



DIGI.COM BERHAD

Company no. 425190-X
(Incorporated in Malaysia)

Date: 17 October 2017

**Subject: INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

<u>Table of contents</u>	<u>Page</u>
Condensed Consolidated Statement of Comprehensive Income	1 - 2
Condensed Consolidated Statement of Financial Position	3
Condensed Consolidated Statement of Changes in Equity	4 - 5
Condensed Consolidated Statement of Cash Flows	6 - 7
Notes to the Interim Financial Report	8 - 12
Additional information required by the Bursa Malaysia Securities Listing Requirements ("Bursa Securities LR") (Appendix 9B)	13 -19

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	QUARTER ENDED	QUARTER ENDED		PERIOD ENDED	PERIOD ENDED	
	30 SEPT 2017	30 SEPT 2016	%	30 SEPT 2017	30 SEPT 2016	%
	RM'000	RM'000		RM'000	RM'000	
Revenue	1,569,415	1,619,110	-3	4,695,942	4,927,381	-5
Other income	5,039	3,892		15,741	14,090	
Net (loss)/gain on foreign exchange and fair value movement of forward foreign exchange contracts	(2,122)	46		(4,721)	(3,392)	
Depreciation and amortisation	(205,980)	(174,153)		(576,441)	(473,444)	
Other expenses	(845,730)	(847,947)		(2,552,610)	(2,723,709)	
Finance costs	(15,755)	(18,222)	-14	(91,187)	(55,143)	+65
Interest income	6,352	2,656		17,467	8,795	
Profit before tax	511,219	585,382	-13	1,504,191	1,694,578	-11
Taxation	(126,602)	(147,001)		(387,573)	(436,547)	
Profit for the period, representing total comprehensive income for the period, net of tax	384,617	438,381	-12	1,116,618	1,258,031	-11
Attributable to:						
Owners of the parent	384,617	438,381	-12	1,116,618	1,258,031	-11

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - CONT'D

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER			
	QUARTER ENDED	QUARTER ENDED		PERIOD ENDED	PERIOD ENDED	
	30 SEPT 2017	30 SEPT 2016	%	30 SEPT 2017	30 SEPT 2016	%
Earnings per share attributable to owners of the parent (sen per share):						
- Basic	4.95	5.64		14.36	16.18	
- Diluted ¹	NA	NA		NA	NA	

Note:¹NA 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 8 to 12)

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AT 30 SEPT 2017 RM'000	AUDITED AT 31 DEC 2016 RM'000
Non-current assets		
Property, plant and equipment	2,920,249	2,832,265
Intangible assets	965,137	453,777
Other investments	163	100
Derivative financial instruments	20,458	-
Prepayments	103,001	62,572
	<u>4,009,008</u>	<u>3,348,714</u>
Current assets		
Inventories	43,193	47,822
Trade and other receivables	1,155,542	1,707,679
Derivative financial instruments	-	4,034
Tax recoverable	-	13,121
Cash and short-term deposits	660,806	376,588
	<u>1,859,541</u>	<u>2,149,244</u>
TOTAL ASSETS	<u>5,868,549</u>	<u>5,497,958</u>
Non-current liabilities		
Loans and borrowings	2,693,140	1,798,837
Deferred tax liabilities	257,862	311,285
Provision for liabilities	42,349	40,034
	<u>2,993,351</u>	<u>2,150,156</u>
Current liabilities		
Trade and other payables	1,866,137	1,947,851
Derivative financial instruments	651	-
Provision for liabilities	7,299	7,547
Deferred revenue	336,926	390,074
Loans and borrowings	8,126	483,036
Tax payable	116,446	24
	<u>2,335,585</u>	<u>2,828,532</u>
Total liabilities	<u>5,328,936</u>	<u>4,978,688</u>
Equity		
Share capital	769,655	77,750
Share premium	-	691,905
Accumulated losses	(230,042)	(250,385)
Total equity - attributable to owners of the parent	<u>539,613</u>	<u>519,270</u>
TOTAL EQUITY AND LIABILITIES	<u>5,868,549</u>	<u>5,497,958</u>
Net assets per share (RM)	<u>0.07</u>	<u>0.07</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Interim Financial Report on pages 8 to 12)

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2017	77,750	691,905	(250,385) ²	519,270
Total comprehensive income	-	-	1,116,618	1,116,618
Transaction with owners:				
Dividend for the financial year ended 31 December 2016				
- fourth interim dividend	-	-	(373,200)	(373,200)
Dividend for the financial year ending 31 December 2017				
- first interim dividend	-	-	(365,425)	(365,425)
- second interim dividend	-	-	(357,650)	(357,650)
Transfer to share capital ¹	691,905	(691,905)	-	-
At 30 September 2017	<u>769,655</u>	<u>-</u>	<u>(230,042)</u>	<u>539,613</u>

Note:¹ The new Companies Act 2016 ("New Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - CONT'D

	Share capital RM'000	Share premium RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2016	77,750	691,905	(250,293) ²	519,362
Total comprehensive Income	-	-	1,258,031	1,258,031
Transaction with owners:				
Dividend for the financial year ended 31 December 2015				
- fourth interim dividend	-	-	(380,975)	(380,975)
Dividend for the financial year ended 31 December 2016				
- first interim dividend	-	-	(396,525)	(396,525)
- second interim dividend	-	-	(419,850)	(419,850)
At 30 September 2016	<u>77,750</u>	<u>691,905</u>	<u>(189,612)</u>	<u>580,043</u>

Note:² 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 8 to 12)

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	PERIOD ENDED 30 SEPT 2017 RM'000	PERIOD ENDED 30 SEPT 2016 RM'000
Cash flows from operating activities		
Profit before tax	1,504,191	1,694,578
Adjustments for:		
Non-cash items	606,192	516,185
Finance costs	91,187	55,143
Interest income	(17,467)	(8,795)
Operating cash flow before working capital changes	<u>2,184,103</u>	<u>2,257,111</u>
Changes in working capital:		
Net change in current assets	464,400	(80,270)
Net change in current liabilities	(150,881)	(289,241)
Cash generated from operations	<u>2,497,622</u>	<u>1,887,600</u>
Advance payment for bandwidth	(55,994)	-
Interest paid	(88,910)	(70,770)
Government grant received	79,629	79,352
Payments for provisions	(280)	(171)
Taxes paid	(311,454)	(253,373)
Net cash generated from operating activities	<u>2,120,613</u>	<u>1,642,638</u>
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,175,230)	(537,889)
Purchase of unquoted investment	(63)	-
Interest received	17,272	8,843
Proceeds from disposal of property, plant and equipment	925	39
Proceeds from disposal of other investment	-	28
Net cash used in investing activities	<u>(1,157,096)</u>	<u>(528,979)</u>
Cash flows from financing activities		
Drawdowns of loans and borrowings	1,180,000	1,200,000
Repayments of loans and borrowings	(762,385)	(1,016,509)
Dividends paid	(1,096,275)	(1,197,350)
Net cash used in financing activities	<u>(678,660)</u>	<u>(1,013,859)</u>

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - CONT'D

	PERIOD ENDED 30 SEPT 2017 RM'000	PERIOD ENDED 30 SEPT 2016 RM'000
Net increase in cash and cash equivalents	284,857	99,800
Effect of exchange rate changes on cash and cash equivalents	(639)	(2,137)
Cash and cash equivalents at beginning of period	376,588	233,557
Cash and cash equivalents at end of period	<u>660,806</u>	<u>331,220</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Interim Financial Report on pages 8 to 12)

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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 2016.

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 2016 except for the newly-issued Malaysian Financial Reporting Standards (“MFRS”) and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2017:

Annual Improvements to MFRSs 2014–2016 Cycle

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 12: Disclosure of Interests in Other Entities

Companies Act 2016

The Companies Act 2016 (“New Act”) was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. The New Act (except section 241 and Division 8 of Part III) becomes effective on 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company upon the commencement of the New Act on 31 January 2017 are:

- (i) removal of the authorised share capital;
- (ii) shares of the Company will cease to have par or nominal value; and
- (iii) the Company’s share premium account will become part of the Company’s share capital.

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.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence for the current quarter and financial period ended 30 September 2017, other than:

- (i) financing transactions executed under revolving credit ("RC") facility and Sukuk Programmes as disclosed in Note A5; and
- (ii) the credit balance of the Company's share premium account as at 31 January 2017 becoming part of the Company's share capital pursuant to the New Act.

A4. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial periods that have a material effect in the current quarter and financial period ended 30 September 2017.

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 2017, other than:

(i) Revolving credit ("RC")

- (a) Drawdown of RC facility amounting to RM275.0 million in February 2017; and
- (b) Repayments of RC facility amounting to RM500.0 million in April 2017 and RM250.0 million in May 2017.

(ii) Islamic Medium Term Notes ("IMTN")

On 14 April 2017, Digi Telecommunications Sdn Bhd ("DTSB"), a wholly-owned subsidiary of the Group, had issued the first series of IMTN consisting of:

IMTN	Nominal value RM' million	Tenure	Profit rate per annum	Maturity date
Tranche 001	300.0	5 years	4.38%	14 April 2022
Tranche 002	300.0	7 years	4.53%	12 April 2024
Tranche 003	300.0	10 years	4.65%	14 April 2027
Total	900.0			

(iii) Islamic Commercial Papers ("ICP")

DTSB had on 20 April 2017 issued ICP amounting to RM 5.0 million in nominal value at 3.83% discount rate with a tenure of one (1) month, which was subsequently redeemed in full upon its maturity on 19 May 2017.

Proceeds from the issuance of IMTN and ICP are utilised for the general corporate purposes of DTSB and/or its subsidiaries, which are Shariah-compliant.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A6. Dividend Paid

For the financial period ended 30 September 2017:

- (i) The fourth interim tax exempt (single-tier) dividend of 4.8 sen per ordinary share amounting to RM373.2 million in respect of the financial year ended 31 December 2016 was paid on 31 March 2017;
- (ii) The first interim tax exempt (single-tier) dividend of 4.7 sen per ordinary share amounting to RM365.4 million in respect of the financial year ending 31 December 2017 was paid on 30 June 2017; and
- (iii) The second interim tax exempt (single-tier) dividend of 4.6 sen per ordinary share amounting to RM357.7 million in respect of the financial year ending 31 December 2017 was paid on 29 September 2017.

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 2017 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 30 September 2017 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 2016.

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 2017 are as follows:

	RM'000
Approved and contracted for	<u><u>311,000</u></u>
Approved but not contracted for	<u><u>468,000</u></u>

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A12. Related Party Transactions

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

	Transactions for the period ended 30 SEPT 2017 RM'000	Balance due from/(to) at 30 SEPT 2017 RM'000
With the ultimate holding company and fellow subsidiaries		
- Telenor ASA		(21,700)
Consultancy services rendered	32,352	
Licenses and trademarks	2,744	
- Telenor Procurement Company		(2,402)
Consultancy services rendered	2,465	
- Telenor GO Pte Ltd		(773)
Personnel services rendered	10,347	
- Total Access Communication Public Company Limited		379
Sales of international roaming services	5	
Purchases of international roaming services	540	
- Telenor Global Services AS		(6,576)
Sales of interconnection services on international traffic	2,602	
Purchases of interconnection services on international traffic	22,367	
Purchases of international roaming services	134	
Purchases of IP transit	557	
Purchases of global connectivity	1,130	
- dtac TriNet Co. Ltd		(700)
Sales of interconnection services on international traffic	95	
Purchases of interconnection services on international traffic	1,075	
Sales of international roaming services	443	
Purchases of international roaming services	1,747	

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A12. Related Party Transactions – cont'd

	Transactions for the period ended 30 SEPT 2017 RM'000	Balance due from/(to) at 30 SEPT 2017 RM'000
With the ultimate holding company and fellow subsidiaries – cont'd		
- Telenor IT Asia Sdn Bhd		(17,913)
Rental income and services rendered for Asian Infrastructure Shared Services Centre	333	
Services rendered on Asian Infrastructure Shared Services Centre	5,735	
- Telenor Digital Services AS		(388)
Consultancy fees	800	
Services rendered on digital marketing and distribution platform	289	
Purchases of cloud based software infrastructure services	176	
- Telenor Global Shared Services AS		(10,296)
Services rendered on Enterprise Resource Planning ("ERP") and Enterprise applications	8,472	
- Valyou Sdn Bhd		395
Sales of telecommunication and related services	117	
Personnel services rendered	626	
- Telenor Financial Services AS		-
Personnel services rendered	247	
- Telenor Global Services Singapore Pte Ltd		4,829
Bandwidth leasing income	4,948	
- Tapad Inc. US		(1,511)
Services rendered on digital marketing and distribution platform	1,522	
	<u>1,522</u>	

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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

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

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

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

Analysis of material changes in the Group's Profit Before Tax for current quarter ("3Q 2017") compared with immediate preceding quarter ("2Q 2017") is provided in the "Management Discussion & Analysis" enclosed.

B3. Prospects For Remaining Quarters Up to The End of Financial Year 31 December 2017

Analysis of the Group's prospects up to 31 December 2017 is provided 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 financial period ended 30 September 2017 respectively were made up as follows:

	Individual quarter	Cumulative quarter
	Quarter ended 30 SEPT 2017 RM'000	Period ended 30 SEPT 2017 RM'000
Income tax:		
- Current tax expense	(131,340)	(431,996)
- Under-provision in prior periods	-	(9,000)
Deferred tax		
- Net originating and reversal of timing differences	4,738	53,423
Total	(126,602)	(387,573)

The Group's effective tax rates for the current quarter and financial period ended 30 September 2017 of 24.8% and 25.8% respectively are higher than the statutory tax rate of 24.0%, mainly due to certain expenses not deductible for tax purposes.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

**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

	Note	As at 30 SEPT 2017 RM'000	As at 30 SEPT 2016 RM'000
Non-current			
FRTL	(a)	1,784,770	1,186,174
IMTN	(b)	898,782	-
Finance lease obligation		9,588	17,714
		2,693,140	1,203,888
Current			
RC		-	247,575
Finance lease obligation		8,126	9,684
		8,126	257,259
Total loans and borrowings		2,701,266	1,461,147

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

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

Group borrowings and debt securities portfolio of fixed and floating interest rate are as follows:

	As at 30 SEPT 2017 RM'000	As at 30 SEPT 2016 RM'000
Floating rate borrowings	1,784,770	1,433,749
Fixed rate borrowings and debt securities	916,496	27,398
	2,701,266	1,461,147

(a) Repayments of non-current floating-rate term loans ("FRTL") will commence 42 months from first drawdown as disclosed below:

No.	Outstanding amount as at 30 SEPT 2017 RM'000	Month of first drawdown	Month of first repayment
i	1,000,000	March 2016	September 2019
ii	400,000	June 2016	December 2019
iii	400,000	October 2016	April 2020

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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

B7. Group Borrowings (cont'd)

- (b) On 4 April 2017, the Group through its wholly-owned subsidiary, DTSB, established an Islamic medium term notes (“IMTN”) programme of up to RM5.0 billion in nominal value (“IMTN Programme”); and an Islamic commercial papers (“ICP”) programme of up to RM1.0 billion in nominal value (“ICP Programme”), which have a combined limit of up to RM5.0 billion in nominal value (collectively referred to as “Sukuk Programme”) based on the Islamic principle of Murabahah (via a Tawarruq arrangement).

The tenures of the IMTN and ICP Programme are fifteen (15) and seven (7) years, respectively from the date of the first issuance. RAM Ratings Services Berhad has assigned an AAA rating for the IMTN Programme and P1 rating for the ICP Programme.

The details of issuance and redemption in relation to Sukuk Programmes completed as at 30 September 2017 are disclosed in Note A5.

The proceeds from IMTN have been partially hedged against interest rate risk using interest rate swaps as disclosed in Note B8.

B8. Financial Instruments

As at 30 September 2017, the Group’s outstanding net derivative financial instruments are detailed below:

Type of derivative	Notional value (RM'000)	Fair value - (liability)/asset (RM'000)
Foreign currency forward contracts: - Less than one year	69,594	(651)
Interest rate swaps contracts - More than three years	750,000	11,405

(i) Interest rate swap transactions

In 2Q 2017, the Group entered into interest rate swaps with notional amounts totaling RM750.0 million that entitles it to receive interest at a fixed rate ranging from 4.38% to 4.65% per annum, and in return, pays interest quarterly at floating rate plus a spread. The swaps mature at varying dates based on the maturity of different tranches of IMTN.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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

B8. Financial Instruments (cont'd)

(ii) Accounting Policy

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

(a) Foreign currency risk

The Group enters into foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities; in accordance with the Group's hedging policy. In line with the Group's hedging policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Firm commitments are netted-off against receivables denominated in the same currency, and only the net exposures are hedged so as to maximise the Group's natural hedge position.

(b) Interest rate risk

The Group is exposed to interest rate risk through funding activities. Changes in interest rates affect the fair value of assets and liabilities.

The Group reviews its composition of fixed and floating rate debts based on assessment of its existing exposure and desirable interest rate profiles acceptable to the Group. Hedging instruments such as interest rate swaps are used to manage these risks.

IMTN issued by the Group under the Sukuk Programme are fixed rate debts. In order to manage interest rate risk on the fair value of the underlying liability, a portion of the proceeds from IMTN were swapped to floating interest rate by using interest rate swaps.

Speculative activities are strictly prohibited. The Group adopts a layered approach to hedging, where a higher percentage of hedging will be executed for closer-dated exposures and with time, increase the hedge as the probability of the underlying exposure increases. The derivatives and their underlying exposures will be monitored on an on-going basis.

By entering into interest swap agreements in 2Q 2017, the Group had swapped the coupon payment obligation of the underlying liability of IMTN from semi-annual fixed rate payments to quarterly floating rate payments. Besides this, there were no other changes for cash requirement since the end of the previous financial year ended 31 December 2016.

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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

B8. Financial Instruments (cont'd)

(ii) Accounting Policy (cont'd)

Derivatives are stated at fair value which is equivalent to the marking of these derivatives to market, using prevailing market rates. Derivatives with positive market values (unrealised gains) are included under assets, whereas derivatives with negative market values (unrealised losses) are included under liabilities in the statement of financial position. Any gains or losses arising from derivatives held for trading purposes, or changes in fair value on derivatives during the financial period that do not qualify for hedge accounting are recognised in profit and loss.

(iii) Credit Risk Management Policy

Foreign currency forward contracts and interest rate swap transactions 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.

B10. Dividends

The Board of Directors has declared a third interim tax exempt (single-tier) dividend of 4.9 sen per ordinary share (3Q 2016: 5.6 sen per ordinary share) in respect of the financial year ending 31 December 2017, which will be paid on 22 December 2017. The entitlement date is on 23 November 2017.

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 23 November 2017 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 period ended 30 September 2017 is 14.2 sen per ordinary share (YTD 2016: 16.1 sen).

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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

B11. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter and financial period ended 30 September 2017 have been calculated as per the summary below:

	Individual Quarter		Cumulative Quarter	
	Quarter ended 30 SEPT 2017 RM'000	Quarter ended 30 SEPT 2016 RM'000	Period ended 30 SEPT 2017 RM'000	Period ended 30 SEPT 2016 RM'000
Earnings				
Profit for the period, Amount attributable to owners of the parent	384,617	438,381	1,116,618	1,258,031
Weighted average number of ordinary shares ('000)	7,775,000	7,775,000	7,775,000	7,775,000
Basic earnings per share (sen)	4.95	5.64	14.36	16.18

Diluted Earnings Per Share - Not applicable

B12. Auditors' Report on Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 31 December 2016 were not subject to any qualification.

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

	As at 30 SEPT 2017 RM'000	As at 30 SEPT 2016 RM'000
Total (accumulated losses)/retained earnings of Digi.Com Berhad and its subsidiaries:		
- Realised	(293,128)	(235,921)
- Unrealised	63,086	46,309
Total	(230,042)	(189,612)

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER
AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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

B14. Additional Disclosures

	Individual Quarter		Cumulative Quarter	
	Quarter ended 30 SEPT 2017 RM'000	Quarter ended 30 SEPT 2016 RM'000	Period ended 30 SEPT 2017 RM'000	Period ended 30 SEPT 2016 RM'000
Impairment losses on trade receivables (Allowance)/reversal for inventory obsolescence	(10,250)	(11,672)	(29,912)	(38,675)
Gain on disposal of property, plant and equipment	(227)	385	181	(418)
Foreign exchange loss	-	37	181	36
Fair value gain/(loss) on forward foreign exchange contracts	(2,248)	(2,699)	(36)	(5,417)
Fair value gain on interest rate swaps	126	2,745	(4,685)	2,025
	13,753	-	11,405	-

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 2017.

c.c. Securities Commission