn)

	1Q14	2Q14	3Q14	4Q14	1Q15
Total Assets	3,667	3,759	3,785	4,303	4,143
Total Equity	602	619	608	686	606
Interest-bearing debts	853	848	598	1,048	1,048
Cash & cash equivalents	372	403	259	526	357

Total assets at quarter end stood at RM4,143 million, 13.0% higher than the previous year.

Interest-bearing debt at quarter end remained at RM1,048 million with net debt/EBITDA ratio at 0.2x, backed by healthy balance sheet.

2015 guidance remained intact

The robust capability built over the years has set a solid competitive foundation for Digi into FY 2015. Digi achieved healthy operational growth momentum in the first quarter of 2015 in spite of the impact from increased competition and price adjustments.

	2015 Guidance	YTD 1Q 2015
Service revenue growth	Low- mid single digit	2.2%
EBITDA margin	Sustain at 2014 level	43%
Capex		RM193 million

These are internal management targets which will be reviewed periodically by the Board. Hence, these internal targets have not been reviewed by our external auditors.

Digi believes that there are good growth opportunities for the mobile industry fueled by strong demand on internet. Therefore, Digi will continue to drive growth opportunities with strong focus on *Internet For All* offerings and monetise on data usage.

It will also strengthen its competitiveness and on-ground execution to deliver continuous growth amid increased competition and tougher operating environment.

In addition, Digi will leverage on operational efficiency and strengthen its organisational capabilities towards becoming the best mobile internet provider for the mass market.

Consistent with before, Digi aspires to deliver above industry service revenue growth and to sustain EBITDA margin at 2014 level. In this respect, Digi believes it has the right strategies, network and resources in place to support this ambition.

The 2015 guidance is summarised as follows:

- Low - mid single digit service revenue growth
- Sustain EBITDA margin and Capex similar to 2014 level

These are internal management targets which will be reviewed periodically by the Board. Hence, these internal targets have not been reviewed by our external auditors.

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This report is to be read in conjunction with the announcement to Bursa Malaysia and all other disclosures related to our 1st Quarter, 2015 results.