DIGI.COM BERHAD

Company no. 425190-X
(Incorporated in Malaysia)

Date: **26 October 2015**

Subject: **INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015**

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR PERIOD ENDED	PRECEDING YEAR PERIOD ENDED
	30 SEPT 2015 RM'000	30 SEPT 2014 RM'000	30 SEPT 2015 RM'000	30 SEPT 2014 RM'000
Revenue	**1,674,673**	**1,756,145**	**5,189,130**	**5,219,884**
Other income	3,645	2,345	11,160	13,062
Foreign exchange and derivatives losses	(25,822)	(5,640)	(27,964)	(535)
Depreciation and amortisation	(169,737)	(126,795)	(459,068)	(360,174)
Other expenses	(933,631)	(964,210)	(2,891,215)	(2,870,206)
Finance costs	(15,267)	(9,202)	(40,493)	(27,154)
Interest income	3,174	3,882	7,839	10,132
Profit before tax	537,035	656,525	1,789,389	1,985,009
Taxation	(140,420)	(169,606)	(449,199)	(514,018)
Profit for the period, representing total comprehensive income for the period, net of tax	**396,615**	**486,919**	**1,340,190**	**1,470,991**
Attributable to:				
Owners of the parent	**396,615**	**486,919**	**1,340,190**	**1,470,991**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - CONT'D

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR PERIOD ENDED	PRECEDING YEAR PERIOD ENDED
	30 SEPT 2015	30 SEPT 2014	30 SEPT 2015	30 SEPT 2014
Earnings per share attributable to owners of the parent (sen per share):				
- Basic	5.10	6.26	17.24	18.92
- 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 10)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AT 30 SEPT 2015 RM'000	AUDITED AT 31 DEC 2014 RM'000
Non-current assets		
Property, plant and equipment	2,524,838	2,382,112
Intangible assets	516,461	502,084
Prepayments	80,107	-
	3,121,406	2,884,196
Current assets		
Inventories	70,144	64,542
Trade and other receivables	852,368	733,217
Derivative financial instruments	4,481	266
Tax recoverable	94,904	94,904
Cash and cash equivalents	305,860	526,278
	1,327,757	1,419,207
TOTAL ASSETS	4,449,163	4,303,403
Non-current liabilities		
Loans and borrowings	27,668	243,907
Deferred tax liabilities	238,542	263,425
Provision for liabilities	30,221	26,949
	296,431	534,281
Current liabilities		
Trade and other payables	1,766,498	1,840,015
Provision for liabilities	14,679	19,206
Deferred revenue	433,295	397,075
Loans and borrowings	1,268,260	803,739
Taxation	136,473	22,950
	3,619,205	3,082,985
Total liabilities	3,915,636	3,617,266
Equity		
Share capital	77,750	77,750
Reserves	455,777	608,387
Total equity - attributable to owners of the parent	533,527	686,137
TOTAL EQUITY AND LIABILITIES	4,449,163	4,303,403
Net assets per share (RM)	0.07	0.09

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

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	(83,518) [1]	686,137
Total comprehensive income	-	-	1,340,190	1,340,190
Transaction with owners:				
Dividend for the financial year ended 31 December 2014				
- fourth interim dividend	-	-	(559,800)	(559,800)
Dividend for the financial year ending 31 December 2015				
- first interim dividend	-	-	(474,275)	(474,275)
- second interim dividend	-	-	(458,725)	(458,725)
At 30 September 2015	77,750	691,905	(236,128)	533,527
At 1 January 2014	77,750	691,905	(108,656) [1]	660,999
Total comprehensive Income	-	-	1,470,991	1,470,991
Transaction with owners:				
Dividend for the financial year ended 31 December 2013				
- fourth interim dividend	-	-	(544,250)	(544,250)
Dividend for the financial year ended 31 December 2014				
- first interim dividend	-	-	(482,050)	(482,050)
- second interim dividend	-	-	(497,600)	(497,600)
At 30 September 2014	77,750	691,905	(161,565)	608,090

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 10)

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	PERIOD ENDED 30 SEPT 2015 RM'000	PERIOD ENDED 30 SEPT 2014 RM'000
Cash flows from operating activities		
Profit before tax	1,789,389	1,985,009
Adjustments for:		
Non-cash items	544,450	383,174
Finance costs	40,493	27,154
Interest income	(7,839)	(10,132)
Operating profit before working capital changes	2,366,493	2,385,205
Changes in working capital:		
Net change in current assets	(149,750)	(24,007)
Net change in current liabilities	(50,519)	(16,372)
Cash generated from operations	2,166,224	2,344,826
Advance payment for bandwidth	(83,125)	-
Interest paid	(41,687)	(35,405)
Government grant received	-	17,024
Payments for provisions	(63,054)	(3,525)
Taxes paid	(360,559)	(148,340)
Net cash generated from operating activities	1,617,799	2,174,580
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(613,677)	(670,155)
Interest received	8,015	9,929
Proceeds from disposal of property, plant and equipment	567	5,987
Net cash used in investing activities	(605,095)	(654,239)
Cash flows from financing activities		
Draw-down of revolving credit facilities	1,000,000	900,000
Repayment of loan and borrowings	(754,310)	(1,048,291)
Dividends paid	(1,492,800)	(1,523,900)
Net cash used in financing activities	(1,247,110)	(1,672,191)
Net decrease in cash and cash equivalents	(234,406)	(151,850)
Effect of exchange rate changes on cash and cash equivalents	13,988	-
Cash and cash equivalents at beginning of period	526,278	411,079
Cash and cash equivalents at end of period	305,860	259,229

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

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 30 September 2015, other than the drawdown of Uncommitted Revolving Credit ("URC") facility, the conversion of URC into committed Revolving Credit ("RC") facility, the drawdowns and subsequent repayments of the RC facilities, and the repayments of the floating-rate term loan ("FRTL") as disclosed in Note 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 30 September 2015.

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 30 September 2015, other than:

The drawdown(s) of:

(i) RC facility amounting to RM300.0 million and RM250.0 million were made on 10 March 2015 and 2 June 2015 respectively;
(ii) URC[1] facility amounting to RM100.0 million was made on 3 June 2015;
(iii) RC facilities amounting to RM200.0 million and RM150.0 million were respectively made on 1 September 2015;

and, the repayment(s) of:

(i) RM100.0 million each were made on 5 January 2015 and 4 February 2015 for the RC facility drawn on 5 November 2014;
(ii) RM150.0 million and RM200.0 million were made on 5 May 2015 and 5 August 2015 respectively as part of the RM400.0 million RC facility drawn on 2 December 2014; and
(iii) RM98.0 million each were made on 30 March 2015 and 30 September 2015 in respect of the FRTL.

Note:[1] The Group had converted the URC to committed RC with an additional limit of RM150.0 million during the quarter.

A6. Dividend Paid

For the financial period ended 30 September 2015:

(i) 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;
(ii) The first interim tax exempt (single-tier) dividend of 6.1 sen per ordinary share amounting to RM474.3 million in respect of the financial year ending 31 December 2015 was paid on 5 June 2015; and
(iii) The second interim tax exempt (single-tier) dividend of 5.9 sen per ordinary share amounting to RM458.7 million in respect of the financial year ending 31 December 2015 was paid on 4 September 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 30 September 2015 up to the date of this report.

NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A9. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter and financial period ended 30 September 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 30 September 2015 are as follows:

	RM'000
Approved and contracted for	279,000
Approved but not contracted for	472,000

A12. Related Party Transactions

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

	Transactions for the period ended 30 SEPT 2015 RM'000	**Balance due from/(to) at 30 SEPT 2015 RM'000**
With the ultimate holding company and fellow subsidiaries		
- Telenor ASA		(48,724)
Consultancy services rendered	16,667	
- Telenor Consult AS		(18)
Personnel services rendered	4,147	
- Telenor Global Services AS		(5,678)
Sales of interconnection services on international traffic	490	
Purchases of interconnection services on international traffic	21,961	
Purchases of global connectivity	917	

NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A12. Related Party Transactions – cont'd

	Transactions for the period ended 30 SEPT 2015 RM'000	**Balance due from/(to) at 30 SEPT 2015 RM'000**
With the ultimate holding company and fellow subsidiaries – cont'd		
- Total Access Communication Public Company Limited		(96)
Sales of international roaming services	74	
Purchases of international roaming services	2,646	
- DTAC Network Co. Ltd		(6,496)
Sales of interconnection services on international traffic	196	
Purchases of interconnection services on international traffic	10,441	
Sales of international roaming services	315	
Purchases of international roaming services	696	
- Telenor Norge AS		11
Sales of international roaming services	141	
Purchases of international roaming services	15	
- Telenor Shared Services - Pakistan (Private) Limited		(660)
Purchases of customer centre off-shoring services	1,790	
- Telenor IT Asia Sdn Bhd		968
Rental income and services rendered for Asian Infrastructure Shared Services Centre	(253)	
Services rendered on Asian Infrastructure Shared Services Centre	1,109	

NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A12. Related Party Transactions – cont'd

	Transactions for the period ended 30 SEPT 2015 RM'000	Balance due from/(to) at 30 SEPT 2015 RM'000
With the ultimate holding company and fellow subsidiaries – cont'd		
- Telenor Global Shared Services AS		(2,554)
Services rendered on Enterprise Resource Planning ("ERP") and Enterprise applications	3,378	
Services rendered on Asian Infrastructure Shared Services Centre	547	
- Telenor Eiendom Holding AS		(478)
Consultancy fees	-	
- Telenor Digital AS		(1,114)
Consultancy fees	60	
- Telenor Myanmar Ltd		(26)
Sales of international roaming services	21	
Purchases of international roaming services	37	
- Telenor GO Pte Ltd		(2,790)
Personnel services rendered	6,612	

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

Service revenue for current quarter ("3Q 2015") remained resilient and fairly stable at RM1,584 million against preceding quarter ("2Q 2015") of RM1,589 million amid intense price competition and weak consumer sentiment. Device and other revenue trended lower for the quarter and contributed to sequentially lower overall revenue of RM1,675 million (2Q 2015: RM1,723 million). As a flow through from margin compression from price competition, increased traffic and foreign exchange ("forex") cost from unfavourable forex movement (3Q 2015: RM4.40 vs. 2Q 2015: RM3.77 against USD), EBITDA moderated to RM719 million (2Q 2015: RM788 million). Consequentially, profit before tax leveled to RM537 million (2Q 2015: RM626 million) after accounting for progressively higher depreciation from network expansion.

B3. Prospects For Next Quarter 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 30 September 2015 respectively were made up as follows:

	Current year quarter ended 30 SEPT 2015 RM'000	**Current year period ended 30 SEPT 2015 RM'000**
Current tax:		
- Current	(120,836)	(467,192)
- Prior year under-accrual	(6,890)	(6,890)
	(127,726)	(474,082)
Deferred tax:		
- Net originating and reversal of timing differences	(18,653)	18,924
- Recognition and reversal of prior year's timing differences	5,959	5,959
	(12,694)	24,883
Total	(140,420)	(449,199)

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

B5. Taxation (cont'd)

The Group's effective tax rates for the current quarter and financial period ended 30 September 2015 of 26.1% and 25.1% respectively are higher than the statutory tax rate of 25.0%, mainly due to certain expenses not deductible for tax purposes.

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

	As at 30 SEPT 2015 RM'000
Non-current	
Finance lease obligation	27,668
Current	
RC	1,050,000
FRTL	210,000
Finance lease obligation	8,260
	1,268,260

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

The Group had converted the nature of RM100.0 million RC from uncommitted to committed basis with an additional limit of RM150.0 million, making a total limit of RM250.0 million. Subsequently, the Group had drawn RM150.0 million of RC on 1 September 2015. These changes were disclosed in Note A5.

The outstanding FRTL is repayable in March 2016 (RM98.0 million) and September 2016 (RM112.0 million).

B8. Financial Instruments

As at 30 September 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	41,000	176,395	180,876	4,481

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 third interim tax exempt (single-tier) dividend of 5.1 sen per ordinary share (3Q 2014: 6.2 sen per ordinary share) in respect of the financial year ending 31 December 2015, which will be paid on 4 December 2015. The entitlement date is on 11 November 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 11 November 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 ("YTD") dividend for the financial year ending 31 December 2015 is 17.1 sen per ordinary share (YTD 2014: 18.8 sen).

B11. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter and financial period ended 30 September 2015 have been calculated as per the summary below:

	Current year quarter ended 30 SEPT 2015 RM'000	**Previous year quarter ended 30 SEPT 2014 RM'000**	**Current year period ended 30 SEPT 2015 RM'000**	**Previous year period ended 30 SEPT 2014 RM'000**
Earnings Profit for the period Amount attributable to owners of the parent	396,615	486,919	1,340,190	1,470,991
Weighted average number of ordinary shares ('000)	7,775,000	7,775,000	7,775,000	7,775,000
Basic earnings per share (sen)	5.10	6.26	17.24	18.92

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 30 SEPT 2015 RM'000	Previous year quarter as at 30 SEPT 2014 RM'000
Total (deficit)/ retained profits of Digi.Com Berhad and its subsidiaries:		
- Realised	(253,233)	(167,209)
- Unrealised	17,105	5,644
Total	(236,128)	(161,565)

B14. Additional Disclosures

	Current year quarter ended 30 SEPT 2015 RM'000	Previous year quarter ended 30 SEPT 2014 RM'000	Current year period ended 30 SEPT 2015 RM'000	Previous year period ended 30 SEPT 2014 RM'000
Impairment losses on trade receivables	(12,127)	(9,846)	(28,606)	(23,567)
Reversal/(allowance) for inventory obsolescence	(1,299)	(102)	(1,211)	251
Foreign exchange gain/(loss)	(28,277)	(7,878)	(32,178)	(1,673)
Gain/(loss) on derivatives	2,455	2,238	4,214	1,138

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 30 September 2015.

c.c. Securities Commission

MANAGEMENT
DISCUSSION AND ANALYSIS

3Q 2015

Fast-tracked 4G-LTE expansion with leading position on coverage and service quality

Digi's 4G-LTE network reached one in every two Malaysians nationwide with an average of 80% population coverage in key market centres. Service revenue resilient at RM1,584 million, against soft consumer sentiments post-GST and weaker FOREX development while competing in a price-competition fueled market. Nonetheless, strong demand for internet led by affordable internet packages, robust data network and proliferation of digital services continued to drive growth opportunity and resilience for Digi.

EXECUTIVE SUMMARY

RM million	3Q15	2Q15	Q-o-Q	Y-o-Y
Service Revenue	1,584	1,589	-0.3%	0.0%
Total Revenue	1,675	1,723	-2.8%	-4.6%
EBITDA	719 769*	788	-8.8% -2.4%	-8.9% -2.5%
EBITDA margin	43% 46%*	46%	-2.8pp +0.2pp	-2.0pp +1.0pp
PAT	397 434*	464	-14.4% -6.5%	-18.5% -10.9%
Capex	223	200	11.5%	-19.2%
Ops CF	496 546*	588	-15.6% -7.1%	-3.3% +6.4%
Cash-Flow margin	30% 33%*	34%	-4.5pp -1.5pp	+0.4pp +3.4pp
EPS (sen)	5.1	6.0	-15.0%	-19.0%
DPS (sen)	5.1	5.9	-13.6%	-17.7%

* 3Q15: Normalised to exclude FOREX impact of RM50 mn from EBITDA and RM37 mn from PAT

3rd quarter 2015 marked a tumultuous quarter for the industry. With consumer sentiments barely recovering to pre-GST level, the industry embraced a series of fierce competition in the market with aggressive pricing across postpaid data, prepaid packs, IDD rates and high-speed data offers.

Despite headwinds in the market, Digi continued its rapid expansion on 4G-LTE network and reached 50% population coverage nationwide ahead of year-end target whilst securing a leadership position on high-speed data network coverage and service quality.

Digi's service revenue remained resilient at RM1,584 million, consistent with same quarter a year ago and fairly stable sequentially amid intense IDD and data price competition.

Robust on-ground execution and consistent focus on *Internet For All* drove solid proposition in its core offering and digital services and at the same time stimulated higher internet adoption and usage for the quarter. Active internet subscribers steadily grew to 7.0 million or 60.2% of total subscribers.

Although, usage continued to show positive trajectory, the persistent price competition coupled with sharp devaluation of MYR currency by 16.5% in 3Q15 decelerated service revenue growth, inflated IDD cost and diluted operating margins.

EBITDA declined 8.9%, from a year ago and 8.8% sequentially to RM719 million or 43% margin, adversely impacted by RM50 million FOREX impact in the quarter.

Excluding the FOREX impact, normalized EBITDA would register a marginal contraction of 2.5% year-on-year and 2.4% quarter-on-quarter, consequential from elevated competition and increased pressure on consumer wallet.

Ops Cash-Flow (Ops CF) margin remained healthy at 30% after accounting for sequentially higher capex of RM223 million in line with planned commitment of RM900 million.

OPERATIONAL AND FINANCIAL UPDATES

Market leader on 4G-LTE network with most extensive coverage nationwide

Historically known as one of the last incumbent mobile operators to launch 3G services in Malaysia, Digi rapidly advanced, modernised and strengthened its 3G network coverage to deliver competitive network footprint and service quality for its customers.

With an established 3G network that reached majority of the population nationwide, Digi fast-tracked a nationwide network overhaul and built Malaysia's widest 4G-LTE network to cover one in every two Malaysians nationwide, with robust coverage available in 28 major cities and secondary towns. This anchored an important milestone for Digi and its customers.

The dual band 4G-LTE network, running on 1,800Mhz and 2,600Mhz provides customers with wider network coverage, greater capacity and significantly improved indoor and outdoor internet experiences, as well as future access to next-generation 4G+ technologies.

For customers to fully enjoy the benefits of being connected to quality, always-on, anywhere high-speed internet, Digi continued to drive easy and seamless 4G-LTE experience including complimentary sim upgrades, best range of affordable LTE devices, and innovative digital services, all available through the best service touchpoints in stores and online.

With 4G-LTE adoption continued to gain momentum, Digi's LTE subscribers soared to 1.5 million, more than doubled from a year ago, or 13.2% of total subscribers.

Enriched value propositions across prepaid and postpaid to be the preferred mobile provider

During the quarter, Digi strengthened its prepaid competitiveness and value proposition through the launch of *Digi Smart Prepaid* and *Digi Best Prepaid.* Prepaid internet passes were also revitalised with bundled quotas and services with more compelling reasons for mobile internet usage alongside with upselling opportunity.

In addition, as part of usage stimulation and retention, Digi continued to drive reload campaigns and incentives for both new and existing subscribers.

Digi's postpaid core offers on voice and data tracks were also refreshed with data access to 4G-LTE to address heightened pressure from super low entry-level plans with rich data quotas in the market.

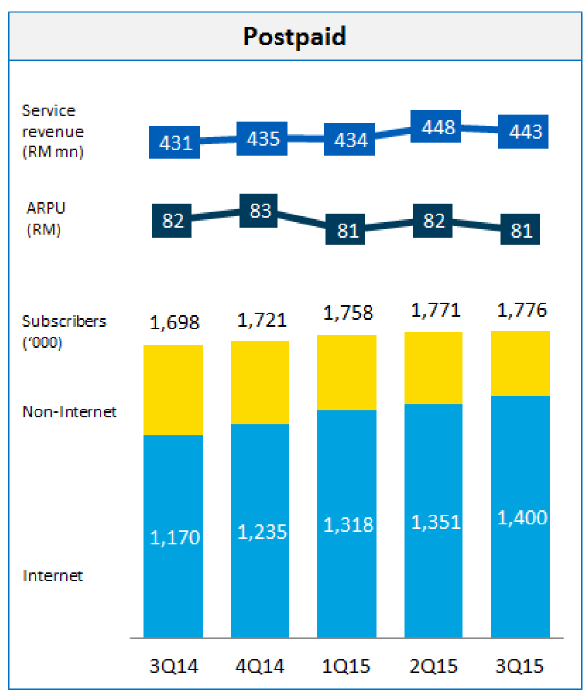
Developing strength from personalised digital lifestyle services to drive demand for internet and differentiation

Digi continued to be at the forefront of customer centric digital services on the back of growing digital demand for entertainment content, always-on social media and digital lifestyle applications.

Over the year, Digi introduced a stream of relevant and innovative digital services access such as Music Freedom on all leading music app providers, Direct Operator Billing for Google Play Store, iFlix, HyppTv, Asia TV and radio contents through Asia Live and cloud-based photo storage via Capture as part of Digi *Let's Inspire* brand promise to be a part of the customers' digital lifestyle and journey.

Digi Music Freedom continued to gain popularity and attracted 10.3 million music streaming hours to-date.

Stronger data network, attractive postpaid value proposition and expansion of channels continued to fuel postpaid growth



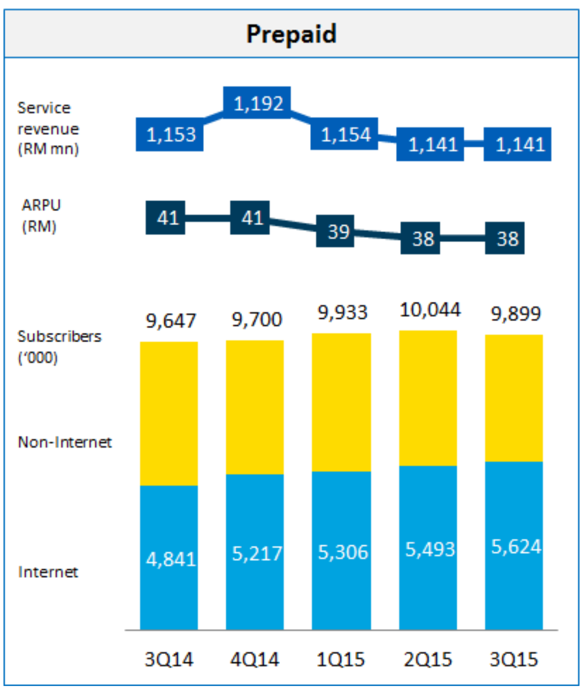
Digi continued to strengthen its positioning in the postpaid market with 2.8% year-on-year service revenue growth backed by resilient ARPU over a larger subscriber base.

The stronger data network, attractive value proposition and expansion of channels continued to drive resilience and growth for postpaid although challenged by aggressive data pricing and quotas. Digi continued to strengthen its postpaid internet revenue to RM195 million, an increase of 14.7% from a year ago.

Postpaid service revenue trimmed 1.1% sequentially following intense competition and campaigns during the quarter, although postpaid subscriber base continued to strengthen 4.6% year-on-year to almost 1.8 million.

Consistent with the relentless drive on internet, postpaid internet subscribers rose steadily to 1.4 million or 78.8% of total postpaid subscribers from 68.9%, a year ago.

Introduction of *Smart Prepaid* and *Best Prepaid* packs spurred strong demand and stabilized prepaid revenue



Digi's new prepaid packs spurred strong demand and cushioned revenue impact from the intense price competition on IDD and data.

The pressure on consumer wallet size post-GST combined with the weakening MYR currency against other regional currencies further impacted consumer sentiments and prepaid revenue for the quarter.

Nonetheless, prepaid service revenue remained resilient and stable sequentially at RM1,141 million while prepaid internet revenue surged 20.1% year-on-year and 5.3% quarter-on-quarter to RM335 million on the back of higher prepaid internet penetration at 56.8%.

Data monetisation opportunity was moderated by free lite internet access and aggressive data offers but well supported with clear up-selling opportunities on the back of growing demand for 4G-LTE services.

Digi's relentless drive across product value proposition, reloads, network, distribution as well as digital services solidified Digi's competitiveness amid market challenges.

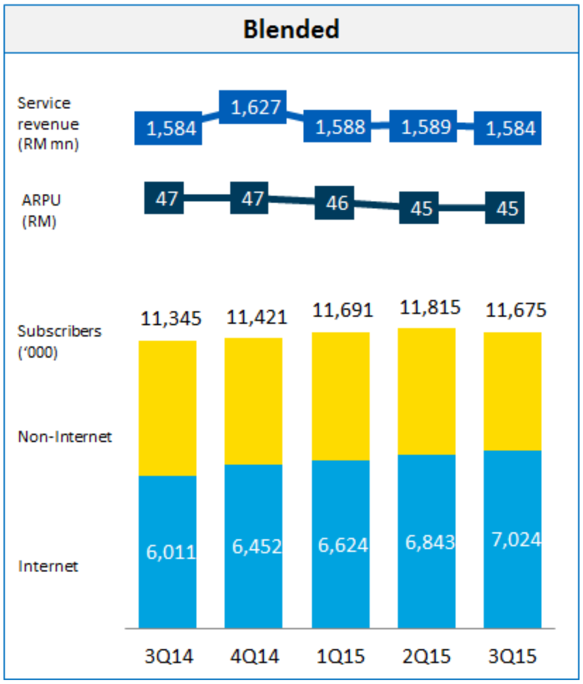
Prepaid subscribers levelled to 9.9 million amid headwinds from the market while ARPU maintained at RM38. Both acquisition and retention momentum showed positive trajectory post-launch of the new prepaid packs.

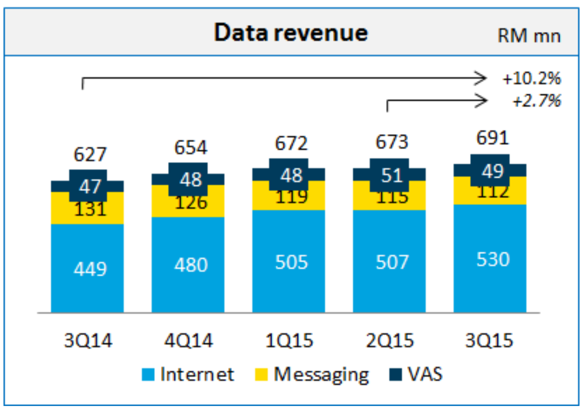
Robust data network and competitive product offers supported steady service revenue

Service revenue remained resilient at RM1,584 million, stable against downward pressure from market challenges.

Internet revenue registered an encouraging growth of 18.0% year-on-year and 4.5% quarter-on-quarter, aided by higher smartphone penetration at 58.4%.

Overall subscriber base remained solid at 11.7 million subscribers with active internet subscribers continued to climb steadily to 7.0 million or 60.2% of total subscriber base.



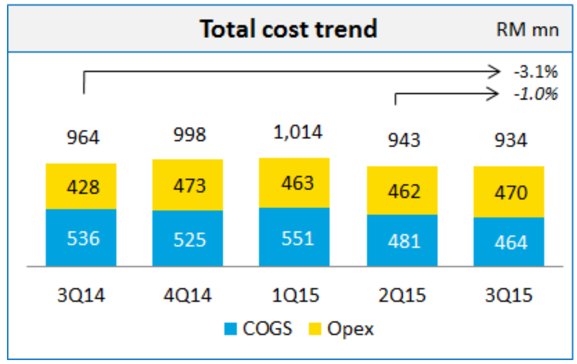


ARPU remained stable at RM45 despite challenged by IDD and data price erosion in the competition tussle for customers and wallet share.

The revitalised core propositions for prepaid and postpaid, tactical promotions, campaigns and stronger data network supported Digi's drive on service revenue resilience.

Device and other revenue for the quarter declined 47.1% year-on-year and 32.1% sequentially to RM91 million as demand for mid and high-end smartphones slowed down.

Higher traffic cost from weaker MYR currency cushioned by lower smartphone related cost



Cost of Goods Sold (COGS) trimmed 13.4% year-on-year and 3.5% quarter-on-quarter mainly as a flow through from lower device cost consequential from lower volumes of smartphone sold.

The weaker MYR currency and termination rate hike in one of the major migrant country lifted traffic cost up by 13.0% sequentially.

Sales and marketing spend trended higher to 9.0% of service revenue to support new product launches and more tactical campaigns in a highly competitive market.

Nonetheless, opex to service revenue ratio remained fairly resilient at 29.7%, consistent with preceding 2 quarters on the back of competition intensity and rapid expansion of data network.

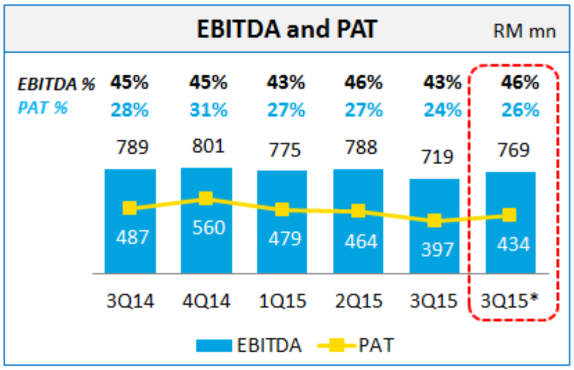
Operational excellence remained a core priority for Digi to drive resilience amid challenging market conditions to deliver reliable and affordable services to its customers.

EBITDA and PAT moderated by competition intensity and weaker MYR currency

As a flow through effect from price competition and higher marketing spend, normalised EBITDA* declined 2.5% year-on-year and 2.4% quarter-on-quarter, although margin maintained at 46%.

Normalised PAT* contracted by 10.9% year-on-year and 6.5% quarter-on-quarter after accounting for higher progressive depreciation from network expansion and accelerated depreciation of RM26 million relating to migration of data centre.

Reported EBITDA fell 8.9% year-on-year and 8.8% quarter-on-quarter whilst reported PAT fell 18.5% year-on-year and 14.4% quarter-on-quarter after accounting for the steep fall on MYR currency in 3Q 2015.



* 3Q15: Normalised to exclude FOREX impact of RM50 mn from EBITDA and RM37 mn from PAT

During the quarter, Digi continued to invest another RM223 million with year-to-date cumulative investment at RM616 million, primarily on 4G-LTE network deployment nationwide.

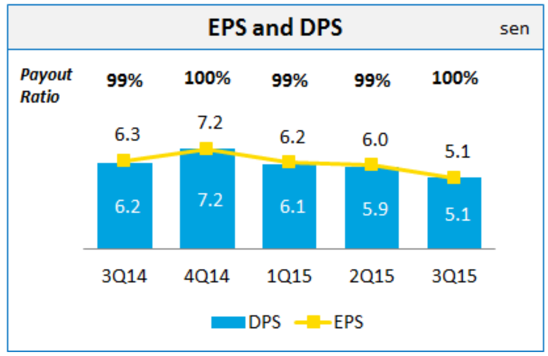
Digi's 4G-LTE network reached 50% population coverage nationwide, backed by 6,100 km of fibre network.

Ops Cash-Flow for the quarter remained healthy at RM496 million or 30% margin as a flow through from moderated EBITDA.

Consistent dividend payout ratio backed by healthy balance sheet

Earnings per share (EPS) remained healthy at 5.1 sen, undermined by softer earnings from challenging market conditions.

Notwithstanding, Digi maintained its dividend payout policy at a minimum of 80% of the Company's profit after tax or net profit.



The Board of Directors declared its 3rd interim dividend of 5.1 sen per share (net) equivalent to RM397 million or close to 100% payout, payable to shareholders on 4 December 2015.

A total of 17.1 sen dividend per share were declared year-to-date, equivalent to RM1,330 million.

Balance sheet RM mn

	3Q14	4Q14	1Q15	2Q15	3Q15
Total Assets	3,785	4,303	4,143	4,441	4,449
Total Equity	608	686	606	596	534
Interest-bearing debts	598	1,048	1,048	1,246	1,296
Cash & cash equivalents	259	526	357	303	306

Total assets at quarter end stood at RM4,449 million, 17.5% higher than same quarter last year following Digi's continued investment in network expansion and IT infrastructure capabilities.

Balance sheet remained strong and substantiated by stronger investments on the back of prudent net debt to EBITDA ratio at 0.3x.

2015 outlook remains challenging

Digi delivered a resilient performance on the back of intense competition and unfavourable forex development.

	2015 Guidance	YTD 3Q 2015
Service revenue growth	Low-mid single digit	1.2%
EBITDA margin	Sustain at 2014 level	44% 45% (normalised)
Capex		RM616 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.

The steep erosion in IDD prices, aggressive internet offers combined with increased pressure on consumer wallet will continue to have an impact on service revenue growth, weighing it towards the lower end of the guidance.

Further deterioration of external factors such as forex development and consumer sentiments may elevate business risk for the industry.

Therefore, Digi's priorities in the short to medium term are to capitalise on its fastest growing 4G-LTE network position alongside with compelling value propositions and digital services contents to stimulate usage, retention and growth. Further to that, Digi will also continue to strengthen its digital channel for more self-serve functions.

Digi remained committed to its RM900 million investment to drive robust data network for consistent high-speed internet services on-the-go and aims to add another 1,500 4G-LTE sites by year-end.

This will provide a good platform and head start leading into FY 2016 to capture internet growth and data monetisation opportunity.

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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 3rd Quarter, 2015 results.