



AXIATA GROUP BERHAD (242188-H)

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited results of the Group for the financial period ended 30 September 2016.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	3rd Quarter Ended		Financial Period Ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Operating revenue	5,457,032	5,065,108	15,775,970	14,523,024
Operating costs				
- depreciation, impairment and amortisation	(1,302,627)	(1,032,224)	(3,858,203)	(3,016,044)
- foreign exchange gains/(losses)	40,937	168,319	(219,258)	204,176
- domestic interconnect and international outpayment	(515,495)	(536,071)	(1,525,805)	(1,616,771)
- marketing, advertising and promotion	(472,696)	(375,180)	(1,286,243)	(1,041,323)
- other operating costs	(2,003,428)	(1,949,369)	(5,797,187)	(5,562,676)
- staff costs	(373,409)	(340,853)	(1,133,643)	(982,304)
- other (losses)/gains - net	(43,541)	49,230	(94,771)	114,969
Other operating income	34,460	406,673	242,076	547,288
Operating profit before finance cost	821,233	1,455,633	2,102,936	3,170,339
Finance income	63,571	38,608	128,109	149,034
Finance cost excluding net foreign exchange losses on financing activities	(307,517)	(213,297)	(857,766)	(565,170)
Net foreign exchange losses on financing activities	(122,154)	(365,873)	(43,027)	(638,174)
	(429,671)	(579,170)	(900,793)	(1,203,344)
Joint ventures				
- share of results (net of tax)	(23,921)	(8,027)	(64,385)	(11,954)
Associates				
- share of results (net of tax)	20,336	120,268	149,089	406,631
- loss on dilution of equity interests	-	-	(1,732)	(9,253)
Profit before taxation	451,548	1,027,312	1,413,224	2,501,453
Taxation	(155,798)	(72,229)	(484,002)	(380,625)
Profit for the financial period	295,750	955,083	929,222	2,120,828
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
- actuarial (losses)/gains on defined benefits plan, net of tax	(4,209)	9,699	(6,815)	13,964
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	702,562	1,351,674	181,220	1,821,825
- net cash flow hedge	1,164	(1,067)	(281)	(1,595)
- net investment hedge	(24,433)	(88,213)	(38,961)	(148,984)
- available-for-sale reserve	564	-	(1,193)	-
Other comprehensive income for the financial period, net of tax	675,648	1,272,093	133,970	1,685,210
Total comprehensive income for the financial period	971,398	2,227,176	1,063,192	3,806,038
Profit for the financial period attributable to:				
- owners of the company	256,558	891,387	813,752	2,086,984
- non-controlling interests	39,192	63,696	115,470	33,844
	295,750	955,083	929,222	2,120,828
Total comprehensive income for the financial period attributable to:				
- owners of the company	809,863	1,989,067	861,137	3,555,071
- non-controlling interests	161,535	238,109	202,055	250,967
	971,398	2,227,176	1,063,192	3,806,038
Earnings Per Share (sen) (Part B, Note 13)				
- basic	2.9	10.3	9.2	24.2
- diluted	2.9	10.2	9.2	24.1

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)



AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	30/9/2016	31/12/2015
	RM'000	RM'000
	Unaudited	Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	8,926,205	8,816,858
Share premium	3,906,986	3,485,891
Reserves	10,562,352	11,222,520
Total equity attributable to owners of the Company	23,395,543	23,525,269
Non-controlling interests	3,945,551	2,199,075
Total equity	27,341,094	25,724,344
NON-CURRENT LIABILITIES		
Borrowings	13,781,555	14,044,656
Derivative financial instruments	535	743
Deferred income	224,707	223,414
Other payables	2,769,702	1,408,497
Provision for liabilities	484,588	417,574
Deferred tax liabilities	2,497,828	1,809,316
Total non-current liabilities	19,758,915	17,904,200
	47,100,009	43,628,544
NON-CURRENT ASSETS		
Intangible assets	20,510,812	14,206,485
Property, plant and equipment	25,007,902	23,133,644
Joint ventures	135,731	102,974
Associates	8,225,508	8,208,486
Available-for-sale financial assets	30,025	31,286
Derivative financial instruments	175,297	229,231
Long term receivables	79,659	101,203
Deferred tax assets	225,690	248,156
Total non-current assets	54,390,624	46,261,465
CURRENT ASSETS		
Inventories	140,578	155,125
Trade and other receivables	3,982,945	3,954,716
Derivatives financial instruments	-	113,251
Financial assets at fair value through profit or loss	20	28
Tax recoverable	314,222	122,994
Deposits, cash and bank balances	6,033,572	5,510,692
	10,471,337	9,856,806
LESS: CURRENT LIABILITIES		
Trade and other payables	10,159,873	9,642,781
Borrowings	6,072,844	2,347,730
Derivative financial instruments	268,662	173,112
Current tax liabilities	814,263	326,104
Dividend payable	446,310	-
Total current liabilities	17,761,952	12,489,727
Net current liabilities	(7,290,615)	(2,632,921)
	47,100,009	43,628,544
Net assets per share attributable to owners of the Company (sen)	262	267

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)



AXIATA GROUP BERHAD (242188-H)
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

Note	Attributable to equity holders of the Company												Non-controlling interests	Total equity
	Share capital ¹	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	ESOS and RSA reserve	AFS reserve	Others reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2016	8,816,858	3,485,891	931,111	16,598	346,774	(255,992)	(92)	130,229	3,367	(172,753)	10,223,278	23,525,269	2,199,075	25,724,344
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	813,752	813,752	115,470	929,222
Other comprehensive income:														
-Currency translation differences arising during the financial period:														
-subsidiaries	-	-	212,996	-	-	-	-	-	-	-	-	212,996	88,923	301,919
-joint venture	-	-	(1,771)	-	-	-	-	-	-	-	-	(1,771)	-	(1,771)
-associates	-	-	(118,928)	-	-	-	-	-	-	-	-	(118,928)	-	(118,928)
-Net cash flow hedge	-	-	92,297	-	-	-	-	-	-	-	-	92,297	88,923	181,220
-Net investment hedge	-	-	-	-	-	(234)	-	-	-	-	-	(234)	(47)	(281)
-Actuarial losses, net of tax	-	-	-	-	-	(38,961)	-	-	-	-	-	(38,961)	-	(38,961)
-Revaluation of AFS	-	-	-	-	-	-	(4,524)	-	-	-	-	(4,524)	(2,291)	(6,815)
-Revaluation of AFS	-	-	-	-	-	-	-	-	(1,193)	-	-	(1,193)	-	(1,193)
Total comprehensive income	-	-	92,297	-	-	(39,195)	(4,524)	-	(1,193)	-	813,752	861,137	202,055	1,063,192
Transactions with owners:														
-Issuance of new ordinary shares	2,351	6,838	-	-	-	-	-	-	-	-	-	9,189	-	9,189
-Share issue expenses	-	(171)	-	-	-	-	-	-	-	-	-	(171)	-	(171)
-Acquisition of a subsidiary	A,12 (g)	-	-	-	-	-	-	-	-	-	-	-	847,239	847,239
-Dilution of equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(5,248)	(5,248)	34,841	29,593
-Rights issue by a subsidiary	A,4(d)	-	-	-	-	-	-	-	-	-	(16,492)	(16,492)	678,151	661,659
-Dividends paid to shareholders:														
-issuance of new shares pursuant to Dividend Reinvestment Scheme	102,034	394,873	-	-	-	-	-	-	-	-	(496,907)	-	-	-
-cash	-	-	-	-	-	-	-	-	-	-	(561,899)	(561,899)	-	(561,899)
-Dividends payable to shareholders	-	-	-	-	-	-	-	-	-	-	(446,310)	(446,310)	-	(446,310)
-Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(15,810)	(15,810)
-Axiata Share Scheme:														
-value of employees' services	-	-	-	-	-	-	-	30,068	-	-	-	30,068	-	30,068
-transferred from ESOS and RSA reserve upon exercise/vest	4,962	19,555	-	-	-	-	(24,517)	-	-	-	-	-	-	-
Total transaction with owners	109,347	421,095	-	-	-	-	-	5,551	-	-	(1,526,856)	(990,863)	1,544,421	553,558
At 30 September 2016	8,926,205	3,906,986	1,023,408	16,598	346,774	(295,187)	(4,616)	135,780	2,174	(172,753)	9,510,174	23,395,543	3,945,551	27,341,094

¹ Issued and fully paid-up ordinary shares of RM1 each Employees Share Option Scheme ("ESOS") Restricted Share Awards ("RSA") Available-for-sale ("AFS")

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)



AXIATA GROUP BERHAD (242188-H)
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 (CONTINUED)

	Attributable to equity holders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	ESOS and RSA reserve	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2015	8,582,017	2,398,794	(466,194)	16,598	346,774	(131,518)	(9,934)	176,628	9,847,684	20,760,849	1,821,483	22,582,332
Profit for the financial period	-	-	-	-	-	-	-	-	2,086,984	2,086,984	33,844	2,120,828
Other comprehensive income:												
-Currency translation differences arising during the financial period:												
-subsidiaries	-	-	1,109,861	-	-	-	-	-	-	1,109,861	212,701	1,322,562
-associates	-	-	499,263	-	-	-	-	-	-	499,263	-	499,263
-Net cash flow hedge	-	-	1,609,124	-	-	-	-	-	-	1,609,124	212,701	1,821,825
-Net investment hedge	-	-	-	-	-	(1,329)	-	-	-	(1,329)	(266)	(1,595)
-Actuarial gains, net of tax	-	-	-	-	-	(148,984)	-	-	-	(148,984)	-	(148,984)
Total comprehensive income	-	-	1,609,124	-	-	(150,313)	9,276	-	2,086,984	3,555,071	250,967	3,806,038
Transaction with owners:												
-Issuance of new ordinary shares	29,406	6,030	-	-	-	-	-	-	-	35,436	-	35,436
-Share issue expense	-	(13)	-	-	-	-	-	-	-	(13)	-	(13)
-Investment in a subsidiary	-	-	-	-	-	-	-	-	-	-	12,102	12,102
-Dilution of equity interest in a subsidiaries	-	-	-	-	-	-	-	-	4,967	4,967	21,957	26,924
-Dividends paid to shareholders:												
-issuance of new shares pursuant to Dividend Reinvestment Scheme	94,639	480,768	-	-	-	-	-	-	(575,407)	-	-	-
-cash	-	-	-	-	-	-	-	-	(629,594)	(629,594)	-	(629,594)
-Dividends payable to shareholders	-	-	-	-	-	-	-	-	(696,270)	(696,270)	-	(696,270)
-Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10,073)	(10,073)
-Axiata Share Scheme:												
-value of employees' services	-	-	-	-	-	-	-	66,045	-	66,045	-	66,045
-transferred from ESOS and RSA reserve upon exercise/vest	-	97,582	-	-	-	-	-	(97,582)	-	-	-	-
Total transactions with owners	124,045	584,367	-	-	-	-	-	(31,537)	(1,896,304)	(1,219,429)	23,986	(1,195,443)
At 30 September 2015	8,706,062	2,983,161	1,142,930	16,598	346,774	(281,831)	(658)	145,091	10,038,364	23,096,491	2,096,436	25,192,927

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)



AXIATA GROUP BERHAD (242188-H)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>30/9/2016</u>	<u>30/9/2015</u>
	RM'000	RM'000
Receipt from customers	15,851,793	13,960,207
Payment to suppliers and employees	(9,706,641)	(7,802,748)
Payment of finance costs	(969,749)	(329,726)
Payment of income taxes (net of refunds)	(347,555)	(590,244)
Zakat	(110,000)	-
CASH FLOWS FROM OPERATING ACTIVITIES	<u>4,717,848</u>	<u>5,237,489</u>
Proceeds from disposal of property, plant and equipment	185,780	12,407
Purchase of property, plant & equipment	(3,605,391)	(3,466,505)
Proceed from sale and lease back transactions of a subsidiary	564,141	-
Acquisition of intangible assets	(78,962)	(190,543)
Investment in subsidiaries (net of cash acquired)	(4,928,240)	(30,205)
Capital gain taxes paid by a subsidiary	(375,454)	-
Investments in deposits maturing more than three (3) months	550,519	14,911
Investment in an associate	(52,243)	-
Additional investment in associates	(80,798)	(32,575)
Capital injection in a joint venture	(96,162)	(43,178)
Investment in a joint venture	(384)	(7,580)
Settlement of deferred purchase consideration of an investment in a subsidiary	(54,794)	-
Other investments	-	(27,299)
Dividends received from associates	118,229	165,091
Dividend received from a joint venture	-	1,800
Net advance to repayment from employees	(343)	(66)
Interests received	126,410	149,998
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(7,727,692)</u>	<u>(3,453,744)</u>
Proceeds from issuance of shares under Axiata Share Scheme	9,189	35,436
Share issue expense	(171)	(13)
Proceeds from borrowings	5,085,175	1,565,036
Repayments of borrowings	(3,396,052)	(3,307,299)
Proceeds/(repayment) of Sukuks	1,989,687	(500,000)
Net proceed from rights issue of a subsidiary	661,659	-
Proceed from sale and lease back transactions of a subsidiary	531,235	-
Repayment of finance lease creditors	(85,709)	(2,688)
Additional investment in a subsidiary by non-controlling interest	843	8,271
Pre-acquisition dividend of a subsidiary paid to a non-controlling interest	(79,835)	-
Dividends paid to non-controlling interests	(15,810)	(10,073)
Dividends paid to shareholders	(561,899)	(629,594)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES	<u>4,138,312</u>	<u>(2,840,924)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,128,468	(1,057,179)
NET INCREASE IN RESTRICTED CASH AND CASH EQUIVALENT	(188,619)	(41,520)
EFFECT OF EXCHANGE RATE CHANGES	(8,175)	293,112
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	4,560,665	4,867,239
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>5,492,339</u>	<u>4,061,652</u>

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)



AXIATA GROUP BERHAD (242188-H)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>30/9/2016</u>	<u>30/9/2015</u>
	RM'000	RM'000
Total deposits, cash and bank balances	6,033,572	4,356,505
Less:		
- Deposit pledged and escrow account	(45,038)	(53,335)
- Deposit on investment in subsidiaries	(317,650)	(66,848)
- Deposits maturing more than three (3) months	(135,531)	(100,350)
- Bank overdrafts	(43,014)	(74,320)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>5,492,339</u>	<u>4,061,652</u>

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)



AXIATA GROUP BERHAD (242188-H)

**PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN
FINANCIAL REPORTING STANDARD 134**

1. Basis of Preparation

The unaudited interim financial statements for the financial period ended 30 September 2016 of the Group have been prepared in accordance with the International Financial Reporting Standards compliant framework, Malaysian Financial Reporting Standards (“MFRS”), MFRS 134 “Interim Financial Reporting”, Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”), and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2015 (“2015 Audited Financial Statements”).

2. Accounting Policies

The accounting policies and method of computation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2015 Audited Financial Statements except for the adoption of amendments to existing standards that are applicable to the Group for the financial period beginning 1 January 2016 as set out below.

- MFRS 14 “Regulatory Deferral Accounts”
- Amendments to MFRS 10 “Consolidated Financial Statements” on Investment Entities” Applying the Consolidation Exception
- Amendments to MFRS 11 “Joint Arrangements” on Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 12 “Disclosure of Interests in Other Entities” on Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 101 “Presentation of Financial Statements” on Disclosure Initiative”
- Amendments to MFRS 128 “Investments in Associates and Joint Ventures” on Investment Entities: Applying the Consolidation Exception

Annual Improvements 2012-2014 Cycle

- Amendments to MFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”
- Amendment to MFRS 7 “Financial Instruments: Disclosures”
- Amendment to MFRS 119 “Employee Benefits”
- Amendment to MFRS 134 “Interim Financial Reporting”

The adoption of the amendments to existing standards did not have any significant impact to the Group during the current quarter and financial period to date.

3. Seasonal or Cyclical Factors

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



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

The Group's performance for the current quarter and financial period to date has taken into account of the following:

- (a) On 28 March 2016, PT XL Axiata Tbk ("XL") entered into an Asset Purchase Agreement and Master Tower Lease Agreement with PT Profesional Telekomunikasi Indonesia ("Protelindo") for the disposal of 2,500 of its telecommunication towers for a total gross consideration of RM1,095.4 million (IDR3.6 trillion). Out of the total 2,500 telecommunication towers disposed of, XL has leased back specific 2,433 telecommunication towers from Protelindo. The transaction above was completed on 30 June 2016 and involved the following:
- (i) Disposal of 67 telecommunication towers for a total gain of disposal of RM16.1 million (IDR52.7 billion);
 - (ii) A sale and lease back of 378 telecommunication towers under operating lease with the recognition of total gross gain of RM132.1 million (IDR431.8 billion); and
 - (iii) 2,055 telecommunication assets involved the following:
 - Slot 1: Sale and lease back under finance lease of 2,055 telecommunication towers which is occupied by XL. A total gross deferred gain RM 432.2 million (IDR 1.4 trillion) is amortised over a ten (10) year leased period.
 - Slot 2: Outright sale of 2,055 telecommunication towers which is occupied by third party tenants. A total gross deferred gain of RM 270.6 million (IDR 0.9 trillion) is subject to the fulfillment of certain survival period clauses for a period of six (6) months from the completion date.
- (b) On 11 April 2016, Axiata Investments (UK) Limited ["AIL (UK)"], a wholly-owned subsidiary of the Company completed the acquisition of Reynolds Holdings Limited ("Reynolds") as disclosed in Part A, 12(g) of this announcement for a total consideration of RM6.8 billion (USD1.7 billion) [which subject to the finalisation of closing adjustments].

During financial period to date, a total goodwill of RM3.1 billion (NPR 83.9 billion) [subject to finalisation of Purchase Price Allocation ("PPA") exercise within twelve (12) months from the date of acquisition of Reynolds] was recognised in conjunction with the above acquisition.

- (c) Ncell Private Limited ("Ncell") confirmed on 8 May 2016 that it had responded positively to the directive of the Large Tax Payers Office to calculate and made a deposit of 15% of the gain of TeliaSonera Norway Nepal Holdings AS ("Telia Norway") arising from the sale of shares of Reynolds by Telia Norway and its related companies to AIL (UK) amounting to RM375.5 million (NPR 10.0 billion).



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4. Significant Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows (continued)

The Group's performance for the current quarter and financial period to date has taken into account of the following: (continued)

- (d) XL, a subsidiary of Axiata Investments Indonesia Sdn Bhd ("All") issued a total of 2,137.6 million new ordinary shares of IDR100 each under a rights issue exercise of IDR6.7 trillion (equivalents RM2.0 billion) on the basis of one (1) rights share for every four (4) existing ordinary share at an issuance price of IDR3,150 per ordinary share ("XL Rights Issue").

The Group through All, had subscribed its full entitlement of 1,418.5 million new ordinary share under XL Rights Issue for a total consideration of RM1.3 billion (equivalent to IDR4.5 trillion). XL Rights Issue was listed in Indonesian Stock Exchange on 25 May 2016. As a result, the Group recorded a decrease in consolidated retained earnings of RM 16.5 million and an increase in non-controlling interests amounting to RM 678.2 million during the financial period to date.

- (e) During the current quarter and financial period to date, XL recognised a pre-tax accelerated depreciation charge of RM56.8 million (IDR183.7 billion) and RM170.5 million (IDR555.3 billion) respectively arising from network modernisation plan;
- (f) During the current quarter and financial period to date, Robi Axiata Limited ("Robi") recognised a pre-tax accelerated depreciation charge of RM36.9 million (BDT708.9 million) and RM86.1 million (BDT1,654.0 million) respectively arising from network modernisation plan; and
- (g) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM81.2 million and RM 262.3 million respectively mainly arising from the revaluation of USD borrowings and payables.

Other than the above, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 September 2016.

5. Estimates

The preparation of interim unaudited financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

There were no changes in estimates of amounts reported in prior financial years that may have a material effect in the current quarter and financial period to date.

In preparing the unaudited interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimates uncertainty were consistent as those applied to 2015 Audited Financial Statements.



AXIATA GROUP BERHAD (242188-H)

6. Issues, Repurchases and Repayments of Debt and Equity Securities

- (a) During the financial period to date, the Company issued new ordinary shares under the Axiata Share Scheme and Dividend Reinvestment Scheme (“DRS”) as below:

Description	Total ordinary shares of RM1 each of the Company issued
	RM'000
<ul style="list-style-type: none"> ● Performance-Based Employee Share Option Scheme at an exercise price of either RM1.81, RM3.15, RM3.45 or RM5.07. 	2,351
<ul style="list-style-type: none"> ● Restricted Share Awards at an issuance price from RM3.14 to RM5.67 being the fair value of RSA issued. 	4,962
<ul style="list-style-type: none"> ● DRS at a conversion price of RM4.87 per ordinary share. 	102,034
Total	109,347

- (b) Axiata SPV2 Berhad (“SPV2”), a wholly-owned subsidiary of the Company, had on 24 March 2016 successfully priced its USD500.0 million denominated Sukuk under its multi-currency Sukuk programme which was established on 17 July 2012. The Sukuk, which was issued at par, carries a coupon rate of 4.357% per annum (payable semi-annually in arrears) and has tenure of ten (10) years from the date of issuance.

Subsequently, on 25 March 2016, the Sukuk was listed and quoted on Bursa Malaysia (under the Exempt Regime) and on the Singapore Exchange Securities Trading Limited.

- (c) On 31 March 2016, the Company drawdown a total of USD910.0 million loan equivalent to RM3,587.2 million from Bank of Tokyo Mitsubishi. The loan has tenure of twelve (12) months from the date of the Facility Agreement and carries a contractual interest rate of LIBOR + applicable interest margin payable at the option of the Company either on one (1), two (2) or three (3) months basis. On 29 July 2016 and 30 September 2016, the Company has early settled a total amount of RM689.0 million (USD170.0 million) and RM321.5 million (USD78.0 million) respectively.

Aside from the above, there were no other significant unusual issues, repurchases and repayments of debt and equity securities during the financial period ended 30 September 2016.



AXIATA GROUP BERHAD (242188-H)

7. Dividend paid

(a) The Company declared and paid the dividend during the financial period as below:

Date of payment	Description	Per ordinary share	Total
		Sen	RM'000
8 July 2016	Final tax exempt dividend under single tier in respect of financial year ended 31 December 2015 ¹	12	1,058,806
		12	1,058,806

¹ Out of the total dividend distribution, a total RM496.9 million was converted into 102.0 million new ordinary shares of the Company as disclosed in Part A, Note 6(a) of this announcement.

(b) On 25 August 2016, the Board of Directors declared an interim tax exempt dividend under single tier system of 5 sen per ordinary share of RM1 each of the Company for the financial year ending 31 December 2016. The Company has accrued a total dividend of RM 446.3 million during the current quarter and financial period to date. The dividend was subsequently paid by the Company on 7 November 2016. Out of the cash distribution, a total RM217.7 million was converted into 44.9 million new ordinary shares of the Company under the DRS of the Company.



AXIATA GROUP BERHAD (242188-H)

8. Segmental Information

For the financial period ended 30 September 2016

	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Others ¹	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	4,969,460	4,937,506	1,985,709	1,795,968	1,034,747	782,752	750,564	-	16,256,706
Inter-segment*	(5,125)	(25,695)	(35)	(29,175)	(7,357)	(19)	(413,330)	-	(480,736)
External operating revenue	4,964,335	4,911,811	1,985,674	1,766,793	1,027,390	782,733	337,234	-	15,775,970
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,719,233	1,999,932	649,580	611,643	622,885	391,710	23,399	14,710	6,033,092
Interest income	58,895	45,986	4,021	7,593	2,227	6,437	95,215	(92,265)	128,109
Interest expense	(138,351)	(463,954)	(35,706)	(28,077)	(6,064)	(5,038)	(268,351)	87,775	(857,766)
Depreciation of property, plant & equipment ("PPE")	(552,131)	(1,788,289)	(477,643)	(311,479)	(113,795)	(112,400)	(80,005)	334	(3,435,408)
Amortisation of intangible assets	(50,273)	(52,089)	(92,801)	(22,049)	(57,527)	(3,141)	(14,622)	(120,349)	(412,851)
Joint ventures:									
- share of results (net of tax)	(2,271)	(51,785)	-	-	-	-	(10,329)	-	(64,385)
Associates:									
- share of results (net of tax)	(29,298)	-	-	(31)	-	-	178,418	-	149,089
- loss on dilution of equity interests	-	-	-	-	-	-	(1,732)	-	(1,732)
Impairment of PPE, net of reversal	-	(12,974)	(1,064)	8,342	-	-	1,169	-	(4,527)
Other non-cash income/(expense)	23,133	358,619	(1,951)	(15,708)	12,218	(6,090)	(436,708)	(53,910)	(120,397)
Taxation	(258,923)	10,732	(24,627)	(31,864)	(126,646)	(51,468)	(20,392)	19,186	(484,002)
Segment profit/(loss) for the financial period	770,014	46,178	19,809	218,370	333,298	220,010	(533,938)	(144,519)	929,222

¹ Share of results of associates are mainly contributed by Idea Cellular Limited (RM79.7 million) and M1 Limited (RM100.3 million).

During the financial period to date, the Group's operations by key operating companies are segmented into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka, Nepal and Cambodia and Others. Others comprise of investment holding entities and other non-key operating companies in other countries that contributed less than 10% of consolidated revenue.



AXIATA GROUP BERHAD (242188-H)

8. Segmental Information (continued)

For the financial period ended 30 September 2015

Restated	Malaysia	Indonesia	Bangladesh	Sri Lanka	Cambodia	Others²	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	5,520,065	4,822,796	1,870,203	1,518,757	657,521	586,759	-	14,976,101
Inter-segment*	(5,780)	(26,647)	(101)	(25,845)	(15)	(394,689)	-	(453,077)
External operating revenue	5,514,285	4,796,149	1,870,102	1,492,912	657,506	192,070	-	14,523,024
EBITDA	2,061,664	1,792,832	676,003	513,272	329,320	(11,086)	(42,055)	5,319,950
Interest income	79,215	59,342	5,629	10,394	4,834	100,052	(110,432)	149,034
Interest expense	(147,375)	(373,456)	(23,019)	(18,065)	(6,173)	(110,759)	113,677	(565,170)
Depreciation of PPE	(548,772)	(1,517,453)	(310,579)	(277,456)	(119,626)	(59,244)	36,463	(2,796,667)
Amortisation of intangible assets	(41,377)	(49,989)	(85,290)	(21,623)	(3,115)	(616)	(8,441)	(210,451)
Joint venture:								
- share of results (net of tax)	9,384	(21,338)	-	-	-	-	-	(11,954)
Associates:								
- share of results (net of tax)	10,408	-	-	(1,243)	-	397,466	-	406,631
- loss on dilution of equity interests	-	-	-	-	-	-	(9,253)	(9,253)
Impairment of PPE, net of reversal	-	(11,797)	1,261	15,686	-	(1,167)	-	3,983
Other non-cash income/(expenses)	(11,445)	(253,680)	5,611	(61,183)	(805)	540,098	(3,246)	215,350
Taxation	(365,669)	228,568	(124,090)	(31,061)	(40,621)	(36,952)	(10,800)	(380,625)
Segment profit/(loss) for the financial period	1,046,033	(146,971)	145,526	128,721	163,814	817,792	(34,087)	2,120,828

² Share of results of associates are mainly contributed by Idea Cellular Limited (RM278.7 million) and M1 Limited (RM119.1 million).

* Inter-segment operating revenue has been eliminated at the respective segment operating revenue. The inter-segment operating revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

During the financial period to date, the Group's operations by key operating companies are segmented into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka, Nepal and Cambodia and Others. Others comprise of investment holding entities and other non-key operating companies in other countries that contributed less than 10% of consolidated revenue.



**AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)**

9. Valuation of PPE

The Group does not adopt a revaluation policy on its PPE.

10. Acquisitions of PPE

During the financial period to date, the Group acquired additional PPE amounting to RM 3,840.9 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

(a) Letter of Offer for Spectrum Assignment in the 900Mhz and 1800 Mhz Spectrum Brands

Celcom Axiata Berhad ("Celcom") had on 31 October 2016 received the letter from the Malaysian Communications and Multimedia Commission ("MCMC") granting Celcom and its wholly-owned subsidiary, Celcom Mobile Sdn Bhd ("Celcom Mobile") the full settlement of spectrum fees amounting to RM816.75 million.

All other conditions contained in the Letters of Offer dated 30 August 2016 in respect of the spectrum assignment remain the same. Celcom and Celcom Mobile had 1 November 2016, submitted to MCMC, acceptance of the 900MHz and 1800MHz spectrum assignment with the above payment terms.

(b) Proposed Amalgamation/Merger of Robi and Airtel Bangladesh Limited (Airtel Bangladesh)

Robi, had on 28 January 2016 entered into an agreement with, inter-alia, Bharti Airtel Holdings (Singapore) Pte. Ltd. for the amalgamation of Airtel Bangladesh with Robi on the terms set in the agreement and Companies Act, 1994 of Bangladesh.

On 16 November 2016, Robi and Airtel Bangladesh registered the Merger Filing with the Registrar of Joint Stock Companies and Firms of Bangladesh. Pursuant to the above and in accordance with the agreement, the Proposed Amalgamation/Merger was completed and the parties are in process to obtain the Merged License and completion of other procedural and/or administrative formalities.

Other than the above, there was no other significant event after interim period that requires disclosure and/or adjustment as at 17 November 2016.



AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)

12. Effects of Changes in the Composition of the Group

(a) Dilution of equity interest in Glasswool Holdings Limited (“Glasswool”)

On 22 February 2016, Glasswool issued 64 ordinary shares to Southern Coast Ventures Inc. resulting in the Group’s equity interest in Glasswool and its wholly-owned subsidiary, Smart Axiata Co. Ltd decreased from 95.28% to 92.48%. As a result, the Group recorded a decrease in consolidated retained earnings of RM8.3 million and an increase in non-controlling interests amounting to RM28.0 million during the financial period to date.

(b) Incorporation of AD Video Sdn Bhd (“ADV”)

Axiata Digital Services Sdn Bhd (“ADS”), had on 25 February 2016 completed the incorporation of ADV, a private company limited by shares, under the Companies Act, 1965.

ADV was incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. The issued and paid-up share capital of ADV is RM4 and its intended principal activity is to establish, maintain and operate an internet-based multimedia services.

The above incorporation did not have any significant impact to the Group during the financial period to date.

(c) Incorporation of WSO2.Telco (Private) Limited (“WSO2.Telco SL”)

WSO2.Telco Inc., a subsidiary of ADS, had on 17 March 2016 completed the incorporation of WSO2.Telco SL, a private company limited by shares, in Sri Lanka, under the Companies Act No.7 of 2007.

WSO2.Telco SL was incorporated with share capital of SLR10 divided into 1 ordinary share at value of SLR10 each. The nature of business to be carried by WSO2.Telco SL is to develop and provide support services for software technologies, products and solutions.

The above incorporation did not have any significant impact to the Group during the financial period to date.

(d) Acquisition of edotco Pakistan (Private) Limited (“e.co PK”)

Axiata Investments (Labuan) Limited, a wholly-owned subsidiary of the Company, had on 19 December 2014 entered into a SPA with Arif Hussain and Joozer Jiwakhan for the acquisition of the entire issued share capital of e.co PK at a cash consideration of PKR3,100 or RM118. The acquisition was completed on 24 March 2016 and effectively, e.co PK became a wholly-owned subsidiary of the Group.

The acquisition of e.co PK did not have any significant impact to the Group during the financial period to date.



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12. Effects of Changes in the Composition of the Group (continued)

(e) Dilution of equity interest in XL

On 6 April 2016, XL issued 8,986,668 ordinary shares at par value of IDR100 each without Pre-emptive Rights to its eligible employees. Accordingly, the Group's effective equity interest in XL diluted from 66.43% to 66.36%. The Group recorded an increase in consolidated retained earnings of RM3.1 million and non-controlling interests of RM6.0 million respectively during the financial period to date.

(f) Investment in Localcube Commerce Private Limited ("Localcube")

On 7 April 2016, the Group via Axiata Investments (Mauritius) Limited, a wholly-owned subsidiary of ADS entered into a Share Subscription Agreement with Localcube and the promoters, namely Sridhar Gundaiah and Govardhan Krishnappa Kadaliah for the issuance of 6,236 Compulsorily Convertible Preference Shares of Localcube at par value of INR10 per share representing 23.73% (on fully diluted basis) of issued and paid up capital of Localcube for a total consideration of RM 51.6 million (USD 12.8 million).

The above investment did not have any significant impact to the Group during the financial period to date.

(g) Acquisition of Reynolds

On 21 December 2015, AIL (UK) entered into a Sale and Purchase Agreement and other ancillary agreements for the acquisition of the entire issued and paid-up capital of Reynolds in turn holds 800,000 shares representing 80.00% of the equity interest in Ncell. On 11 April 2016, the Group completed the acquisition on Reynolds. Effectively, Reynolds and Ncell became subsidiaries of the Group.

The impact on the acquisition of Reynolds to the Group is disclosed in Part A, Note 4(b) of this announcement.

(h) Incorporation of VM Digital (Thailand) Co., Ltd. ("VM Digital")

Axiata Digital Services Sdn Bhd ("ADS"), a wholly-owned subsidiary of the Company, had on 3 May 2016 completed the incorporation of VM Digital (Registration No. 0105559069905), a private company limited by shares, in Thailand, under the Thailand Civil and Commercial Code.

VM Digital was incorporated with a registered share capital of THB1.0 million. The nature of business to be carried by VM Digital is to operate telecommunications and all types of communications businesses.

The above incorporation did not have any significant impact to the Group during the financial period to date.



AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)

12. Effects of Changes in the Composition of the Group (continued)

(i) Entry by XL into a Deed of Establishment with PT Indosat Tbk

XL, a subsidiary of the Company, had on 9 May entered into a Deed of Establishment ("Deed") with PT Indosat Tbk ("Indosat Ooredoo") for the establishment of a joint venture; PT One Indonesia Synergy Tbk ("JVCo").

Under the terms of the Deed, XL subscribed 1,251 ordinary shares of IDR1.0 million totalling IDR1,251.0 million (RM 0.4 million) representing 50.0% of the total issued and paid-up share capital of the JVCo with the remaining held by Indosat Ooredoo.

The purpose of the joint venture is among others to anticipate that the joint venture company will provide consultancy services in future network collaboration. The transaction parties are in the process of jointly exploring the possibility of entering into such collaboration.

The establishment above did not have any significant impact to the Group during the financial period to date.

(j) Dissolution of Advantage Maximum Network Co. Ltd ("AMN")

AMN, subsidiary of ADS had, on 16 May 2016 received the dissolution certificate from Business Registration Office, Ho Chi Minh City. Effectively, AMN ceased to be a subsidiary of the Group.

The dissolution above had no significant impact to the Group during the financial period to date.

(k) Dissolution of GSM One (L) Limited ("GSM One") and GSM Two (L) Limited ("GSM Two")

GSM One and GSM Two, wholly-owned subsidiaries of XL had on 15 June 2016 received the 'Dissolution Certificate' from Labuan Financial Services Authority. Effectively, GSM One and GSM Two ceased to be a subsidiary of the Group.

The dissolution above had no significant impact to the Group during the financial period to date.

(l) Incorporation of Axiata Business Services Sdn Bhd ("ABS")

On 29 July 2016, the Company incorporated its wholly-owned subsidiary, ABS (Company No. 1196307-H), a private company limited by shares, under the Companies Act, 1965.

ABS was incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. The issued and paid-up share capital of ABS is RM2 and its intended principal activity is to provide international carrier services, global communications products, managed information, communications and technology and internet of things.

The above incorporation did not have any significant impact to the Group during the current quarter and financial period to date.



AXIATA GROUP BERHAD (242188-H)
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12. Effects of Changes in the Composition of the Group (continued)

(m) Accretion on equity interest in M1 Limited (“M1”)

During the financial period to date, the Group’s equity interest in M1, held through Axiata Investments (Singapore) Limited, a wholly-owned subsidiary of the Company, increased from 28.32% to 28.54% mainly due to M1 repurchased its issued and paid-up ordinary shares of 7.5 million (treasury shares) by way of market acquisition.

The loss on accretion has no significant impact to the Group during the financial period to date.

Other than above, there were no other changes in the composition of the Group for the financial period ended 30 September 2016.

13. Significant Changes in Contingent Assets or Contingent Liabilities

- (a) There has been no significant change in contingent assets or contingent liabilities from that disclosed in the 2015 Audited Financial Statements; and
- (b) There has been no significant change in contingent liabilities of an associate from that disclosed in the 2015 Audited Financial Statements.

14. Capital Commitments

As at	Group	
	30/9/2016	30/9/2015
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	2,099,486	1,199,719
Commitments in respect of expenditure approved but not contracted for	759,309	847,948

15. Financial Instruments At Fair Value Measurements

The Group’s financial instruments that were measured at fair value as at reporting date were as follow:

- Derivative financial instruments (assets and liabilities); and
- Trading securities

The Group measured the financial instruments based on:

- Level 1 (traded in active markets): Quoted market prices
- Level 2 (not traded in active markets): Valuation techniques such as quoted market prices or dealer quotes for similar instruments, present value of the estimated future cash flows based on observable market curves and forward exchange rates at reporting date with the resulting value discounted back to present value
- Level 3: Unobservable inputs



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15. Financial Instruments at Fair Value Measurements (continued)

The Group's financial derivative financial instruments as at 30 September were grouped as below:

Derivatives Financial Instruments	2016				2015			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets</u>								
Financial assets at fair value through profit or loss								
-Trading security	20	-	-	20	23	-	-	23
Financial assets at AFS:								
- Equity securities	-	-	30,025	30,025	-	-	28,593	28,593
Non-hedging derivatives	-	161,406	-	161,406	-	258,179	-	258,179
Derivative used for hedging	-	13,891	-	13,891	-	131,054	-	131,054
<u>Liabilities</u>								
Non-hedging derivatives	-	(268,219)	-	(268,219)	-	(386)	-	(386)
Derivatives used for hedging	-	(978)	-	(978)	-	(3,937)	-	(3,937)
Total	20	(93,900)	30,025	(63,855)	23	384,910	28,593	413,526



AXIATA GROUP BERHAD (242188-H)

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA SECURITIES**

1. Review of Performance

(a) Quarter-on-Quarter

Group revenue increased by 7.7% to RM5,457.0 million in the current quarter (“Q3’16”) from RM5,065.1 million recorded in third quarter of 2015 (“Q3’15”) primarily due to contribution of revenue from Nepal in Q3’16 and higher revenues in Sri Lanka, Bangladesh and Cambodia coupled with a positive translation impact. At constant currency, Group revenue registered an increase of 7.0%. Operating costs of the Group increased at a slower pace as compared to revenue by 5.1% to RM3,365.0 million from RM3,201.5 million in Q3’15 mainly due to inclusion of Nepal in Q3’16 which is partly offset by lower operating cost from Malaysia and Indonesia. At constant currency, Group operating costs registered an increase of 4.5%. As a result, Group EBITDA improved by 12.3% and margin strengthened by 1.5 percentage points to 38.3%. Profit After Tax (“PAT”) in the period decreased by 69.0% to RM 295.8 million. PAT was negatively impacted by higher depreciation and amortisation arising from network modernisation in Indonesia and Bangladesh, net finance cost, foreign translation losses and lower contribution from associates. Contribution of Nepal as well as higher profits recorded by Sri Lanka, Bangladesh and Cambodia had a positive impact on PAT, which was partly offset by operations in Malaysia and Indonesia that registered lower profits due to intense competition in respective markets and foreign currency fluctuation.

Malaysia’s gross revenue contracted by 9.7% in Q3’16 as a result of the drop in service revenue, primarily as a result of decline in revenue contribution from voice revenue, value-added services (“VAS”) revenue and overseas foreign worker segment. Operating costs decreased by 2.2% mainly due to lower content provider charges in line with the drop in VAS revenue, lower material cost and interconnect costs which is partially offset by higher network cost. EBITDA in the period consequently decreased by 22.5% and margin suffered 5.3 percentage points drop to 31.7%. PAT declined by 32.4% to RM215.5 million arising from lower EBITDA and higher share of losses from associates which is partly offset by lower tax expense.

Gross revenue of Indonesia declined 5.3% year on year (YoY) in Q3’16 due to the drop in service revenue and interconnect revenue. At constant currency, revenue declined wider to 10.5%. Operating costs decreased by 5.5% or 10.7% at constant currency in the quarter mainly due to lower infrastructure expenses, lower interconnect and other direct expenses offset with higher sales and marketing expenses. EBITDA consequently decreased by 4.9% and improved marginally by 0.1 percentage points to 39.1%. Indonesia operations suffered a PAT loss of RM20.7 million in the current quarter as compared to profit after tax of RM93.8 million in the same period last year mainly due to the recognition of one off pre-tax tower gain in Q3’15 of RM500.6 million, lower EBITDA in Q3’16 offset marginally by net foreign translation losses and higher net finance costs, depreciation and amortisation charges driven by expanded network infrastructure as well as accelerated depreciation arising from network modernisation plan.

Bangladesh posted gross revenue growth of 3.0% and an increase of 3.8% at constant currency. The growth was driven by strong performance in data and VAS segments while voice suffered a negative growth as compared to same quarter last year. In Q3’16, operating costs increased by 8.8% or 9.7% at constant currency mainly due to higher material cost, higher overheads cost which is partially offset interconnect expenses. EBITDA decreased by 7.3% to RM232.3 million and margin contracted by 3.6 percentage points to 32.4%. PAT in the period decreased by 98.5% to profit after tax of RM 0.9 million on the back of lower EBITDA while higher depreciation and amortisation charges from accelerated depreciation of network modernisation, higher net foreign exchange losses offset by lower net finance cost and lower tax expense.

1. Review of Performance (continued)**(a) Quarter-on-Quarter (continued)**

Sri Lanka gross revenue grew modestly 8.0% or 16.0% at constant currency driven by growth across all revenue segments, mainly driven by mobile and fixed line business revenue of 9.2% and 32.5% respectively. Operating costs increased by 4.9% or 12.8% at constant currency which is lower as compare with the increase in revenue. Consequently, EBITDA grew 14.1% and margin strengthened by 1.9 percentage points to 35.5%. PAT increased by 251.0% to RM78.7 million primarily due to higher EBITDA, offset by higher depreciation and amortisation charges, increased in net finance costs and helped by lower foreign exchange losses.

Excluding consolidation adjustments at Group level, the standalone Nepal operation has concluded a strong Q3'16 overall performance contributed 10.0%, 15.0% and 60.0% to the Group's revenue, EBITDA and PAT respectively.

Cambodia registered a strong performance in Q3'16, recorded strong growth of 13.5% or 13.5% at constant currency in revenue for the quarter resulting in higher EBITDA growth of 12.4% or 12.3% at constant currency. PAT grew by 15.9% to RM72.0 million.

Share of results of associates and joint ventures decreased by 103.2% mainly due to the drop contribution from India.

(b) Year-on-Year

For the nine months of the financial year 2016, Group's revenue grew by 8.6% to RM15,776.0 million mainly driven by Nepal contribution, higher revenue recorded by Sri Lanka, Cambodia, Bangladesh and Indonesia operations and positive currency translation impact. At constant currency, Group revenue increased by 4.9%. Group operating costs increased by 5.9% or 2.3% at constant currency to RM9,742.9 million mainly due to inclusion of operating costs from Nepal, higher operating cost from Cambodia, Sri Lanka and Bangladesh. As a result, Group EBITDA increased by 13.4% to RM6,033.1 million and margin improved by 1.6 percentage points to 38.2%. PAT decreased by 56.2% to RM929.2 million mainly due to lower share of profit from associate and joint venture, lower other income, higher accelerated depreciation in Malaysia, Indonesia and Bangladesh as well as amortisation of intangibles assets arising from acquisition of Nepal operation and higher net finance costs. This was partly offset by the increase in EBITDA and recognition of one off pre-tax tower gains in Indonesia in Q2'16 of RM148.2million.

Malaysia's gross revenue registered a decrease of 10.0% in period to date Q3'16 primarily as a result of a decrease in service revenue from voice revenue, VAS and overseas foreign workers segment. Operating costs during the period decreased by 6.0% mainly from lower bad debts, lower content provider charges in line with the drop in VAS revenue, lower material cost and interconnect cost. Despite the lower operating costs, lower revenue has resulted EBITDA to decreased by 16.6% and margin deteriorated by 2.7 percentage points to 34.6%. PAT for the nine months period has decreased by 26.4% to RM770.0 million due to lower EBITDA and higher share of losses from associates; partly offset by lower tax expense.

1. Review of Performance (continued)**(b) Year-on-Year (continued)**

For period to date gross revenue of Indonesia has grown by 2.4% mainly due to translation impact of a strengthen IDR against RM in the current period but suffered a drop of 5.0% at constant currency. The revenue drop at constant currency was supported by strong growth in data revenue segment but overall revenue was continued to be impacted by the deterioration in legacy voice and sms business. Operating costs decreased by 3.0% or 10.0% at constant currency driven by lower interconnect and other direct expenses offset with sales and marketing expenses. As a result, EBITDA has improved by 11.6% in the current period and margin has gain by 3.3 percentage points to 40.5%. Indonesia operation has turned into positive PAT of RM46.2 million for the nine months period which is 131.4% improvement over the same period last year. The profit was supported by higher EBITDA contribution and net foreign exchange gain which was which is partially offset by accelerated depreciation arising from network modernisation plan to result focus on profitability which is the crux of the transformation agenda.

Bangladesh gross revenue registered growth of 6.2% mainly due to translation impact arose from appreciation of BDT against RM. At constant currency, revenue dropped 1.0% for the period due to underpinned by better performance for major business segments especially data offset with voice revenue. Operating costs increased by 11.9% or 4.3% at constant currency mainly due to higher regulatory costs associated with the revenue growth and network operating cost from the expanded network. As a result, EBITDA recorded a net drop of 3.9% and margin has shrunk 3.4 percentage points to 32.7%. PAT in the period decreased by 86.4% to RM19.8 million, impacted by higher depreciation and amortisation charge arising from the accelerated depreciation of its affected assets of the on-going network modernisation initiatives.

Sri Lanka gross revenue has clock-in a strong growth of 18.3% for the nine months period or 18.7% at constant currency. The growth momentum was fuelled by mobile, fixed telephony and broadband as well as television operations business segments with revenue growth of 18.3%, 26.6% and 7.3% respectively. Operating costs, especially directly associated with revenue growth, increased by 17.8% or 18.2% at constant currency. For the period, higher direct expenses were observed especially in sales and marketing cost and network cost. EBITDA has grown 19.2% for the period margin has gained marginally by 0.3 percentage points to 34.1%. PAT grew by 69.7% to RM218.4 million mainly in tandem with strong EBITDA in the current period and lower foreign loss suffered as compared to same period of last year.

Excluding consolidation adjustments at Group level, the standalone business operations of Nepal has contributed 6.6%, 10.3% and 36.0% to the Group revenue, EBITDA and PAT respectively for the nine months of the period ended 30 September.

Cambodia continues its growth momentum for the period, registering strong growth of 19.0% or 10.0% at constant currency in gross revenue driven especially by data revenue segment. This has resultant in the higher EBITDA growth of 18.9% or 9.9% at constant currency. PAT grew 34.3% to RM220.0 million.

Share of results from associates and joint ventures has dropped to RM83.0 million during the period as compared to the corresponding period last year of RM385.4 million. The decrease mainly resulted from lower contribution from the investment in India.

1. Review of Performance (continued)**(c) Comparison with Preceding Quarter's Result**

Group revenue increased by 2.8% to RM5,457.0 million in Q3'16 from RM5,310.1 million recorded in Q2'16 resultant of inclusion of Nepal business operations. Q3'16 overall results continue to be negatively impacted by Malaysia operations and currency translation. At constant currency, Group revenue grew by 1.5%. For the period, operating costs increased by 3.7% to RM3,365.0 million or 2.5% at constant currency mainly arising from consolidation of Nepal couple with higher operation cost in Malaysia, Indonesia and Bangladesh. As a result, Group EBITDA margin increased by 1.3 percentage points to 38.3%. Comparing with previous quarter, PAT improved by 27.3% to RM295.8 million arising from better EBITDA contribution for the period aided by lower exchange loss, reduction of net financing cost and lower tax expenses.

In Q3'16, gross revenue of Malaysia registered a drop of 2.9% as compared to previous quarter driven by lower revenue from device sales and common sharing unit net off with growth in data by 56.3%, 50.0% and 6.6%. Operating costs for the quarter has increased by 1.8% mainly due to higher network operating cost and higher interconnect cost coupled with customer related expenses which was partly offset with lower material costs. As a result, EBITDA decreased by 11.7% and margin declined by 3.2 percentage points to 31.7%. PAT has reduced by 17.0% versus previous quarter, to RM215.5 million mainly due to lower EBITDA contribution and higher net finance cost.

Gross revenue of Indonesia improved 2.3% mainly due to translation impact with IDR currencies against RM. At 0.4% constant currency in Q3'16 as compared to previous quarter as a result of overall weakness in legacy revenue which offset the strong growth in data revenue segment of 20.3%. During the quarter, operating costs increased by 7.0% or 4.2% at constant currency mainly due to higher interconnect cost with other direct expenses and sales and marketing expenses. Consequently, EBITDA decreased by 4.2% and margin eroded 2.7 percentage points to 39.1%. With lower EBITDA contribution and relative unchanged high depreciation and net financing cost, Indonesia operations suffered a net loss of RM 20.7 million for the quarter.

Bangladesh gross revenue recorded a healthy growth of 12.7% or 11.3% at constant currency supported by performance of higher device sales and co-branding data and data revenue by 31.8% in the quarter. Operating costs in the quarter increased by 12.4% or 11.0% at constant currency driven mostly by the sales related costs in line with the revenue and expanded network. As a result, EBITDA improved by 13.4% as compared to previous quarter while margin dropped marginally by 0.2 percentage points to 32.4%. For the quarter, Bangladesh operations recorded a positive PAT of RM0.9 million improving from the loss after tax of RM2.2 million from previous quarter; the resultant of positive EBITDA contribution offset by higher depreciation and tax expense.



1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (continued)

Sri Lanka's gross revenue for the quarter grew by 4.7% or 3.3% at constant currency. The growth in the quarter was driven by voice and data segment of mobile business and fixed line business. Operating costs decreased by 1.7% or 0.3% at constant currency mainly as a result of lower direct expenses which is partly offset by higher provision of bad debt. EBITDA for the quarter improved by 10.9% as compared with previous quarter while margin marginally by 2.0 percentage points to 35.5%. With higher EBITDA contribution, lower foreign exchange loss but offset slightly by increase in depreciation and net finance cost, PAT for the quarter gained 26.5% versus previous quarter, to RM78.7 million benefited from Value Added Tax & Nation Building Tax suspension.

Excluding consolidation adjustments at Group level, the standalone business operation of Nepal has contributed 13.7% revenue growth or 12.9% at constant currency in revenue from its data revenue segment. EBITDA grew by 0.7% versus previous quarter or 0.1% at constant currency. PAT grew to RM177.3 million for the quarter comparing previous quarter at RM 156.0 million due to decrease in EBITDA and translation gain.

Cambodia recorded revenue growth of 4.8% or 3.7% at constant currency in revenue against preceding quarter driven by strong performance from its data revenue segment which constituted about 45% of its Q3'16 revenue base. EBITDA grew by 2.7% versus previous quarter or 1.6% at constant currency. PAT dropped marginally to RM72.0 million for the quarter due to higher depreciation and marketing cost for the quarter.

For the quarter, drop in share of results from associate and joint ventures mainly contributed by investment in India.

1. Review of Performance (continued)

(d) Economic Profit (“EP”) Statement

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
		Restated ¹		Restated ¹
EBIT	789,377	831,408	2,174,886	2,303,905
Adjusted Tax 24% (2015:25%)	(189,450)	(207,852)	(521,973)	(575,976)
Share of results and loss on dilutions/accretion of associates and joint ventures	(3,585)	112,241	82,972	385,424
NOPLAT	596,342	735,797	1,735,885	2,113,353
AIC	38,883,978	32,922,884	38,883,978	32,922,884
WACC	7.52%	7.63%	7.52%	7.63%
Economic Charge (AIC*WACC)	731,019	628,004	2,193,056	1,884,012
Economic Profit/(Loss)	(134,677)	107,793	(457,171)	229,341

¹ Restatement is to be in line with the methodology used in Group's Headline KPI.

The EP Statement is as prescribed under the Government Linked Companies Transformation Program and it is disclosed on a voluntary basis.

EP is a yardstick to measure shareholder value as it provides a more accurate picture of underlying economic performance of the Group vis-à-vis its financial accounting reports, i.e. it explains how much return a business generates over its cost of capital. This can be measured from the difference of NOPLAT and Economic Charge.

The factor contributing to lower NOPLAT during the current quarter and financial period to date is mainly contributed by lower EBIT achieved by the Group as disclosed in Part B, Note 1(a) and (b) of this announcement.

The factor contributing to lower EP is mainly arising from high AIC incurred during the current quarter and financial period to date due to high CAPEX investment and consolidation of newly acquired subsidiaries as disclosed in Part A, Note 12(g) of this announcement.

Note:

EBIT = EBITDA less depreciation, impairment and amortisation

NOPLAT= Net Operating Profit/(Loss) After Tax

AIC = Average Invested Capital, consist of average operating capital, average net PPE, and average net other operating assets

WACC = Weighted Average Cost of Capital is calculated as weighted average cost of debts and equity taking into account the proportion of debt position and market capitalisation as at end of the period.



AXIATA GROUP BERHAD (242188-H)

2. Headline Key Performance Indicators (“KPIs”) for the financial year ending 31 December 2016

On 17 February 2016, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2016. The Group’s 2016 Headline KPIs announced were as below:

	Headline KPIs (based on Bloomberg* estimate in mid Oct’ 15 for 2016 forex (%)	<i>Headline KPIs (based on constant currency**)</i> (%)
Revenue Growth	12.2	9.8
EBITDA Growth	16.0	13.7
Return on Invested Capital	6.8	6.6
Return on Capital Employed	6.1	6.0

* 1USD = RM4.2

** 1USD = RM3.9

The Group’s Q3’16 performance was strengthened by the consolidation of operations from Nepal, while growth from operations in Sri Lanka and Cambodia remained strong for the quarter. Group’s performance in the first nine months of the financial year ending 31 December 2016 was adversely impacted by weaker performance in Malaysia, Bangladesh, Indonesia and lower contribution from associates as well as higher depreciation and amortisation, finance cost and mark to market forex losses. Based on performance of the Group to date, recent adverse economic development in Group’s major operating countries and foreign currency fluctuations, the Board of Directors expect the Group’s performance for the financial year ending 31 December 2016 to be below headline KPIs which was announced in February 2016.

Amongst the key risks facing operating companies include regulatory challenges (e.g. taxes particularly in Nepal and Sri Lanka, etc.), intense competition (in Malaysia, Indonesia, Bangladesh and India) and foreign currency fluctuations. Moving forward, the Group will continue to focus on its long-term transformation strategy which includes portfolio rebalancing to enhance shareholders’ value, new approach to current business, venturing into new businesses adjacent to current business, selectively acquiring new assets and managing existing business via data leadership and enhancing data profitability by focusing on pricing, smart investments, network capacity utilisation and other cost saving initiatives including forex mitigation strategies.

3. Variance of Actual Profit from Forecast Profit / Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 30 September 2016.

4. Taxation

The taxation charge for the Group comprises:

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Malaysia				
Current year	35,654	170,679	228,721	421,511
Prior year	-	-	(16,739)	-
	35,654	170,679	211,982	421,511
Overseas				
Current year	87,148	38,011	277,585	177,291
	87,148	38,011	277,585	177,291
Deferred tax (net):				
Originating and reversal of temporary differences	32,996	(136,461)	(6,475)	(218,177)
Total taxation	155,798	72,229	483,092	380,625
Zakat	-	-	910	-
Total taxation and zakat	155,798	72,229	484,002	380,625

The current quarter and financial period to date's effective tax rate of the Group is higher than the statutory tax rate is mainly due to higher non-deductible expenses.



AXIATA GROUP BERHAD (242188-H)

5. Status of Corporate Proposals

(a) Acquisition of additional 12.5% stake in edotco Myanmar Limited

On 4 December 2015, the completion of the acquisition by edotco Investments (Labuan) Limited, a wholly owned subsidiary of edotco Group, of 75% equity interest in Digicel Asian Holdings Pte Ltd [now known as edotco Investments Singapore Pte. Ltd ("edotco SG")], the parent company of Digicel Myanmar Tower Company Limited ([now known as edotco Myanmar Limited ("edotco MM")]) and entry by edotco Investments, into a Put and Call Option Agreement with YSH Finance Limited ("YSH Finance") for the sale and purchase of the Option Shares.

On 7 November 2016, edotco Investments had entered into a Sale and Purchase Agreement ("SPA") with YSH Finance for the acquisition of 250,000 ordinary shares in the share capital of edotco SG. The acquisition, representing 12.5% of the Options Shares, at a cash consideration of USD35.0 million ("Consideration") was arrived after taking into consideration; inter-alia, the actual twelve (12) months EBITDA performance of edotco MM up to 30 September 2016 and assignment and transfer of outstanding loans advance by YSH Finance to edotco SG.

Following the completion of the acquisition and the SPA becoming unconditional, the Put and Call Option Agreement will be terminated and parties will execute a revised amended and restated shareholders agreement including a right of first offer to edotco Investments in the event of a proposed sale by YSH Finance of the remaining Option Shares with the above Consideration as the base price. The SPA is conditional; inter-alia, certain consents and waivers being fulfilled latest by 31 December 2016, or such other date as agreed by the parties to the SPA.

Upon completion, edotco Group will hold 87.5% interest in edotco MM.

There is no other corporate proposal announced but not completed as at 17 November 2016.

6. Group's Borrowings and Debt Securities

- (a) Breakdown of the Group's borrowings and debt securities as at 30 September were as follows:

	2016		2015	
	Current	Non-current	Current	Non-current
	RM'000	RM'000	RM'000	RM'000
Secured	469,102	697,237	175,570	285,614
Unsecured	5,603,742	13,084,318	1,698,815	11,489,253
Total	6,072,844	13,781,555	1,874,385	11,774,867

- (b) Foreign currency borrowings and debt securities in RM equivalent as at 30 September were as follows:

Foreign Currencies	2016	2015
	RM'000	RM'000
USD	11,164,304	5,857,041
IDR	3,425,495	2,947,121
BDT	386,609	305,306
SLR	315,513	32,093
PKR	52,543	26,036
Total	15,344,464	9,167,597

7. Outstanding derivatives

(a) The detail of the Group's outstanding net derivatives financial instruments as at 30 September are set out as follow:

Type of derivatives financial instruments	2016		2015	
	Notional value	Fair value favorable/ (unfavorable)	Notional value	Fair value favorable/ (unfavorable)
	RM'000	RM'000	RM'000	RM'000
<u>Cross currency interest rate swaps:</u>				
- < 1 year	-	-	392,172	134,445
- 1 - 3 years	206,075	51,297	222,825	88,320
- > 3 years	2,386,928	40,872	1,336,950	131,054
<u>Interest rate swaps contracts:</u>				
- < 1 year	139,252	(443)	39,338	(386)
- 1 - 3 years	288,450	(535)	-	-
- > 3 years	-	-	537,751	(3,937)
<u>Call spread contracts:</u>				
- 1 - 3 years	1,236,450	74,784	1,336,950	27,071
<u>Put option liability over shares held by a non-controlling interest:</u>				
- < 1 year	268,219	(268,219)	-	-
<u>Convertible warrants in an associate:</u>				
- < 3 years (2015: > 3 years)	19,251	8,344	19,251	8,343
Total		(93,900)		384,910

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2015 Audited Financial Statements.

8. Fair value changes of financial liabilities

The Group recognised a total net losses in the consolidated profit or loss arising from the fair value changes on the derivatives financial instruments which are marked to market as at date of statement of financial position are as follow:

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Total net (losses)/gains	(63,396)	4,598	(106,562)	(8,402)

9. Realised and Unrealised Profits or Losses Disclosure

	As at	
	30/9/2016	30/9/2015
	RM'000	RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	13,068,443	11,225,292
- Unrealised	(1,389,698)	(1,639,244)
	11,678,745	9,586,048
Total retained profits/(accumulated losses) from associated companies:		
- Realised	2,089,534	1,941,775
- Unrealised	(214,979)	(289,347)
	1,874,555	1,652,428
Total accumulated losses from joint ventures:		
- Realised	(124,211)	(33,194)
	13,429,089	11,205,282
Less : Consolidation adjustments	(3,918,915)	(1,166,918)
Total Consolidated Retained Profits	9,510,174	10,038,364

10. Material Litigation

The status of material litigation of the Group is as follows:

(a) Celcom Trading Sdn Bhd (formerly known as Rego Multi-Trades Sdn Bhd) (“Celcom Trading”) vs Aras Capital Sdn Bhd (“Aras Capital”) & Tan Sri Dato’ Tajudin Ramli (“TSDTR”)

In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million as at 30 November 2004 pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR.

TSDTR filed its defence and instituted a counterclaim of RM100.0 million against Celcom Trading, Celcom Resources Berhad (“Celcom Resources”) and its directors to void and rescind the indemnity letter and claim for damages.

Celcom Trading, Celcom Resources and the directors filed their respective applications to strike out TSDTR’s counterclaim and such applications were dismissed by the Court. The directors appealed and the same was dismissed on 16 October 2012.

Subsequent to that, the Court allowed the parties’ application to amend the pleadings on 13 May 2013. The matter was partially heard on 3 to 6 November 2014 and was thereafter adjourned for continued trial on 13, 14, 15 and 17 April 2015. The trial proceeded on 13 April 2015 and thereafter adjourned to 26 June 2015 for continued trial. Celcom had closed its case on 28 September 2015 and TSDTR commenced his case on the same date. The hearing continued until 30 September 2015 and thereafter adjourned to 23 October 2015 for further continued hearing. The trial proceeded on 23 October 2015 whereby TSDTR had completed his evidence. During the case management on 5 November 2015, the Court fixed 27 and 28 January 2016 for continued hearing. On 28 January 2016, the Court fixed 30 March 2016 for parties to submit their respective submissions.

On 20 June 2016, the Court allowed Celcom Trading’s claim of RM 264,525,889 with interest of 5% from 13 May 2013 until full settlement and dismissed TSDTR’s counterclaim with costs of RM10,000 after full trial (“Judgment”).

TSDTR thereafter filed an appeal against the Judgment (“Appeal”) and Application for stay of execution (“Stay Application”). The Stay Application was heard on 7 September 2016 and dismissed with costs of RM5,000. Meanwhile, the Appeal is fixed for case management on 2 December 2016 pending grounds of decision to be prepared by the High Court.

(b) Celcom Axiata Berhad [formerly known as Celcom (Malaysia) Berhad] & Another vs TSDTR & 6 Others

On 24 October 2008, Celcom and Celcom Resources filed a Writ of Summons and Statement of Claim against the former directors of Celcom and Celcom Resources, namely (i) TSDTR, (ii) Bistaman Ramli (“BR”), (iii) Dato’ Lim Kheng Yew (“DLKY”), (iv) Axel Hass (“AH”), (v) Oliver Tim Axmann (“OTA”). In the Writ of Summons, Celcom and Celcom Resources also named DeTeAsia Holding GmbH (“DeTeAsia”) and Beringin Murni Sdn Bhd (“BM”) as co-defendants (collectively with the former directors referred to as “Defendants”).

10. Material Litigation (continued)

The status of material litigation of the Group is as follows: (continued)

(b) Celcom Axiata Berhad [formerly known as Celcom (Malaysia) Berhad] & Another vs TSDTR & 6 Others (continued)

Celcom and Celcom Resources are seeking damages for conspiracy against the Defendants. Celcom and Celcom Resources claim that the Defendants wrongfully and unlawfully conspired with each other to injure Celcom and Celcom Resources by causing and/or committing them to enter into the Supplemental Agreement to the Subscription Agreement and the Management Agreement dated 7 February 2002 (“Supplemental Agreement”) and the Amended and Restated Supplemental Agreement (“ARSA”) dated 4 April 2002 with DeTeAsia in consideration for the renunciation by DeTeAsia of certain rights issue shares in Celcom Resources in favour of TSDTR and BR.

TSDTR and BR filed an application to strike out the Writ of Summons. On 17 July 2009, the Court dismissed TSDTR and BR’s striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal. The appeal was heard on 25 June 2012 and 14 August 2012. The Court of Appeal fixed the appeal for continued hearing on 28 November 2012. DeTeAsia, AH and OTA have filed their respective Memorandum of Conditional Appearance and application to strike out these proceedings. On 25 October 2010, the Court dismissed the said application respectively and on 28 October 2010 AH, OTA and DeTeAsia filed their respective appeals to Court of Appeal against the High Court decision. The appeals were heard on 25 June 2012 and 14 August 2012 and fixed for continued hearing on 28 November 2012.

Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties’ submissions and reserved its decision to a date to be fixed. The Court of Appeal had on 11 March 2014 dismissed with costs appeals filed by TSDTR, BR, AH, OTA and DeTeAsia. The Court of Appeal also ordered that the proceedings in the High Court be stayed pending disposal of the defendants’ applications for leave to appeal to the Federal Court. On 8 and 9 April 2014, an application for leave to appeal to the Federal Court was filed by TSDTR, BR, AH, OTA and DeTeAsia respectively. The hearing of their application for leave to appeal to the Federal Court has now been fixed on 31 March 2016. Upon hearing the submission from all parties, the Federal Court dismissed the application for leave to appeal by TSDTR, BR, AH, OTA and DeTeAsia respectively on 31 March 2016 with costs. Since the Defendants had exhausted all avenues to appeal, the proceedings in the High Court shall resume.

Separately, Celcom and Celcom Resources have reached an amicable settlement with DLKY and the said companies have filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

On 23 June 2016, Celcom and Celcom Resources’ solicitors been served with the Defence and Counterclaim of TSDTR and BR. The German Directors have filed their respective defence on 30 June 2016.

Celcom and Celcom Resources have filed an application to strike out the Counterclaim on 5 August 2016 (“Striking Out Application”). TM also filed an application to intervene in this suit in light of the allegations made against Telekom Malaysia Berhad (“TM”) in the Counterclaim (“TM Intervening Application”). Both Striking Out Application and TM Intervening Application were heard on 21 October 2016 whereby the Striking Out Application was allowed with costs. Since the Counterclaim was struck out, the TM Intervening Application is deemed academic and dismissed accordingly.

10. Material Litigation (continued)

The status of material litigation of the Group is as follows: (continued)

(b) Celcom Axiata Berhad [formerly known as Celcom (Malaysia) Berhad] & Another vs TSDTR & 6 Others (continued)

Meanwhile, TSDTR and BR filed ex parte applications for leave to issue committal proceedings against Celcom, Celcom Resources and Dato' Sri Mohammed Shazalli Bin Ramly ("DSSR") ("Leave to Issue Committal Proceedings") on the basis of DSSR's denial of the existence of a global settlement in his affidavit. The Leave to Issue Committal Proceedings was heard on 12 October 2016 and dismissed with liberty to file afresh as the issues raised are premature and should only be decided until the outcome of the Striking Out Application and full trial.

Subsequently, TSDTR and BR filed Notices of Appeal on 7 November 2016 against the decision of the High Court in the Striking Out Application and the Ex-Parte Application for Leave to Issue Committal Proceedings.

TSDTR and BR also filed application for stay of proceedings pending appeal against the Striking Out Application it was dismissed with costs of RM5,000 on 17 November 2016.

Meanwhile, Celcom and Celcom Resources claim in the High Court is fixed for case management on 2 December 2016 and 29 December 2016 for parties to prepare affidavit evidence should expect witnesses will be called during the full trial. The full trial is scheduled on the following dates in 2017:

- January 19, 20, 25;
- February 13 and 14;
- March 1 to 3, 6, 30, 31;
- April 17 to 21,
- May 2 to 5, 15 to 19, 29 to 31; and
- June 1 and 2, 12 and 16

10. Material Litigation (continued)

The status of material litigation of the Group is as follows: (continued)

(c) Celcom & Another vs TSDTR & 8 Others

Pursuant to an award granted by the arbitral tribunal to DeTeAsia's on 2 August 2005, Celcom and Celcom Resources instituted proceedings against 9 of its former directors alleging that they had breached their fiduciary duties in entering into a Subscription Agreement on its behalf on 25 June 1996 with Deutsche Telekom AG ("Subscription Agreement"), and the ARSA whilst they were directors of Celcom and Celcom Resources. In addition, Celcom and Celcom Resources have also made a claim against TSDTR for alleged unauthorised profits made by him in connection with the execution of the abovementioned agreements. Celcom and Celcom Resources are seeking an indemnity from the directors for the sums paid by Celcom to DeTeAsia in satisfaction of the Award against it, return of the alleged unauthorised profits by TSDTR amounting to RM446.0 million, all monies received by the directors arising out of such breaches, losses and damages in connection with the entry of Celcom and Celcom Resources into the Subscription Agreement and the ARSA. TSDTR and BR filed an application to strike out the proceedings. On 6 February 2009, the Court dismissed TSDTR and BR's striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal. The appeal was heard on 25 June 2012 and on 14 August 2012. The Court of Appeal fixed the appeal for continued hearing on 28 November 2012.

The German directors have respectively applied to set aside these proceedings on the basis that the issues had been litigated and decided on their merits based on the Award. The said applications were respectively dismissed by the Court on 30 June 2010. The German directors filed their respective notices of appeal to the Court of Appeal. The appeals were heard on 25 June 2012 and 14 August 2012. The Court of Appeal then fixed 28 November 2012 for continued hearing. Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed. The Court of Appeal had on 11 March 2014 dismissed with costs the appeals filed by (i) TSDTR and BR against the decision of the High Court dated 6 February 2009; and (ii) the German directors against the decision of the High Court dated 30 June 2010. The Court of Appeal also ordered that the proceedings in the High Court be stayed pending the disposal of the defendants' applications for leave to appeal to the Federal Court. On 8 and 9 April 2014, an application for leave to appeal to the Federal Court was filed by TSDTR, BR and German directors respectively. The hearing of their application for leave to appeal has now been fixed on 31 March 2016. Upon hearing the submission from all parties, the Federal Court dismissed the application for leave to appeal by TSDTR, BR, AH, OTA and DeTeAsia respectively on 31 March 2016 with costs. Since the Defendants had exhausted all avenues to appeal, the proceedings in the High Court shall resume.

Separately, Celcom and Celcom Resources have reached an amicable settlement with DLKY and the said companies have filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

On 23 June 2016, Celcom and Celcom Resources' solicitors been served with the Defence and Counterclaim of TSDTR and BR. The German Directors have filed their respective defence on 30 June 2016.

10. Material Litigation (continued)

The status of material litigation of the Group is as follows: (continued)

(c) Celcom & Another vs TSDTR & 8 Others (continued)

Celcom and Celcom Resources have filed an application to strike out the Counterclaim on 5 August 2016 ("Striking Out Application"). TM also filed an application to intervene in this suit in light of the allegations made against TM in the Counterclaim ("TM Intervening Application"). Both Striking Out Application and TM Intervening Application were heard on 21 October 2016 whereby the Striking Out Application was allowed with costs. Since the Counterclaim was struck out, the TM Intervening Application is deemed academic and dismissed accordingly.

Meanwhile, TSDTR and BR filed ex parte applications for leave to issue committal proceedings against Celcom, Celcom Resources and Dato' Sri Mohammed Shazalli Bin Ramly ("DSSR") ("Leave to Issue Committal Proceedings") on the basis of DSSR's denial of the existence of a global settlement in his affidavit. The Leave to Issue Committal Proceedings was heard on 12 October 2016 and dismissed with liberty to file afresh as the issues raised are premature and should only be decided until the outcome of the Striking Out Application and full trial.

Subsequently, TSDTR and BR filed Notices of Appeal on 7 November 2016 against the decision of the High Court in the Striking Out Application and the Ex-Parte Application for Leave to Issue Committal Proceedings.

TSDTR and BR also filed application for stay of proceedings pending appeal against the Striking Out Application and it was dismissed with costs of RM5,000 on 17 November 2016.

Meanwhile, Celcom and Celcom Resources claim in the High Court is fixed for case management on 2 December 2016 and 29 December 2016 for parties to prepare affidavit evidence should expert witnesses will be called during the full trial. The full trial is scheduled on the following dates in 2017:

- January 19, 20, 25;
- February 13 and 14;
- March 1 to 3, 6, 30, 31;
- April 17 to 21,
- May 2 to 5, 15 to 19, 29 to 31; and
- June 1 and 2, 12 and 16

11. Update on Memorandum of Understanding (“MOU”) pursuant to Paragraph 9.29, Chapter 9 of the Main LR

- (i) Celcom and MY E.G Services Berhad had, on 2 September 2013, entered into a MOU to jointly explore possible business opportunities and collaboration in the areas of e-Government services delivery and joint go-to-market for specific target market segments.

This MOU, which is valid for a period of one (1) year, forms the basis of the Parties collaboration until such time definitive agreements(s) are entered. The MOU may be further extended by the Parties unless earlier terminated or upon execution of the definitive agreement(s).

The MOU has been terminated with immediate effect on 9 May 2016 with mutual agreement from both parties as the said MOU has transited to a business arrangement, such as the appointment of MYEG on 22 January 2016 as Celcom’s Direct Channel Partner to promote, market and distribute products and services to end users. As such, the MOU would therefore no longer subsist.

12. Other Disclosure Requirements under Appendix 9B of the Main LR

Other than those items disclosed in the statements of comprehensive income and notes in Part A of this announcement, there are no material impairment of receivables, inventories, gains/loss on disposal of investments, properties and assets during the current quarter and financial period to date.

13. Earnings Per Share (“EPS”)

(a) Basic EPS

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
Profit attributable to owners of the Company (RM'000)	256,558	891,387	813,752	2,086,984
Adjusted weighted average number of shares ('000)	8,911,852	8,690,794	8,852,825	8,630,715
Basic EPS (sen)	2.9	10.3	9.2	24.2

Basic EPS of the Group was calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the current quarter and financial period to date.

13. Earnings Per Share (“EPS”)

(b) Diluted EPS

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
Profit attributable to owners of the Company (RM'000)	256,558	891,387	813,752	2,086,984
Weighted average number of ordinary shares in issue ('000)	8,911,852	8,690,794	8,852,825	8,630,715
Adjusted for ESOS and RSA	39,164	56,005	37,490	46,247
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	8,951,016	8,746,799	8,890,315	8,676,962
Diluted EPS (sen)	2.9	10.2	9.2	24.1

14. Qualification of Preceding Audited Financial Statements

The 2015 Audited Financial Statements were not subject to any qualification.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
24 November 2016